

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to _____ to _____
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report
Commission file number 001-33178

MELCO CROWN ENTERTAINMENT LIMITED

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
(Address of principal executive offices)

Desmond Wong Kar Pang, Director, Financial Compliance Tel +852 2598 3600, Fax +852 2537 3618

36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|--|--|
| American depository shares each representing three ordinary shares | The NASDAQ Stock Market LLC (The NASDAQ Global Select Market) |
| Securities registered or to be registered pursuant to Section 12(g) of the Act: | |
| None. (Title of Class) | |
| Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: | |
| None. (Title of Class) | |

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.
1,658,059,295 ordinary shares outstanding as of December 31, 2012

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting
Standards as issued by the International
Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

| | Page |
|--|------|
| <u>INTRODUCTION</u> | 1 |
| <u>GLOSSARY</u> | 5 |
| <u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u> | 8 |
| <u>PART I</u> | 9 |
| <u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u> | 9 |
| <u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u> | 9 |
| <u>ITEM 3. KEY INFORMATION</u> | 10 |
| <u>A. SELECTED FINANCIAL DATA</u> | 10 |
| <u>B. CAPITALIZATION AND INDEBTEDNESS</u> | 12 |
| <u>C. REASONS FOR THE OFFER AND USE OF PROCEEDS</u> | 12 |
| <u>D. RISK FACTORS</u> | 13 |
| <u>ITEM 4. INFORMATION ON THE COMPANY</u> | 46 |
| <u>A. HISTORY AND DEVELOPMENT OF THE COMPANY</u> | 46 |
| <u>B. BUSINESS OVERVIEW</u> | 46 |
| <u>C. ORGANIZATIONAL STRUCTURE</u> | 71 |
| <u>D. PROPERTY, PLANT AND EQUIPMENT</u> | 74 |
| <u>ITEM 4A. UNRESOLVED STAFF COMMENTS</u> | 74 |
| <u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u> | 74 |
| <u>A. OPERATING RESULTS</u> | 74 |
| <u>B. LIQUIDITY AND CAPITAL RESOURCES</u> | 91 |
| <u>C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.</u> | 97 |
| <u>D. TREND INFORMATION</u> | 98 |
| <u>E. OFF-BALANCE SHEET ARRANGEMENTS</u> | 98 |
| <u>F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS</u> | 98 |
| <u>G. SAFE HARBOR</u> | 99 |
| <u>ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u> | 99 |
| <u>A. DIRECTORS AND SENIOR MANAGEMENT</u> | 99 |
| <u>B. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS</u> | 105 |
| <u>C. BOARD PRACTICES</u> | 106 |
| <u>D. EMPLOYEES</u> | 111 |
| <u>E. SHARE OWNERSHIP</u> | 113 |

Table of Contents

| | Page |
|--|------|
| <u>ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u> | 129 |
| <u>A. MAJOR SHAREHOLDERS</u> | 129 |
| <u>B. RELATED PARTY TRANSACTIONS</u> | 132 |
| <u>C. INTERESTS OF EXPERTS AND COUNSEL</u> | 132 |
| <u>ITEM 8. FINANCIAL INFORMATION</u> | 132 |
| <u>A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION</u> | 132 |
| <u>B. SIGNIFICANT CHANGES</u> | 133 |
| <u>ITEM 9. THE OFFER AND LISTING</u> | 134 |
| <u>A. OFFERING AND LISTING DETAILS</u> | 134 |
| <u>B. PLAN OF DISTRIBUTION</u> | 134 |
| <u>C. MARKETS</u> | 134 |
| <u>D. SELLING SHAREHOLDERS</u> | 135 |
| <u>E. DILUTION</u> | 135 |
| <u>F. EXPENSES OF THE ISSUE</u> | 135 |
| <u>ITEM 10. ADDITIONAL INFORMATION</u> | 135 |
| <u>A. SHARE CAPITAL</u> | 135 |
| <u>B. MEMORANDUM AND ARTICLES OF ASSOCIATION</u> | 135 |
| <u>C. MATERIAL CONTRACTS</u> | 135 |
| <u>D. EXCHANGE CONTROLS</u> | 135 |
| <u>E. TAXATION</u> | 136 |
| <u>F. DIVIDENDS AND PAYING AGENTS</u> | 141 |
| <u>G. STATEMENT BY EXPERTS</u> | 141 |
| <u>H. DOCUMENTS ON DISPLAY</u> | 141 |
| <u>I. SUBSIDIARY INFORMATION</u> | 142 |
| <u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u> | 142 |
| <u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u> | 144 |
| <u>A. DEBT SECURITIES</u> | 144 |
| <u>B. WARRANTS AND RIGHTS</u> | 144 |
| <u>C. OTHER SECURITIES</u> | 144 |
| <u>D. AMERICAN DEPOSITORY SHARES</u> | 144 |
| <u>PART II</u> | 145 |
| <u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u> | 145 |
| <u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u> | 145 |

Table of Contents

| | Page |
|---|------|
| <u>ITEM 15. CONTROLS AND PROCEDURES</u> | 145 |
| <u>ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT</u> | 146 |
| <u>ITEM 16B. CODE OF ETHICS</u> | 147 |
| <u>ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u> | 147 |
| <u>ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u> | 147 |
| <u>ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u> | 147 |
| <u>ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT</u> | 147 |
| <u>ITEM 16G. CORPORATE GOVERNANCE</u> | 148 |
| <u>ITEM 16H. MINE SAFETY DISCLOSURE</u> | 148 |
| <u>PART III</u> | 148 |
| <u>ITEM 17. FINANCIAL STATEMENTS</u> | 148 |
| <u>ITEM 18. FINANCIAL STATEMENTS</u> | 148 |
| <u>ITEM 19. EXHIBITS</u> | 148 |
| <u>SIGNATURES</u> | 157 |
| <u>EXHIBIT INDEX</u> | 158 |

INTRODUCTION

In this annual report on Form 20-F, unless otherwise indicated:

- “2011 Credit Facilities” refers to the credit facilities entered into pursuant to an amendment agreement dated June 22, 2011 between, among others, Melco Crown Macau, Deutsche Bank AG, Hong Kong Branch as agent and DB Trustees (Hong Kong) Limited as security agent, comprising a term loan facility and a revolving credit facility, for a total amount of HK\$9.36 billion (equivalent to approximately US\$1.2 billion), and which reduce and remove certain restrictions in the City of Dreams Project Facility;
- “ADSs” refers to our American depositary shares, each of which represents three ordinary shares;
- “Aircraft Term Loan” refers to the US\$43.0 million term loan credit facility entered into by MCE Transportation in June 2012 for the purpose of the acquisition of an aircraft;
- “Altira Developments” refers to our subsidiary, Altira Developments Limited, a Macau company through which we hold the land and building for Altira Macau;
- “Altira Hotel” refers to our subsidiary, Altira Hotel Limited, a Macau company through which we currently operate the hotel and other non-gaming businesses at Altira Macau;
- “Altira Macau” refers to an integrated casino and hotel development that caters to Asian rolling chip customers, which opened in May 2007 and owned by Altira Developments;
- “China,” “mainland China” and “PRC” refer to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan from a geographical point of view;
- “City of Dreams” refers to an integrated resort located on two adjacent pieces of land in Cotai, Macau, which opened in June 2009, and currently features a casino areas and three luxury hotels, including a collection of retail brands, a wet stage performance theater and other entertainment venues, and owned by Melco Crown (COD) Developments;
- “City of Dreams Project Facility” refers to the project facility dated September 5, 2007 entered into between, amongst others, Melco Crown Macau as borrower and certain other subsidiaries as guarantors, for a total sum of US\$1.75 billion for the purposes of financing, among other things, certain project costs of City of Dreams, as amended and supplemented from time to time;
- “Cotai” refers to an area of reclaimed land located between the islands of Taipa and Coloane in Macau;
- “Crown” refers to Crown Limited, an Australian-listed corporation, which completed its acquisition of the gaming businesses and investments of PBL, now known as Consolidated Media Holdings Limited, on December 12, 2007;
- “Crown Asia Investments” refers to Crown Asia Investments Pty, Ltd., formerly known as PBL Asia Investments Limited, which is 100% indirectly owned by Crown, and was incorporated in the Cayman Islands but is now a registered Australian company;
- “Crown Entertainment Group Holdings” refers to Crown Entertainment Group Holdings Pty, Ltd., a company incorporated on June 19, 2007 under the laws of Australia and a subsidiary of Crown;

Table of Contents

- “Deposit-Linked Loan” refers to a deposit linked facility for HK\$2.7 billion (equivalent to approximately US\$353.3 million based on exchange rate on transaction date) entered into on May 20, 2011, which is secured by a deposit of RMB2.3 billion (equivalent to approximately US\$353.3 million based on exchange rate on transaction date) from the proceeds of the RMB Bonds and fully repaid in March 2013;
- “DICJ” refers to the Direcção de Inspeção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau), a department of the Public Administration of Macau;
- “Exchange Notes” refers to approximately 99.96% of the Initial Notes which were, on December 27, 2010, exchanged for 10.25% senior notes due 2018, registered under the Securities Act of 1933;
- “Greater China” refers to mainland China, Hong Kong and Macau, collectively;
- “HK\$” and “H.K. dollars” refer to the legal currency of Hong Kong;
- “HKSE” refers to The Stock Exchange of Hong Kong Limited;
- “Hong Kong” refers to the Hong Kong Special Administrative Region of the People’s Republic of China;
- “Initial Notes” refers to the US\$600 million aggregate principal amount of 10.25% senior notes due 2018 issued by MCE Finance on May 17, 2010 and fully redeemed on March 28, 2013;
- “Macau” and “Macau SAR” refer to the Macau Special Administrative Region of the People’s Republic of China;
- “MCE Finance” refers to our wholly owned subsidiary, MCE Finance Limited, a Cayman Islands exempted company with limited liability;
- “MCE Holdings Philippines” refers to our indirect subsidiary, MCE Holdings (Philippines) Corporation, a corporation incorporated in the Philippines;
- “MCE Holdings No.2” refers to our indirect subsidiary, MCE Holdings No.2 (Philippines) Corporation, a corporation incorporated in the Philippines;
- “MCE Leisure Philippines” refers to our indirect subsidiary, MCE Leisure (Philippines) Corporation, a corporation incorporated in the Philippines;
- “MCE Philippines Investments” refers to our indirect subsidiary, MCE (Philippines) Investments Limited, a company incorporated under the laws of the British Virgin Islands;
- “MCE Investments No.2” refers to MCE (Philippines) Investments No.2 Corporation, a corporation incorporated under the laws of the Philippines;
- “MCE Transportation” refers to our subsidiary, MCE Transportation Limited (formerly known as MCE Designs and Brands Limited), a company incorporated under the laws of the British Virgin Islands;
- “MCP” refers to Melco Crown (Philippines) Resorts Corporation (formerly known as Manchester International Holdings Unlimited Corporation), the shares of which are listed on the Philippine Stock Exchange;

[Table of Contents](#)

- “Melco” refers to Melco International Development Limited, a Hong Kong listed company;
- “Melco Crown (COD) Developments” refers to our subsidiary, Melco Crown (COD) Developments Limited, a Macau company through which we hold the land and buildings for City of Dreams;
- “Melco Crown (COD) Hotels” refers to our subsidiary, Melco Crown (COD) Hotels Limited, a Macau company through which we currently operate the non-gaming businesses at City of Dreams;
- “Melco Crown Macau” refers to our subsidiary, Melco Crown (Macau) Limited (formerly known as “Melco Crown Gaming (Macau) Limited” or “Melco PBL Gaming (Macau) Limited”), a Macau company and the holder of our gaming subconcession;
- “MPEL International” refers to our wholly owned subsidiary, MPEL International Limited, a Cayman Islands company with limited liability;
- “Melco Leisure” refers to Melco Leisure and Entertainment Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of Melco;
- “Mocha Clubs” collectively refers to clubs with gaming machines, the first of which opened in September 2003, and are now the largest non-casino based operations of electronic gaming machines in Macau, and operated by Melco Crown Macau;
- “New Cotai Holdings” refers to New Cotai Holdings, LLC, a company incorporated in Delaware, the United States on March 24, 2006 under the laws of Delaware, primarily owned by U.S. investment funds managed by Silver Point Capital, L.P. and Oaktree Capital Management, L.P.;
- “our board” refers to the board of directors of our company or a duly constituted committee thereof;
- “our subconcession” and “our gaming subconcession” refer to the Macau gaming subconcession held by Melco Crown Macau;
- “Patacas” and “MOP” refer to the legal currency of Macau;
- “PAGCOR” refers to Philippines Amusement and Gaming Corporation, the Philippines regulatory body with jurisdiction over all gaming activities in the Philippines except for lottery, sweepstakes, cockfighting, horse racing and gaming inside the Cagayan Export Zone;
- “PBL” refers to Publishing and Broadcasting Limited, an Australian listed corporation that is now known as Consolidated Media Holdings Limited;
- “Philippine Stock Exchange” refers to The Philippine Stock Exchange, Inc.;
- “Philippine Parties” refers to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc.;
- “Philippine Peso” refers to the legal currency of the Philippines;
- “Philippines Project” refers to an integrated resort located within Entertainment City, Manila to be developed by MCE Leisure Philippines and the Philippine Parties which, when completed, is expected to be solely operated and managed by MCE Leisure Philippines;

[Table of Contents](#)

- “Renminbi” and “RMB” refer to the legal currency of China;
- “RMB Bonds” refers to the RMB2.3 billion (equivalent to approximately US\$353.3 million based on exchange rate on transaction date) aggregate principal amount of 3.75% bonds due 2013 issued by our company on May 9, 2011 and fully redeemed on March 11, 2013;
- “SCI” refers to Studio City International Holdings Limited (formerly known as Cyber One Agents Limited), a company incorporated in the British Virgin Islands with limited liability that is 60% owned by one of our subsidiaries and 40% owned by New Cotai Holdings through its wholly owned subsidiary New Cotai, LLC;
- “2010 Senior Notes” refers to the Initial Notes and the Exchange Notes, collectively, which were fully redeemed on March 28, 2013;
- “2013 Senior Notes” refers to the US\$1.0 billion aggregate principal amount of 5.00% senior notes due 2021 issued by MCE Finance on February 7, 2013;
- “share(s)” and “ordinary share(s)” refer to our ordinary share(s), par value of US\$0.01 each;
- “Studio City” refers to a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau;
- “Studio City Developments” refers to our subsidiary, Studio City Developments Limited (formerly known as MSC Desenvolvimentos, Limitada and East Asia Satellite Television Limited), a Macau company in which we own 60% of the equity interest;
- “Studio City Finance” refers to Studio City Finance Limited, which is a company incorporated in the British Virgin Islands with limited liability, is also a wholly owned indirect subsidiary of SCI and the issuer of the Studio City Notes;
- “Studio City Notes” refers to the US\$825.0 million aggregate principal amount of 8.50% senior notes due 2020 issued by Studio City Finance on November 26, 2012;
- “Studio City Project Facility” refers to the senior secured project facility, dated January 28, 2013, entered into between, among others, Studio City Company Limited as borrower and certain subsidiaries as guarantors for a total sum of HK\$10,855,880,000 and consisting of a delayed draw term loan facility and a revolving credit facility;
- “TWD” and “New Taiwan dollars” refer to the legal currency of Taiwan;
- “US\$” and “U.S. dollars” refer to the legal currency of the United States;
- “U.S. GAAP” refers to the accounting principles generally accepted in the United States; and
- “we,” “us,” “our company,” “our” and “MCE” refer to Melco Crown Entertainment Limited and, as the context requires, its predecessor entities and its consolidated subsidiaries.

This annual report on Form 20-F includes our audited consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 and as of December 31, 2012 and 2011.

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY

| | |
|--|---|
| “average daily rate” or “ADR” | calculated by dividing total room revenues (less service charges, if any) by total rooms occupied, i.e., average price of occupied rooms per day |
| “cage” | a secure room within a casino with a facility that allows patrons to exchange cash for chips required to participate in gaming activities, or to exchange chips for cash |
| “chip” | round token that is used on casino gaming tables in lieu of cash |
| “concession” | a government grant for the operation of games of fortune and chance in casinos in Macau under an administrative contract pursuant to which a concessionaire, or the entity holding the concession, is authorized to operate games of fortune and chance in casinos in Macau |
| “dealer” | a casino employee who takes and pays out wagers or otherwise oversees a gaming table |
| “drop” | the amount of cash to purchase gaming chips and promotional vouchers that are deposited in a gaming table’s drop box, plus gaming chips purchased at the casino cage |
| “drop box” | a box or container that serves as a repository for cash, chips, chip purchase vouchers, credit markers and forms used to record movements in the chip inventory on each table game |
| “gaming machine handle (volume)” | the total amount wagered in gaming machines |
| “gaming promoter” or “junket representative” | an individual or corporate entity who, for the purpose of promoting rolling chip and other gaming activities, arranges customer transportation and accommodation, provides credit in its sole discretion if authorized by a gaming operator, and arranges food and beverage services and entertainment in exchange for commissions or other compensation from a gaming operator |
| “integrated resort” | a resort which provides customers with a combination of hotel accommodations, casinos or gaming areas, retail and dining facilities, MICE space, entertainment venues and spas |
| “junket player” | a player sourced by gaming promoters to play in the VIP gaming rooms or areas |
| “marker” | evidence of indebtedness by a player to the casino or gaming operator |

Table of Contents

| | |
|---|---|
| “mass market patron” | a customer who plays in the mass market segment |
| “mass market segment” | consists of both table games and slot machines played on public mass gaming floors by mass market patrons for cash stakes that are typically lower than those in the rolling chip segment |
| “mass market table games drop” | the amount of table games drop in the mass market table games segment |
| “mass market table games hold percentage” | mass market table games win as a percentage of mass market table games drop |
| “mass market table games segment” | the mass market segment consisting of mass market patrons who play table games |
| “MICE” | Meetings, Incentives, Conventions and Exhibitions, an acronym commonly used to refer to tourism involving large groups brought together for an event or specific purpose |
| “net rolling” | net turnover in a non-negotiable chip game |
| “non-negotiable chip” | promotional casino chip that is not to be exchanged for cash |
| “non-rolling chip” or “traditional cash chip” | chip that can be exchanged for cash, used by mass market patrons to make wagers |
| “occupancy rate” | the average percentage of available hotel rooms occupied during a period |
| “premium direct player” | a rolling chip player who is a direct customer of the concessionaires or subconcessionaires and is attracted to the casino through direct marketing efforts and relationships with the gaming operator |
| “progressive jackpot” | a jackpot for a slot machine or table game where the value of the jackpot increases as wagers are made; multiple slot machines or table games may be linked together to establish one progressive jackpot |
| “revenue per available room” or “REVPAR” | calculated by dividing total room revenues (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy |
| “rolling chip” | non-negotiable chip primarily used by rolling chip patrons to make wagers |
| “rolling chip patron” | a player who is primarily a VIP player and typically receives various forms of complimentary services from |

Table of Contents

| | |
|--|---|
| | the gaming promoters or concessionaires or subconcessionaires |
| “rolling chip segment” | consists of table games played in private VIP gaming rooms or areas by rolling chip patrons who are either premium direct players or junket players |
| “rolling chip volume” | the amount of non-negotiable chips wagered and lost by the rolling chip market segment |
| “rolling chip win rate” | rolling chip table games win (calculated before discounts and commissions) as a percentage of rolling chip volume |
| “slot machine” | traditional gaming machine operated by a single player and electronic multiple-player gaming machines |
| “subconcession” | an agreement for the operation of games of fortune and chance in casinos between the entity holding the concession, or the concessionaire, a subconcessionaire and the Macau government, pursuant to which the subconcessionaire is authorized to operate games of fortune and chance in casinos in Macau |
| “table games win” | the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues |
| “VIP gaming room” or “VIP gaming area” | gaming rooms or areas that have restricted access to rolling chip patrons and typically offer more personalized service than the general mass market gaming areas |
| “wet stage performance theater” | the approximately 2,000-seat theater specifically designed to stage <i>The House of Dancing Water</i> show |
| “win percentage-gaming machines” | gaming machine win expressed as a percentage of gaming machine handle |

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that relate to future events, including our future operating results and conditions, our prospects and our future financial performance and condition, all of which are largely based on our current expectations and projections. The forward-looking statements are contained principally in the sections entitled “Item 3. Key Information — D. Risk Factors,” “Item 4. Information on the Company” and “Item 5. Operating and Financial Review and Prospects.” Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. See “Item 3. Key Information — D. Risk Factors” for a discussion of some risk factors that may affect our business and results of operations. Moreover, because we operate in a heavily regulated and evolving industry, may become highly leveraged, and operate in Macau, a market that has recently experienced extremely rapid growth and intense competition, new risk factors may emerge from time to time. It is not possible for our management to predict all risk factors, nor can we assess the impact of these factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

In some cases, forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. We have based the forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our ability to raise additional financing;
- our future business development, results of operations and financial condition;
- growth of the gaming market in and visitation to Macau;
- our anticipated growth strategies;
- the liberalization of travel restrictions on PRC citizens and convertibility of the Renminbi;
- the availability of credit for gaming patrons;
- the uncertainty of tourist behavior related to spending and vacationing at casino resorts in Macau;
- fluctuations in occupancy rates and average daily room rates in Macau;
- increased competition and other planned casino hotel and resort projects in Macau and elsewhere in Asia, including in Macau from Sociedade de Jogos de Macau, S.A., or SJM, Venetian Macao, S.A., or VML, Wynn Resorts (Macau) S.A., or Wynn Macau, Galaxy Casino, S.A., or Galaxy, and MGM Grand Paradise, S.A., or MGM Grand Paradise;
- the formal grant of an occupancy permit for certain areas of City of Dreams that remain under construction or development;
- the development of Studio City;
- our entering into new development and construction and new ventures in or outside of Macau, for example, in the Philippines;

[Table of Contents](#)

- construction cost estimates for our development projects, including projected variances from budgeted costs;
- government regulation of the casino industry, including gaming license approvals and the legalization of gaming in other jurisdictions;
- the completion of infrastructure projects in Macau;
- the outcome of any current and future litigation; and
- other factors described under “Item 3. Key Information — D. Risk Factors.”

The forward-looking statements made in this annual report on Form 20-F relate only to events or information as of the date on which the statements are made in this annual report on Form 20-F. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report on Form 20-F and the documents that we referenced in this annual report on Form 20-F and have filed as exhibits with the U.S. Securities and Exchange Commission, or the SEC, completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following selected consolidated statement of operations data for the years ended December 31, 2012, 2011 and 2010 and balance sheet data as of December 31, 2012 and 2011 have been derived from our audited consolidated financial statements included elsewhere in this annual report beginning on page F-1.

The selected consolidated statement of operations data for the years ended December 31, 2009 and 2008 and the balance sheet data as of December 31, 2010, 2009 and 2008 have been derived from our audited consolidated financial statements not included in this annual report. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. You should read the selected consolidated financial data in conjunction with our consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report. The historical results are not necessarily indicative of the results of operations to be expected in the future.

| | Year Ended December 31, | | | | |
|--|-------------------------|----------------|----------------|----------------|----------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| <i>(In thousands of US\$, except share and per share data and operating data)</i> | | | | | |
| Consolidated Statements of Operations Data: | | | | | |
| Net revenues | \$ 4,078,013 | \$ 3,830,847 | \$ 2,641,976 | \$ 1,332,873 | \$ 1,416,134 |
| Total operating costs and expenses | \$ (3,570,921) | \$ (3,385,737) | \$ (2,549,464) | \$ (1,604,920) | \$ (1,414,960) |
| Operating income (loss) | \$ 507,092 | \$ 445,110 | \$ 92,512 | \$ (272,047) | \$ 1,174 |
| Net income (loss) | \$ 398,672 | \$ 288,844 | \$ (10,525) | \$ (308,461) | \$ (2,463) |
| Net loss attributable to noncontrolling interests | \$ 18,531 | \$ 5,812 | \$ — | \$ — | \$ — |
| Net income (loss) attributable to our company | \$ 417,203 | \$ 294,656 | \$ (10,525) | \$ (308,461) | \$ (2,463) |
| Net income (loss) attributable to our company per share | | | | | |
| — Basic | \$ 0.254 | \$ 0.184 | \$ (0.007) | \$ (0.210) | \$ (0.002) |
| — Diluted | \$ 0.252 | \$ 0.182 | \$ (0.007) | \$ (0.210) | \$ (0.002) |
| Net income (loss) attributable to our company per ADS⁽¹⁾ | | | | | |
| — Basic | \$ 0.761 | \$ 0.551 | \$ (0.020) | \$ (0.631) | \$ (0.006) |
| — Diluted | \$ 0.755 | \$ 0.547 | \$ (0.020) | \$ (0.631) | \$ (0.006) |
| Weighted average shares used in net income (loss) attributable to our company per share calculation | | | | | |
| — Basic | 1,645,346,902 | 1,604,213,324 | 1,595,552,022 | 1,465,974,019 | 1,320,946,942 |
| — Diluted | 1,658,262,996 | 1,616,854,682 | 1,595,552,022 | 1,465,974,019 | 1,320,946,942 |

| | December 31, | | | | |
|--|--------------|--------------|------------|------------|------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| <i>(In thousands of US\$)</i> | | | | | |
| Consolidated Balance Sheets Data: | | | | | |
| Cash and cash equivalents | \$ 1,709,209 | \$ 1,158,024 | \$ 441,923 | \$ 212,598 | \$ 815,144 |
| Restricted cash | 1,414,664 | 364,807 | 167,286 | 236,119 | 67,977 |
| Total assets | 7,947,466 | 6,269,980 | 4,884,440 | 4,862,845 | 4,495,442 |
| Total current liabilities | 1,721,666 | 603,119 | 675,604 | 521,643 | 447,289 |
| Total debts ⁽²⁾ | 3,194,864 | 2,325,980 | 1,839,931 | 1,798,879 | 1,529,195 |
| Total liabilities | 4,206,710 | 3,082,328 | 2,361,249 | 2,353,801 | 2,086,838 |
| Noncontrolling interests | 354,817 | 231,497 | — | — | — |
| Total equity | 3,740,756 | 3,187,652 | 2,523,191 | 2,509,044 | 2,408,604 |

(1) Each ADS represents three ordinary shares.

(2) Includes amounts due to shareholders within one year, loans from shareholders and current and non-current portion of long-term debt.

[Table of Contents](#)

The following events/transactions affect the year-to-year comparability of the selected financial data presented above:

- On June 1, 2009, City of Dreams opened and progressively added to its operations with the opening of Grand Hyatt Macau in the fourth quarter of 2009 and the opening of *The House of Dancing Water* in the third quarter of 2010.
- On July 27, 2011, we acquired a 60% equity interest in SCI, the developer of Studio City.
- On November 26, 2012, Studio City Finance issued the Studio City Notes.
- On December 19, 2012, we completed the acquisition of a majority interest in the issued share capital of MCP.

Exchange Rate Information

Although we will have certain expenses and revenues denominated in Patacas, our revenues and expenses will be denominated predominantly in H.K. dollars and in connection with a portion of our indebtedness and certain expenses, U.S. dollars. Unless otherwise noted, all translations from H.K. dollars to U.S. dollars and from U.S. dollars to H.K. dollars in this annual report on Form 20-F were made at a rate of HK\$7.78 to US\$1.00.

The H.K. dollar is freely convertible into other currencies (including the U.S. dollar). Since October 17, 1983, the H.K. dollar has been officially linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The market exchange rate has not deviated materially from the level of HK\$7.80 to US\$1.00 since the peg was first established. However, in May 2005, the Hong Kong Monetary Authority broadened the trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has stated its intention to maintain the link at that rate, and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. However, no assurance can be given that the Hong Kong government will maintain the link at HK\$7.75 to HK\$7.85 per U.S. dollar or at all.

The noon buying rate on December 31, 2012 in New York City for cable transfers in H.K. dollar per U.S. dollar, as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board of the United States, or the Federal Reserve Board, was HK\$7.7507 to US\$1.00. On April 5, 2013, the noon buying rate was HK\$7.7650 to US\$1.00. We make no representation that any H.K. dollar or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or H.K. dollars, as the case may be, at any particular rate, the rates stated below, or at all.

[Table of Contents](#)

The following table sets forth the exchange rate as set forth in the statistical release of the Federal Reserve Board for and as of period ends indicated through April 5, 2013.

| Period | Noon Buying Rate | | | |
|------------------------------------|-----------------------------------|------------------------|--------|--------|
| | Period End | Average ⁽¹⁾ | Low | High |
| | <i>(H.K. dollar per US\$1.00)</i> | | | |
| April 2013 (through April 5, 2013) | 7.7650 | 7.7633 | 7.7650 | 7.7618 |
| March 2013 | 7.7629 | 7.7592 | 7.7640 | 7.7551 |
| February 2013 | 7.7546 | 7.7552 | 7.7580 | 7.7531 |
| January 2013 | 7.7560 | 7.7530 | 7.7585 | 7.7503 |
| December 2012 | 7.7507 | 7.7501 | 7.7518 | 7.7493 |
| November 2012 | 7.7501 | 7.7505 | 7.7518 | 7.7493 |
| October 2012 | 7.7494 | 7.7515 | 7.7549 | 7.7494 |
| 2012 | 7.7507 | 7.7569 | 7.7699 | 7.7493 |
| 2011 | 7.7663 | 7.7841 | 7.8087 | 7.7634 |
| 2010 | 7.7810 | 7.7692 | 7.8040 | 7.7501 |
| 2009 | 7.7536 | 7.7513 | 7.7618 | 7.7495 |
| 2008 | 7.7499 | 7.7814 | 7.8159 | 7.7497 |

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

The Pataca is pegged to the H.K. dollar at a rate of HK\$1.00 = MOP1.03. All translations from Patacas to U.S. dollars in this annual report on Form 20-F were made at the exchange rate of MOP8.0134 = US\$1.00. The Federal Reserve Board does not certify for customs purposes a noon buying rate for cable transfers in Patacas.

This annual report on Form 20-F also contains translations of certain Renminbi and New Taiwan dollar amounts into U.S. dollars. Unless otherwise stated, all translations from Renminbi to U.S. dollars in this annual report on Form 20-F were made at the noon buying rate on December 31, 2012 in New York City for cable transfers in RMB per U.S. dollar, as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board, which was RMB6.2301 to US\$1.00. Unless otherwise stated, all translations from New Taiwan dollars to U.S. dollars in this annual report on Form 20-F were made at the noon buying rate on December 31, 2012 in New York City for cable transfers in New Taiwan dollars per U.S. dollar, as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board, which was TWD29.0500 to US\$1.00. We make no representation that any RMB, TWD or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB or TWD, as the case may be, at any particular rate or at all. On April 5, 2013, the noon buying rate was RMB6.2005 to US\$1.00 and TWD29.9500 to US\$1.00.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Our business, financial condition and results of operations can be affected materially and adversely by any of the following risk factors.

Risks Relating to Our Business and Operations

We have a short operating history and significant projects in an early phase of development and therefore are subject to significant risks and uncertainties. Our short operating history may not serve as an adequate basis to judge our future operating results and prospects.

We have a short business operating history compared to our global competitors and there is limited historical information available about our company upon which you can base your evaluation of our business and prospects. In particular, City of Dreams, which contributed 71.6% of our total net revenues for the year ended December 31, 2012, commenced operations on June 1, 2009, and progressively added to its operations with the opening of Grand Hyatt Macau in the fourth quarter of 2009 and the opening of *The House of Dancing Water* in the third quarter of 2010. The City of Dreams site is still under ongoing development. Melco Crown Macau acquired its subconcession in September 2006 and previously did not have any direct experience operating casinos in Macau. In addition, we have significant projects, such as the Studio City project and the Philippines Project, which are in an early phase of development. As a result, you should consider our business and prospects in light of the risks, expenses and challenges that we will face given our limited experience operating gaming businesses in an intensely competitive market. Among other things, we have continuing obligations to satisfy and comply with conditions and covenants under our existing credit facilities so as to be able to continue to roll over existing revolving loans drawn down under the facilities and to maintain the facilities.

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

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

Table of Contents

- identify suitable locations and enter into new leases or right to use agreements (which are similar to license agreements) for new Mocha Clubs; and
- renew or extend lease agreements for existing Mocha Clubs.

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

We are dependent upon a limited number of properties for a substantial portion of our cash flow, we are and will be subject to greater risks than a gaming company with more operating properties.

We are primarily dependent upon City of Dreams, Altira Macau and Mocha Clubs for our cash flow. We acquired a 60% equity interest in SCI, the developer of Studio City, on July 27, 2011. Studio City remains in preliminary stages of development and has not yet been constructed. Among other things, we are still in the continuous process of:

- procuring contractors and consultants for the construction and design, and seeking supply and services contracts for the development, of Studio City; and
- obtaining applicable approvals and permits from the Macau government and other Macau authorities in relation to the construction, completion and operation of Studio City, some of which will only be granted nearer to the date of commencement of operations of Studio City.

Given that our operations are and will be conducted based on a small number of principal properties, we are and will be subject to greater risks than a gaming company with more operating properties due to the limited diversification of our businesses and sources of revenues.

All our current and future construction projects, including the next phase of City of Dreams, Studio City and the Philippines Project, will be subject to significant development and construction risks, which could have a material adverse impact on related project timetables, costs and our ability to complete the projects.

All our future construction projects will be subject to a number of risks, including:

- lack of sufficient, or delays in availability of, financing;
- changes to plans and specifications;
- engineering problems, including defective plans and specifications;
- shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation in key supply markets;
- delays in obtaining or inability to obtain necessary permits, licenses and approvals;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
- labor disputes or work stoppages;

Table of Contents

- disputes with and defaults by contractors and subcontractors;
- personal injuries to workers and other persons;
- environmental, health and safety issues, including site accidents and the spread of viruses such as H1N1 or H5N1;
- weather interferences or delays;
- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these development or construction risks could increase the total costs, delay or prevent the construction or opening or otherwise affect the design and features of any future construction projects which we might undertake. We cannot guarantee that our construction costs or total project costs for future projects will not increase beyond amounts initially budgeted.

We could encounter substantial cost increases or delays in the development of our projects, including the next phase of City of Dreams, Studio City and the Philippines Project, which could prevent or delay the opening of such projects.

We have certain projects under development or intended to be developed pursuant to our expansion plan, including the next phase of City of Dreams, Studio City and the Philippines Project. The completion of these projects is subject to a number of contingencies, such as those mentioned above in the risk factor on development and construction risks including, in particular, adverse developments in applicable legislation, delays or failures in obtaining necessary government licenses, permits or approvals. The occurrence of any of these developments could increase the total costs or delay or prevent the construction or opening of new projects, which could materially adversely affect our business, financial condition and results of operations. We will also require additional financing to develop our projects. Our ability to obtain such financing depends on a number of factors beyond our control, including market conditions, investors' and lenders' perceptions of, and demand for, debt and equity securities of gaming companies, credit availability and interest rates.

There is no assurance that the actual construction costs related to our projects will not exceed the costs we have projected and budgeted. In addition, construction costs, particularly labor costs, are increasing in Macau and we believe that they are likely to continue to increase due to the significant increase in building activity and the ongoing labor shortage in Macau. Immigration and labor regulations in Macau may limit or restrict our contractors' ability to obtain sufficient laborers from China to make up for any gaps in available labor in Macau and help reduce construction costs. Continuing increases in construction costs in Macau will increase the risk that construction will not be completed on time, within budget or at all, which could materially and adversely affect our business, cash flow, financial condition, results of operations and prospects.

We have recently engaged a main construction contractor for the construction of the first phase of Studio City. Such main construction contractor may be unable to find suitable labor or subcontractors for the project or have insufficient financial resources to fund cost overruns for which it is contractually responsible, which may result in delays in completing the construction of the first phase of Studio City and subject us to other risks.

We have recently engaged a main construction contractor for the construction of the first phase of Studio City. However, no assurances can be given that our main construction contractor will be able to find

[Table of Contents](#)

subcontractors or qualified laborers for the construction. Based on industry practice, a significant amount of work under the main construction contract is expected to be bid out to subcontractors. If our main construction contractor is unable to bid out its work on favorable terms, or at all, or find qualified laborers or subcontractors with requisite experience and skills, it could incur significantly increased costs and require an adjustment to be made to its contract price in certain circumstances, which may, in turn, increase our costs.

Furthermore, we cannot assure you that our main construction contractor will have sufficient financial resources to fund any cost overruns for which they are responsible under the main construction contract. If our main construction contractor does not have the resources to meet its obligations or we are unable to obtain sufficient funds under the performance and payment bonds or other insurance posted by the contractors in a timely manner, we may incur increased costs for the construction of Studio City. This may require us to raise additional funding, which may not be available on satisfactory terms or at all. Any such additional funding, if available, may not be permitted under the Studio City Project Facility or the Studio City Notes and may require us to obtain consents or waivers from the lenders under the Studio City Project Facility and/or the holders of the Studio City Notes.

In addition, no assurances can be given that our main construction contractor and its subcontractors will perform their obligations under their contracts or contractual warranties of work. If the opening of the first phase of Studio City is delayed or does not occur due to any of the above or other factors, it could materially adversely affect our construction and development plan, plan of operations, business and prospects, financial condition and cash flows.

Studio City project remains in preliminary stages of development and is subject to certain factors that could cause delays in opening of the first phase of Studio City and materially adversely affect our business, financial condition and prospects.

While the initial site preparation for the first phase of Studio City has been substantially completed, additional site preparation work for the updated design has re-commenced in the third quarter of 2012. The first phase of Studio City is currently targeted to open by mid-2015, subject to receipt of all necessary government approvals and financing. If we are unable to enter into construction contracts on terms satisfactory to us or obtain all necessary government approvals and financing, we may not be able to complete construction by the estimated construction period, or at all, and all or a portion of our investment to date could be lost, resulting in an impairment charge. If we are unable to enter into satisfactory construction contracts, or are unable to closely control the construction costs and timetables, for the development of the first phase of Studio City, our business, financial condition and prospects may be materially and adversely affected.

In addition, our subsidiary, Studio City Developments, is still in the process of selecting and appointing architectural, design and interior design consultants to design various areas of the first phase of Studio City. Once appointed, our Studio City project team will manage these consultants and design products developed by such consultants will be provided to construction contractors, including the main construction contractor, to be further developed for construction purposes. No assurances can be given that these consultants will deliver their design products in accordance with the standards required under their design contracts or in a timely manner as such design products are needed by construction contractors for construction purposes. In the event that there is any defect in such design products, we may need to engage additional consultants to rectify such defect. Furthermore, while our Studio City project team has experience managing relationships between design consultants and construction contractors, we cannot provide any assurance that we will be able to successfully manage any interface issues arising from such relationships. Our construction and development program could be adversely affected by such interface issues. The failure of design consultants or construction contractors to complete their work on time could potentially cause us to incur additional costs and delay opening of the first phase of Studio City, which could, in turn, materially adversely affect our business, financial condition and prospects.

[Table of Contents](#)

Construction is subject to hazards that may cause personal injury or loss of life, thereby subjecting us to liabilities and possible losses, which may not be covered by insurance.

The construction of large scale properties such as Studio City and the Philippines Project can be dangerous. Construction workers at such sites are subject to hazards that may cause personal injury or loss of life, thereby subjecting the contractors and us to liabilities, possible losses, delays in completion of the projects and negative publicity. In 2007, there was a fatality on the Studio City site. As a result, the Studio City site was stopped for several days to allow for safety inspections and investigations. We believe that our contractors will take safety precautions that are consistent with industry practice, but these safety precautions may not be adequate to prevent serious personal injuries or loss of life, damage to property or delays. If further accidents occur during the construction of the next phase of City of Dream and Studio City, we may be subject to delays, including delays imposed by regulators, liabilities and possible losses, which may not be covered by insurance, and our business, prospects and reputation may be materially and adversely affected.

We are developing the Studio City project under the terms of a land concession contract which requires us to fully develop the Studio City site by July 24, 2018. If we do not complete development by that time and the Macau government does not grant us an extension of the development period, we could be forced to forfeit all or part of our investment in the Studio City site, along with our interest in the Studio City project.

Land concessions in Macau are issued by the Macau government and generally have terms of 25 years, with extensions of 10 years thereafter. Land concessions further stipulate a period within which the development of the land must be completed. In accordance with the Studio City land concession contract, the Studio City site must be fully developed by July 24, 2018. While the first phase of the Studio City project is expected to be completed by mid-2015, we must complete the remaining phase of Studio City by July 24, 2018 in order to comply with the terms of the Studio City land concession contract. Currently, our plan for the remaining phase is preliminary and under review. In the event that additional time is required to complete such remaining phase of Studio City, we will have to apply for an extension of the development period. While the Macau government may grant such extension if we meet certain requirements and the application for extension is made in accordance with the relevant rules and regulations, there can be no assurances that the Macau government will grant us the necessary extension of the development period or not exercise its right to terminate the Studio City land concession. In the event that no extension is granted or the Studio City land concession is terminated, we could lose all or substantially all of our investment in the Studio City project and may not be able to operate the Studio City project as planned, which will materially adversely affect our business and prospects, results of operations and financial condition.

The Philippines Project is located in an area within the city of Manila which is currently being developed and subject to certain deficiencies in transportation infrastructure.

Our Philippines Project is located in Entertainment City, Manila, an area within the city of Manila, which is currently in a preliminary stage of development. Other than Solaire, there are currently no other integrated tourism resorts which have begun operations in Entertainment City, Manila. It is unlikely that Manila's existing transportation infrastructure is capable of handling the increased number of tourist arrivals that may be necessary to support visitor traffic to large-scale integrated resorts in Entertainment City, such as the Philippines Project. Although the Philippine government is currently examining viable alternatives to ease traffic congestion in Manila, including construction of new highways and expressways, there is no guarantee that these measures will succeed or that they will sufficiently alleviate traffic congestion or other deficiencies in Manila's transportation infrastructure. Traffic congestion and other problems in Manila's transportation infrastructure could adversely affect tourism industry in the Philippines and reduce the number of potential visitors to the Philippines Project, which could, in turn, adversely affect our business and prospects, financial condition and results of our operations.

[Table of Contents](#)

The Philippines Project is in a developmental phase and subject to certain factors that could cause delays for the Philippines Project and materially adversely affect our business, financial condition and prospects.

The Philippines Project is in a developmental phase and will not generate any revenue until its opening. While our Philippines subsidiary has entered into certain preliminary contracts for site office set-up, gaming design and other preliminary fit-out work, other definitive contracts necessary for the fit-out and development of our Philippines Project are being negotiated and have not yet been executed. We face the risk that qualified contractors, subcontractors and suppliers for the Philippines Project may not be available and all necessary government approvals for the Philippines Project may not be obtained. There can be no assurance that our Philippines subsidiary will be able to enter into definitive contracts with contractors with sufficient skill, financial resources and experience on commercially reasonable terms, or at all. In addition, the final design and development plan, funding costs and the availability of financing for the Philippines Project are subject to prevailing market conditions and other variables that are not within our control. All these factors could cause delays for the Philippines Project which could, in turn, adversely affect our business, financial condition and prospects.

The Philippines Project is located in the Philippines and subject to certain economic, political and social risks and uncertainties.

The Philippines Project is located in the Philippines and certain economic, political and social risks within the Philippines. The Philippines has from time to time experienced severe political and social instability, including acts of political violence. In December 2011, the Philippine House of Representatives initiated impeachment proceedings against Renata Corona, Chief Justice of the Supreme Court of the Philippines alleging that the Chief Justice improperly issued decisions that favored former President Arroyo as well as failure to disclose certain properties in violation of rules applicable to all public employees and officials. These proceedings remain on-going. There is no guarantee that future events will not cause political instability in the Philippines. Any future political or social instability in the Philippines could adversely affect the business operations and financial conditions of the Philippines Project.

Economic instability could also have a negative effect on the commercial viability of our Philippines Project. Demand for and the prices of gaming and entertainment products are directly influenced by economic conditions in the Philippines, including growth levels, interest rates, inflation, levels of business activity and consumption and the amount of remittances received from overseas Filipino workers. There is also no assurance that the Philippines, China and other countries in Asia will not experience future economic downturns. Any deterioration in economic and political conditions in the Philippines or elsewhere in Asia could materially and adversely affect our company's business in the Philippines, as well as the prospects, financial condition and results of our operations in the Philippines.

Our business in the Philippines will also depend substantially on revenues from foreign visitors and may be disrupted by events that reduce foreigners' willingness to travel to or create substantial disruption in Metro Manila and raise substantial concerns about visitors' personal safety, such as power outages, civil disturbances, terrorist attacks, among others. The Philippines has also experienced a significant number of major catastrophes over the years, including typhoons, volcanic eruptions and earthquakes. We cannot predict the extent to which our business in the Philippines and tourism in Metro Manila in general will be affected by any of the above occurrences or fears that such occurrences will take place. We cannot guarantee that any disruption to our Philippines operations will not be protracted, that our Philippines Project will not suffer any damages and that any such damage will be completely covered by insurance or at all. Any of these occurrences may disrupt our operations in the Philippines.

The gaming industry in the Philippines is highly regulated and competition is fierce.

The gaming industry in the Philippines is highly regulated. Our ability to operate a gaming business in the Philippines is dependent on the validity of our gaming license which contains a number of on-going

[Table of Contents](#)

compliance obligations including periodic approvals from and reports to the regulator PAGCOR. Amongst other things, PAGCOR may in its sole discretion refuse to approve any such proposals by the licensees and could also exert significant control over the operational aspects of our Philippines Project such as our human resource policies particularly with respect to the qualifications and salary levels for gaming employees. Such measures could adversely affect our business, financial condition and results of operations in the Philippines.

The hotel, resort and gaming businesses are highly competitive. The competitors of our business in the Philippines internationally and within the Philippines include many of the largest gaming, hospitality, leisure and resort companies in the world.

In the Philippine gaming market, we will be competing with hotels and resorts owned by both Philippine nationals and foreigners. PAGCOR, an entity owned and controlled by the government of Philippines, also operates gaming facilities across the Philippines. We expect our operations in the Philippines to target similar pools of customers and tourists as, and therefore face competition from, gaming operators in other more established gaming centers across the region, particularly those of Macau and Singapore, and other major gaming markets located around the world, including Australia and Las Vegas. A number of such other operators have a longer track record of gaming operations and such other markets have more established reputations as gaming markets. Our operations in the Philippines may not be successful in its efforts to attract foreign customers and independent gaming promoters to our Philippines Project and to promote Manila as a gaming destination.

Any simultaneous planning, design, construction and development of the next phase of City of Dreams, Studio City and the Philippines Project may stretch our management time and resources, which could lead to delays, increased costs and other inefficiencies in the development of these projects.

We expect some portions of the planning, design and construction of the next phase of City of Dreams, the development of Studio City and the fit-out work for the Philippines Project to proceed simultaneously. There may be overlap of the planning, design, development and construction periods of these projects involving the need for intensive work on each of the projects. Members of our senior management will be involved in planning and developing both projects at the same time, in addition to overseeing our day-to-day operations. Our management may be unable to devote sufficient time and attention to our development and construction projects, as well as our operating properties, and that may delay the construction or opening of one or both of our projects, cause construction cost overruns or cause the performance of our operating properties to be lower than expected, which could have a material adverse effect on our business, financial condition and results of operations.

Our business depends substantially on the continuing efforts of our senior management, and our business may be severely disrupted if we lose their services.

We place substantial reliance on the gaming, project development and hospitality industry experience and knowledge of the Macau market possessed by members of our senior management team. The loss of the services of one or more members of our senior management team could hinder our ability to effectively manage our business and implement our growth and development strategies. Finding suitable replacements for members of our senior management could be difficult, and competition for personnel of similar experience could be intense in Macau. In addition, we do not currently carry key person insurance on any members of our senior management team.

The success of our business may depend on our ability to attract and retain adequate qualified personnel. A limited labor supply and increased competition could cause labor costs to increase.

The pool of experienced gaming and other skilled and unskilled personnel in Macau and the Philippines is limited. Many of our new personnel occupy sensitive positions requiring qualifications sufficient to meet gaming regulatory and other requirements or are required to possess other skills for which substantial

[Table of Contents](#)

training and experience are needed. Moreover, competition to recruit and retain qualified gaming and other personnel is expected to continue, as well as our demand for qualified personnel. In addition, we are not currently allowed under Macau government policy to hire non-Macau resident dealers, croupiers and supervisors.

We cannot assure you that we will be able to attract and retain a sufficient number of qualified individuals to operate our properties or that costs to recruit and retain such personnel will not increase significantly. The inability to attract and retain qualified employees and operational management personnel could have a material adverse effect on our business. Further, the Macau government is currently enforcing a labor policy pursuant to which the ratio of local to foreign workers that may be recruited for construction works shall have to be at least 1:1, unless otherwise authorized by the Macau government. This could have a material adverse effect on our ability to complete future works on our properties, for example, Studio City, or the next phase of development at City of Dreams. Moreover, if the Macau government enforces similar restrictive ratios in other areas, such as the gaming, hotel and entertainment industries, this could have a materially adverse effect on the operation of our properties.

Furthermore, the Macau government enacted legislation, which came into effect on November 1, 2012, under which the minimum age required for entrance into casinos in Macau was raised from 18 to 21 years of age. The legislation did not affect the employees under 21 years of age who were already employed when the new law came into effect and had maintained their positions. In addition, the director of the DICJ may authorize employees under 21 years of age to temporarily enter casinos, after considering their special technical qualifications. Notwithstanding such provisions, however, the implementation of this law could adversely affect Melco Crown Macau's ability to engage sufficient staff for the operation of our casinos and have a material adverse effect on our future operations.

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

We currently have various insurance policies providing certain coverage typically required by gaming and hospitality operations in Macau. In addition, we plan to maintain various types of insurance coverage as customary in the Philippine gaming industry. Such coverage includes property damage, business interruption and general liability. We also maintain certain liability insurance coverage as customary in the pharmaceutical industry, in respect of MCP's previous business in that industry. These insurance policies provide coverage that is subject to policy terms, conditions and limits. There is no assurance that we will be able to renew such insurance coverage on equivalent premium cost, terms, conditions and limits upon policy renewals. The cost of coverage may in the future become so high that we may be unable to obtain the insurance policies we deem necessary for the operation of our projects on commercially practicable terms, or at all, or we may need to reduce our policy limits or agree to certain exclusions from our coverage.

We cannot assure you that any such insurance policies we may obtain will be adequate to protect us from material losses. For example, our property insurance coverage is in an amount that may be less than the expected full replacement cost of rebuilding properties if there was a total loss. If we incur loss, damage or liability for amounts exceeding the limits of our current or future insurance coverage, or for claims outside the scope of our current or future insurance coverage, our financial conditions and business operations could be materially and adversely affected. For example, certain casualty events, such as labor strikes, nuclear events, acts of war, loss of income due to cancellation of conventions or room reservations arising from fear of terrorism, contagious or infectious disease, deterioration or corrosion, insect or animal damage and pollution may not be covered under our policies. As a result, certain acts and events could expose us to significant uninsured losses. In addition to the damages caused directly by a casualty loss such as fire or natural disasters, we may suffer a disruption of our business as a result of these events or be subject to claims by third parties who may be injured or harmed. While we intend to carry business interruption insurance and general liability insurance, such insurance may not be available on commercially reasonable terms, or at all, and, in any event, may not be adequate to cover all losses that may result from such events.

[Table of Contents](#)

There is limited available insurance in Macau and our insurers in Macau may need to secure reinsurance in order to provide adequate cover for our property and development projects. Our credit agreements, Melco Crown Macau's subconcession contract (the "Subconcession Contract") and certain other material agreements require a certain level of insurance to be maintained, which must be obtained in Macau unless otherwise authorized by the Macau government. Failure to maintain adequate coverage could be an event of default under our credit agreements or the Subconcession Contract and have a material adverse effect on our business, financial condition, results of operations and cash flows.

Conducting business in Macau has certain political and economic risks that may lead to significant volatility and have a material adverse effect on our results of operations.

All of our operations are in Macau. Accordingly, our business development plans, results of operations and financial condition may be materially adversely affected by significant political, social and economic developments in Macau and China and by changes in government policies or changes in laws and regulations or the interpretations of these laws and regulations. In particular, our operating results may be adversely affected by:

- changes in Macau's and China's political, economic and social conditions;
- tightening of travel restrictions to Macau which may be imposed by China;
- changes in policies of the government or changes in laws and regulations, or in the interpretation or enforcement of these laws and regulations, particularly exchange control regulations, regulations relating to repatriation of capital or measures to control inflation;
- measures that may be introduced to control inflation, such as interest rate increases or bank account withdrawal controls; and
- changes in the rate or method of taxation.

Our operations in Macau are also exposed to the risk of changes in laws and policies that govern operations of Macau-based companies. Tax laws and regulations may also be subject to amendment or different interpretation and implementation, thereby adversely affecting our profitability after tax. Further, certain terms of our gaming subconcession may be subject to renegotiations with the Macau government in the future, including amounts we will be obligated to pay the Macau government in order to continue operations. Melco Crown Macau's obligations to make certain payments to the Macau government under the terms of its subconcession include a fixed annual premium per year and a variable premium depending on the number and type of gaming tables and gaming machines that we operate. The results of any renegotiations could have a material adverse effect on our results of operations and financial condition.

As we expect a significant number of patrons to come to our properties from China, general economic conditions and policies in China could have a significant impact on our financial prospects. A slowdown in economic growth and tightening of credit availability or restrictions on travel imposed by China could adversely impact the number of visitors from China to our properties in Macau as well as the amounts they are willing to spend in our casinos, which could have a material adverse effect on the results of our operations and financial condition.

The winnings of our patrons could exceed our casino winnings at particular times during our operations.

Our revenues are mainly derived from the difference between our casino winnings and the winnings of our casino patrons. Since there is an inherent element of chance in the gaming industry, we do not have full control over our winnings or the winnings of our casino patrons. If the winnings of our patrons exceed our casino winnings, we may record a loss from our gaming operations, and our business, financial condition and results of operations could be materially and adversely affected.

Win rates for our casino operations depend on a variety of factors, some beyond our control, which, at particular times, adversely impact our results of operations.

In addition to the element of chance, theoretical win rates are also affected by other factors, including players' skill and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume of bets placed by our players and the amount of time players spend on gambling — thus our actual win rates may differ greatly over short time periods, such as from quarter to quarter, and could cause our quarterly results to be volatile. Each of these factors, alone or in combination, have the potential to negatively impact our win rates, and our business, financial condition and results of operations could be materially and adversely affected.

Our gaming business is subject to the risk of cheating and counterfeiting.

All gaming activities at our table games are conducted exclusively with gaming chips which, like real currency, are subject to the risk of alteration and counterfeiting. We incorporate a variety of security and anti-counterfeit features to detect altered or counterfeit gaming chips. Despite such security features, unauthorized parties may try to copy our gaming chips and introduce, use and cash in altered or counterfeit gaming chips in our gaming areas. Any negative publicity arising from such incidents could also tarnish our reputation and may result in a decline in our business, financial condition and results of operation.

Our existing surveillance and security systems, designed to detect cheating at our casino operations, may not be able to detect all such cheating in time or at all, particularly if patrons collude with our employees. In addition, our gaming promoters or other persons could, without our knowledge, enter into betting arrangements directly with our casino patrons on the outcomes of our games of chance, thus depriving us of revenues.

Our operations are reviewed to detect and prevent cheating. Each game has a theoretical win rate and statistics are examined with these in mind. Cheating may give rise to negative publicity and such action may materially affect our business, financial condition, operations and cash flows.

We are exposed to certain risks in respect of the industry and business activities that MCP operated in prior to our acquisition.

Prior to our acquisition of the majority share interest in MCP, it was primarily engaged in the manufacturing and processing of pharmaceutical products. The pharmaceuticals industry is subject to strict regulation in the Philippines and abroad, particularly with respect to, among others, product liability for defective pharmaceutical products. There can be no assurance that we will not be involved in, or subject to claims, allegations or suits with respect to, MCP's previous activities in the pharmaceutical industry, which may not be covered by any related insurance policies or indemnity fully or at all. Any such claims, allegations or suits could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Because we currently depend upon our properties in Macau for all of our cash flow, we will be subject to greater risks than a gaming company that operates in more than one market.

We are and will be primarily dependent upon City of Dreams, Altira Macau and Mocha Clubs for our cash flow. Following construction and commencement of operations, Studio City and the Philippines Project will also contribute to cash flows. Our current operations are and are expected to be, in the near term, conducted only at properties in Macau, so we will be subject to greater risks than a gaming company with operating properties in several markets. These risks include:

- dependence on the gaming and leisure market in Macau and limited diversification of our businesses and sources of revenues;

[Table of Contents](#)

- a decline in economic, competitive and political conditions in Macau or generally in Asia;
- inaccessibility to Macau due to inclement weather, road construction or closure of primary access routes;
- a decline in air or ferry passenger traffic to Macau due to higher ticket costs, fears concerning travel or otherwise;
- travel restrictions to Macau imposed now or in the future by China;
- changes in Macau governmental laws and regulations, or interpretations thereof, including gaming laws and regulations;
- natural and other disasters, including typhoons, outbreaks of infectious diseases or terrorism, affecting Macau;
- that the number of visitors to Macau does not increase at the rate that we have expected;
- relaxation of regulations on gaming laws in other regional economies that would compete with the Macau market; and
- a decrease in gaming activities at our properties.

Any of these conditions or events could have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

Terrorism and the uncertainty of war, economic downturns and other factors affecting discretionary consumer spending and leisure travel may reduce visitation to Macau and harm our operating results.

The strength and profitability of our business depends on consumer demand for casino resorts and leisure travel in general. Changes in Asian consumer preferences or discretionary consumer spending could harm our business. Terrorist acts could have a negative impact on international travel and leisure expenditures, including lodging, gaming and tourism. We cannot predict the extent to which future terrorist acts may affect us, directly or indirectly. In addition to fears of war and future acts of terrorism, other factors affecting discretionary consumer spending, including general economic conditions, amounts of disposable consumer income, fears of recession and lack of consumer confidence in the economy, may negatively impact our business. Consumer demand for hotel, casino resorts and the type of luxury amenities we currently offer and plan to offer in the future are highly sensitive to downturns in the economy. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel could significantly harm our operations.

An outbreak of the highly pathogenic avian influenza caused by the H5N1 virus (avian flu or bird flu), Severe Acute Respiratory Syndrome, or SARS, or H1N1 virus (swine flu) or other contagious disease may have an adverse effect on the economies of certain Asian countries and may adversely affect our results of operations.

During 2004, large parts of Asia experienced unprecedented outbreaks of avian flu which, according to a report of the World Health Organization, or WHO, in 2004, placed the world at risk of an influenza pandemic with high mortality and social and economic disruption. As of February 15, 2013, the WHO has confirmed a total of 367 fatalities in a total number of 620 cases reported to the WHO, which only reports laboratory confirmed cases of avian flu since 2003. In particular, Guangdong Province, PRC, which is located across the Zhuhai Border from Macau, has confirmed several cases of avian flu. Fully effective avian flu vaccines have not been developed and there is evidence that the H5N1 virus is constantly evolving so there can be no assurance that an effective vaccine can be discovered or commercially manufactured in time to protect

against the potential avian flu pandemic. In the first half of 2003, certain countries in Asia experienced an outbreak of SARS, a highly contagious form of atypical pneumonia, which seriously interrupted economic activities and caused the demand for goods and services to plummet in the affected regions.

The Influenza A (H1N1) virus is believed to be highly contagious and may not be easily contained. There can be no assurance that an outbreak of avian flu, SARS, H1N1 (swine flu) or other contagious disease or the measures taken by the governments of affected countries against such potential outbreaks, will not seriously interrupt our gaming operations. The perception that an outbreak of avian flu, SARS or other contagious disease may occur again may also have an adverse effect on the economic conditions of countries in Asia.

Our gaming operations could be adversely affected by restrictions on the export of the Renminbi and limitations of the Pataca exchange markets.

Gaming operators in Macau are currently prohibited from accepting wagers in Renminbi, the currency of China. There are currently restrictions on the export of the Renminbi outside of mainland China, including to Macau. For example, Chinese traveling abroad are only allowed to take a total of RMB20,000 plus the equivalent of up to US\$5,000 out of China. Restrictions on the export of the Renminbi may impede the flow of gaming customers from China to Macau, inhibit the growth of gaming in Macau and negatively impact our operations. Our revenues in Macau are denominated in H.K. dollars and Patacas, the legal currency of Macau. Any depegging may result in volatile fluctuations in the exchange rates for these currencies.

The currency market for Patacas is relatively small and undeveloped and therefore our ability to convert large amounts of Patacas into U.S. dollars over a relatively short period of time may be limited. As a result, we may experience difficulty in converting Patacas into U.S. dollars, which could hinder our ability to service a portion of our indebtedness and certain expenses denominated in U.S. dollars.

Unfavorable fluctuations in the currency exchange rates of the H.K. dollar, U.S. dollar or Pataca, and other risks related to foreign exchange and currencies, could adversely affect our indebtedness, expenses, profitability and financial condition.

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in U.S. dollars. The majority of our revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in gaming transactions in Macau and is often used interchangeably with the Pataca in Macau. However, our expenses will be denominated predominantly in Patacas. We also have subsidiaries, branch offices and assets in various countries, including the Philippines and Taiwan, which are subject to foreign exchange fluctuations and local regulations that may impose, among others, limitations, restrictions or approval requirements on conversions and/or repatriation of foreign currencies. In addition, a significant portion of our indebtedness, after giving effect to the issuance of the 2010 Senior Notes, 2013 Senior Notes and Studio City Notes, and certain expenses, are denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars.

The value of the H.K. dollar and Patacas against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the H.K. dollar is pegged within a narrow range to the U.S. dollar and the Pataca is in turn pegged to the H.K. dollar and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages between the U.S. dollar, H.K. dollar and Pataca will not be broken or modified and subjected to fluctuation. Any significant fluctuations in the exchange rates between H.K. dollars or Patacas to U.S. dollars may have a material adverse effect on our revenues and financial condition. For example, to the extent that we are required to convert U.S. dollar financings into H.K. dollars or Patacas for our operations, fluctuations in the exchange rates between H.K. dollars or Patacas against the U.S. dollar could have an adverse effect on the amounts we receive from the conversion.

[Table of Contents](#)

While we maintain a certain amount of our operating funds in the same currencies in which we have obligations to reduce our exposure to currency fluctuations, we have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the years ended December 31, 2012 and 2011. In addition, we may face regulatory, legal and other risks in connection with our assets and operations in certain jurisdictions that may impose limitations, restrictions or approval requirements on conversions and/or repatriation of foreign currencies. We will consider our overall procedure for managing our foreign exchange risk from time to time, but we cannot assure you that any such procedures will enable us to obtain and achieve effective hedging of our foreign exchange risk, which could materially and adversely affect our financial condition and operating results.

We may undertake mergers, acquisitions or strategic transactions that could result in operating difficulties and distraction from our current business and subject us to regulatory and legal inquiries and proceedings.

We have made, and may in the future make, acquisitions and investments in companies or projects to expand or complement our existing operations. From time to time, we engage in discussions and negotiations with companies regarding acquisitions or investments in such companies or projects. We may, from time to time, receive inquiries from regulatory and legal authorities and become subject to regulatory and legal proceedings in connection with such acquisitions and investments in companies or projects. In addition, if we acquire or invest in another company or project, the integration process following the completion of such acquisition may prove more difficult than anticipated. We may be subject to liabilities or claims that we are not aware of at the time of the investment or acquisition, and we may not realize the benefits anticipated at the time of the investment or acquisition. These difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses and liabilities and adversely affect our business, financial condition and operating results. Even if we do identify suitable opportunities, we may not be able to make such acquisitions or investments on commercially acceptable terms or adequate financing may not be available on commercially acceptable terms, if at all, and we may not be able to consummate a proposed acquisition or investment.

We are subject to risks relating to litigation, disputes and regulatory investigations which may adversely affect our profitability and financial condition.

We are, and may be in the future, subject to legal actions, disputes and regulatory investigations in the ordinary course of our business. We are also subject to risks relating to legal and regulatory proceedings and investigations which we or our affiliates may be a party to from time to time, or which could develop in the future. Our reputation may be adversely affected by our involvement or the involvement of our affiliates in litigation and regulatory proceedings. In addition, we and our affiliates operate in a number of jurisdictions in which regulatory and government authorities have a wide discretion to take procedural actions in support of their investigations and regulatory proceedings, including seizures and freezing of assets and other properties that are perceived to be connected or related to such investigations or regulatory proceedings. Given such wide discretion, regulatory or government authorities may take procedural actions that may affect our assets and properties in connection with any investigation or legal or regulatory proceeding involving us or any of our affiliates, which may materially affect our business, financial condition or results of operations.

In addition, if we are unsuccessful in defending one of our subsidiary against certain claims alleging that it received misappropriated or misapplied funds, this may require further improvements to our existing anti-money laundering procedures, systems and controls and our business operations may be subject to greater scrutiny from relevant regulatory authorities, all of which may increase our compliance costs. No assurance can be provided that any provisions we have made for such matters will be sufficient. Litigation and regulatory proceedings and investigation are inherently unpredictable and our results of operations or cash flows may be adversely affected by an unfavorable resolution of any pending or future litigation, disputes and regulatory investigation.

We extend credit to a portion of our customers, and we may not be able to collect gaming receivables from our credit customers.

We conduct, and expect to continue to conduct, our table gaming activities at our casinos on a credit basis as well as a cash basis. As is common practice in Macau, we grant credit to our gaming promoters and certain of our premium direct players. The gaming promoters bear the responsibility for issuing to, and subsequently collecting credit, from their players. This credit is often unsecured, as is customary in our industry. High-end patrons typically are extended more credit than patrons who wager lower amounts.

We may not be able to collect all of our gaming receivables from our credit customers. We expect that we will be able to enforce our gaming receivables only in a limited number of jurisdictions, including Macau and under certain circumstances, Hong Kong. As most of our gaming customers are visitors from other jurisdictions, principally Hong Kong and China, we may not have access to a forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts of many jurisdictions, including China, do not enforce gaming debts. Further, we may be unable to locate assets in other jurisdictions against which to seek recovery of gaming debts. The collectability of receivables from international customers could be negatively affected by future business or economic trends or by significant events in the countries in which these customers reside. We may also in given cases have to determine whether aggressive enforcement actions against a customer will unduly alienate the customer and cause the customer to cease playing at our casinos. We could suffer a material adverse impact on our operating results if receivables from our credit customers are deemed uncollectible. In addition, in the event a patron has been extended credit and has lost back to us the amount borrowed and the receivable from that patron is deemed uncollectible, Macau gaming tax will still be payable on the resulting gaming revenues, notwithstanding our uncollectible receivable. An estimated allowance for doubtful debts is maintained to reduce our receivables to their carrying amounts, which approximate fair values.

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

We conduct our table gaming activities at our casinos on a credit basis as well as a cash basis and our gaming promoters conduct their operations by extending credit to gaming patrons. The general economic downturn and turmoil in the financial markets have placed broad limitations on the availability of credit from credit sources as well as lengthening the recovery cycle of extended credit. Any severe contraction of liquidity in the global credit markets may make it difficult and costly to obtain new lines of credit or to refinance existing debt. Our business and financing plans may be dependent upon completion of future financings. If the credit environment worsens, it may be difficult to obtain any additional financing on acceptable terms, which could adversely affect our ability to complete development projects. Continued tightening of liquidity conditions in credit markets may constrain revenue generation and growth and could have a material adverse effect on our business, financial condition and results of operations.

Our business may face a higher level of volatility due to the current weighting of rolling chip in our revenues base.

A substantial proportion of our casino revenues is generated from the rolling chip segment of the gaming market. The revenues generated from the rolling chip segment of the gaming market are acutely volatile primarily due to high bets, and the resulting high winnings and losses. As a result, our business and results of operations and cash flows from operations may be more volatile from quarter to quarter than that of our competitors and may require higher levels of cage cash in reserve to manage this volatility.

We depend upon gaming promoters for a portion of our gaming revenues and if we are unable to establish, maintain and increase the number of successful relationships with gaming promoters, our ability to attract rolling chip patrons may be adversely affected.

Gaming promoters, who organize tours for rolling chip patrons to casinos in Macau, are responsible for a portion of our gaming revenues in Macau. With the rise in casino operations in Macau, the competition for

[Table of Contents](#)

relationships with gaming promoters has increased. As of December 31, 2012, we had agreements in place with approximately 107 gaming promoters. If we are unable to utilize and develop relationships with gaming promoters, our ability to grow our gaming revenues will be hampered and we will have to seek alternative ways to develop and maintain relationships with rolling chip patrons, which may not be as profitable as relationships developed through gaming promoters. As competition intensifies we may therefore need to offer better terms of business to gaming promoters, including extensions of credit, which may increase our overall credit exposure. If our gaming promoters are not able to maintain relationships with patrons, our ability to maintain or grow casino revenues may be adversely affected.

We are impacted by the reputation and integrity of the parties with whom we engage in business activities and we cannot assure you that these parties will always maintain high standards or suitability throughout the term of our association with them. Failure to maintain such high standards or suitability may cause us and our shareholders to suffer harm to our own and the shareholders' reputation, as well as impaired relationships with, and possibly sanctions from, gaming regulators.

The reputation and integrity of the parties with whom we engage in business activities, in particular those who are engaged in gaming related activities, such as gaming promoters, and developers and hotel operators that do not hold concessions or subconcessions and with which we have or may enter into services agreements, are important to our own reputation and to Melco Crown Macau's ability to continue to operate in compliance with its subconcession. Under Macau Law no. 16/2001, or the Macau Gaming Law, Melco Crown Macau has an obligation to supervise its gaming promoters to ensure compliance with applicable laws and regulations and serious breaches or repeated misconduct by its gaming promoters could result in the termination of its subconcession. For parties we deal with in gaming related activities, where relevant, the gaming regulators undertake their own probity checks and will reach their own suitability findings in respect of the activities and parties which we intend to associate with. In addition, we also conduct our internal due diligence and evaluation process prior to engaging such parties. Notwithstanding such regulatory probity checks and our own due diligence, we cannot assure you that the parties with whom we are associated will always maintain the high standards that gaming regulators and we require or that such parties will maintain their suitability throughout the term of our association with them. If we were to deal with any party whose probity was in doubt, this may reflect negatively on our own probity when assessed by the gaming regulators. Also, if a party associated with us falls below the gaming regulators' suitability standards, we and our shareholders may suffer harm to our and the shareholders' reputation, as well as impaired relationships with, and possibly sanctions from, gaming regulators with authority over our operations.

In particular, the reputations of the gaming promoters we deal with are important to our own reputation and Melco Crown Macau's ability to continue to operate in compliance with its subconcession. While we endeavor to ensure high standards of probity and integrity in the gaming promoters with whom we are associated, we cannot assure you that the gaming promoters with whom we are associated will always maintain such high standards. If we were to deal with a gaming promoter whose probity was in doubt or who failed to operate in compliance with Macau law consistently, this may be considered by regulators or investors to reflect negatively on our own probity and compliance records. If a gaming promoter falls below our standards of probity, integrity and legal compliance, we and our shareholders may suffer harm to our or their reputation, as well as worsened relationships with, and possibly sanctions from, gaming and other regulators with authority over our operations or us.

Any violation of the FCPA could have a negative impact on us.

We are subject to regulations imposed by the U.S. Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws which if violated may result in severe criminal and civil sanctions as well as other penalties. There has been a general increase in FCPA enforcement activity in recent years by the SEC and U.S. Department of Justice. Both the number of FCPA cases and sanctions imposed have risen dramatically. We have in place an ongoing FCPA compliance program which includes internal policies, procedures and training aimed to prevent and detect compliance issues and risks with these laws. However, we cannot assure you that our employees,

[Table of Contents](#)

contractors and agents will continually adhere to our compliance programs. Should they not follow our programs, we could be subject to investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions, any of which may result in a material adverse effect on our financial condition. As a U.S. listed company with gaming operations in Macau, compliance with U.S. laws and regulations that apply to our operations increases our cost of doing business. We also deal in significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations by us could have a negative effect on our results of operations.

A failure to establish and protect our intellectual property rights could have an adverse effect on our business, financial condition and results of operations.

We have registered the trademarks “Altira,” “Mocha Club,” “City of Dreams” and “Melco Crown Entertainment” in Macau and other jurisdictions. We have also registered in Macau and other jurisdictions certain other trademarks and service marks used in connection with the operations of our hotel casino projects in Macau. We endeavor to establish and protect our intellectual property rights and our goods and services through trademarks and service marks, domain names, licenses and other contractual provisions. The brands we use in connection with our properties are beginning to gain recognition. Failure to possess, obtain or maintain adequate protection of our intellectual property rights could negatively impact the development of our brands and have a material adverse effect on our business, financial condition and results of operations. For example, if a third party claims we have infringed, currently infringe, or could in the future infringe its intellectual property rights, we may need to cease use of such intellectual property or incur substantial expenses to defend ourselves against such allegations, or if third parties misappropriate or infringe our intellectual property, we may need to take steps to protect our intellectual property that may result in substantial expenses, all of which may adversely affect our business, financial condition and results of operations.

The possible infringement of key intellectual property to be used in our business, the dissemination of proprietary information used in our business or the infringement or alleged infringement of intellectual property rights belonging to third parties could adversely affect our business.

Our branding and marketing strategy for Studio City has not been finalized and remains subject to change and further internal review. Once such strategy is finalized, we intend to own or obtain licenses for brands, trademarks and other key intellectual property to be used in our business. We intend to take steps to safeguard this intellectual property from infringement by third parties, such as prosecuting trademark and copyright violations, if and when necessary, and having our employees and/or employees of Melco Crown Macau or its affiliates or its designees that have access to the customer database sign confidentiality agreements. Despite such measures, we cannot assure you that we will be successful in defending against the infringement of intellectual property to be used in our business or that any proprietary information to be used in our business will not be disseminated to our competitors, which could have an adverse effect on our future results of operations.

We face the potential risk of claims that we have infringed intellectual property rights of third parties, which could be expensive and time-consuming to defend, cause us to cease using certain intellectual property rights or selling certain products or services, result in their being required to pay significant damages or to enter into costly royalty or licensing agreements, which may not be available at all, in order to obtain the right to use intellectual property rights of a third party, any of which could have a negative impact on the development and operations of Studio City and harm our business and future prospects. Furthermore, if litigation were to result from such claims, our business could be interrupted and our financial condition may be adversely affected.

While our branding strategy has not yet been finalized, we have registered a number of trademarks in Macau and Hong Kong (including the “Where Cotai Begins” trademark), which may ultimately be used as a component of our branding strategy. Where possible, we intend to continue to register trademarks as we develop, review and implement our branding strategy for Studio City. However, our current and any future trademarks are

[Table of Contents](#)

subject to expiration and we cannot guarantee that we will be able to renew all of them upon expiration. Our inability to renew the registration of certain trademarks and the loss of such trademarks could have an adverse effect on our business and prospects, financial condition, results of operations and cash flows.

The audit report included in this annual report has been prepared by auditors whose work may not be inspected fully by the Public Company Accounting Oversight Board and, as such, you may be deprived of the benefits of such inspection.

Deloitte Touche Tohmatsu, our independent registered public accounting firm that issues the audit reports included in our annual reports filed with the SEC, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards.

While we have offices in both Hong Kong and Macau and a substantial part of our operations is located in Macau, we do not have substantial operations within mainland China (outside of Hong Kong and Macau). The work of our auditor in Hong Kong has been subject to PCAOB review in the past. However, because many of our auditor's other clients have substantial operations within mainland China, and the PCAOB has been unable to complete inspections of the work of our auditor as it relates to those operations within mainland China without the approval of the Chinese authorities, our auditor is not currently inspected fully by the PCAOB.

Inspections of other firms that the PCAOB has conducted outside mainland China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections in mainland China prevents the PCAOB from regularly evaluating our auditor's audit procedures and quality control procedures as they relate to their work in mainland China. As a result, investors may be deprived of the benefits of such regular inspections.

The inability of the PCAOB to conduct full inspections of auditors in mainland China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors who primarily work in jurisdictions where PCAOB has full inspection access. Investors may lose confidence in our reported financial information and the quality of our financial statements.

Risks Relating to the Gaming Industry in Macau

We face intense competition in Macau and elsewhere in Asia. We may not be able to compete successfully and may lose or be unable to gain market share.

The hotel, resort and casino businesses are highly competitive. Our competitors in Macau and elsewhere in Asia include many of the largest gaming, hospitality, leisure and resort companies in the world. Some of these current and future competitors are larger than we are and may have more diversified resources and greater access to capital to support their developments and operations in Macau and elsewhere. In particular, some of our competitors have announced intentions for further expansion and developments in Cotai, where City of Dreams is, and Studio City will be, located. For example, Galaxy opened Galaxy Macau Resort in Cotai in May 2011 and Sands China Ltd., a subsidiary of Las Vegas Sands Corporation, opened Sands Cotai Central in Cotai in April 2012. Galaxy, Wynn Macau, MGM Grand Paradise, SJM and Venetian Macau have each announced plans, and in some cases, begun the construction, to build additional projects in Cotai. See "Item 4. Information on the Company – B. Business Overview — Market and Competition."

We also compete to some extent with casinos located in other countries, such as Malaysia, Singapore, North Korea, South Korea, the Philippines, Cambodia, Australia, New Zealand, Vietnam and elsewhere in the

[Table of Contents](#)

world, including Las Vegas and Atlantic City in the United States. In addition, certain countries, such as Japan, Taiwan and Thailand may in the future legalize casino gaming. We also compete with cruise ships operating out of Hong Kong and other areas of Asia that offer gaming. The proliferation of gaming venues in Southeast Asia could also significantly and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Currently, Macau is the only region in Greater China offering legal casino gaming. Although the Chinese government has strictly enforced its regulations prohibiting domestic gaming operations, there may be casinos in parts of mainland China that are operated illegally and without licenses. Competition from illegal casinos in mainland China could adversely affect our business, financial condition, results of operations and prospects.

Our regional competitors also include Crown's Crown Melbourne in Melbourne, Australia and Crown Perth in Perth, Australia and other casino resorts that Melco and Crown may develop elsewhere in Asia outside Macau. Melco and Crown may develop different interests and strategies for projects in Asia under their joint venture which conflict with the interests of our business in Macau or otherwise compete with us for Asian gaming and leisure customers. See "— Risks Relating to Our Corporate Structure and Ownership."

The Macau government could grant additional rights to conduct gaming in the future, which could significantly increase competition in Macau and cause us to lose or be unable to gain market share.

Melco Crown Macau is one of six companies authorized by the Macau government to operate gaming activities in Macau. Pursuant to the terms of Macau Law No. 16/2001, or the Macau Gaming Law, the Macau government is precluded from granting more than three gaming concessions. The Macau government has announced that until further assessment of the economic situation in Macau there will not be any increase in the number of concessions or subconcessions. However, the policies and laws of the Macau government could change and the Macau government could grant additional concessions or subconcessions, and we could face additional competition which could significantly increase the competition in Macau and cause us to lose or be unable to maintain or gain market share.

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, which could cause our projects to be unsuccessful.

Gaming is a highly regulated industry in Macau. Current laws, such as licensing requirements, tax rates and other regulatory obligations, including those for anti-money laundering, could change or become more stringent resulting in additional regulations being imposed upon the gaming operations in the Altira Macau casino, the City of Dreams casinos, the Mocha Clubs and other future projects including our Studio City project and any other locations we may operate from time to time. Any such adverse developments in the regulation of the gaming industry could be difficult to comply with and could significantly increase our costs, which could cause our projects to be unsuccessful.

Also, the Macau government recently approved smoking control legislation, which has prohibited smoking in casinos since January 1, 2013. The legislation, however, permits casinos to maintain designated smoking areas of up to 50% of the areas opened to the public, which must comply with the conditions set out in a Dispatch of the Chief Executive, which came into effect on November 1, 2012. On December 30, 2012, the Chief Executive of the Macau SAR authorized the setting of designated smoking areas in thirteen gaming venues being operated by Melco Crown Macau including Altira Macau, City of Dreams, and various Mocha Clubs. Each of the designated smoking areas represents less than 50% of the areas opened to the public.

The implementation of such legislation may deter potential gaming patrons who are smokers from frequenting casinos in Macau, which could adversely affect our business, results of operations and financial condition. See "Item 4. Information on the Company — B. Business Overview — Regulations."

[Table of Contents](#)

On August 20, 2012, the Macau government enacted legislation, which came into effect on November 1, 2012, under which the minimum age required for entrance into casinos in Macau was raised from 18 to 21 years of age. The legislation did not affect the employees under 21 years of age who were already employed when the new law came into effect and had maintained their positions. In addition, the director of the DICJ may authorize employees under 21 years of age to temporarily enter casinos after considering their special technical qualifications.

According to the DICJ, the number of gaming tables in Macau as of December 31, 2012, was 5,485. In March 2010, the Macau government announced that the number of gaming tables operating in Macau may not exceed 5,500, until the end of the first quarter of 2013. On September 19, 2011, the Secretary for Economy and Finance of the Macau government announced that for a period of 10 years thereafter, the total number of gaming tables to be authorized in Macau will be limited to an average annual increase of 3%. This restriction may adversely affect the future expansion of our business. The Macau government has further stated that the allocation of tables over this ten year period does not need to be uniform and tables may be pre-allocated to new properties in Macau. These restrictions are not legislated or enacted into statutes or ordinances and as such different policies, including on the annual increase rate in the number of gaming tables, may be adopted at any time by the relevant Macau government authorities.

Also, the Macau government enacted an Administrative Regulation which came into effect on November 27, 2012, pursuant to which slot machine lounges, such as our Mocha Clubs, may only be installed: (i) in hotels classified with at least five stars; (ii) properties entirely allocated to non-residential purposes and located within less than 500 meters of an authorized hotel-casino; or (iii) in commercial and leisure complexes, of relevant touristic interest, not inserted in a densely populated area. Under this regulation, the Macau government should take the necessary measures to enable existing slot lounges to comply with the applicable requirements until November 27, 2013. We have been requested by the Macau government to close three of our Mocha Clubs, namely, Mocha Lan Kwai Fong, Mocha Marina Plaza and Mocha Hotel Taipa Best Western, by November 26, 2013 in compliance with this regulation. Melco Crown Macau intends to comply with such request and instruction as well as any other request or instruction by the Macau government in this respect and promptly identify suitable locations for the relevant Mocha Clubs to be relocated, in compliance with the regulation. Moreover, this regulation may limit our ability to find new sites in the future.

Further, we are subject to data privacy legislation such as the Personal Data Protection Act of Macau. Our business requires the collection and retention of customer data, including credit card numbers and other personally identifiable information of our customers. We are also required under applicable law to collect and retain personal data in respect of our employees. While we believe that our system and practices are adequate to meet applicable legal and regulatory requirements in Macau with regard to the collection, retention and processing of personal data, our information technology system may be unable to satisfy changing regulatory requirements, or may require additional investments or time in order to do so. In addition, our information technology system and records may be subject to security breaches, system failures, viruses, operator error or inadvertent releases of personal data. A significant loss, theft or fraudulent use of personal data maintained by us or other any breach by us of the Personal Data Protection Act of Macau could adversely affect our reputation and could result in criminal or administrative penalties, in addition to any civil liability and other expenses.

Current Macau laws and regulations concerning gaming and gaming concessions and matters such as prevention of money laundering are, for the most part, fairly recent and there is little precedent on the interpretation of these laws and regulations. These laws and regulations are complex and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations or issue new or modified regulations that differ from our interpretation, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Our activities in Macau are subject to administrative review and approval by various agencies of the Macau government. For example, our activities are subject to the administrative review and approval by the

[Table of Contents](#)

DICJ, the Health Bureau, the Labor Affairs Bureau, the Land, Public Works and Transport Bureau, Fire Department, the Finance Department and the Macau Government Tourism Office. We cannot assure you that we will be able to obtain all necessary approvals, which may materially affect our business and operations. Macau law permits redress to the courts with respect to administrative actions. However, such redress is largely untested in relation to gaming regulatory issues.

The harshest penalty that may be imposed on us for failure to comply with the complex legal and regulatory regime in Macau is revocation of the subconcession. Under the subconcession, the Macau government has the right to unilaterally terminate the subconcession in the event of non-compliance by Melco Crown Macau with its basic obligations under the subconcession and applicable Macau laws. If such a termination were to occur, Melco Crown Macau would be unable to operate casino gaming in Macau. We would also be unable to recover the US\$900 million consideration paid to Wynn Macau for the issue of the subconcession. For a list of termination events, please see “Item 4. Information on the Company — B. Business Overview — Regulations — The Subconcession — The Subconcession Contract.” These events could lead to the termination of Melco Crown Macau’s subconcession without compensation to Melco Crown Macau. In many of these instances, the Subconcession Contract does not provide a specific cure period within which any such events may be cured and, instead, we would rely on consultations and negotiations with the Macau government to remedy any such violation.

Based on information from the Macau government, proposed amendments to the legislation with regard to reversion of casino premises are being considered. We expect that if such amendments take effect, on the expiry or any termination of Melco Crown Macau’s subconcession, unless Melco Crown Macau’s subconcession were extended, only that portion of casino premises within our developments as then designated with the approval of the Macau government, including all gaming equipment, would revert to the Macau government automatically without compensation to us. Until such amendments come into effect, all of our casino premises and gaming equipment would revert automatically without compensation to us.

The Subconcession Contract contains various general covenants, obligations and other provisions as to which the determination of compliance is subjective. For example, compliance with general and special duties of cooperation, special duties of information, and with obligations foreseen for the execution of our investment plan may be subjective. We cannot assure you that we will perform such covenants in a way that satisfies the requirements of the Macau government and, accordingly, we will be dependent on our continuing communications and good faith negotiations with the Macau government to ensure that we are performing our obligations under the subconcession in a manner that would avoid any violations.

Under Melco Crown Macau’s subconcession, the Macau government is allowed to request various changes in the plans and specifications of our Macau properties and to make various other decisions and determinations that may be binding on us. For example, the Chief Executive of the Macau SAR has the right to require that we increase Melco Crown Macau’s share capital or that we provide certain deposits or other guarantees of performance with respect to the obligations of our Macau subsidiaries in any amount determined by the Macau government to be necessary. Melco Crown Macau is limited in its ability to raise additional capital by the need to first obtain the approval of the Macau governmental authorities before raising certain debt or equity. Melco Crown Macau’s ability to incur debt or raise equity may also be restricted by our existing and any future loan facilities. As a result, we cannot assure you that we will be able to comply with these requirements or any other requirements of the Macau government or with the other requirements and obligations imposed by the subconcession.

Furthermore, pursuant to the Subconcession Contract, we are obligated to comply not only with the terms of that agreement, but also with laws, regulations, rulings and orders that the Macau government might promulgate in the future. We cannot assure you that we will be able to comply with any such laws, regulations, rulings or orders or that any such laws, regulations, rulings or orders would not adversely affect our ability to construct or operate our Macau properties. If any disagreement arises between us and the Macau government

[Table of Contents](#)

regarding the interpretation of, or our compliance with, a provision of the Subconcession Contract, we will be relying on the consultation and negotiation process with the applicable Macau governmental agency described above. During any such consultation, however, we will be obligated to comply with the terms of the Subconcession Contract as interpreted by the Macau government.

Melco Crown Macau's failure to comply with the terms of its subconcession in a manner satisfactory to the Macau government could result in the termination of its subconcession. We cannot assure you that Melco Crown Macau would always be able to operate gaming activities in a manner satisfactory to the Macau government. The loss of its subconcession would prohibit Melco Crown Macau from conducting gaming operations in Macau, which would have a material adverse effect on our financial condition, results of operations and cash flows and could result in defaults under our indebtedness agreements and a partial or complete loss of our investments in our projects.

Currently, there is no precedent on how the Macau government will treat the termination of a concession or subconcession upon the occurrence of any of the circumstances mentioned above. Some of the laws and regulations summarized above have not yet been applied by the Macau government. Therefore, the scope and enforcement of the provisions of Macau's gaming regulatory system cannot be fully assessed at this time.

Melco Crown Macau's Subconcession Contract expires in 2022 and if we were unable to secure an extension of its subconcession in 2022 or if the Macau government were to exercise its redemption right in 2017, we would be unable to operate casino gaming in Macau.

The Subconcession Contract expires on June 26, 2022. Unless it is extended beyond this date or legislation on reversion of casino premises is amended, all of our casino premises and gaming related equipment under Melco Crown Macau's subconcession will automatically be transferred to the Macau government without compensation and we will cease to generate revenues from such operations. Under the Subconcession Contract, beginning in 2017, the Macau government has the right to redeem the Subconcession Contract by providing us with at least one year's prior notice. In the event the Macau government exercises this redemption right, we would be entitled to fair compensation or indemnity. The standards for the calculation of the amount of such compensation or indemnity would be determined based on the gross revenues generated by City of Dreams during the tax year immediately prior to the redemption, multiplied by the remaining term of the subconcession. We would not receive any further compensation (including for consideration paid to Wynn Macau for the subconcession). We cannot assure you that Melco Crown Macau would be able to renew or extend the Subconcession Contract on terms favorable to us, or at all. We also cannot assure you that if Melco Crown Macau's subconcession were redeemed, the compensation paid would be adequate to compensate us for the loss of future revenues.

Melco Crown Macau's tax exemption from complementary tax on income from gaming operations under the subconcession tax will expire in 2016, and we may not be able to extend it.

Companies in Macau are subject to complementary tax of up to 12% of taxable income, as defined in relevant tax laws, and gaming revenues are subject to a 35% special gaming tax as well as other levies of 4% under the subconcession contract. The other levies are subject to change on renegotiation of the subconcession contract and as a result of any change in relevant laws. The Macau government granted to Melco Crown Macau the benefit of a corporate tax holiday on gaming income in Macau for five years from 2007 to 2011 and the exemption has been extended for five years from 2012 to 2016. However, we cannot assure you that it will be extended beyond the expiration date.

Visitation to Macau may decline due to increased restrictions on visitations to Macau from citizens of mainland China.

A significant number of our gaming customers come from mainland China. Any travel restrictions imposed by China could disrupt the number of patrons visiting our properties from mainland China. Since mid-2003, under the Individual Visit Scheme, or IVS, mainland Chinese citizens from certain cities have been able to travel to Macau on an individual visa application basis, and did not need to join a tour group which they would have otherwise been required to. In mid-2008, the Chinese government adjusted its IVS visa policy toward Macau and limited the number of visits that some mainland Chinese citizens may make to Macau in a given time period. In addition, in May 2009, China placed certain restrictions on the operations of “below-cost” tour groups that involve low up-front payments and compulsory shopping. It is not known when, or if, policies similar to those implemented previously restricting visitation by mainland Chinese citizens to Macau and Hong Kong, will be put in place and visa policies may be adjusted, without notice, in the future. A decrease in the number of visitors from mainland China may adversely affect our results of operations.

We cannot assure you that anti-money laundering policies that we have implemented, and compliance with applicable anti-money laundering laws, will be effective to prevent our casino operations from being exploited for money laundering purposes.

Macau’s free port, offshore financial services and free movements of capital create an environment whereby Macau’s casinos could be exploited for money laundering purposes. We have implemented anti-money laundering policies in compliance with all applicable anti-money laundering laws and regulations in Macau. We cannot assure you that any such policies will be effective in preventing our casino operations from being exploited for money laundering purposes, including from jurisdictions outside of Macau. In the normal course of business, we expect to be required by regulatory authorities from Macau and other jurisdictions to attend meetings and interviews from time to time to discuss our operations as they relate to anti-money laundering laws and regulations.

Any incident of money laundering, accusation of money laundering or regulatory investigations into possible money laundering activities involving us, our employees, our gaming promoters or our customers could have a material adverse impact on our reputation, business, cash flows, financial condition, prospects and results of operations. Any serious incident of or repeated violation of laws related to money laundering or any regulatory investigation into money laundering activities may cause a revocation or suspension of the subconcession. For more information regarding Macau’s anti-money laundering regulations, see “Item 4. Information on the Company — B. Business Overview — Regulations — Anti-Money Laundering Regulations in Macau.”

If Macau’s transportation infrastructure does not adequately support the development of Macau’s gaming and leisure industry, visitation to Macau may not increase as currently expected, which may adversely affect our projects.

Macau consists of a peninsula and two islands and is connected to China by two border crossings. Macau has an international airport and connections to China and Hong Kong by road, ferry and helicopter. To support Macau’s planned future development as a gaming and leisure destination, the frequency of bus, plane and ferry services to Macau will need to increase. While various projects are under development to improve Macau’s internal and external transportation links, these projects may not be approved, financed or constructed in time to handle the projected increase in demand for transportation or at all, which could impede the expected increase in visitation to Macau and adversely affect our projects.

Macau is susceptible to extreme weather conditions that may have an adverse impact on our operations.

Macau is susceptible to extreme weather conditions including severe typhoons and heavy rainstorms. Macau consists of a peninsula and two islands off the coast of mainland China. Unfavorable weather conditions

could prevent or discourage guests from traveling to Macau. In the event of a severe typhoon or other natural disaster in Macau, our properties and business may be severely disrupted and our results of operations could be adversely affected.

Risks Relating to Our Corporate Structure and Ownership

Our existing shareholders will have a substantial influence over us, and their interests in our business may be different than yours.

Melco and Crown together own a substantial majority of our outstanding shares, with each beneficially holding approximately 33.65% of our outstanding shares as of April 5, 2013. Melco and Crown have entered into a shareholders deed regarding the voting of their shares of our company under which each agrees to, among other things, vote its shares in favor of three nominees to our board designated by the other. As a result, Melco and Crown, if they act together, will have the power, among other things, to elect directors to our board, including six of ten directors who are designated nominees of Crown and Melco, appoint and change our management, affect our legal and capital structure and our day-to-day operations, approve material mergers, acquisitions, dispositions and other business combinations and approve any other material transactions and financings. These actions may be taken in many cases without the approval of independent directors or other shareholders and the interests of these shareholders may conflict with your interests as minority shareholders.

Business conducted by a collaboration of different corporate groups involves certain risks.

Melco and Crown are our controlling shareholders, with each holding approximately 33.65% of our total shares issued and outstanding as of April 5, 2013. With Melco and Crown being our controlling shareholders, there are special risks associated with the possibility that Melco and Crown may: (i) have economic or business interests or goals that are inconsistent with ours or that are inconsistent with each other's interests or goals, causing disagreement between them or between them and us which harms our business; (ii) have operations and projects elsewhere in Asia that compete with our businesses in Macau and for available resources and management attention within the joint venture group; (iii) take actions contrary to our policies or objectives; (iv) be unable or unwilling to fulfill their obligations under the relevant joint venture or shareholders' deed; or (v) have financial difficulties. In addition, there is no assurance that the laws and regulations relating to foreign investment in Melco's or Crown's governing jurisdictions will not be altered in such a manner as to result in a material adverse effect on our business and operating results.

Melco and Crown may pursue additional casino projects in Asia, which, along with their current operations, may compete with our projects in Macau, which could have material adverse consequences to us and the interests of our minority shareholders.

Melco and Crown may take action to construct and operate new gaming projects located in other countries in the Asian region, which, along with their current operations, may compete with our projects in Macau and could have adverse consequences to us and the interests of our minority shareholders. We could face competition from these other gaming projects. We also face competition from regional competitors, which include Crown Melbourne in Melbourne, Australia and Burswood Entertainment Complex in Perth, Australia. We expect to continue to receive significant support from both Melco and Crown in terms of their local experience, operating skills, international experience and high standards. Should Melco or Crown decide to focus more attention on casino gaming projects located in other areas of Asia that may be expanding or commencing their gaming industries, or should economic conditions or other factors result in a significant decrease in gaming revenues and number of patrons in Macau, Melco or Crown may make strategic decisions to focus on their other projects rather than us, which could adversely affect our growth.

Casinos and integrated gaming resorts are becoming increasingly popular in Asia, giving rise to more opportunities for industry participants and increasing regional competition. We cannot guarantee you that Melco and Crown will make strategic and other decisions which do not adversely affect our business.

[Table of Contents](#)

Changes in our share ownership, including a change of control of our shares owned collectively by Melco and Crown, could result in our inability to draw loans or cause events of default under our indebtedness, or could require MCE Finance to make an offer to repurchase the 2013 Senior Notes.

The credit facilities entered into pursuant to an amendment agreement dated June 22, 2011, or the 2011 Credit Facilities, include provisions under which we may suffer an event of default or incur an obligation to prepay the facility in full upon the occurrence of a change of control with respect to Melco Crown Macau, or a decline in the aggregate indirect holdings of Melco Crown Macau shares by Melco and Crown, below certain thresholds which is accompanied by a ratings decline. Under the terms of the 2013 Senior Notes, a change of control in connection with a decrease of the indirect holdings of Melco Crown Macau shares by Melco and Crown below certain thresholds accompanied by a ratings decline will trigger a change of control, which would require MCE Finance to offer to repurchase the 2013 Senior Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, additional amounts and liquidated damages, if any, to the date of redemption. Any occurrence of these events could be outside our control and could result in defaults and cross-defaults which cause the termination and acceleration of up to all of our credit facilities, the 2013 Senior Notes and potential enforcement of remedies by our lenders, which would have a material adverse effect on our financial condition and results of operations.

Crown's investment in our company is subject to regulatory review in several jurisdictions and if regulators in those jurisdictions were to find that we, Crown or Melco failed to comply with certain regulatory requirements and standards, Crown may be required to withdraw from the joint venture.

Crown wholly owns and operates Crown Melbourne in Melbourne, Australia and Crown Perth in Perth, Australia. Crown also fully owns and operates the Aspinalls Club in London. In addition, Crown owns a portfolio of gaming investments that have been accumulated to complement Crown's existing core business.

In all jurisdictions in which Crown, or any of its wholly owned subsidiaries, holds a gaming license or Crown has a significant investment in a company which holds gaming licenses, gaming regulators are empowered to investigate associates, including business associates of Crown, such as us, to determine whether the associate is of good repute and of sound financial resources. If, as a result of such investigation, the relevant gaming regulator determines that, by reason of its association, Crown has ceased to be suitable to hold a gaming license or to hold a substantial investment in the holder of a gaming license then the relevant gaming regulator may direct Crown to terminate its association or risk losing its gaming license or approval to invest in the holder of a gaming license in the relevant jurisdiction.

If actions by us or our subsidiaries or by Melco or Crown fail to comply with the regulatory requirements and standards of the jurisdictions in which Crown owns or operates casinos or in which companies in which Crown holds a substantial investment own or operate casinos or if there are changes in gaming laws and regulations or the interpretation or enforcement of such laws and regulations in such jurisdictions, Crown may be required to withdraw from its investment in our company or limit its involvement in one or more aspects of our gaming operations, which could have a material adverse effect on our business, financial condition and results of operations. Withdrawal by Crown from its investment in our company could cause the failure of conditions to drawing loans under our credit facilities or the occurrence of events of default under our credit facilities.

Risks Relating to Our Financing and Indebtedness

Our current, projected and potential future indebtedness could impair our financial condition, which could further exacerbate the risks associated with our significant leverage.

We have incurred and expect to incur, based on current budgets and estimates, secured and unsecured long-term indebtedness, including the following outstanding indebtedness:

- approximately US\$1.2 billion under the 2011 Credit Facilities;
- US\$825.0 million from Studio City Finance's sale of Studio City Notes;

Table of Contents

- US\$1.0 billion from MCE Finance's sale of the 2013 Senior Notes;
- approximately HK\$10.9 billion (equivalent to approximately US\$1.4 billion) under Studio City Project Facility;
- financing for a significant portion of the costs of developing the next phase at the City of Dreams site and Studio City, in an amount which is as yet undetermined.

Our significant indebtedness could have material consequences. For example, it could:

- make it difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional financing in the future for working capital needs, capital expenditure, acquisitions or general corporate purposes;
- require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available to us for our operations or expansion of our existing operations;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage as compared to our competitors, to the extent that they are not as leveraged;
- subject us to higher interest expense in the event of increases in interest rates to the extent a portion of our debt bears interest at variable rates;
- cause us to incur additional expenses by hedging interest rate exposures of our debt and exposure to hedging counterparties' failure to pay under such hedging arrangements, which would reduce the funds available for us for our operations; and
- in the event we or one of our subsidiaries were to default, result in the loss of all or a substantial portion of our own and our subsidiaries' assets, over which our lenders have taken or will take security.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our other debt obligations.

We may require external debt or equity financing to complete our future investment projects, which may not be available on satisfactory terms or at all.

We have in the past funded our capital investment projects through, among others, cash generated from our operations, credit facilities and the issuance of the 2010 Senior Notes, RMB Bonds and Studio City Notes. We will require additional funding in the future for our capital investment projects, including Studio City, which we may raise through external financing. External debt or equity financing by us may require the approval of or communication to the Macau government, and may be subject to, among others, the terms of credit facilities, 2013 Senior Notes and Studio City Notes. In addition, our ability to obtain debt or equity financing on acceptable terms, depends on a variety of factors that are beyond our control, including market conditions, investors' and lenders' perceptions of, and demand for, debt and equity securities of gaming companies, credit

[Table of Contents](#)

availability and interest rates. For example, changes in ratings outlooks may subject us to ratings agency downgrades, which could make it more difficult for us to obtain financing on acceptable terms. As a result, we cannot assure you that we will be able to obtain sufficient funding from external sources as required on terms satisfactory to us, or at all, to finance future capital investment projects. If we are unable to obtain such funding, our business, cash flow, financial condition, results of operations and prospects could be materially and adversely affected.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to make scheduled payments due on our existing and anticipated debt obligations, including our credit facilities, the 2013 Senior Notes and Studio City Notes, to refinance and to fund working capital needs, planned capital expenditure and development efforts will depend on our ability to generate cash. We will require generation of sufficient operating cash flow from our projects to service our current and future projected indebtedness. Our ability to obtain cash to service our existing and projected debts is subject to a range of economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control, including:

- our future operating performance;
- the demand for services that we provide;
- general economic conditions and economic conditions affecting Macau or the gaming industry in particular;
- our ability to hire and retain employees and management at a reasonable cost;
- competition; and
- legislative and regulatory factors affecting our operations and business.

We may not be able to generate sufficient cash flow from operations to satisfy our existing and projected debt obligations or our other liquidity needs, in which case, we may have to seek additional borrowings or undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments, or seek to raise additional capital on terms that may be onerous or highly dilutive, any of which could have a material adverse effect on our operations. Our ability to incur additional borrowings or refinance our indebtedness, including our credit facilities, the 2013 Senior Notes and Studio City Notes, will depend on the condition of the financing and capital markets, our financial condition at such time and potentially governmental approval. We cannot assure you that any additional borrowing, refinancing or restructuring would be possible, that any assets could be sold, or, if sold, of the timing of the sales or the amount of proceeds that would be realized from those sales. We cannot assure you that additional financing could be obtained on acceptable terms, if at all, or would be permitted under the terms of our various debt instruments then in effect, including the indentures governing the 2013 Senior Notes and Studio City Notes. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our failure to generate sufficient cash flow to satisfy our existing and projected debt obligations or other liquidity needs, or to refinance our obligations on commercially reasonable terms or at all, could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to comply with the restrictions and covenants in our debt agreements, including, among others, the indenture governing the 2013 Senior Notes, there could be a default under the terms of these agreements or the indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in our current or future debt obligations and other agreements, or the indenture governing 2013 Senior Notes, there could be a default under the terms of

[Table of Contents](#)

these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the indenture governing the 2013 Senior Notes, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of debt or result in a default under our other debt agreements, including the indenture governing the 2013 Senior Notes. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

The terms of the 2011 Credit Facilities may restrict our current and future operations and harm our ability to complete our projects and grow our business operations to compete successfully against our competitors.

The 2011 Credit Facilities and associated facility and security documents that Melco Crown Macau has entered into also contain a number of restrictive covenants that impose significant operating and financial restrictions on Melco Crown Macau and certain of our subsidiaries, or the Borrowing Group, and therefore, effectively, on us. The covenants in the 2011 Credit Facilities restrict or limit, among other things, our and our subsidiaries' ability to:

- incur additional debt, including guarantees;
- create security or liens;
- sell, transfer or dispose of assets;
- make certain investments;
- make loans, payments on certain indebtedness, distributions and other restricted payments or apply revenues earned in one part of our operations to fund development costs or cover operating losses in another part of our operations;
- make payments for fees or goods and services to our controlling shareholders, unless on normal commercial terms;
- vary Melco Crown Macau's Subconcession Contract or the Borrowing Group's land concessions and certain other contracts; and
- enter into contracts for construction or financing of an additional hotel tower in the City of Dreams unless approved under the terms of the 2011 Credit Facilities.

In addition, the restrictions under the 2011 Credit Facilities contain financial covenants, including requirements that we satisfy certain tests or ratios such as leverage, total leverage and interest cover, each as defined in the 2011 Credit Facilities.

Restrictions also provide that should a change of control, as defined in the 2011 Credit Facilities, occur, the facility will be cancelled and all amounts outstanding thereunder become immediately due and payable. These covenants may restrict our ability to operate and restrict our ability to incur additional debt or other financing we may require, and impede our growth.

Our operations are restricted by the terms of the 2013 Senior Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs.

The indenture governing the 2013 Senior Notes includes a number of significant restrictive covenants. Such covenants restrict, among other things, the ability of MCE Finance and its subsidiaries to:

- incur or guarantee additional indebtedness;

[Table of Contents](#)

- make specified restricted payments, including dividends;
- issue or sell capital stock of our restricted subsidiaries;
- sell assets;
- create liens;
- enter into agreements that restrict the ability of the restricted subsidiaries to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

Studio City Project Facility and the indenture governing Studio City Notes contain covenants that will restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions.

Studio City Project Facility and the indenture governing Studio City Notes imposes operating and financial restrictions on Studio City Finance and its subsidiaries. The restrictions that will be imposed under these debt instruments will include, among other things, limitations on the ability of Studio City Finance and its subsidiaries to:

- pay dividends or distributions on account of equity interests;
- incur additional debt;
- make investments;
- create liens on assets;
- enter into transactions with affiliates;
- engage in other businesses;
- merge or consolidate with another company;
- transfer and sell assets;
- issue preferred stock;
- create dividend and other payment restrictions affecting subsidiaries; and
- designate restricted and unrestricted subsidiaries.

Studio City Project Facility also requires Studio City Finance and its subsidiaries to satisfy various financial covenants based on specified financial ratios, including the following:

- cash flow to debt service;
- EBITDA to finance charges;

[Table of Contents](#)

- senior first lien debt to EBITDA; and
- total debt to EBITDA.

These covenants and restrictions may limit how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

Drawdown or rollover of advances under our debt facilities involve satisfaction of extensive conditions precedent and our failure to satisfy such conditions precedent will result in our inability to access or roll over loan advances under such facilities. There is no assurance that we will be able to satisfy all conditions precedent under our current or future debt facilities.

Our current and future debt facilities, including the 2011 Credit Facilities, require and will require satisfaction of extensive conditions precedent prior to the advance or rollover of loans under such facilities. The satisfaction of such conditions precedent may involve actions of third parties and matters outside of our control, such as government consents and approvals. If there is a breach of any terms or conditions of our debt facilities or other obligations and it is not cured or capable of being cured, such conditions precedent will not be satisfied. The inability to draw down or roll over loan advances in any debt facility may result in a funding shortfall in our operations and we may not be able to fulfill our obligations as planned; such events may result in an event of default under such debt facility and may also trigger cross default in our other obligations and debt facilities. We do not guarantee that all conditions precedent to draw down or roll over loan advances under our debt facilities will be satisfied in a timely manner or at all. If we are unable to draw down or roll over loan advances under any current or future facility, we may have to find a new group of lenders and negotiate new financing terms or consider other financing alternatives. If required, it is possible that new financing would not be available or would have to be procured on substantially less attractive terms, which could damage the economic viability of the relevant development project. The need to arrange such alternative financing would likely also delay the construction and/or operations of our future projects or existing properties, which would affect our cash flows, results of operations and financial condition.

Our failure to comply with the covenants contained in our or our subsidiaries' indebtedness, including failure as a result of events beyond our control, could result in an event of default that could materially and adversely affect our cash flow, operating results and our financial condition.

If there were an event of default under one of our or our subsidiaries' debt facilities, the holders of the debt on which we defaulted could cause all amounts outstanding with respect to that debt to become due and payable immediately. In addition, any event of default or declaration of acceleration under one debt facility could result in an event of default under one or more of our other debt instruments, with the result that all of our debt would be in default and accelerated. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt facilities, either upon maturity or if accelerated upon an event of default, or that we would be able to refinance or restructure the payments on those debt facilities. Further, if we are unable to repay, refinance or restructure our indebtedness at our subsidiaries that own or operate our properties, the lenders under those debt facilities could proceed against the collateral securing that indebtedness, which will constitute substantially all the assets and shares of our subsidiaries. In that event, any proceeds received upon a realization of the collateral would be applied first to amounts due under those debt facilities. The value of the collateral may not be sufficient to repay all of our indebtedness.

[Table of Contents](#)

Any inability to maintain current financing or obtain future financing could result in delays in our project development schedule and could impact our ability to generate revenues from operations at our present and future projects.

If we are unable to maintain our current debt facility or obtain suitable financing for our operations and our current or future projects (including any acquisitions we may make), this could adversely impact our existing operations, or cause delays in, or prevent completion of, the development of the next phase of City of Dreams and future projects. This may limit our ability to operate and expand our business and may adversely impact our ability to generate revenue. The costs incurred by any new financing may be greater than anticipated due to the turmoil in credit markets. Such increase in funding costs may have a negative impact on our revenue and financial condition.

Risks Relating to Our Shares and ADSs

The trading price of our ADSs has been volatile since our ADSs began trading on Nasdaq, and may be subject to fluctuations in the future. The market price for our shares may also be volatile, which could result in substantial losses to investors.

The trading price of our ADSs has been and may continue to be subject to wide fluctuations. Our ADSs were first quoted on the Nasdaq Global Market, or Nasdaq, beginning on December 19, 2006, and were upgraded to trade on the Nasdaq Global Select Market on January 2, 2009. During the period from December 19, 2006 until April 5, 2013, the trading prices of our ADSs ranged from US\$2.27 to US\$23.55 per ADS and the closing sale price on April 5, 2013 was US\$21.81 per ADS. The market price for our shares and ADSs may continue to be volatile and subject to wide fluctuations in response to factors including the following:

- uncertainties or delays relating to the financing, completion and successful operation of our projects;
- developments in the Macau market or other Asian gaming markets, including the announcement or completion of major new projects by our competitors;
- regulatory developments affecting us or our competitors;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of other gaming and leisure industry companies;
- changes in our market share of the Macau gaming market;
- addition or departure of our executive officers and key personnel;
- fluctuations in the exchange rates between the U.S. dollar, H.K. dollar, Pataca and Renminbi;
- release or expiry of lock-up or other transfer restrictions on our outstanding shares;
- sales or perceived sales of additional shares or ADSs or securities convertible or exchangeable or exercisable for shares or ADSs; and
- rumors related to any of the above.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs and shares.

We currently do not intend to pay dividends, and we cannot assure you that we will make dividend payments in the future.

We may pay dividends to shareholders in the future. Such payments will depend upon a number of factors, including our results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors considered relevant by our board. We currently intend to retain all of our earnings to finance the development and expansion of our business. Accordingly, we do not intend to declare or pay cash dividends on our shares in the near to medium term. Except as permitted under the Companies Law, as amended, of the Cayman Islands, or the Cayman Companies Law, and the common law of the Cayman Islands, we are not permitted to distribute dividends unless we have a profit, realized or unrealized, or a reserve set aside from profits which our directors determine is no longer needed. We currently have no reserve set aside from profits for the payment of dividends. We cannot assure you that we will make any dividend payments on our shares in the future. Our ability, or the ability of our subsidiaries, to pay dividends is further subject to restrictive covenants contained in the 2011 Credit Facilities, 2013 Senior Notes, Studio City Notes, Studio Finance Project Facility and other facility agreements governing indebtedness we and our subsidiaries may incur. Such restrictive covenants contained in the 2011 Credit Facilities include satisfaction of certain financial tests and conditions such as continued compliance with specified interest cover and leverage ratios and, if a cash distribution, ensuring that the dividend payment amount does not exceed a certain amount of our cash and cash equivalent investments and that as a result of such dividend payment we still hold a certain amount of cash and cash equivalent investments. The 2013 Senior Notes and Studio City Notes also contain certain covenants restricting payment of dividends by MCE Finance and its subsidiaries and Studio City Finance and its subsidiaries, respectively. For more details, please see “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Indebtedness.”

Substantial future sales or perceived sales of our shares or ADSs in the public market could cause the price of our ADSs and shares to decline.

Sales of our ADSs or shares in the public market, or the perception that these sales could occur, could cause the market price of our shares and ADSs to decline. Upon expiration of the lock-up agreements, all of the shares beneficially held by Melco and Crown are available for sale, subject to volume and other restrictions, as applicable, under Rule 144 under the Securities Act of 1933, or the Securities Act, and subject to the terms of their shareholders’ deed. To the extent these or other shares are sold into the market, the market price of our shares and ADSs could decline. The ADSs represent interests in the shares of our company. We would, subject to market forces, expect there to be a close correlation in the price of our ADSs and the price of the shares and any factors contributing to a decline in one market is likely to result to a similar decline in another.

In addition, Melco and Crown have the right to cause us to register the sale of their shares under the Securities Act, subject to the terms of their shareholders’ deed. Registration of these shares under the Securities Act would result in these shares becoming freely tradable as ADSs without restriction under the Securities Act immediately upon the effectiveness of the registration statement. Sales of these registered shares in the public market could cause the price of our share and ADSs to decline.

Any decision by us to raise further equity in the markets in the U.S. or Hong Kong, which would result in dilution to existing shareholders, could cause the price of our ADSs and shares to decline.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares of the depositary and in accordance with the provisions of the deposit agreement. Under our amended and restated articles of association, the minimum notice period required to convene a general meeting is seven days. When a general meeting is convened, you may not receive sufficient notice of a shareholders’ meeting to permit you to withdraw your ordinary shares to allow you to cast

[Table of Contents](#)

your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to convene a shareholder meeting.

You may be subject to limitations on transfers of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive cash dividends if it is unlawful or impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act, or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is unlawful, inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property and you will not receive such distribution.

We are a Cayman Islands exempted company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Cayman Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Companies Law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some

[Table of Contents](#)

jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of our board or controlling shareholders than they would as shareholders of a U.S. public company.

You may have difficulty enforcing judgments obtained against us.

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations, and administrative and corporate functions are conducted in Macau and Hong Kong. In addition, substantially all of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in Cayman Islands, Macau and Hong Kong courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands, Macau or Hong Kong would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, it is uncertain whether such Cayman Islands, Macau or Hong Kong courts would be competent to hear original actions brought in the Cayman Islands, Macau or Hong Kong against us or such persons predicated upon the securities laws of the United States or any state.

We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs or ordinary shares.

Based on the market price of our ADSs and ordinary shares, and the composition of our income and assets, we do not believe we were a passive foreign investment company, or PFIC, for our taxable year ended December 31, 2012. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you we will not be a PFIC for any taxable year. A non-U.S. corporation will be a PFIC for any taxable year if either (i) at least 75% of its gross income for such year is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs and ordinary shares, a significant decrease in the market price of the ADSs and ordinary shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. If we are a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information — E. Taxation — United States Federal Income Taxation”) holds an ADS or ordinary share, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. For example, such U.S. Holder may incur a significantly increased U.S. federal income tax liability on the receipt of certain distributions on our ADSs or ordinary shares or on any gain recognized from a sale or other disposition of our ADSs or ordinary shares. See “Item 10. Additional Information — E. Taxation — United States Federal Income Taxation — Passive Foreign Investment Company.”

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Our company was incorporated under the name of Melco PBL Entertainment (Macau) Limited in December 2004 as an exempted company with limited liability under the laws of the Cayman Islands and registered as an oversea company under the laws of Hong Kong in November 2006. We were initially formed as a 50/50 joint venture between Melco and PBL as their exclusive vehicle to carry on casino, gaming machine and casino hotel operations in Macau. Subsequently, Crown acquired all the gaming businesses and investments of PBL, including PBL's investment in our company. As a result, in May 2008, we changed our name to Melco Crown Entertainment Limited. For more information on our corporate history and structure, see "— C. Organizational Structure."

Our subsidiary Melco Crown Macau is one of six companies licensed, through concession or subconcession, to operate casinos in Macau.

In December 2006, we completed the initial public offering of our ADSs, each of which represents three ordinary shares, and listed our ADSs on the Nasdaq. Since December 19, 2006, our ADSs have been listed under the symbol "MPEL" on Nasdaq. We completed follow-on offerings of ADSs in November 2007, May 2009 and August 2009. In January 2009, we were upgraded to trade on the Nasdaq Global Select Market.

On July 27, 2011, we acquired a 60% equity interest in SCI, the developer of Studio City, which we envision as a large-scale integrated entertainment, retail and gaming resort being developed in Macau. For a description of our principal capital expenditures for the years ended December 31, 2012, 2011, and 2010, see "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources."

Our ordinary shares were listed by way of introduction on the Main Board of the HKSE and began trading under the stock code "6883" on December 7, 2011. Since December 7, 2011, we have maintained dual primary listings on Nasdaq and the HKSE.

On December 19, 2012, MCE Philippines Investments and MCE Investments No.2 completed the acquisition of a majority interest in the issued share capital of MCP, a company listed on the Philippine Stock Exchange. On March 20, 2013, MCP acquired 100% equity interest in MCE Holdings Philippines from MCE Philippines Investments. MCE Holdings Philippines, through MCE Holdings No.2, owns 100% of MCE Leisure Philippines, which has been granted the exclusive right to manage, operate and control the Philippines Project. Through these transactions, MCE Holdings Philippines, MCE Holdings No.2 and MCE Leisure Philippines became wholly owned subsidiaries of MCP. For more information on the Philippines Project, see "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources."

Our principal executive offices are located at 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Our telephone number at this address is 852-2598-3600 and our fax number is 852-2537-3618. Our agent for service of process in the United States is CT Corporation System, located at 111 Eighth Avenue, New York, NY 10011. Our website is www.melco-crown.com. The information contained on our website is not part of this annual report on Form 20-F.

B. BUSINESS OVERVIEW

Overview

We are a developer, owner and, through our subsidiary Melco Crown Macau, operator of casino gaming and entertainment resort facilities. Our subsidiary Melco Crown Macau is one of six companies licensed, through concessions or subconcessions, to operate casinos in Macau.

[Table of Contents](#)

We currently have two major casino based operations, namely, City of Dreams and Altira Macau, and non-casino based operations at our Mocha Clubs. Our operations cater to a broad spectrum of gaming patrons, from high-stakes rolling chip gaming patrons to gaming patrons seeking a broader entertainment experience. We currently own and operate two “Forbes Five Star” hotels in Macau: Altira Macau and the Crown Towers hotel. We seek to attract patrons from throughout Asia and, in particular, from Greater China.

We currently focus on the Macau gaming market, which we believe will continue to be one of the largest gaming destinations in the world. In 2012, Macau generated approximately US\$38.0 billion of gaming revenue, according to the DICJ, compared to the US\$6.1 billion (excluding sports book and race book) of gaming revenue generated on the Las Vegas Strip, according to the Nevada Gaming Control Board, and compared to the US\$3.0 billion of gaming revenue (excluding sports book and race book) generated in Atlantic City, according to the New Jersey Division of Gaming Enforcement. In addition, Macau is currently the only market in Greater China, and one of only several in Asia, to offer legalized casino gaming.

Our Major Existing Operations

City of Dreams

City of Dreams is an integrated resort development in Cotai, Macau which opened in June 2009. City of Dreams targets premium mass market and rolling chip players from regional markets across Asia. As of December 31, 2012, City of Dreams featured a casino area of approximately 448,000 square feet with a total of approximately 450 gaming tables and approximately 1,400 gaming machines.

The resort brings together a collection of brands to create an experience that appeals to a broad spectrum of visitors from around Asia. We have one hotel management agreement, pursuant to which Hyatt of Macau Ltd. manages the Grand Hyatt Macau hotel and pays us the gross operating profit after deduction of its management and incentive fees. We have also entered into license agreements with respect to Crown Towers hotel and Hard Rock Hotel, pursuant to which we have been granted certain rights to use certain intellectual property of the licensors. No fee is payable for our use of the Crown marks and certain fees are payable for our use of the Hard Rock marks. See “— Intellectual Property.” The Crown Towers hotel and the Hard Rock Hotel each offers approximately 300 guest rooms, and the Grand Hyatt Macau hotel offers approximately 800 guest rooms. City of Dreams includes over 20 restaurants and bars, approximately 70 retail outlets, an audio visual multimedia experience, recreation and leisure facilities, including health and fitness clubs, three swimming pools, spas and salons and banquet and meeting facilities. The Club Cubic nightclub offers approximately 26,210 square feet of live entertainment space.

The Dancing Water Theater, a wet stage performance theater with approximately 2,000 seats and features the internationally acclaimed and award-winning *The House of Dancing Water* show. *The House of Dancing Water* is the live entertainment centerpiece of the overall leisure and entertainment offering at City of Dreams. We believe this production highlights City of Dreams as an innovative entertainment-focused destination and strengthens the overall diversity of Macau as a multi-day stay market and one of Asia’s premier leisure and entertainment destinations. The production incorporates costumes, sets and audio-visual special effects and showcases an international cast of performance artists.

“Dragon’s Treasure,” the show offered in The Bubble at City of Dreams, received the 2009 Thea Award for “Outstanding Achievement” from the Themed Entertainment Association (TEA). City of Dreams also won the “Best Leisure Development in Asia Pacific” award in the International Property Awards in 2010, which recognizes distinctive innovation and outstanding success in leisure development, and the “Best Casino VIP Room” and “Best Casino Interior Design” awards in the International Gaming Awards in 2011, which recognizes outstanding design in the casino sector. City of Dreams was also recognized for its outstanding customer service and diverse range of unique world class entertainment experiences with the “Best Customer Experience of the Year” award in the International Gaming Awards in 2012.

[Table of Contents](#)

Our City of Dreams project costs, including the casinos, the Hard Rock Hotel, the Crown Towers hotel, the Grand Hyatt twin towers hotel, the wet stage performance theater, all retail space together with food and beverage outlets, were US\$2.4 billion, consisting primarily of construction and fit out costs, design and consultation fees, and excluding the cost of land, capitalized interest and pre-opening expenses.

We continue to evaluate the next phase of our development plan at City of Dreams. Subject to governmental approvals, we currently expect the next phase of development to include a luxury hotel. Before we finalize our development plan, we are assessing our hotel room requirements, government policies and general market conditions. The development of the hotel will be subject to the availability of additional financing and Macau government approval and may require the approval of our financiers under our existing and any future debt facilities. In addition, our investment plans are preliminary and subject to change based upon the execution of our business plan, the progress of our capital projections, market conditions and outlook on future business.

Altira Macau

Altira Macau (formerly known as Crown Macau) opened in May 2007 and is designed to provide a casino and hotel experience that caters to Asian rolling chip customers and players sourced primarily through gaming promoters.

As of December 31, 2012, Altira Macau featured a casino area of approximately 173,000 square feet with a total of approximately 170 gaming tables. Altira Macau's multi-floor layout comprises primarily designated gaming areas and private gaming rooms for rolling chip players, together with a general gaming area for the mass market that offers various table limits to cater to a wide range of mass market patrons. Our multi-floor layout allows us the flexibility to reconfigure Altira Macau's gaming areas to meet the changing demands of our patrons and target specific customer segments.

We consider Altira Hotel, located within the 38-story Altira Macau, to be one of the leading hotels in Macau, as evidenced by its continuous "Forbes Five Star" recognition. The top floor of the hotel serves as the hotel lobby and reception area, providing guests with views of the surrounding area. The hotel comprises approximately 200 guest rooms, including suites and villas, and features in-room entertainment and communication facilities. A number of restaurants and dining facilities are available at Altira Macau, including a leading Italian restaurant Aurora, several Chinese and international restaurants, dining areas focused around the gaming areas and several bars. Altira Hotel also offers non-gaming entertainment venues, including a spa, gymnasium, outdoor garden podium and a sky terrace lounge.

Altira Macau offers a luxurious level of accommodations and facilities. Altira Hotel was awarded the "Forbes Five Star" rating in both Lodging and Spa categories by the Forbes Travel Guide (formerly known as Mobil Travel Guide) in 2010, 2011 and 2012. Altira Macau also won the "Best Luxury Hotel in Macau" award in the TTG China Travel Awards 2010, "Best Business Hotel in Macau" award in the TTG China Travel Awards 2009 and the "Casino Interior Design Award" in the International Gaming Awards in 2008.

Mocha Clubs

Mocha Clubs first opened in September 2003 and has grown to ten Mocha Clubs, with gaming space ranging from approximately 3,000 square feet to 21,500 square feet. As of December 31, 2012, Mocha Clubs had 1,993 gaming machines in operation, which represented 12.0% of the total machine installation in the market, according to DICJ. Mocha Clubs focus on general mass market players, including day-trip customers, outside the conventional casino setting. Except for Mocha Altira located at Altira Macau, we operate Mocha Clubs at leased or sub-leased premises or under right-to-use agreements. Our Mocha Clubs comprise the largest non-casino based operations of electronic gaming machines in Macau and are located in areas with strong pedestrian traffic, typically within three-star hotels. We may open additional Mocha Clubs at locations that satisfy the criteria set forth in the applicable regulatory requirements.

[Table of Contents](#)

In addition to slot machines, each Mocha Club site offers electronic tables without dealers. The gaming facilities at our Mocha Clubs include what we believe is the latest technology for gaming machines and offer both single-player machines with a variety of games, including progressive jackpots, and multi-player games where players on linked machines play against the house in electronic roulette, baccarat and sicbo, a traditional Chinese dice game.

Our Development Projects

We continually seek new opportunities for additional gaming or related businesses in Macau and will continue to target the development of a project pipeline in Macau in order to maximize the business and revenue potential of Melco Crown Macau's investment in its subconcession. In defining and setting the timing, form and structure for any future development, we focus on evaluating alternative available financing, market conditions and market demand. In order to pursue these opportunities and such development, we have incurred and will continue to incur capital expenditures at our properties and for our projects.

Studio City

On July 27, 2011, we acquired a 60% equity interest in SCI, the developer of Studio City. New Cotai Holdings, an entity incorporated in Delaware and controlled by funds managed by Silver Point Capital, L.P. and Oaktree Capital Management, L.P., retains the remaining 40% interest in SCI through its wholly owned subsidiary New Cotai, LLC. The total consideration under the share purchase agreement and related transaction documents is US\$360 million, which includes: (i) a payment of US\$200 million to an affiliate of eSun Holdings, which was the joint venture partner of New Cotai, LLC in developing Studio City, for its entire 60% interest in, and a shareholder's loan of US\$60 million extended to, SCI and its subsidiaries; and (ii) a payment of US\$100 million in cash in three installments over two years commencing upon the closing of the transaction on July 27, 2011 to New Cotai Holdings. See note 22 to the consolidated financial statements included elsewhere in this annual report for further details regarding the acquisition. We will develop Studio City with New Cotai Holdings.

On September 25, 2012, MCE entered into an amendment to the shareholders' agreement with MCE Cotai Investments Limited, New Cotai, LLC and SCI. The purpose of the amendment was to facilitate the continued development, construction and funding of the Studio City project. The amendment included, among others, MCE Cotai Investments Limited's agreement to purchase additional shares in SCI, up to a maximum aggregate amount of US\$350 million, and New Cotai, LLC's equity option (which may only be exercised once) to acquire up to 40% of such additional shares in SCI acquired by MCE Cotai Investments Limited. The New Cotai, LLC equity option was granted so that MCE Cotai Investments Limited and New Cotai, LLC may preserve their existing interests in SCI. In the event that New Cotai, LLC does not exercise the option, and MCE Cotai Investments Limited purchases all of the additional shares in SCI as provided under the amendment, New Cotai, LLC's interest in SCI and the Studio City project will be diluted and MCE Cotai Investments Limited's interest will be increased at most to approximately 67%, assuming that neither party defaults on any capital call under the originally agreed US\$800 million investment commitment.

Studio City is one of the few integrated resort development projects to be developed in Cotai that currently has a land grant concession. We are developing the Studio City project to be a cinematically-themed integrated resort, designed to deliver a unique entertainment proposition to visitors to Macau. We also expect the Studio City project to capture the increasingly important mass market segment in Asia and, in particular, from Greater China, with its destination theming, unique and innovative interactive attractions, and strong Asian focus. In addition to its anticipated diverse range of gaming and non-gaming offerings, we believe Studio City's location in the fast growing Cotai region of Macau, directly adjacent to the Lotus Bridge immigration checkpoint ("Where Cotai Begins" which connects China to Macau) and a proposed light rail station, is a major competitive advantage, particularly as it relates to the mass market segment.

The initial site preparation for the first phase of the Studio City project has been substantially completed. Additional site preparation works for the updated design of the first phase of the Studio City project

[Table of Contents](#)

recommenced in the third quarter of 2012. The first phase of the Studio City project is expected to include a 5-star luxury hotel (which we currently expect to operate under our own branding) and related facilities, gaming capacity, retail, attractions and entertainment venues (including a multipurpose entertainment studio). The first phase of the Studio City project is currently targeted to open by mid-2015. Our plan for the additional development of the Studio City site, which is expected to include additional 5-star luxury hotel and related facilities, as well as an expansion of retail, entertainment and gaming capacity, is currently being prepared and remains subject to change. Total construction and design costs are currently budgeted at approximately US\$2.04 billion. As of December 31, 2012, we had incurred approximately US\$139.8 million (excluding the cost of land) for the development of Studio City, primarily for site preparation costs and design and consultation fees.

Other than utilizing internal cash flow, we have entered into financing arrangements for Studio City, namely the Studio City Notes and the Studio City Project Facility.

We will operate the gaming areas of Studio City pursuant to a services agreement we entered into in May 2007 with, inter alia, Studio City Entertainment Limited (formerly known as New Cotai Entertainment (Macau) Limited) (which we acquired control of 60% of the shares in July 2011) which was subsequently amended on June 15, 2012, as amended from time to time, together with other agreements or arrangements entered into between the parties from time to time, which may amend, supplement or related to the aforementioned agreement. Our subsidiary Melco Crown Macau will be reimbursed for the costs incurred in connection with its operation of the Studio City casino and will retain a portion of the gross gaming revenues from such operation, which will be reinvested in the Studio City project.

Philippines Project

On October 25, 2012, MCE Leisure Philippines entered into a cooperation agreement with the Philippine Parties in connection with the Philippines Project, an integrated resort project located in Entertainment City, Manila, comprising a casino, hotel, retail and entertainment complex. On March 13, 2013, the transactions contemplated by the cooperation agreement were completed and, as a result, MCE Leisure Philippines, MCE Holdings Philippines, MCE Holdings No.2 and the Philippine Parties together became licensees under the provisional license granted by PAGCOR for the establishment and operation of the Philippines Project. Under the provisional license, MCE Leisure Philippines will operate the casino business of the Philippines Project. In addition, MCE Leisure Philippines and the Philippine Parties entered into an operating agreement on March 13, 2013, pursuant to which MCE Leisure Philippines has been granted the exclusive right to manage, operate and control the Philippines Project. Under the operating agreement, PremiumLeisure and Amusement, Inc. has the right to receive monthly payments from MCE Leisure Philippines, based on the performance of gaming operations of the Philippines Project, and MCE Leisure Philippines has the right to retain all revenues from non-gaming operations of the Philippines Project.

The provisional license specifies that the licensees must invest US\$1.0 billion in the Philippines Project, of which we are responsible for contributing at least US\$500.0 million and the Philippine Parties are responsible for contributing at least US\$500.0 million, as set forth in the cooperation agreement. PAGCOR has required US\$650.0 million, or 65.0% of the US\$1.0 billion investment commitment, to be fully utilized and invested in the Philippines Project by its opening (which is expected to occur in mid-2014), and the remaining US\$350.0 million to be invested within three years of the casino opening, subject to further discussion with PAGCOR.

The provisional license requires the licensees to pay to PAGCOR (i) monthly license fees ranging from 15.0% to 25.0% of casino revenues, (ii) cultural promotion fees of 2.0% of casino revenues, with certain exclusions, and (iii) an additional fee of 5.0% of non-gaming revenues, excluding hotel operations. In addition, the provisional license sets forth certain terms relating to liquidity, working capital and minimum local purchasing and employment requirements.

[Table of Contents](#)

The Philippines Project is located on an approximately 6.2-hectare site in Entertainment City, Manila, close to Metro Manila's international airport and central business districts. Construction of the Philippines Project commenced in March 2010. General piling work, building shells, building services and primary distribution installation were completed by October 2012.

The Philippines Project will enable our company to further diversify our exposure in the expanding Asian gaming market and deliver an incremental source of earnings and cashflow.

Our Objective and Strategies

Our objective is to become a leading provider of gaming, leisure and entertainment services capitalizing on the expected future growth opportunities in Asia. To achieve our objective, we have developed the following core business strategies:

Maintain a Strong Balance Sheet and Conservative Capital Structure and Remain Alert to Opportunistic Growth Opportunities

We believe that a strong balance sheet is a core foundation for our future growth strategy. We will continue to raise the development funds that we need when we are able to do so, not when we are required to do so. Our time horizon for the future growth and development of our business is long and we understand that our history of development remains short. We believe that patience is an important attribute in monitoring the development of the markets in which we operate, and in identifying and executing future development. We will endeavor to manage our business with this attitude and frame of mind.

Develop a Balanced Product Portfolio of Well-Recognized Branded Experiences Tailored for a Broad Spectrum of Customer Segments

We offer a balanced product portfolio targeting rolling chip and mass market players. We believe our clear focus on different market segments will enhance our ability to adapt to the fast growing and changing gaming market in Macau, as well as to achieve a balanced and sustainable long-term growth in the future.

We believe that building strong, well-recognized branded experiences is critical to our success, especially in the brand-conscious Asian market. We intend to develop and further strengthen our brands by building and maintaining high quality properties that differentiate us from our competitors throughout Asia and by providing a set of experiences tailored to meet the cultural preferences and expectations of Asian customers.

We have incorporated design elements at our properties that cater to specific customer segments. By utilizing a more focused customer segmentation strategy, we believe we can better service specific segments of the Macau gaming market.

Utilize Melco Crown Macau's Subconcession to Maximize Our Business and Revenue Potential

We intend to leverage the independence, flexibility and economic benefits we enjoy as a subconcessionaire to capitalize on the potential growth of the Macau gaming market. As a subconcessionaire, we can, subject to government approval, develop and operate new projects without the need to partner with other concessionaires or subconcessionaires. We will consider opportunities as they arise to utilize our subconcession at newly acquired or developed or existing properties.

Develop Comprehensive Marketing and Customer Loyalty Programs

We will continue to seek to attract customers to our properties by leveraging our brands and utilizing our own marketing resources. We have combined our brand recognition with customer management techniques

[Table of Contents](#)

and programs in order to build a platform of repeat customers and loyalty club members. In addition, our international marketing network has established marketing offices in various locations across Asia and plans on establishing further marketing offices elsewhere in Asia. Through Mocha Clubs' significant share of the Macau electronic gaming market, we have also developed a significant customer database and have developed a customer loyalty program, which we believe has successfully enhanced repeat play and further built the Mocha Clubs brand.

We will seek to continue to grow and maintain our customer base through the following sales and marketing activities:

- create a cross-platform sales and marketing department to promote all of our brands to potential customers throughout Asia in accordance with applicable laws;
- utilize special product offers, special events, tournaments and promotions to build and maintain relationships with our guests, in order to increase repeat visits and help fill capacity during lower demand periods; and
- implement complimentary incentive programs and commission based programs with selected promoters to attract high-end customers.

Create First Class Service Experiences

We believe that service quality and memorable experiences will continue to grow as a key differentiator among the operators in Macau. As the depth and quality of product offerings continue to develop and more memorable properties and experiences are created, we believe that tailored services will drive competitive advantage. As such, our focus remains on creating service experiences for the tastes and expectations of our various customers. We believe our dedicated management team with significant experience in operating large scale, high quality resort facilities drive our competitive advantage. As the continued development of our staff and supporting resources are central to our business, we plan to invest in the long term development of our people through relevant training and experience sharing.

Our Properties

We operate our gaming business in accordance with the terms and conditions of our gaming subconcession. In addition, our City of Dreams, Altira Macau and Studio City properties and development projects are subject to the terms and conditions of land concession contracts. See “— Regulations — Land Use Rights in Macau.”

City of Dreams

The City of Dreams site is located on two adjacent land parcels in Cotai, Macau with a combined area of 113,325 square meters (equivalent to approximately 1.2 million square feet). In August 2008, the Macau government granted the land on which City of Dreams is located to Melco Crown (COD) Developments and Melco Crown Macau for a period of 25 years, renewable for further consecutive periods of up to ten years each. The initial land premium of approximately MOP842.1 million (equivalent to approximately US\$105.1 million) was paid up in full in February 2013. Melco Crown (COD) Developments and Melco Crown Macau applied for an amendment to the land concession contract in 2009 to increase the total developable gross floor area and amend the purpose of such area, which required an additional premium in the amount of MOP257.4 million (equivalent to approximately US\$32.1 million), which was fully paid in March 2010. This amendment process was completed on September 15, 2010 and increased the developable gross floor area at the site to 668,574 square meters (equivalent to approximately 7.2 million square feet).

[Table of Contents](#)

During the construction period, we paid the Macau government land use fees at an annual rate of MOP30.0 (equivalent to approximately US\$3.74) per square meter of land, or an aggregate annual amount of approximately MOP3.4 million (equivalent to approximately US\$424,000). According to the terms of the revised land concession, the annual government land use fees payable after completion of development will be approximately MOP9.5 million (equivalent to approximately US\$1.2 million). The government land use fee amounts may be adjusted every five years.

See note 19 to the consolidated financial statements included elsewhere in this annual report for information about our future commitments as to government land use fees for the City of Dreams site.

Under the City of Dreams land concession contract, Melco Crown (COD) Developments is authorized to build an additional four-star apartment hotel at the City of Dreams. On December 9, 2011 we requested an amendment to the City of Dreams land grant in order to allow us to develop additional five-star hotel areas in replacement of the four-star apartment hotel areas currently contemplated in such land grant and to extend the development period of the City of Dreams land grant. On February 25, 2013, the Macau government issued a land grant amendment proposal which contemplates the amendments requested, extension of the development period until the date falling 4 years after publication of the amendment in the Macau Official Gazette, as well as the payment of MOP187.1 million (equivalent to approximately US\$23.3 million). In March 2013, Melco Crown (COD) Developments and Melco Crown Macau accepted the land grant amendment proposal.

The equipment utilized by City of Dreams in the casino and hotel is owned by us and held for use on the City of Dreams site, and includes the main gaming equipment and software to support its table games and gaming machine operations, cage equipment, security and surveillance equipment, casino and hotel furniture, fittings and equipment.

Altira Macau

The Altira Macau site is located on a plot of land in Taipa, Macau of approximately 5,230 square meters (equivalent to approximately 56,295 square feet) under a 25-year land lease agreement with the Macau government which is renewable for successive periods of up to ten years each. In March 2006, the Macau government granted the land on which Altira Macau is located to Altira Developments, our wholly owned subsidiary. The land premium of approximately MOP149.7 million (equivalent to approximately US\$18.7 million) was fully paid in July 2006, a guarantee deposit of approximately MOP157,000 (equivalent to approximately US\$20,000) was paid upon acceptance of the land lease terms in 2006 and government land use fees of approximately MOP1.4 million (equivalent to approximately US\$171,000) per annum are payable. The amounts may be adjusted every five years as agreed between the Macau government and us using applicable market rates in effect at the time of the adjustment. See note 19 to the consolidated financial statements included elsewhere in this annual report for information about our future commitments as to government land use fees for the Altira Macau site.

Altira Developments applied for an amendment to the land concession contract to increase the total developable area for hotel, car park and free area. The amendment procedure has yet to be completed. If the amendment is completed, we will be required to pay an additional land premium of approximately MOP19.6 million (equivalent to approximately US\$2.4 million), and government land use fees will be revised to approximately MOP1.5 million (equivalent to approximately US\$186,000) per annum.

The Macau government approved total gross floor area for development for the Altira Macau site of approximately 95,000 square meters (equivalent to approximately 1,022,600 square feet).

The equipment utilized by Altira Macau in the casino and hotel is owned by us and held for use on the Altira Macau site and includes the main gaming equipment and software to support its table games and gaming machine operations, cage equipment, security and surveillance equipment and casino, hotel furniture, fittings, and equipment.

[Table of Contents](#)

Mocha Clubs

Mocha Clubs operate at premises with a total floor area of approximately 94,500 square feet at the following locations in Macau:

| Mocha Club | Opening Date | Location | Gaming Area (In square feet) |
|-------------------|---------------------|---|---|
| Golden Dragon | January 2012 | G/F, 1/F, 2/F and 3/F of Hotel Golden Dragon | 20,500 |
| Macau Tower | September 2011 | LG/F and G/F of Macau Tower | 21,500 |
| Mocha Altira | December 2008 | Level 1 of Altira Macau | 2,950 |
| Mocha Square | October 2007 | 1/F, 2/F and 3/F of Mocha Square | 3,400 |
| Marina Plaza | December 2006 | 1/F and 2/F of Marina Plaza | 10,800 |
| Hotel Taipa | January 2006 | G/F of Hotel Taipa | 6,000 |
| Sintra | November 2005 | G/F and 1/F of Hotel Sintra | 5,000 |
| Taipa Square | January 2005 | G/F, 1/F and 2/F of Hotel Taipa Square | 9,200 |
| Lan Kwai Fong | April 2004 | G/F of Hotel Lan Kwai Fong (formerly known as Kingsway Commercial Centre) | 6,700 |
| Royal | September 2003 | G/F and 1/F of Hotel Royal | 8,450 |
| Total | | | 94,500 |

For locations operating at leased or subleased premises, the lease and sublease terms are pursuant to lease agreements that expire at various dates through June 2022, which are renewable upon our giving notice prior to expiration and subject to incremental increases in monthly rentals.

In addition to leasehold improvements to Mocha Club premises, the onsite equipment utilized at the Mocha Clubs is owned and held for use to support the gaming machines operations.

Studio City

Studio City's site is on a plot of land of 130,789 square meters (equivalent to approximately 1.4 million square feet) in Cotai, Macau and has a gross construction area of approximately 7.6 million square feet (equivalent to approximately 707,078 square meters). The gross construction area for the first phase is approximately 5.0 million square feet (equivalent to approximately 463,000 square meters). Under the Studio City land concession contract, the land premium is approximately MOP1,425.3 million (equivalent to approximately US\$177.9 million), of which approximately MOP495.1 million (equivalent to approximately US\$61.8 million) was paid as of December 31, 2012, and the remaining MOP930.2 (equivalent to approximately US\$116.1 million) will be paid in five bi-annual installments, bearing interest at 5% per annum. Under the Studio City land concession contract, Studio City Developments has provided guarantees in the total amount of MOP7.4 million (equivalent to approximately US\$0.9 million). Currently, the development period under the land concession contract is for 72 months from July 25, 2012.

The Studio City land concession contract, as amended by Dispatch of the Secretary for Transportation and Public works no. 31/2012, of July 19, 2012, permits Studio City Developments to build a complex comprising a five-star hotel, a facility for cinematographic industry, including supporting facilities for entertainment and tourism, parking and free area.

[Table of Contents](#)

See note 19 to the consolidated financial statements included elsewhere in this annual report for information about our future commitments as to government land use fees for the Studio City site.

Other Premises

Taipa Square Casino premises, including the fit-out and gaming related equipment, are located on the ground floor and level one within Hotel Taipa Square and having a floor area of approximately 1,760 square meters (equivalent to approximately 18,950 square feet). We operate Taipa Square Casino under a right-to-use agreement signed on June 12, 2008 with the owner, Hotel Taipa Square (Macao) Company Limited. The term of the agreement is one year from the date of execution and is automatically renewable, subject to certain contractual provisions, for successive periods of one year under the same terms and conditions, until June 26, 2022.

Apart from the property sites for Altira Macau and City of Dreams, we maintain various offices and storage locations in Macau and Hong Kong. We lease all of our office and storage premises, except for five units located at Golden Dragon Centre (formerly known as Zhu Kuan Building) whose property rights belong to us. The five units have a total area of 839 square meters (equivalent to approximately 9,029 square feet) and we operate a recruitment center there. The five units were purchased by MPEL Properties (Macau) Limited, our indirect wholly owned subsidiary, for approximately HK\$79.7 million (equivalent to approximately US\$10.2 million) on August 15, 2008. The Golden Dragon Centre is erected on a plot of land under a land lease grant that expires on July 27, 2015. Such land lease grant is renewable for successive periods of up to 10 years, subject to obtaining certain approvals from the Macau government.

Advertising and Marketing

We seek to attract customers to our properties and to grow our customer base over time by undertaking several types of advertising and marketing activities and plans. We utilize local and regional media to publicize our projects and operations. We have built a public relations and advertising team that cultivates media relationships, promotes our brands and directly liaises with customers within target Asian countries in order to explore media opportunities in various markets. Advertising uses a variety of media platforms that include digital, print, television, online, outdoor, on property (as permitted by Macau, PRC and other regional laws), collateral and direct mail pieces. In order to be competitive in the Macau gaming environment, we hold various promotions and special events, operate loyalty programs with our gaming customers and have developed a series of commission and other incentive-based programs to offer to both gaming promoters and individuals alike.

Customers

We seek to cater to a broad range of customers through our diverse gaming and non-gaming facilities and amenities across our major existing operating properties.

Non-Gaming Patrons

In addition to its mass market and rolling chip gaming offerings, City of Dreams offers visitors to Macau an array of multi-dimensional entertainment amenities, three international hotel brands, as well as a selection of restaurants, bars and retail outlets. Altira Macau is designed to provide a high end casino and hotel experience, tailored to meet the cultural preferences and expectations of Asian rolling chip patrons. Mocha Clubs are targeted to deliver a relaxed café-style non-casino based electronic gaming experience.

Gaming Patrons

Our gaming patrons include rolling chip players and mass market players.

[Table of Contents](#)

Mass market players are non-rolling chip players and they come to our properties for a variety of reasons, including our direct marketing efforts, brand recognition, the quality and comfort of our mass market gaming floors and our non-gaming offerings. Mass market players are further classified as general mass market and premium mass market players.

Rolling chip players at our casinos are patrons who participate in our in-house rolling chip programs or in the rolling chip programs of our gaming promoters, also known as junket operators. Our rolling chip players play mostly in our dedicated VIP rooms or designated gaming areas.

Our in-house rolling chip programs consist of rolling chip players sourced through our direct marketing efforts and relationships, whom we refer to as premium direct players. Premium direct players can earn a variety of gaming-related rebates, such as cash, rooms, food and beverage and other complimentary products or services.

Gaming Promoters

A significant amount of our rolling chip play is brought to us by gaming promoters, also known as junket operators. While rolling chip players sourced by gaming promoters do not earn direct gaming related rebates from us, we pay a commission and provide other complimentary services to the gaming promoter.

We engage gaming promoters to promote our VIP gaming rooms primarily due to the importance of the rolling chip segment in the overall Macau gaming market, gaming promoters' knowledge of and experience within the Macau gaming market, in particular with sourcing and attracting rolling chip patrons and arranging for their transportation and accommodation, and gaming promoters' extensive rolling chip patron network. Under standard arrangements utilized in Macau, we provide gaming promoters with exclusive or casual access to one or more of our VIP gaming rooms and support from our staff, and gaming promoters source rolling chip patrons for our casinos or gaming areas to generate an expected minimum amount of rolling chip volume per month.

Gaming promoters are responsible for a substantial portion of our casino revenues. For the years ended December 31, 2012, 2011 and 2010, approximately 53.4%, 61.0% and 62.3% of our casino revenues, were derived from customers sourced through our rolling chip gaming promoters, respectively.

Gaming promoters are independent third parties that include both individuals and corporate entities and are officially licensed in Macau by the DICJ. We have procedures to screen prospective gaming promoters prior to their engagement, and conduct periodic checks that are designed to ensure that the gaming promoters with whom we associate meet suitability standards. We believe that we have strong relationships with some of the top gaming promoters in Macau and have a solid network of gaming promoters who help us market our properties and source and assist in managing rolling chip patrons at our properties. As of December 31, 2012, 2011 and 2010, we had agreements in place with 107, 86 and 70 gaming promoters, respectively. We expect to continue to evaluate and selectively add or remove gaming promoters going forward.

We typically enter into gaming promoter agreements for a one-year term that are automatically renewed for periods of up to one year unless otherwise terminated. The gaming promoter agreements may be terminated (i) by either party without cause upon 15 days advance written notice, (ii) upon advice from the DICJ or any other gaming regulator to cease having dealings with the gaming promoter or if DICJ cancels or fails to renew the gaming promoter's license, (iii) if the gaming promoter fails to meet the minimum rolling chip volume it agreed to with us, (iv) if the gaming promoter enters or is placed in receivership or provisional liquidation or liquidation, an application is made for the winding up of the gaming promoter, the gaming promoter becomes insolvent or makes an assignment for the benefit of its creditors, or an encumbrancer takes possession of any of the gaming promoter's assets or (v) if any party to the agreement is in material breach of any of the terms of the agreement and fails to remedy such breach within the timeframe outlined in the agreement. Our gaming promoters are compensated through commission arrangements that are calculated on a monthly or a per trip

[Table of Contents](#)

basis. Commissions paid to our rolling chip gaming promoters (net of amounts indirectly rebated to customers) amounted to US\$308.6 million, US\$321.6 million and US\$222.4 million for the years ended December 31, 2012, 2011 and 2010, respectively. We generally offer commission payment structures that are calculated by reference to revenue share or monthly rolling chip volume. Under the revenue share-based arrangements, the gaming promoter participates in our gaming wins or losses from the rolling chip patrons brought in by the gaming promoter. Under the monthly rolling chip volume-based arrangements, commission rates vary but do not exceed the 1.25% regulatory cap under Macau law on gaming promoter commissions. To encourage gaming promoters to use our VIP gaming rooms for rolling chip patrons, our gaming promoters may receive complimentary allowances for food and beverage, hotel accommodation and transportation. Under the Administrative Regulation 29/2009, these allowances must be included in the 1.25% regulatory cap on gaming promoter commissions.

We conduct, and expect to continue to conduct, our table gaming activities at our casinos on a credit basis as well as a cash basis. As is common practice in Macau, we grant credit to our gaming promoters and certain of our premium direct players. The gaming promoters bear the responsibility for issuing to, and subsequently collecting credit, from their players.

We extend interest-free credit to a significant portion of our gaming promoters for short-term, renewable periods under credit agreements that are separate from the gaming promoter agreements. Credit is also granted to certain gaming promoters on a revolving basis. All gaming promoter credit lines are generally subject to monthly review and regular settlement procedures, including our credit committee review and other checks performed by our cage, count and credit department to evaluate the current status of liquidity and financial health of such gaming promoter. These procedures allow us to calculate the commissions payable to the gaming promoter and to determine the amount which can be offset, together with any other values held by us from the gaming promoter, against the outstanding credit balances owed by the gaming promoter. Credit is granted to a gaming promoter based on performance and financial background of the gaming promoter and, if applicable, the gaming promoter's guarantor. If we determine that a gaming promoter has good credit history and a track record of large business volumes, we may extend credit exceeding one month of commissions payable. This credit is typically unsecured. Although the amount of such credit may exceed the amount of accrued commissions payable to, and any other amounts of value held by us from, the gaming promoters, we generally obtain personal checks and promissory notes from guarantors or other forms of collateral. We have in place internal controls and credit policies and procedures to manage this credit risk.

We aim to pursue overdue debt from gaming promoters and premium direct players. This collection activity includes, as applicable, frequent personal contact with the debtor, delinquency notices and litigation. However, we may not be able to collect all of our gaming receivables from our credit customers and gaming promoters. See "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations — We extend credit to a portion of our customers, and we may not be able to collect gaming receivables from our credit customers."

As of December 31, 2012, 2011 and 2010, our casino accounts receivable were US\$426.8 million, US\$385.9 million and US\$294.0 million, respectively. Our allowance for doubtful accounts may fluctuate significantly from period to period as a result of having significant individual customer account balances where changes in their status of collectability cause significant changes in our allowance.

For information regarding allowances for doubtful accounts, see "Item 5. Operating and Financial Review and Prospects — A. Operating Results — Critical Accounting Policies and Estimates — Accounts Receivable and Credit Risk."

Market and Competition

We believe that the gaming market in Macau is and will continue to be intensely competitive. Our competitors in Macau and elsewhere in Asia include all the current concession and subconcession holders and many of the largest gaming, hospitality, leisure and property development companies in the world. Some of these current and future competitors are larger than us and have significantly longer track records of operation of major hotel casino resort properties.

Macau Gaming Market

In 2012, 2011 and 2010, Macau generated approximately US\$38.0 billion, US\$33.4 billion and US\$23.5 billion of gaming revenue, respectively, according to the DICJ, compared to the US\$6.1 billion, US\$6.0 billion and US\$5.7 billion of gaming revenue (excluding sports book and race book), respectively, generated on the Las Vegas Strip, according to the Nevada Gaming Control Board, and compared to the US\$3.0 billion, US\$3.3 billion and US\$3.6 billion of gaming revenue (excluding sports book and race book), respectively, generated in Atlantic City, according to the New Jersey Division of Gaming Enforcement. Gaming revenue in Macau has increased at a five year CAGR from 2007 to 2012 of 29.65% compared to five year CAGRs of -1.87% and -9.23% for the Las Vegas Strip and Atlantic City, respectively (excluding sports book and race book). In addition, Macau is currently the only market in Greater China, and one of only several in Asia, to offer legalized casino gaming.

From 2010 to 2012, gaming revenues and visitation significantly increased. Gross gaming revenues in Macau grew by 13.5% in 2012, 42.2% in 2011, and 57.8% in 2010, according to the DICJ. This growth was driven by all three main gaming segments. In 2012, according to the DICJ, rolling chip gaming revenues increased 7.5%, representing 69.3% of all gaming revenues in Macau, mass market table games revenues grew by 32.7% and electronic gaming revenues grew by 15.9%. We believe the growth in gaming revenues in Macau is supported by, among other things, the continuing emergence of a wealthier demographic in China, a robust regulatory framework, and significant new infrastructure developments within Macau and China, as well as by the anticipated new supply of gaming and non-gaming facilities in Macau, which is predominantly focused on the Cotai region. Visitation to Macau in 2012, totaled more than 28.0 million visitors. Mainland China continues to drive overall visitation growth, increasing 4.6% as compared to 5.6% decrease for all other visitors in 2012, and visitors from mainland China represented over 60.2%, while visitors from Hong Kong and Taiwan represented 25.2% and 3.8%, of all visitors to Macau in 2012, respectively.

Gaming in Macau is administered through government-sanctioned concessions awarded to three different concessionaires: SJM, which is a company listed on the HKSE in which Mr. Lawrence Ho, our co-chairman and chief executive officer, and his family members have shareholding interests; Wynn Macau, a subsidiary of Wynn Resorts Ltd.; and Galaxy, a consortium of Hong Kong and Macau businessmen. SJM has granted a subconcession to MGM Grand Paradise, which was originally formed as a joint venture by MGM-Mirage and Ms. Pansy Ho, sister of Mr. Lawrence Ho. Galaxy has granted a subconcession to VML, a subsidiary of Las Vegas Sands Corporation, the developer of Sands Macao, The Venetian Macao and Sands Cotai Central. Melco Crown Macau obtained its subconcession under the concession of Wynn Macau.

SJM currently operates multiple casinos throughout Macau. SJM has extensive experience in operating in the Macau market and long-established relationships in Macau. SJM has announced its intention to develop a new casino in Cotai and accepted a proposed land concession contract in October 2012, which remains subject to the formal approval of the Macau government.

Wynn Macau opened the Wynn Macau in September 2006 on the Macau Peninsula. In addition they opened an extension to Wynn Macau called Encore in 2010. In 2012, Wynn Macau started the construction for a new casino in Cotai.

[Table of Contents](#)

Galaxy currently operates multiple casinos in Macau, including StarWorld, a hotel and casino resort in Macau's central business and tourism district. The Galaxy Macau resort opened in Cotai in May 2011. In 2012, Galaxy started the construction for phase II of Galaxy Macau.

VML with a subconcession under Galaxy's concession, operates Sands Macao on the Macau peninsula, together with The Venetian Macao, the Plaza Casino at The Four Seasons Hotel Macao and the Sands Cotai Central, which are located in Cotai. VML has also announced proposals for further large developments in Cotai, one of which has opened in 2012.

MGM Grand Paradise, with a subconcession under SJM's concession opened the MGM Macau in December 2007, which is located next to Wynn Macau on the Macau Peninsula. MGM Grand Paradise has announced its intention to develop a new casino in Cotai and began its construction in February 2013.

The existing concessions and subconcessions do not place any limit on the number of gaming facilities that may be operated. In addition to facing competition from existing operations of these concessionaires and subconcessionaires, we will face increased competition when any of them constructs new, or renovates pre-existing, casinos in Macau or enters into leasing, services or other arrangements with hotel owners, developers or other parties for the operation of casinos and gaming activities in new or renovated properties, as SJM and Galaxy have done. The Macau government has publicly stated that each concessionaire will only be permitted to grant one subconcession. Moreover, the Macau government announced that, until further assessment of the economic situation in Macau, there would be no increase in the number of concessions and subconcessions. The Macau government further announced that the number of gaming tables operating in Macau should not exceed 5,500 until the end of the first quarter of 2013 and that, thereafter, for a period of ten years, the total number of gaming tables to be authorized will be limited to an annual increase of 3%. The Macau government has recently stated that the allocation of tables over this ten year period does not need to be uniform and tables may be pre-allocated to new properties in Macau. These restrictions are not legislated or enacted into statutes or ordinances and as such different policies, including on the annual increase rate in the number of gaming tables, may be adopted at any time by the relevant Macau government authorities. According to the DICJ, the number of gaming tables operating in Macau as of December 31, 2012 was 5,485. The Macau government has reiterated further that it does not intend to authorize the operation of any new casino that was not previously authorized by the government. However, the policies and laws of the Macau government could change and permit the Macau government to grant additional gaming concessions or subconcessions. Such change in policies may also result in a change of the number of gaming tables and casinos that the Macau government is prepared to authorize to operate.

Philippine Gaming Market

In connection with the Philippines Project, we expect to face competition in the Philippines market from hotels and resorts owned by both Philippine nationals and foreigners, including many of the largest gaming, hospitality, leisure and resort companies in the world. In addition, PAGCOR, an entity owned and controlled by the government of Philippines, operates gaming facilities across the Philippines.

Other Regional Markets

We may also face competition from casinos and gaming resorts located in other Asian destinations together with cruise ships. Casinos and integrated gaming resorts are becoming increasingly popular in Asia, giving rise to more opportunities for industry participants and increasing regional competition. There are major gaming facilities in Australia located in Melbourne, Perth, Sydney and the Gold Coast. Genting Highlands is a popular international gaming resort in Malaysia, approximately a one-hour drive from Kuala Lumpur. South Korea has allowed gaming for some time but these offerings are available primarily to foreign visitors. There are also casinos in Vietnam and Cambodia, although they are relatively small compared to those in Macau.

[Table of Contents](#)

Singapore legalized casino gaming in 2006. Genting Singapore PLC opened its resort in Sentosa, Singapore in February 2010 and Las Vegas Sands Corporation opened its casino in Marina Bay, Singapore in April 2010. Despite these openings Macau has continued to show healthy growth. In addition, several other Asian countries are considering or are in the process of legalizing gambling and establishing casino-based entertainment complexes.

Seasonality

Macau experiences many peaks and seasonal effects. The “Golden Week” and “Chinese New Year” holidays are the key periods where business and visitation fluctuate considerably. While we may experience fluctuations in revenues and cash flows from month to month, we do not believe that our business is materially impacted by seasonality.

Intellectual Property

We have registered the trademarks “Altira,” “Mocha Club,” “City of Dreams” and “Melco Crown Entertainment” in Macau and other jurisdictions. We have also registered in Macau and other jurisdictions certain other trademarks and service marks used in connection with the operations of our hotel casino projects in Macau. We have entered into a license agreement with Crown Melbourne Limited for an exclusive and non-transferable license to use the Crown brand in Macau. Our hotel management agreement with the Grand Hyatt Macau hotel provides us the right to use the Grand Hyatt trademarks on a non-exclusive and non-transferable basis. Our trademark license agreements with Hard Rock Holdings Limited provide us the right to use the Hard Rock brand in Macau, which we use at City of Dreams. Pursuant to these agreements, we have the exclusive right to use the Hard Rock brand for a hotel and casino facility at City of Dreams for a term of ten years based on a fee per gaming table and machine and percentages of revenues generated at the property payable to Hard Rock Holdings Limited. We also purchase gaming tables and gaming machines and enter into licensing agreements for the use of certain trade names and, in the case of the gaming machines, the right to use software in connection therewith. These include a license to use a jackpot system for the gaming machines. While our branding strategy for Studio City has not yet been finalized, we have registered a number of trademarks in Macau and Hong Kong (including the “Where Cotai Begins” trademark), which may ultimately be used as a component of our branding strategy for Studio City.

Regulations

Gaming Regulations

The ownership and operation of casino gaming facilities in Macau are subject to the general laws (e.g., the Civil Code and the Commercial Code) and to specific gaming laws, in particular, the Macau Gaming Law. Macau’s gaming operations are also subject to the grant of a concession or subconcession by and regulatory control of the Macau government, or Dispatch of the Chief Executive. See “— The Subconcession” below for more details.

Macau Administrative Regulation no. 34/2003 describes the DICJ as the supervisory authority and regulator of the gaming industry in Macau. The core functions of the DICJ are:

- to collaborate in the definition of gaming policies;
- to supervise and monitor the activities of the concessionaires and subconcessionaires;
- to investigate and monitor the continuing suitability and financial capacity requirements of concessionaires, subconcessionaires and gaming promoters;
- to issue licenses to gaming promoters;

[Table of Contents](#)

- to license and certify gaming equipment; and
- to issue directives and recommend practices with respect to the ordinary operation of casinos.

Below are the main features of the Macau Gaming Law, as supplemented by Macau Administrative Regulation no. 26/2001, that are applicable to our business.

- If we violate the Macau Gaming Law, Melco Crown Macau's subconcession could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, we, and the persons involved, could be subject to substantial fines for each separate violation of Macau Gaming Law or of the Subconcession Contract at the discretion of the Macau government. Further, if we terminate or suspend the operation of all or a part of the conceded business without permission for reasons not due to *force majeure*, or in the event of insufficiency of our facilities and equipment which may affect the normal operation of the conceded business, the Macau government would be entitled to replace Melco Crown Macau during such disruption and to ensure the continued operation of the conceded business. Under such circumstances, we would bear the expenses required for maintaining the normal operation of the conceded business.
- The Macau government also has the power to supervise subconcessionaires in order to assure financial stability and capability. See “— The Subconcession — The Subconcession Contract.”
- Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macau government may be found unsuitable. Any stockholder of a Concessionaire or Subconcessionaire holding stock equal to or in excess of 5% of concessionaire or subconcessionaire stock capital who is found unsuitable will be required to dispose of such stock by a certain time (the transfer itself being subject to the Macau government's authorization). If a disposal has not taken place by the time so designated, such stock must be acquired by the concessionaire or subconcessionaire. Melco Crown Macau will be subject to disciplinary action if, after it receives notice that a person is unsuitable to be a stockholder or to have any other relationship with it, Melco Crown Macau:
 - pays that person any dividend or interest upon its shares;
 - allows that person to exercise, directly or indirectly, any voting right conferred through shares held by that person;
 - pays remuneration in any form to that person for services rendered or otherwise; or
 - fails to pursue all lawful efforts to require that unsuitable person to relinquish his or her shares.
- The Macau government also requires prior approval for the creation of a lien over gaming assets or the property comprising a casino, shares and gaming equipment and utensils of a concession or subconcession holder. In addition, the creation of restrictions on its stock in respect of any public offering also require the approval of the Macau government to be effective.
- The Macau government must give its prior approval to changes in control through a merger, consolidation, stock or asset acquisition, or any act or conduct by any person whereby he or she obtains such control. Entities seeking to acquire control of a concessionaire or subconcessionaire must satisfy the Macau government concerning a variety of stringent standards prior to assuming control. The Macau government may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated for suitability as part of the approval process of the transaction.

[Table of Contents](#)

- We are also required to collect and pay employment taxes in connection with our staff through withholding and all payable and non-exemptible taxes, levies, expenses and handling fees provided by the laws and regulations of Macau.
- In addition, the Macau Gaming Law regulates gaming promoters. See “— Regulations Relating to Gaming Promoters” below.

Non-compliance with these obligations could lead to the revocation of Melco Crown Macau’s subconcession and could materially adversely affect our gaming operations.

Regulations Relating to Gaming Promoters

Macau Administrative Regulation no. 6/2002, as amended pursuant to Administrative Regulation no. 27/2009 (the “Gaming Promoters Regulation”), regulates licensing as a gaming promoter and the conduct of gaming promotion business by gaming promoters. Applications to the DICJ must be sponsored by a Concessionaire or Subconcessionaire who will confirm that it may contract the applicant’s services upon the latter being licensed. Licenses are subject to annual renewal and a list of licensed gaming promoters is published every year in the Macau Official Gazette. The DICJ monitors each gaming promoter and its employees and collaborators.

Concessionaires and subconcessionaires are jointly liable for the activities of their gaming promoters and collaborators within their casinos. In addition to the licensing and suitability assessment process performed by the DICJ, all of our gaming promoters undergo a thorough internal vetting process. We conduct background checks and also conduct periodic reviews of the activities of each gaming promoter, its employees and its collaborators for possible non-compliance with Macau legal and regulatory requirements. Such reviews generally include investigations into compliance with applicable money laundering laws and regulations as well as tax withholding requirements.

Concessionaires and subconcessionaires are required to report periodically on commissions and other remunerations paid to their gaming promoters. A 5% tax must be withheld on commissions and other remunerations paid by a concessionaire or subconcessionaire to its gaming promoters. In August 2009, the Macau government amended the legislation on gaming promoter activity (Administrative Regulation 6/2002) permitting the imposition of a cap on the percentage of commissions payable by concessionaires and subconcessionaires to gaming promoters. In September 2009 the Secretary for Economy and Finance issued a dispatch implementing a commission cap of 1.25% of net rolling, effective as of September 22, 2009 and which is being enforced as of December 1, 2009. Under the amended legislation and the dispatch, any bonuses, gifts, services or other advantages which are subject to monetary valuation and which are granted, directly or indirectly, inside or outside of Macau by any concessionaire or subconcessionaires or any company of their respective group to any gaming promoter shall be considered a commission. The commission cap regulations impose fines (ranging from 100,000 Patacas up to 500,000 Patacas) on gaming operators that do not comply with the cap and other fines (ranging from 50,000 Patacas up to 250,000 Patacas) on gaming operators that do not comply with their reporting obligations regarding commission payments. If breached, the legislation on commission caps has a sanction enabling the relevant government authority to make public a government decision imposing a fine on a Concessionaire and Subconcessionaire, by publishing such decision on the DICJ website and in two Macau newspapers (in Chinese and Portuguese respectively). We believe we have implemented the necessary internal control systems to ensure compliance with the commission cap and reporting obligations in accordance with applicable rules and regulations.

Macau Law no. 5/2004 has legalized the extension of gaming credit to patrons or gaming promoters by concessionaires and subconcessionaires. Gaming promoters may also extend credit to patrons upon obtaining an authorization by a concessionaire or subconcessionaire to carry out such activity. Assigning or transferring one’s authorization to extend gaming credit is not permitted. This statute sets forth filing obligations for those extending credit and the supervising role of the DICJ in this activity. Gaming debts contracted pursuant to this statute are a source of civil obligations and may be enforced in court.

Anti-Money Laundering Regulations in Macau

In conjunction with current gaming laws and regulations, we are required to comply with the laws and regulations relating to anti-money laundering activities in Macau. Law 2/2006 of April 3, 2006, which came into effect on April 4, 2006, the Administrative Regulation (AR) 7/2006 of May 15, 2006, which came into effect on November 12, 2006, and the DICJ Instruction 2/2006 of November 13, 2006 govern our compliance requirements with respect to identifying, reporting and preventing anti-money laundering and terrorism financing crimes at our casinos.

Under these laws and regulations, we are required to:

- identify any customer or transaction where there is a sign of money laundering or financing of terrorism or which involves significant sums of money in the context of the transaction, even if any sign of money laundering is absent;
- refuse to deal with any of our customers who fail to provide any information requested by us;
- keep records on the identification of a customer for a period of five years;
- notify the Finance Information Bureau if there is any sign of money laundering or financing of terrorism; and
- cooperate with the Macau government by providing all required information and documentation requested in relation to anti-money laundering activities.

Under Article 2 of AR 7/2006 and the DICJ Instruction 2/2006, we are required to track and mandatorily report cash transactions and granting of credit in a minimum amount of MOP500,000 (equivalent to approximately US\$62,000). Pursuant to the legal requirements above, if the customer provides all required information, after submitting the reports, we may continue to deal with those customers that we reported to the DICJ and, in case of suspicious transactions, to the Finance Information Bureau.

We employ internal controls and procedures designed to help ensure that our gaming and other operations are conducted in a professional manner and in compliance with internal control requirements issued by the DICJ set forth in its instruction on anti-money laundering, the applicable laws and regulations in Macau, as well as the requirements set forth in the Subconcession Contract.

We have developed comprehensive anti-money laundering policies and related procedures covering our anti-money laundering responsibilities and have training programs in place to ensure that all relevant employees understand such anti-money laundering policies and procedures. We also use an integrated IT system to track and automatically generate significant cash transaction reports and, if permitted by the DICJ and the Finance Information Bureau, to submit those reports electronically. We also train our staff on identifying and following correct procedures for reporting “suspicious transactions” and make our guidelines and training modules available for our employees on our intranet and internet sites.

Smoking Regulation in Macau

Under the new Smoking Prevention and Tobacco Control Law, which came into effect on January 1, 2012, from January 1, 2013, smoking is not permitted in casino premises, except for an area of up to 50% (fifty percent) of the casino area opened to the public as determined by Dispatch of the Chief Executive no. 296/2012. In accordance with the aforementioned Dispatch, smoking areas must be physically segregated from non-smoking areas, clearly denoted, adequately ventilated in order to avoid propagation of smoke to adjacent areas, and are subject to authorization by the Macau government. In the case of casinos with several floors,

[Table of Contents](#)

smoking areas must be placed in the upper floors and in the case of casinos comprised of one single floor, smoking areas must be placed in a zone opposite from the non-smoking areas and physically separated therefrom. Smoking areas in new casinos must have an independent ventilation system. In addition, concessionaires and subconcessionaires are required to continuously monitor and file a monthly report on the levels of air quality, which must remain within prescribed limits. Such concessionaires and subconcessionaires shall be subject to the supervision and instructions of the Health Bureau and failure to comply with the prescribed measures and instructions may lead to reduction of smoking areas or cancellation of the relevant authorization. The deadline to create the designated smoking areas expired on January 1, 2013 and the smoking ban in casino premises, except for an area of up to 50% of the casino areas open to the public, became effective on January 1, 2013.

Regulation on Access to Casinos in Macau

On August 20, 2012, the Macau government enacted legislation, which came into effect on November 1, 2012, under which the minimum age required for entrance into casinos in Macau was raised from 18 to 21 years of age. Employees under 21 years of age who were already employed when the new law came into effect were not affected thereby and have maintained their positions. In addition, the director of the DICJ may authorize employees under 21 years of age to temporarily enter casinos, after considering their special technical qualifications.

DICJ Instruction on Responsible Gambling

On October 18, 2012, the DICJ issued Instruction no. 2/2012, which came into effect on November 1, 2012, setting out measures for the implementation of “Responsible Gambling” principles. Under this instruction, concessionaires and subconcessionaires are required to implement certain measures to promote responsible gambling, including: making information available on the risks of gambling, responsible gambling and odds, both inside and outside the casinos and through electronic means; creation of information and counseling kiosks and a hotline; adequate regulation of lighting inside casinos; public exhibition of time; creation and training of teams and a coordinator responsible for promoting responsible gambling.

Regulation on Supply and Requirements of Gaming Machines, Equipment and Systems

On November 27, 2012 Administrative Regulation 26/2012 came into effect, setting out rules on the supply and requirements of gaming machines, equipment and systems. Pursuant to this regulation, gaming machines can only be supplied to concessionaires or subconcessionaires, authorized distributors and other entities upon government authorization. Gaming machines may only be installed in places previously approved by the government and location of storage facilities must be informed to the DICJ. Suppliers must obtain DICJ approval in order to supply gaming machines in Macau, such authorization being based on a probity check, and must be Macau incorporated companies by shares, all shares being nominative, or Macau registered branch offices. Supply contracts are also regulated, namely by determining that revenue share arrangements are not enforceable towards the Macau government and requiring the insertion of provisions allowing the reversion of the gaming machines to the Macau government under the Macau Gaming Law. The regulation further sets out the requirements for the approval of gaming machines in Macau, effective as of January 1, 2013; instructions to the concessionaires and subconcessionaires in case of malfunction of the gaming machines, equipment and systems, including that concessionaires, subconcessionaires and suppliers shall be jointly and severally liable for damages caused to patrons and the Macau government due to such malfunction; the concessionaires and subconcessionaires’ obligation to keep records of their gaming machines and respective suppliers. The regulation also sets out rules regarding portable gaming devices, electronic gaming, electronic monitoring systems and jackpot systems.

Moreover, under this regulation, slot machine lounges shall only be located: (i) in hotels with at least five-star classification; (ii) properties entirely allocated to non-residential purposes and located within less than

[Table of Contents](#)

500 meters of an authorized hotel-casino; or (iii) in commercial and leisure complexes, of relevant touristic interest, not inserted in a densely populated area. Under the regulation, the Macau government should take the necessary measures to enable existing slot lounges to comply with the above mentioned requirements until November 27, 2013.

Labor Quotas

All businesses in Macau must apply to the Macau Human Resources Office for labor quotas to import non-resident skilled workers from China and other regions or countries. Businesses are free to employ Macau residents in any position without any type of quota, as by definition all Macau residents have the right to work in Macau. We have, through our subsidiaries, two main groups of labor quotas in Macau, one to import non-skilled workers from China and the other to import non-skilled workers from all other countries. Melco Crown Macau is required by law to employ only Macau residents as dealers and gaming supervisors. Non-resident skilled workers are also subject to authorization by the Macau Human Resources Office, which is given individually on a case-by-case basis.

Pursuant to Macau social security laws, Macau employers must register their employees under a mandatory social security fund and make social security contributions for each of its resident employees and pay a special duty for each of its nonresident employees on a quarterly basis. Employers must also buy insurance to cover employment accidents for all employees.

Land Use Rights in Macau

Macau land is divided into lots, each of which is given a number. There is a small amount of private freehold land in Macau, typically found in the original area of the Macau territory. Where the land is private freehold land, no government rent is payable and there are no temporal limits to the ownership of the land or the buildings erected on the land, which are private property. The rest of the land, including land reclamation areas, belongs to the Macau government. In most cases, private interests in real property located in Macau are obtained through long-term leases from the Macau government.

Our subsidiaries have entered into land concession contracts for the land on which our Altira Macau, City of Dreams and Studio City properties and development projects are located. Each contract has a term of 25 years and is renewable for further consecutive periods of 10 years and imposes, among other conditions, a development period, a land premium payment, a nominal annual government land use fee, which may be adjusted every five years, and a guarantee deposit upon acceptance of the land lease terms, which are subject to adjustments from time to time in line with the amounts paid as annual land use fees.

The land concession contract is similar to a lease and published in the Macau Official Gazette, at which time official title to the land or right is obtained. The land is initially granted on a provisional basis and registered as such with the Macau Property Registry, subject to completion of the proposed development, and only upon completion of the development is the land concession converted into definitive status and so registered with the Macau Property Registry.

Macau property and all concessions are subject to the Macau title registration system. Title can be established by reference to the title register. The person or party registered is recognized as the legal holder of the right/title registered. The records in the Macau Property Registry are public and anyone who searches the title register can rely on the registered rights. Following the registration of title in Macau, the registered title holder will be officially recognized and able to enforce his rights vis-à-vis any third parties. All ownership rights over the properties or buildings subject to a land concession (being strata title for residential units or full ownership of any building or fraction thereof) are also registered with the Macau Property Registry and fall under a private ownership regime.

Foreign Corrupt Practices Act

Our company is subject to the FCPA, which makes it illegal for our company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any foreign official. Since the founding of our company in 2006, a Code of Business Conduct and Ethics (the “Code”) was adopted by our company and includes specific FCPA related provisions that can be found in Section IV and VII B of the Code. To further supplement the existing policy and practice, our company implemented a FCPA Compliance Program in 2007. This covers the activities of the shareholders, directors, officers, employees, and counterparties of our company.

The Subconcession

The Concession Regime

The Macau government conducted an international tender process for gaming concessions in Macau in 2001, and granted three gaming concessions to Galaxy, SJM and Wynn Macau, respectively. Upon authorization by the Macau government, each of Galaxy, SJM and Wynn Macau subsequently entered into subconcession contracts with their respective subconcessionaires. These subconcessionaires were thus granted the right to operate casino games and other games of chance in Macau. No further granting of subconcessions is permitted unless specifically authorized by the Macau government. Though there are no restrictions on the number of casinos or gaming areas that may be operated under each concession or subconcession, Macau government approval is required for the commencement of operations of any casino or gaming area.

The subconcessionaires that entered into subconcession contracts with Wynn Macau, SJM and Galaxy are Melco Crown Macau, MGM Grand Paradise and VML, respectively. Our subsidiary, Melco Crown Macau, executed the Subconcession Contract with Wynn Macau on September 8, 2006. Wynn Macau will continue to develop and run hotel operations and casino projects independent of ours.

All concessionaires and subconcessionaires must pay a special gaming tax of 35% of gross gaming revenues, defined as all gaming revenues derived from casino or gaming areas, plus an annual gaming premium of:

- MOP30 million (equivalent to approximately US\$3.7 million) per annum fixed premium;
- MOP300,000 (equivalent to approximately US\$37,437) per annum per VIP gaming table;
- MOP150,000 (equivalent to approximately US\$18,719) per annum per mass market gaming table; and
- MOP1,000 (equivalent to approximately US\$125) per annum per electric or mechanical gaming machine including slot machines.

The Subconcession Contract

The Subconcession Contract provides for the terms and conditions of the subconcession granted to Melco Crown Macau (formerly known as Melco Crown Gaming (Macau) Limited) by Wynn Macau. Melco Crown Macau does not have the right to further grant a subconcession or transfer the operation to third parties, pursuant to the Subconcession Contract.

Melco Crown Macau paid a consideration of US\$900 million to Wynn Macau. In return, on September 8, 2006, Melco Crown Macau was granted the right to operate games of fortune and chance or other games in casinos in Macau, for a period of 16 years until the expiration of the subconcession on June 26, 2022. No further payments need to be made to Wynn Macau in future operations. The operation of gaming-related activities is also permitted, subject to the prior approval from the Macau government.

The Macau government has reconfirmed that the subconcession is independent of Wynn Macau’s concession and that Melco Crown Macau does not have any obligations to Wynn Macau pursuant to the

[Table of Contents](#)

Subconcession Contract. It is thus not affected by any modification, suspension, redemption, termination or rescission of Wynn Macau's concession. In addition, an early termination of Wynn Macau's concession before June 26, 2022, would not result in the termination of the subconcession. The subconcession was authorized and approved by Macau government. Our Macau legal advisor has advised us that, absent any change to Melco Crown Macau's legal status, rights, duties and obligations towards the Macau government or any change in applicable law, Melco Crown Macau will continue to be validly entitled to operate independently under and pursuant to the subconcession, notwithstanding the termination or rescission of Wynn Macau's concession, the insolvency of Wynn Macau and/or the replacement of Wynn Macau as concessionaire in the Subconcession Contract. The Macau government has a contractual obligation to the effect that, should Wynn Macau cease to hold the concession prior to June 26, 2022, the Macau government would replace Wynn Macau with another entity so as to ensure that Melco Crown Macau may continue to operate games of chance and other games in casinos in Macau and the subconcession would at all times be under a concession. Both the Macau government and Wynn Macau has undertaken to cooperate with Melco Crown Macau to ensure all the legal and contractual obligations are met.

A summary of the key terms of the Subconcession Contract is as follows.

Development of Gaming Projects/Financial Obligations. The Subconcession Contract requires us to make a minimum investment in Macau of MOP4.0 billion (equivalent to approximately US\$499.2 million), including investment in fully developing Altira Macau and the City of Dreams, by December 2010. In June 2010, we obtained confirmation from the Macau government that as of the date of the confirmation, we had invested over MOP4.0 billion (equivalent to approximately US\$499.2 million) in our projects in Macau.

Payments. Subconcession premiums and taxes, computed in various ways depending upon the type of gaming or activity involved, are payable to the Macau government. The method for computing these fees and taxes may be changed from time to time by the Macau government. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly or annually and are based upon either a percentage of the gross revenues or the number and type of gaming devices operated. In addition to special gaming taxes of 35% of gross gaming revenues, we are also required to contribute to the Macau government an amount equivalent to 1.6% of the gross revenues of our gaming business. Such contribution must be delivered to a public foundation designated by the Macau government whose goal is to promote, develop or study culture, society, economy, education and science and engage in academic and charitable activities. Furthermore, we are also obligated to contribute to Macau an amount equivalent to 2.4% of the gross revenues of the gaming business for urban development, tourism promotion and the social security of Macau. We are required to collect and pay, through withholding, statutory taxes on commissions or other remunerations paid to gaming promoters.

Termination Rights. The Macau government has the right, after notifying Wynn Macau, to unilaterally terminate Melco Crown Macau's subconcession in the event of noncompliance by us with our basic obligations under the subconcession and applicable Macau laws. Termination of the Subconcession Contract may be enforced by agreement between Melco Crown Macau and Wynn Macau, but is independent of Wynn Macau's concession. A mutual agreement between the Macau government and Melco Crown Macau can also result in termination of the subconcession. Upon termination, all of our casino premises and gaming equipment would revert to the Macau government automatically without compensation to us and we would cease to generate any revenues from these operations. In many of these instances, the Subconcession Contract does not provide a specific cure period within which any such events may be cured and, instead, we may be dependent on consultations and negotiations with the Macau government to give us an opportunity to remedy any such default. Neither Melco Crown Macau nor Wynn Macau is granted explicit rights of veto, or of prior consultation. The Macau government may be able to unilaterally rescind the Subconcession Contract upon the following termination events:

- the operation of gaming without permission or operation of business which does not fall within the business scope of the subconcession;

[Table of Contents](#)

- abandonment of approved business or suspension of operations of our gaming business in Macau without reasonable grounds for more than seven consecutive days or more than 14 non-consecutive days within one calendar year;
- transfer of all or part of Melco Crown Macau's operation in Macau in violation of the relevant laws and administrative regulations governing the operation of games of fortune or chance and other casino games in Macau and without Macau government approval;
- failure to pay taxes, premiums, levies or other amounts payable to the Macau government;
- refusal or failure to resume operations following the temporary assumption of operations by the Macau government;
- repeated opposition to the supervision and inspection by the Macau government and failure to comply with decisions and recommendations of the Macau government, especially those of the DICJ, applicable to us;
- failure to provide or supplement the guarantee deposit or the guarantees specified in the subconcession within the prescribed period;
- bankruptcy or insolvency of Melco Crown Macau;
- fraudulent activity harming the public interest;
- serious and repeated violation of the applicable rules for carrying out casino games of chance or games of other forms or damage to the fairness of casino games of chance or games of other forms;
- systematic non-compliance with the Macau Gaming Law's basic obligations;
- the grant to any other person of any managing power over the gaming business of Melco Crown Macau or the grant of a subconcession or entering into any agreement to the same effect; or
- failure by a controlling shareholder in Melco Crown Macau to dispose of its interest in Melco Crown Macau, within 90 days from the date of the authorization given by the Macau government for such disposal, pursuant to written instructions received from the regulatory authority of a jurisdiction where the said shareholder is licensed to operate, which have had the effect that such controlling shareholder now wishes to dispose of the shares it owns in Melco Crown Macau.

Ownership and Capitalization. Set out below are the key terms in relation to ownership and capitalization under the Subconcession Contract:

- any person who directly acquires voting rights in Melco Crown Macau will be subject to authorization from the Macau government;
- Melco Crown Macau will be required to take the necessary measures to ensure that any person who directly or indirectly acquires more than 5% of the shares in Melco Crown Macau would be subject to authorization from the Macau government, except when such acquisition is wholly made through the shares of publicly listed companies;
- any person who directly or indirectly acquires more than 5% of the shares in Melco Crown Macau will be required to report the acquisition to the Macau government (except when such acquisition is wholly made through shares tradable on a stock exchange as a publicly listed company);

[Table of Contents](#)

- the Macau government's prior approval would be required for any recapitalization plan of Melco Crown Macau; and
- the Chief Executive of Macau could require the increase of Melco Crown Macau's share capital if he deemed it necessary.

Redemption. Under the Subconcession Contract, beginning in 2017, the Macau government has the right to redeem the Subconcession Contract by providing us with at least one year's prior notice. In the event the Macau government exercises this redemption right, we would be entitled to fair compensation or indemnity. The standards for the calculation of the amount of such compensation or indemnity would be determined based on the gross revenues generated by City of Dreams during the tax year immediately prior to the redemption, multiplied by the remaining term of the subconcession. We would not receive any further compensation (including for consideration paid to Wynn Macau for the subconcession).

Others. In addition, the Subconcession Contract contains various general covenants and obligations and other provisions, including special duties of cooperation, special duties of information, and execution of our investment obligations.

See "Item 3. Key Information — D. Risk Factors — Risks Relating to the Gaming Industry in Macau — Melco Crown Macau's Subconcession Contract expires in 2022 and if we were unable to secure an extension of its subconcession in 2022 or if the Macau government were to exercise its redemption right in 2017, we would be unable to operate casino gaming in Macau."

Tax

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we and our subsidiaries incorporated in the Cayman Islands are not subject to Cayman Islands income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands. However, we and our Cayman Islands subsidiaries are subject to Hong Kong profits tax on profits arising from our activities conducted in Hong Kong.

Our subsidiaries incorporated in the British Virgin Islands are not subject to tax in the British Virgin Islands, but in the case of Mocha Slot Group Limited, it was subject to Macau complementary tax of 12% on profits earned in or derived from its activities conducted in Macau before the transfer of all of the Mocha Clubs assets and business to Melco Crown Macau.

Our subsidiaries incorporated in Macau are subject to Macau complementary tax of up to 12% on profits earned in or derived from their activities conducted in Macau. Having obtained a subconcession, Melco Crown Macau has applied for and has been granted the benefit of a corporate tax holiday on Macau complementary tax (but not gaming tax) in 2007, which exempted us from paying the Macau complementary tax for five years from 2007 to 2011 on income from gaming generated by Altira Macau, Mocha Clubs and City of Dreams. In April 2011, the Macau government extended the tax holiday for an additional five years to 2016. However, we cannot assure you that it will be extended beyond the expiration date. We remain subject to Macau complementary tax on our non-gaming businesses.

Melco Crown Macau is subject to Macau gaming tax based on gross gaming revenue in Macau. These gaming taxes are an assessment on Melco Crown Macau's gaming revenue and are recorded as an expense within the "Casino" line item in the consolidated statements of operations.

The Macau Government has granted to Altira Hotel and Melco Crown (COD) Hotels the declaration of utility purpose benefit in 2007 and 2011, respectively, pursuant to which they are entitled to a property tax holiday, for a period of 12 years, on any immovable property that they own or have been granted for Altira

[Table of Contents](#)

Macau, Hard Rock Hotel and Crown Towers Hotel. Under such tax holiday, they will also be allowed to double the maximum rates applicable regarding depreciation and reintegration for the purposes of assessing the Macau Complementary Tax. We have applied for the declaration of utility purpose benefit in respect of Grant Hyatt Macau. The Macau Government has also granted to Altira Hotel a declaration of utility purposes benefit on specific vehicles purchased, pursuant to which it is entitled to a vehicle tax holiday, provided that there is no change in use or disposal of those vehicles within five years from the date of purchase. The Macau Government is considering the grant of the same benefit on specific vehicles purchased to Crown Towers Hotel, Hard Rock Hotel and Grant Hyatt Macau. The grant of the vehicle tax holiday is subject to the satisfaction by us of certain criteria determined by the Macau government.

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax on any profits arising in or derived from Hong Kong. One of our subsidiaries incorporated in Hong Kong is also subject to Macau complementary tax on profits earned in or derived from its activities conducted in Macau and another one is subject to corporate tax on profits in a number of other Asian jurisdictions through its activities conducted in these jurisdictions.

Our subsidiaries incorporated in the Philippines are subject to Philippines corporate income tax of 30% on profits and relevant local taxes.

Our subsidiary incorporated in New Jersey in the United States is subject to U.S. federal and relevant state and local taxes.

Dividend Distribution

Restrictions on Distributions. The City of Dreams Project Facility contained restrictions on payment of dividends for Melco Crown Macau and certain of our subsidiaries specified as guarantors, or the original borrowing group, which applied until the City of Dreams Project Facility was amended on June 30, 2011. There was a restriction on paying dividends during the construction phase of the City of Dreams project. Upon completion of the construction of the City of Dreams, the relevant subsidiaries would only be able to pay dividends if they satisfied certain financial tests and conditions. The 2011 Credit Facilities contain restrictions which apply on and from June 30, 2011 on paying dividends to our company or persons who are not members of the Borrowing Group, unless certain financial tests and conditions are satisfied. Dividends may be paid from (i) excess cash flow as defined in the 2011 Credit Facilities generated by the Borrowing Group, subject to compliance with the financial covenants under the 2011 Credit Facilities; or (ii) cash held by the Borrowing Group in an amount not exceeding the aggregate cash and cash equivalents investments of the Borrowing Group as of June 30, 2011, subject to a certain amount of cash and cash equivalents being retained for operating purposes and, in either case, there being no event of default continuing or likely to occur under the 2011 Credit Facilities as a result of making such payment. The indentures governing the 2013 Senior Notes and the Studio City Notes also contain certain covenants that, subject to certain exceptions and conditions, restrict the payment of dividends for MCE Finance and its restricted subsidiaries or Studio City Finance and its restricted subsidiaries, respectively.

Distribution of Profits. All subsidiaries incorporated in Macau are required to set aside a minimum of 10% to 25% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 25% to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the boards of directors of the relevant subsidiaries. As of December 31, 2012 and 2011, the balance of the reserve amounted to US\$31.2 million and US\$3,000, respectively.

C. ORGANIZATIONAL STRUCTURE

We are a holding company for the following principal operating subsidiaries: (1) Melco Crown Macau, which is the holder of our subconcession; (2) Altira Hotel, (3) Altira Developments, (4) Melco Crown (COD) Hotels, and (5) Melco Crown (COD) Developments.

At the time of our initial public offering in December 2006, through three intervening holding company subsidiaries incorporated in the Cayman Islands and wholly owned by us, (1) MCE Finance (formerly known as MPEL Holdings Limited and Melco PBL Holdings Limited), (2) MPEL International Limited (formerly known as Melco PBL International Limited) (“MPEL International”), and (3) MPEL Investments Limited (formerly known as Melco PBL Investments Limited) (“MPEL Investments”), we held all of the class B shares of Melco Crown Macau, representing 72% of the voting control of Melco Crown Macau and the rights to virtually all the economic interests in Melco Crown Macau. All of the class A shares of Melco Crown Macau, representing 28% of its outstanding capital stock were owned by PBL Asia Limited, or PBL Asia (as to 18%) and, as required by Macau law, the managing director of Melco Crown Macau (as to 10%). Mr. Lawrence Ho was appointed to serve as the managing director of Melco Crown Macau. The class A shares were entitled as a class to an aggregate of MOP1 in dividends and MOP1 in proceeds of any winding up or liquidation of Melco Crown Macau. MPEL Investments, PBL Asia, the managing director of Melco Crown Macau and Melco Crown Macau entered into a shareholders’ agreement under which, among other things, PBL Asia agreed to vote its class A shares in the same manner as the class B shares on all matters submitted to a vote of shareholders of Melco Crown Macau.

In December 2006, we also incorporated a direct wholly owned subsidiary in Hong Kong, MPEL Services Limited (formerly Melco PBL Services Limited), for the purpose of entering into various administrative contracts, including leases for administrative office space, in Hong Kong.

Prior to the close of the City of Dreams Project Facility in September 2007, three more holding companies were incorporated through which we now hold our shares in Melco Crown Macau: (1) MPEL Nominee One Limited or MPEL Nominee One, a Cayman Islands company, which is a 100% subsidiary of MPEL International and now holds 100% of the shares in MPEL Investments which in turn holds approximately 90% of the shares in Melco Crown Macau made up of 1,799,999 class A shares and 7,200,000 class B shares; (2) MPEL Nominee Two Limited, or MPEL Nominee Two, a 100% subsidiary of MPEL Nominee One which holds a minority shareholding in Melco Crown Macau’s Macau operating companies; and (3) MPEL Nominee Three Limited, or MPEL Nominee Three, a 100% subsidiary of MPEL Nominee One, which now holds one class A share in Melco Crown Macau.

The above shareholding structure of Melco Crown Macau was completed when PBL Asia transferred its 1,799,999 class A shares in Melco Crown Macau to MPEL Investments and its one class A share to MPEL International on June 12, 2007 and when MPEL International transferred its one class A share in Melco Crown Macau to MPEL Nominee Three on August 13, 2007. Mr. Lawrence Ho remains the Managing Director and 10% shareholder of Melco Crown Macau. The shareholders’ agreement for Melco Crown Macau was terminated on December 7, 2007.

Melco Crown Macau, our operating subsidiary in Macau that holds a gaming subconcession, was incorporated in May 2006 and is owned 89.99% by MPEL Investments, 10% by Mr. Lawrence Ho and 0.01% by MPEL Nominee Three. According to the applicable regulations, 10% of the issued share capital of our company holding the subconcession must be held by the managing director of such company and he or she must be a permanent resident of Macau. MPEL Nominee Three was incorporated and became a shareholder of Melco Crown Macau to comply with the applicable regulations at the time of incorporation of Melco Crown Macau, which requires it to have at least three shareholders. The principal activity of Melco Crown Macau is casino operations.

[Table of Contents](#)

We formed Melco Crown (COD) Developments and Altira Developments to develop our properties at City of Dreams and Altira Hotel, respectively. Melco Crown (COD) Developments was incorporated in Macau in July 2004, and is owned 96% by Melco Crown Macau and 4% by MPEL Nominee Two. Altira Developments was incorporated in Macau in September 2004, and is owned as to 99.98% by Melco Crown Macau, 0.01% by MPEL Nominee Three and 0.01% by MPEL Nominee Two.

We formed Altira Hotel in June 2006 and Melco Crown (COD) Hotels in May 2007 to operate our hotel and non-gaming businesses at Altira Macau and City of Dreams, respectively. The shares of these companies are owned 96% by Melco Crown Macau and 4% by MPEL Nominee Two.

On March 30, 2011, we incorporated MCE Cotai Investments Limited, or MCE Cotai, as an investment holding company for the purpose of acquiring an equity interest in Studio City. On July 27, 2011, we acquired a 60% equity interest in SCI, the developer of Studio City. The remaining 40% interest is held by New Cotai, LLC. SCI is an investment holding company and its operations are conducted through its subsidiary in Macau, Studio City Developments, which is owned 35% by SCP One Limited, 30% by SCP Holdings Limited and 35% by SCP Two Limited. Studio City Developments holds a piece of land in Macau for development of Studio City. SCI also holds, indirectly, Studio City Entertainment Limited, Studio City Hotels Limited, Studio City Services Limited and Studio City Hospitality and Services Limited. All of the aforesaid companies are incorporated in Macau.

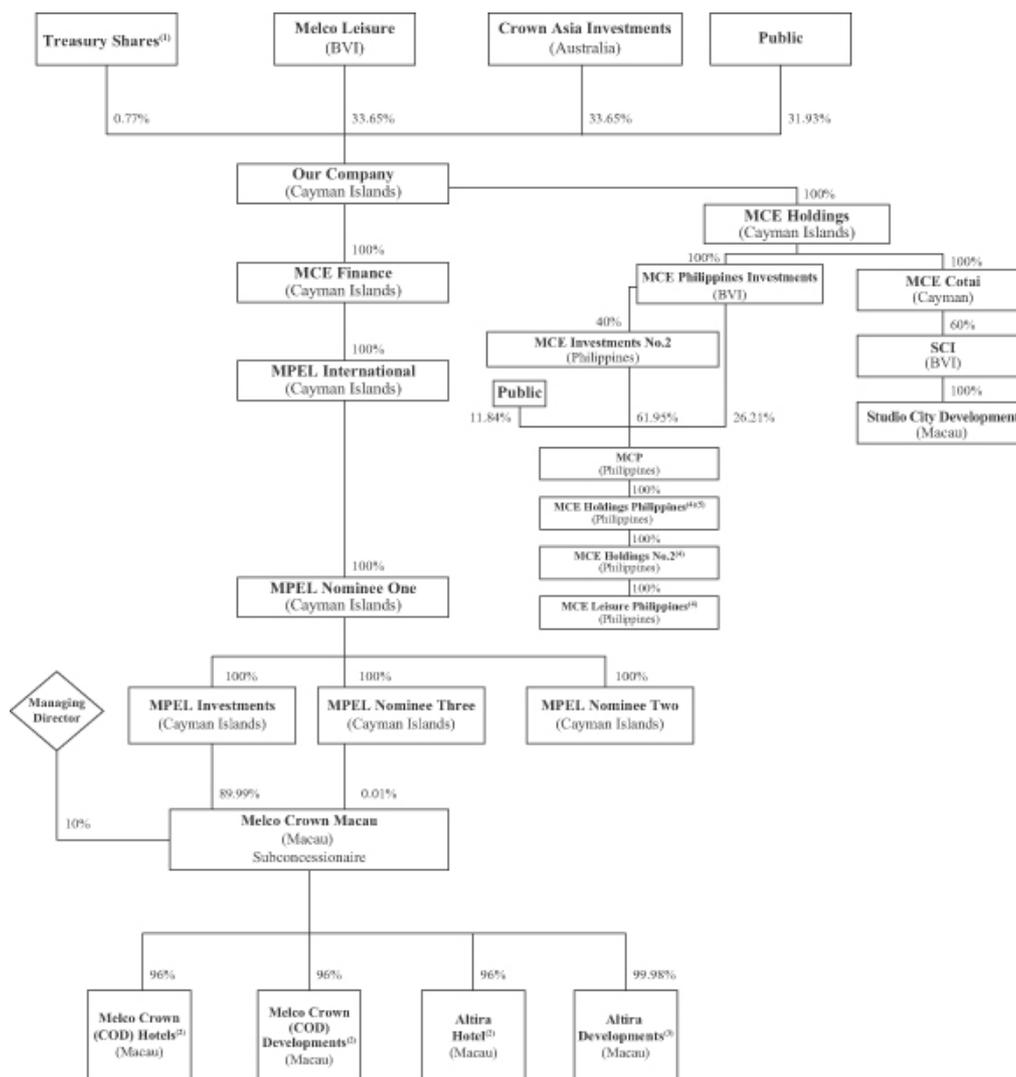
On December 19, 2012, our company, through each of MCE Philippines Investments and MCE Investments No.2, completed the acquisition of a majority interest in the issued share capital of MCP.

MCE Philippines Investments was incorporated in the British Virgin Islands in July 2012 and is indirectly wholly owned by our company.

Each of MCE Holdings Philippines, MCE Holdings No.2 and MCE Leisure Philippines was incorporated in the Philippines in August 2012.

Table of Contents

The following diagram illustrates our organizational structure, and the place of formation, ownership interest and affiliation of each of our significant subsidiaries, as of April 5, 2013:



Notes:

- (1) Treasury shares are new shares issued by us and held by the depository bank to facilitate the administration and operation of our share incentive plans. For a description of our share incentive plans, see “Item 6. Directors, Senior Management and Employees — E. Share Ownership — Share Incentive Plans.”
- (2) The shares of these companies are owned 96% by Melco Crown Macau and 4% by MPEL Nominee Two.
- (3) The shares of this company are owned 99.98% by Melco Crown Macau, 0.01% by MPEL Nominee Two and 0.01% by MPEL Nominee Three.
- (4) The shares of these companies are owned 0.01% by 5 nominee directors of these companies respectively.
- (5) The registration of the transfer of shares of MCE Holdings Philippines to MCP is currently pending the authorization and tax clearance certificates to be issued by the Philippine government.

[Table of Contents](#)

See “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders” for more information regarding the beneficial ownership of Melco and Crown in our company.

D. PROPERTY, PLANT AND EQUIPMENT

See “Item 4. Information on the Company — B. Business Overview” for information regarding our material tangible property, plant and equipment.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with, and is qualified in its entirety by, the audited consolidated financial statements and the notes thereto in this Annual Report on Form 20-F. Certain statements in this “Operating and Financial Review and Prospects” are forward-looking statements. See “Special Note Regarding Forward-Looking Statements” regarding these statements.

Overview

We are a holding company that, through our subsidiaries, develops, owns and operates casino gaming and entertainment resort facilities in the Macau market. Our future operating results are subject to significant business, economic, regulatory and competitive uncertainties and risks, many of which are beyond our control. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations.” For detailed information regarding our operations and development projects, see “Item 4. Information on the Company — B. Business Overview.”

A. OPERATING RESULTS

Operations

Our primary business segments consist of:

City of Dreams

City of Dreams, as of December 31, 2012, featured a casino area of approximately 448,000 square feet with a total of approximately 450 gaming tables and approximately 1,400 gaming machines, approximately 1,400 hotel rooms and suites, over 20 restaurants and bars, approximately 70 retail outlets, a wet stage performance theater, audio visual multimedia experience, recreation and leisure facilities, including health and fitness clubs, three swimming pools, spas and salons and banquet and meeting facilities. A wet stage performance theater with approximately 2,000 seats features the *The House of Dancing Water* show produced by Franco Dragone. The Club Cubic nightclub features approximately 26,210 square feet of live entertainment space. City of Dreams targets premium mass market and rolling chip players from regional markets across Asia.

We continue to evaluate the next phase of our development plan at City of Dreams, which we currently expect to include a luxury hotel. Our decision on the development plan on such phase is subject to various considerations, including, among others, Macau government approval, general market conditions, other business opportunities and the availability of additional financing. For the years ended December 31, 2012, 2011 and 2010, net revenues generated from City of Dreams amounted to US\$2,920.9 million, US\$2,491.4 million and US\$1,638.4 million representing 71.6%, 65.0% and 62.0% of our total net revenues, respectively.

[Table of Contents](#)

Altira Macau

Altira Macau, as of December 31, 2012, featured a casino area of approximately 173,000 square feet with a total of approximately 170 gaming tables, approximately 200 hotel rooms, several fine dining and casual restaurants and recreation and leisure facilities. Altira Macau is designed to provide a casino and hotel experience that caters to Asian rolling chip players sourced primarily through gaming promoters. For the years ended December 31, 2012, 2011 and 2010, net revenues generated from Altira Macau amounted to US\$966.8 million, US\$1,173.9 million and US\$859.8 million representing 23.7%, 30.6% and 32.5% of our total net revenues, respectively.

Mocha Clubs

As of December 31, 2012, we operated ten Mocha Clubs with a total of more than 1,993 gaming machines in operation. Mocha Clubs focus primarily on leisure mass market gaming patrons, including day-trip customers, outside the conventional casino setting. For the years ended December 31, 2012, 2011 and 2010, net revenues generated from Mocha Clubs amounted to US\$143.3 million, US\$131.9 million and US\$112.0 million representing 3.5%, 3.4% and 4.2% of our total net revenues, respectively. The source of revenues was substantially all from slot machines. For the years ended December 31, 2012, 2011 and 2010, slot machine revenues represented 98.0%, 98.4% and 98.5% of net revenues generated from Mocha Clubs, respectively.

Corporate and Others

Our Corporate and Others segment primarily includes Taipa Square Casino, a casino on Taipa Island, Macau operating within Hotel Taipa Square, which we operate under a right-to-use agreement, and other corporate costs. For the years ended December 31, 2012, 2011 and 2010, net revenues generated from Corporate and Others segment amounted to US\$46.9 million, US\$33.6 million and US\$31.8 million representing 1.2%, 0.9% and 1.2% of our total net revenues, respectively.

Studio City

On July 27, 2011, we acquired a 60% equity interest in SCI, the developer of Studio City, which we envision as a large-scale integrated entertainment, retail and gaming resort located in Cotai, with gaming areas, four-star and/or five-star hotel offerings, and various entertainment, retail and food and beverage outlets to attract a wide range of customers, with a particular focus on the mass market segment in Asia and, in particular, from Greater China. Studio City is currently in the development stage, and as a result there is no revenue and cash provided by its intended operations.

The Philippines Project

On December 19, 2012, we, through MCE Philippines Investments and MCE Investments No.2, completed the acquisition of a majority interest in the issued share capital of MCP in connection with the Philippines Project. The Philippines Project is currently in an early phase of development. For the year ended December 31, 2012, MCP had no revenue and incurred only insignificant expenses and its results of operations were included in our Corporate and Others segment.

Summary of Financial Results

For the year ended December 31, 2012, our total net revenues were US\$4.08 billion, an increase of 6.5% from US\$3.83 billion of net revenues for the year ended December 31, 2011. Net income attributable to our company for the year ended December 31, 2012 was US\$417.2 million, as compared to a net income of US\$294.7 million for the year ended December 31, 2011. The increase in total net revenues was primarily driven

[Table of Contents](#)

by substantially improved mass market table games volumes and blended hold percentages, as well as increased volumes in the gaming machines operations, partially offset by lower group-wide rolling chip volumes.

| | Year Ended December 31, | | |
|---|-------------------------------|--------------|--------------|
| | 2012 | 2011 | 2010 |
| | <i>(in thousands of US\$)</i> | | |
| Net revenues | \$ 4,078,013 | \$ 3,830,847 | \$ 2,641,976 |
| Total operating costs and expenses | (3,570,921) | (3,385,737) | (2,549,464) |
| Operating income | 507,092 | 445,110 | 92,512 |
| Net income (loss) attributable to our company | \$ 417,203 | \$ 294,656 | \$ (10,525) |

Our results of operations for the years presented are not fully comparable for the following reasons:

- On July 27, 2011, we acquired a 60% equity interest in SCI, the developer of Studio City.
- On November 26, 2012, Studio City Finance issued the Studio City Notes.
- On December 19, 2012, we completed the acquisition of a majority interest in the issued share capital of MCP.

Factors Affecting Our Current and Future Results

Our results of operations are and will be affected most significantly by:

- The growth of the gaming and leisure market in Macau, which is facilitated by a number of key drivers and initiatives including, among others, favorable population demographics and economic growth in major Asian tourism markets, substantial private capital investment in Macau, particularly in developing diversified destination resort properties, and the commitment and support of PRC central and Macau local governments to improve and develop infrastructure both within, and connecting to, Macau;
- The current economic and operating environment, including the impact of global and local economic conditions, changes in capital market conditions as well as the impact of visa and other regulatory policies of PRC central and Macau local governments, as discussed under “Item 4. Information on the Company — B. Business Overview — Market and Competition”;
- The competitive landscape in Macau, which is expected to evolve as more gaming and non-gaming facilities are developed in Macau, including the expected new supply of integrated resorts in the Cotai region of Macau, as well as the impact of recent or future expansion of gaming markets throughout Asia;
- The different mix of table and machine games at our casinos, such as the mix between rolling chip and mass market table game segments, and customer playing habits as well as changes in the mix of rolling chip business sourced through gaming promoters or via our direct VIP relationships;
- Our relationships with gaming promoters, which contribute a significant portion of our casino revenues, expose us to credit risk (given the majority of these gaming promoters are provided with credit as part of the ordinary course of business) and to any change in the gaming promoter commission environment in Macau. For the years ended December 31, 2012, 2011 and 2010, approximately 53.4%, 61.0% and 62.3% of our casino revenues were derived from customers sourced through our rolling chip gaming promoters, respectively. For the year ended December 31, 2012, our top five customers and the largest customer were gaming promoters and accounted for approximately

[Table of Contents](#)

21.4% and 6.1% of our casino revenues, respectively. We believe we have good relationships with our gaming promoters and our commission levels broadly have remained stable throughout our operating history. Commissions paid to our rolling chip gaming promoters (net of amounts indirectly rebated to customers) amounted to US\$308.6 million, US\$321.6 million and US\$222.4 million for the years ended December 31, 2012, 2011 and 2010, respectively;

- Our 2011 Credit Facilities and interest rate swaps, which expose us to interest rate risk, as discussed under “Item 11. Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk”; and
- The currency of our operations, our indebtedness and presentation of our financial statements, which exposes us to foreign exchange rate risk, as discussed under “Item 11. Quantitative and Qualitative Disclosures About Market Risk — Foreign Exchange Risk.”

Our historical financial results may not be characteristic of our potential future results as we continue to expand and refine our service offerings at our properties and develop and open new properties.

Key Performance Indicators (KPIs)

We use the following KPIs to evaluate our casino operations, including table games and gaming machines:

- *Rolling chip volume*: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.
- *Rolling chip win rate*: rolling chip table games win as a percentage of rolling chip volume.
- *Mass market table games drop*: the amount of table games drop in the mass market table games segment.
- *Mass market table games hold percentage*: mass market table games win as a percentage of mass market table games drop.
- *Table games win*: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.
- *Gaming machine handle (volume)*: the total amount wagered in gaming machines.
- *Gaming machine win rate*: gaming machine win expressed as a percentage of gaming machine handle.

In the rolling chip market segment, customers purchase identifiable chips known as non-negotiable chips, or rolling chips, from the casino cage, and there is no deposit into a gaming table’s drop box of rolling chips purchased from the cage. Rolling chip volume and mass market table games drop are not equivalent. Rolling chip volume is a measure of amounts wagered and lost. Mass market table games drop measures buy in. Rolling chip volume is generally substantially higher than mass market table games drop. As these volumes are the denominator used in calculating win rate or hold percentage, with the same use of gaming win as the numerator, the win rate is generally lower in the rolling chip market segment than the hold percentage in the mass market table games segment.

Our combined expected rolling chip win rate (calculated before discounts and commissions) across our properties is in the range of 2.7% to 3.0%. Our combined expected mass market table games hold percentage is in the range of 25% to 30%, which is based on the mix of table games at our casino properties as each table game has its own theoretical hold percentage. Our combined expected gaming machine win rate is in the range of 4% to 6%.

[Table of Contents](#)

We use the following KPIs to evaluate our hotel operations:

- *Average daily rate*: calculated by dividing total room revenues (less service charges, if any) by total rooms occupied, i.e., average price of occupied rooms per day.
- *Occupancy rate*: the average percentage of available hotel rooms occupied during a period.
- *Revenue per available room, or REVPAR*: calculated by dividing total room revenues (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Complimentary rooms, for which rates are set at a discount from standard walk-in rates, are included in the calculation of these measures. As not all available rooms are occupied, average daily room rates are normally higher than revenue per available room.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenues

Our total net revenues for the year ended December 31, 2012 were US\$4.08 billion, an increase of US\$0.25 billion, or 6.5%, from US\$3.83 billion for the year ended December 31, 2011. The increase in total net revenues was primarily driven by substantially improved mass market table games volumes and blended hold percentages, as well as increased volumes in the gaming machines operations, partially offset by lower group-wide rolling chip volumes.

Our total net revenues for the year ended December 31, 2012 comprised US\$3.93 billion of casino revenues, representing 96.5% of our total net revenues, and US\$143.3 million of net non-casino revenues (total non-casino revenues after deduction of promotional allowances). Our total net revenues for the year ended December 31, 2011 comprised US\$3.68 billion of casino revenues, representing 96.0% of our total net revenues, and US\$151.4 million of net non-casino revenues.

Casino. Casino revenues for the year ended December 31, 2012 were US\$3.93 billion, representing a US\$0.25 billion, or 6.9%, increase from casino revenues of US\$3.68 billion for the year ended December 31, 2011, primarily due to an increase in casino revenues at City of Dreams of US\$439.3 million, or 18.6%, which was partially offset by a decrease in casino revenues at Altira Macau of US\$207.3 million, or 17.9%. This increase was primarily attributable to a substantial growth in the mass market table games segment, particularly at City of Dreams, driven by improvements in both the mass market table games hold percentage together with increased mass market table games drop. Our mass market table games revenues continue to improve reflecting the success of a range of gaming floor efficiency initiatives, improved casino visitation and casino marketing initiatives, together with a strong overall market growth environment in the segment.

Altira Macau. Altira Macau's rolling chip volume for the year ended December 31, 2012 was US\$44.0 billion, representing a decrease of US\$7.2 billion, or 14.1%, from US\$51.2 billion for the year ended December 31, 2011. Altira Macau's rolling chip volumes were impacted by the recent slow-down in the market-wide rolling chip segment as well as various group-wide table efficiency initiatives which, among other things, resulted in a reduction in the number of rolling chip gaming tables in operation at Altira Macau for the year ended December 31, 2012 when compared to 2011. Rolling chip win rate (calculated before discounts and commissions) was 2.89% for the year ended December 31, 2012, within our expected level of 2.7% to 3.0%, and decreased from 3.03% for the year ended December 31, 2011. In the mass market table games segment, mass market table games drop was US\$601.4 million for the year ended December 31, 2012, representing an increase of 3.4% from US\$581.8 million for the year ended December 31, 2011. The mass market table games hold percentage was 16.7% for the year ended December 31, 2012, within our expected range for that year of 15.0% to 17.0% and represented a slight increase from 16.6% for the year ended December 31, 2011.

[Table of Contents](#)

City of Dreams. City of Dreams' rolling chip volume for the year ended December 31, 2012 of US\$81.3 billion represented an increase of US\$2.5 billion, or 3.2%, from US\$78.8 billion for the year ended December 31, 2011. Rolling chip win rate (calculated before discounts and commissions) was 2.92% for the year ended December 31, 2012, which is within our expected range of 2.7% to 3.0%, and slightly improved from 2.89% for the year ended December 31, 2011. In the mass market table games segment, mass market table games drop was US\$3.59 billion for the year ended December 31, 2012 which represented an increase of US\$0.65 billion, or 22.0%, from US\$2.94 billion for the year ended December 31, 2011. The increase in mass market table games drop was positively impacted by an increase in casino visitation and improvements in casino marketing initiatives, together with the overall market growth in the mass market table games segment. The mass market table games hold percentage was 29.1% in the year ended December 31, 2012, which is within our expected range for that year of 25.0% to 31.0% and demonstrated a significant increase from 24.4% for the year ended December 31, 2011. Average net win per gaming machine per day was US\$313 for the year ended December 31, 2012, an increase of US\$45, or 16.8%, from US\$268 for the year ended December 31, 2011.

Mocha Clubs. Mocha Clubs' average net win per gaming machine per day for the year ended December 31, 2012 was US\$186, a decrease of approximately US\$31, or 14.3%, from US\$217 for the year ended December 31, 2011. The average net win per gaming machine was impacted by the addition of over 500 gaming machines as a result of the opening of two new Mocha Clubs venues in late 2011 and early 2012. The number of gaming machines in operation at Mocha Clubs averaged approximately 2,100 for the year ended December 31, 2012, compared to approximately 1,700 in 2011.

Rooms. Room revenues for the year ended December 31, 2012 were US\$118.1 million, representing a US\$15.1 million, or 14.6%, increase from room revenues of US\$103.0 million for the year ended December 31, 2011 primarily due to improved occupancy and the positive impact from the increase in average daily rate. Altira Macau's average daily rate, occupancy rate and REVPAR were US\$221, 98% and US\$216, respectively, for the year ended December 31, 2012, as compared to US\$196, 98% and US\$191, respectively, for the year ended December 31, 2011. City of Dreams' average daily rate, occupancy rate and REVPAR were US\$185, 93% and US\$171, respectively for the year ended December 31, 2012, as compared to US\$172, 91% and US\$156, respectively, for the year ended December 31, 2011.

Food, beverage and others. Other non-casino revenues for the year ended December 31, 2012 included food and beverage revenues of US\$72.7 million, and entertainment, retail and other revenues of approximately US\$90.8 million. Other non-casino revenues for the year ended December 31, 2011 included food and beverage revenues of US\$61.8 million, and entertainment, retail and other revenues of approximately US\$86.2 million. The increase of US\$15.5 million in food, beverage and other revenues from the year ended December 31, 2011 to the year ended December 31, 2012 was primarily due to higher business volumes associated with an increase in visitation during the year as well as the improved yield of rental income at City of Dreams.

Operating costs and expenses

Total operating costs and expenses were US\$3.57 billion for the year ended December 31, 2012, representing an increase of US\$185.2 million, or 5.5%, from US\$3.39 billion for the year ended December 31, 2011. The increase was primarily due to an increase in operating costs at City of Dreams, which were in line with the increased gaming volume and associated increase in revenues, as well as the increase in associated costs in connection with Studio City after our acquisition of a 60% interest in SCI, including amortization of land use rights and pre-opening costs.

Casino. Casino expenses increased by US\$135.8 million, or 5.0%, to US\$2.83 billion for the year ended December 31, 2012 from US\$2.70 billion for the year ended December 31, 2011 primarily due to additional gaming tax and other levies and commission expenses of US\$78.6 million as well as other operating costs, such as payroll and promotional expenses of US\$57.2 million, which increased as a result of increased gaming volume and associated increase in revenues.

[Table of Contents](#)

Rooms. Room expenses, which represent the costs in operating the hotel facilities at Altira Macau and City of Dreams, decreased by 19.5% to US\$14.7 million for the year ended December 31, 2012 from US\$18.2 million for the year ended December 31, 2011, primarily due to a higher level of complimentary hotel rooms offered to gaming customers for which the associated costs are included as casino expenses, partially offset by an increase in the operating costs as a result of increased occupancy.

Food, beverage and others. Food, beverage and others expenses were US\$90.3 million and US\$92.6 million for the years ended December 31, 2012 and 2011, respectively.

General and administrative. General and administrative expenses increased by US\$6.8 million, or 3.1%, to US\$227.0 million for the year ended December 31, 2012 from US\$220.2 million for the year ended December 31, 2011, primarily due to an increase in payroll expenses, utilities costs as well as repair and maintenance costs to support continuing and expanding operations.

Pre-opening costs. Pre-opening costs were US\$5.8 million for the year ended December 31, 2012 as compared to US\$2.7 million for the year ended December 31, 2011. Such costs relate primarily to personnel training, marketing, advertising and other administrative costs in connection with new or start-up operations. Pre-opening costs for the year ended December 31, 2012 related to the administrative costs in connection with the Studio City after MCE's acquisition of a 60% interest in SCI on July 27, 2011, the opening of The Tasting Room, Signature Club Lounge and Jade Dragon at City of Dreams, and the introduction of Taboo at Club Cubic during 2012, while the pre-opening costs for the year ended December 31, 2011 related to the opening of Club Cubic at City of Dreams in April 2011.

Development costs. Development costs for the year ended December 31, 2012 primarily included US\$5.7 million excess payment between purchase consideration and direct transaction costs and share of net assets acquired upon completion of the acquisition of MCP in December 2012 and a totaling US\$5.4 million of professional and consultancy fee for the Philippines Project as well as corporate business development. Development costs for the year ended December 31, 2011 associated with the acquisition of a 60% equity interest in Studio City.

Amortization of gaming subconcession. Amortization of our gaming subconcession continued to be recognized on a straight-line basis at an annual rate of US\$57.2 million for each of the years ended December 31, 2012 and 2011.

Amortization of land use rights. Amortization of land use rights expenses increased by US\$25.5 million, or 74.2%, to US\$59.9 million for the year ended December 31, 2012 from US\$34.4 million for the year ended December 31, 2011, primarily due to the additional amortization of land use rights expenses associated with amended Studio City land concession contract in July 2012.

Depreciation and amortization. Depreciation and amortization expenses increased by US\$2.2 million, or 0.9%, to US\$261.4 million for the year ended December 31, 2012 from US\$259.2 million for the year ended December 31, 2011, mainly due to depreciation of assets progressively added to City of Dreams since the third quarter of 2011 as well as depreciation of the newly acquired aircraft since July 2012, offset in part by fully depreciated assets at City of Dreams during the year ended December 31, 2012.

Property charges and others. Property charges and others generally include costs related to the remodeling and branding of a property which might include the retirement, disposal or write-off of assets. Property charges and others for the year ended December 31, 2012 were US\$8.7 million, which primarily included a write-off of US\$4.4 million for the excess payments in relation to a service contract at City of Dreams and US\$2.4 million costs incurred for implementing our streamlined management structure in February 2012.

Non-operating expenses

Non-operating expenses consist of interest income, interest expenses, net of capitalized interest, amortization of deferred financing costs, loan commitment fees, foreign exchange gain (loss), net, costs associated with debt modification, loss on extinguishment of debt, reclassification of accumulated losses of interest rate swap agreements from accumulated other comprehensive losses, change in fair value of interest swap agreements, listing expenses as well as other non-operating income, net.

Interest income was US\$11.0 million for the year ended December 31, 2012, as compared to US\$4.1 million for the year ended December 31, 2011. The significant increase is primarily driven by effective cash management and improvements in our operating cash flows as a result of the improvements in operating performance during 2012.

Interest expenses were US\$109.6 million, net of capitalized interest of US\$10.4 million for the year ended December 31, 2012, compared to US\$113.8 million, net of capitalized interest of US\$3.2 million for the year ended December 31, 2011. The decrease in net interest expenses (net of capitalization) of US\$4.2 million was resulted from higher interest capitalization of US\$7.2 million associated with the Studio City construction and development projects which resumed after our acquisition of 60% interest in SCI on July 27, 2011, together with decrease in interest charges of US\$9.7 million and US\$5.2 million, associated with the expiration of interest rate swaps agreements throughout the year, as well as a lower interest rate margin and lower outstanding balance on our 2011 Credit Facilities as a result of a repayment made during the year ended December 31, 2011, offset in part by a higher interest expenses of US\$8.8 million due to a full year of interest charges incurred on the RMB Bonds and the Deposit-Linked Loan issued in May 2011 and US\$5.8 million interest expenses for the Studio City Notes issued in November 2012.

Other finance costs for the year ended December 31, 2012 of US\$14.6 million, included US\$13.3 million of amortization of deferred financing costs and loan commitment fees of US\$1.3 million. Other finance costs for the year ended December 31, 2011 of US\$15.6 million included US\$14.2 million of amortization of deferred financing costs and loan commitment fees of US\$1.4 million. The decrease in amortization of deferred financing costs was primarily due to lower deferred costs incurred with the amendment of our City of Dreams Project Facility on June 30, 2011 as the 2011 Credit Facilities, which were offset in part by the recognition of a full year of amortization of additional costs capitalized as deferred financing costs relating to the RMB Bonds issued in May 2011.

The amendment of the City of Dreams Project Facility completed on June 30, 2011 was primarily accounted for as an extinguishment of debt resulting in a loss on extinguishment of US\$25.2 million for the year ended December 31, 2011. There was no loss on extinguishment of debt for the year ended December 31, 2012.

The reclassification of US\$4.3 million related to the accumulated losses of interest rate swap agreements from accumulated other comprehensive losses to consolidated statement of operations for the year ended December 31, 2011 was required as such swap agreements no longer qualified for hedge accounting immediately after the amendment of the City of Dreams Project Facility on June 30, 2011. There was no such reclassification for the year ended December 31, 2012.

Costs associated with debt modification of US\$3.3 million for the year ended December 31, 2012 were primarily attributable to a consent solicitation fee related to the 2010 Senior Notes in October 2012. There were no costs associated with debt modification for the year ended December 31, 2011. See “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Indebtedness” for more information regarding the cash tender and consent solicitation in respect of the 2010 Senior Notes.

Listing expenses of US\$9.0 million for the year ended December 31, 2011 related to the listing of our shares on the HKSE in December 2011. There was no listing expenses incurred for the year ended December 31, 2012.

Income tax credit

The effective tax rate for the year ended December 31, 2012 was a negative rate of 0.7%, as compared to a negative rate of 0.6% for the year ended December 31, 2011. Such rates for the years ended December 31, 2012 and 2011 differ from the statutory Macau complementary tax rate of 12% primarily due to the effect of change in valuation allowance on the net deferred tax assets for the years ended December 31, 2012 and 2011, with the effect of a tax holiday of US\$88.5 million and US\$69.7 million on the net income of our Macau gaming operations during the years ended December 31, 2012 and 2011, respectively, due to our income tax exemption in Macau, which is set to expire in 2016. Our management does not anticipate recording an income tax benefit related to deferred tax assets generated by our Macau operations; however, to the extent that the financial results of our Macau operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will be able to reduce the valuation allowance through earnings.

Net loss attributable to noncontrolling interests

Our net loss attributable to noncontrolling interests of US\$18.5 million for the year ended December 31, 2012, compared to US\$5.8 million for the year ended December 31, 2011, was primarily due to the share of New Cotai Holdings, which owns a 40% interest in SCI, in expenses of the Studio City project, upon the completion of our acquisition of a 60% equity interest in SCI on July 27, 2011. The year-over-year increase was primarily attributable to interest expenses relating to the Studio City Notes incurred during the fourth quarter of 2012.

Net income attributable to our company

As a result of the foregoing, we had net income of US\$417.2 million for the year ended December 31, 2012, compared to US\$294.7 million for the year ended December 31, 2011.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Revenues

Our total net revenues for the year ended December 31, 2011 were US\$3.83 billion, an increase of US\$1.19 billion, or 45.0%, from US\$2.64 billion for the year ended December 31, 2010. The increase in total net revenues was primarily driven by the significant improvements in operating performance at City of Dreams and Altira Macau, as well as contributions from *The House of Dancing Water*.

Our total net revenues for the year ended December 31, 2011 comprised US\$3.68 billion of casino revenues, representing 96.0% of our total net revenues, and US\$151.4 million of net non-casino revenues (total non-casino revenues after deduction of promotional allowances). Our total net revenues for the year ended December 31, 2010 comprised US\$2.55 billion of casino revenues, representing 96.5% of our total net revenues, and US\$91.4 million of net non-casino revenues.

Casino. Casino revenues for the year ended December 31, 2011 were US\$3.68 billion, representing a US\$1.13 billion, or 44.3%, increase from casino revenues of US\$2.55 billion for the year ended December 31, 2010, primarily due to an increase in casino revenues at City of Dreams of US\$794.0 million, or 50.8%, and at Altira Macau of US\$313.6 million, or 37.0%. This increase was primarily driven by increased rolling chip volume and mass market table games drop at both City of Dreams and Altira Macau.

Altira Macau. Altira Macau's rolling chip volume for the year ended December 31, 2011 was US\$51.2 billion, representing an increase of US\$10.9 billion, or 27.1%, from US\$40.3 billion for the year ended December 31, 2010. Rolling chip win rate (calculated before discounts and commissions) was 3.03% for the year ended December 31, 2011, slightly higher than our expected level of 2.7% to 3.0%, and an increase from 2.91%

[Table of Contents](#)

for the year ended December 31, 2010. In the mass market table games segment, mass market table games drop was US\$581.8 million for the year ended December 31, 2011, representing an increase of 54.3% from US\$377.1 million for the year ended December 31, 2010. The mass market table games hold percentage was 16.6% for the year ended December 31, 2011, within our expected range for that year of 16.0% to 20.0% and a slight increase from 16.2% for the year ended December 31, 2010.

City of Dreams. City of Dreams' rolling chip volume for the year ended December 31, 2011 of US\$78.8 billion represented an increase of US\$27.1 billion, or 52.4%, from US\$51.7 billion for the year ended December 31, 2010. Rolling chip win rate (calculated before discounts and commissions) was 2.89% for the year ended December 31, 2011, which is within our expected range of 2.7% to 3.0%, and a slight decrease from 2.92% for the year ended December 31, 2010. In the mass market table games segment, mass market table games drop was US\$2.94 billion for the year ended December 31, 2011 which represented an increase of US\$0.88 billion, or 42.7%, from US\$2.06 billion for the year ended December 31, 2010. The mass market table games hold percentage was 24.4% in the year ended December 31, 2011, which is within our expected range for that year of 21.0% to 26.0% and increased from 21.5% for the year ended December 31, 2010. Average net win per gaming machine per day was US\$268 for the year ended December 31, 2011, an increase of US\$49, or 22.4%, from US\$219 for the year ended December 31, 2010.

Mocha Clubs. Mocha Clubs' average net win per gaming machine per day for the year ended December 31, 2011 was US\$217, an increase of approximately US\$25, or 13.0%, from US\$192 for the year ended December 31, 2010.

Rooms. Room revenues for the year ended December 31, 2011 were US\$103.0 million, representing a US\$19.3 million, or 23.0%, increase from room revenues of US\$83.7 million for the year ended December 31, 2010 primarily due to an increase in visitation and the positive impact of a full-year operation in 2011 of *The House of Dancing Water*, which opened in September 2010. Altira Macau's average daily rate, occupancy rate and REVPAR were US\$196, 98% and US\$191, respectively, for the year ended December 31, 2011, as compared to US\$166, 94% and US\$156, respectively, for the year ended December 31, 2010. City of Dreams' average daily rate, occupancy rate and REVPAR were US\$172, 91% and US\$156, respectively for the year ended December 31, 2011, as compared to US\$157, 80% and US\$126, respectively, for the year ended December 31, 2010.

Food, beverage and others. Other non-casino revenues for the year ended December 31, 2011 included food and beverage revenues of US\$61.8 million, and entertainment, retail and other revenues of approximately US\$86.2 million. Other non-casino revenues for the year ended December 31, 2010 included food and beverage revenues of US\$56.7 million, and entertainment, retail and other revenues of approximately US\$32.7 million. The increase of US\$58.6 million in food, beverage and other revenues from the year ended December 31, 2010 to the year ended December 31, 2011 was primarily due to an increase in visitation and the positive impact of a full-year operation in 2011 of *The House of Dancing Water*, which opened in September 2010.

Operating costs and expenses

Total operating costs and expenses were US\$3.39 billion for the year ended December 31, 2011, representing an increase of US\$836.3 million, or 32.8%, from US\$2.55 billion for the year ended December 31, 2010. The increase in operating costs was primarily due to an increase in operating costs at City of Dreams and Altira Macau, which is in line with increased gaming volume and the associated increase in revenues, as well as the increase in operating costs associated with increased visitation and the full-year operation of *The House of Dancing Water* since its opening in September 2010.

Casino. Casino expenses increased by US\$750.0 million, or 38.5%, to US\$2.70 billion for the year ended December 31, 2011 from US\$1.95 billion for the year ended December 31, 2010 primarily due to

[Table of Contents](#)

additional gaming tax and other levies and commission expenses of US\$586.6 million and US\$100.3 million, respectively, as a result of increased casino revenues, as well as other operating costs, such as payroll and utility expenses of US\$63.0 million.

Rooms. Room expenses, which represent the costs in operating the hotel facilities at Altira Macau and City of Dreams, increased by 13.1% to US\$18.2 million for the year ended December 31, 2011 from US\$16.1 million for the year ended December 31, 2010, primarily due to an increase in occupancy rates as a result of increased visitation.

Food, beverage and others. Food, beverage and others expenses increased by US\$39.9 million, or 75.8%, to US\$92.6 million for the year ended December 31, 2011 from US\$52.7 million for the year ended December 31, 2010, primarily driven by increased visitation to our properties and particularly, *The House of Dancing Water*, which opened in September 2010.

General and administrative. General and administrative expenses increased by US\$20.4 million, or 10.2%, to US\$220.2 million for the year ended December 31, 2011 from US\$199.8 million for the year ended December 31, 2010, primarily due to an increase in payroll expenses, utilities and transportation costs, which resulted from improved operating performance at City of Dreams and Altira Macau.

Pre-opening costs. Pre-opening costs were US\$2.7 million for the year ended December 31, 2011 as compared to US\$18.6 million for the year ended December 31, 2010. Such costs relate primarily to personnel training, marketing, advertising and other administrative costs in connection with new or start-up operations. Pre-opening costs for the year ended December 31, 2011 related to the opening of Club Cubic at City of Dreams in April 2011 and the pre-opening costs for the year ended December 31, 2010 related primarily to the opening of *The House of Dancing Water* in September 2010.

Amortization of gaming subconcession. Amortization of our gaming subconcession continued to be recognized on a straight-line basis at an annual rate of US\$57.2 million for each of the years ended December 31, 2011 and 2010.

Amortization of land use rights. Amortization of land use rights expenses increased by US\$14.9 million, or 76.2%, to US\$34.4 million for the year ended December 31, 2011 from US\$19.5 million for the year ended December 31, 2010, primarily due to the inclusion of amortization of land use rights expenses associated with Studio City.

Depreciation and amortization. Depreciation and amortization expenses increased by US\$22.9 million, or 9.7%, to US\$259.2 million for the year ended December 31, 2011 from US\$236.3 million for the year ended December 31, 2010 primarily due to depreciation of assets placed into service associated with a full-year operation in 2011 of *The House of Dancing Water*, which opened in September 2010.

Property charges and others. Property charges and others for the year ended December 31, 2011 were US\$1.0 million, which related to a donation made to support the relief efforts for the Japan earthquake in 2011.

Non-operating expenses

Non-operating expenses consist of interest income, interest expenses, net of capitalized interest, amortization of deferred financing costs, loan commitment fees, foreign exchange gain (loss), net, costs associated with debt modification, loss on extinguishment of debt, reclassification of accumulated losses of interest rate swap agreements from accumulated other comprehensive losses, change in fair value of interest swap agreements, listing expenses as well as other non-operating income, net.

[Table of Contents](#)

Interest income was US\$4.1 million for the year ended December 31, 2011, as compared to US\$0.4 million for the year ended December 31, 2010, primarily driven by increase in cash balances as a result of improvements in our operating cash flows.

Interest expenses were US\$113.8 million, net of capitalized interest of US\$3.2 million for the year ended December 31, 2011, compared to US\$93.4 million, net of capitalized interest of US\$11.8 million for the year ended December 31, 2010. The increase in net interest expenses (net of capitalization) of US\$20.4 million was primarily due to US\$23.4 million of higher interest expenses associated with the issuance of the 2010 Senior Notes in May 2010 as a full-year of fixed interest was recognized for the year ended December 31, 2011, an increase of US\$14.9 million for interest charges on the RMB Bonds and the Deposit-Linked Loan issued in May 2011, together with a decrease in capitalized interest of US\$8.6 million as such charges were not eligible for capitalization following the opening of *The House of Dancing Water* in September 2010, offset in part by a decrease of US\$26.9 million of interest charges on the City of Dreams Project Facility, net of interest on interest rate swap agreements, primarily due to a lower outstanding balance as a result of repayments made in accordance to the amortization schedule.

Other finance costs for the year ended December 31, 2011 of US\$15.6 million, included US\$14.2 million of amortization of deferred financing costs and loan commitment fees of US\$1.4 million. Other finance costs for the year ended December 31, 2010 included US\$14.3 million of amortization of deferred financing costs and a credit amount of US\$3.8 million of loan commitment fees related to the City of Dreams Project Facility.

Costs associated with debt modification of US\$3.3 million for the year ended December 31, 2010 related to the amendment of the City of Dreams Project Facility in May 2010, which included a write off on the balance of unamortized deferred financing costs relating to the reduced borrowing capacity of the revolving credit facility granted under the City of Dreams Project Facility. There were no costs associated with debt modification for the year ended December 31, 2011.

The amendment of the City of Dreams Project Facility completed on June 30, 2011 was primarily accounted for as an extinguishment of debt resulting in a loss on extinguishment of US\$25.2 million for the year ended December 31, 2011. There was no loss on extinguishment of debt for the year ended December 31, 2010.

The reclassification of US\$4.3 million relating to the accumulated losses of interest rate swap agreements from accumulated other comprehensive losses to consolidated statements of operations for the year ended December 31, 2011 was required as such swap agreements no longer qualified for hedge accounting immediately after the amendment of the City of Dreams Project Facility on June 30, 2011.

Listing expenses of US\$9.0 million for the year ended December 31, 2011 related to the listing of our shares on the HKSE in December 2011.

Income tax credit (expense)

The effective tax rate for the year ended December 31, 2011 was a negative rate of 0.6%, as compared to a negative rate of 9.6% for the year ended December 31, 2010. Such rates for the years ended December 31, 2011 and 2010 differ from the statutory Macau complementary tax rate of 12% primarily due to the effect of change in valuation allowance on the net deferred tax assets for the years ended December 31, 2011 and 2010, with the effect of a tax holiday of US\$69.7 million and US\$28.1 million on the net income of our Macau gaming operations during the years ended December 31, 2011 and 2010, respectively, due to our income tax exemption in Macau, which is set to expire in 2016. Our management does not anticipate recording an income tax benefit related to deferred tax assets generated by our Macau operations; however, to the extent that the financial results of our Macau operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will be able to reduce the valuation allowance through earnings.

Net loss attributable to noncontrolling interests

Our net loss attributable to noncontrolling interests of US\$5.8 million for the year ended December 31, 2011 was primarily due to the share of the Studio City expenses by New Cotai Holdings, which owns a 40% interest in SCI, upon the completion of our acquisition of a 60% equity interest in SCI on July 27, 2011.

Net income (loss) attributable to our company

As a result of the foregoing, we had net income of US\$294.7 million for the year ended December 31, 2011, compared to a net loss of US\$10.5 million for the year ended December 31, 2010.

Adjusted Property EBITDA and Adjusted EBITDA

Our earnings before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and others, share-based compensation, Corporate and Others expenses, and other non-operating income and expenses, or adjusted property EBITDA, were US\$995.8 million, US\$880.9 million and US\$489.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. Adjusted property EBITDA of Altira Macau, City of Dreams and Mocha Clubs were US\$154.7 million, US\$805.7 million and US\$36.1 million, respectively, for the year ended December 31, 2012, US\$246.3 million, US\$594.4 million and US\$40.5 million, respectively, for the year ended December 31, 2011 and US\$133.7 million, US\$326.3 million and US\$29.8 million, respectively, for the year ended December 31, 2010.

Our earnings before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and others, share-based compensation, and other non-operating income and expenses, or adjusted EBITDA, were US\$920.2 million, US\$809.4 million and US\$430.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Our management uses adjusted property EBITDA to measure the operating performance of our Altira Macau, City of Dreams and Mocha Clubs businesses, and to compare the operating performance of our properties with those of our competitors. Adjusted EBITDA and adjusted property EBITDA are also presented as supplemental disclosures because management believes they are widely used to measure performance and as a basis for valuation of gaming companies. Our management also uses adjusted property EBITDA and adjusted EBITDA because they are used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported similar measures as a supplement to financial measures in accordance with generally accepted accounting principles, in particular, U.S. GAAP or IFRS.

However, adjusted property EBITDA or adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit, treated as an indicator of our U.S. GAAP operating performance, other operating operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted property EBITDA and adjusted EBITDA presented in this annual report may not be comparable to other similarly titled measures of other companies' operating in the gaming or other business sectors. While our management believes these figures may provide useful additional information to investors when considered in conjunction with our U.S. GAAP financial statements and other information in this annual report, less reliance should be placed on adjusted property EBITDA or adjusted EBITDA as a measure in assessing our overall financial performance.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. Our consolidated financial statements were prepared in

[Table of Contents](#)

conformity with U.S. GAAP. Certain of our accounting policies require that management apply significant judgment in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, management evaluates those estimates and judgments are made based on information obtained from our historical experience, terms of existing contracts, industry trends and outside sources, that are currently available to us, and on various other assumptions that management believes to be reasonable and appropriate in the circumstances. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates. We believe that the critical accounting policies discussed below affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Property and Equipment and Other Long-lived Assets

During the development and construction stage of our casino gaming and entertainment resort facilities, direct and incremental costs related to the design and construction, including costs under the construction contracts, duties and tariffs, equipment installation, shipping costs, payroll and payroll-benefit related costs, depreciation of plant and equipment used, applicable portions of interest and amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the development and construction of a project starts and ceases once the development activity is suspended for more than a brief period or construction is substantially completed. Pre-opening costs, consisting of marketing and other expenses related to our new or start-up operations and resort facilities are expensed as incurred.

Depreciation and amortization expense related to capitalized construction costs and other property and equipment is recognized from the time each asset is placed in service. This may occur at different stages as casino gaming and entertainment resort facilities are completed and opened.

Property and equipment and other long-lived assets with a finite useful life are depreciated and amortized on a straight-line basis over the asset's estimated useful life. The estimated useful lives are based on factors including the nature of the assets, its relationship to other assets, our operating plans and anticipated use and other economic and legal factors that impose limits. The remaining estimated useful lives of assets are periodically reviewed, including when changes in our business and the operating environment could result in a change in our use of those assets.

Our land use rights in Macau under the land concession contracts for Altira Macau, City of Dreams and Studio City are being amortized over the estimated lease term of the land on a straight-line basis. The expiry dates of the leases of the land use rights of Altira Macau, City of Dreams and Studio City are March 2031, August 2033 and October 2026, respectively. The maximum useful life of assets at Altira Macau, City of Dreams and Studio City is therefore deemed to be the remaining life of the land concession contract. The amortization of land use rights is recognized from the date construction commences.

We will evaluate whether the term of the land concession contract is to be extended when it is probable that definitive registration will be obtained prior to the end of the land grant term.

Costs of repairs and maintenance are charged to expense when incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in operating income or loss.

Our total capital expenditures for the years ended December 31, 2012, 2011 and 2010 were US\$284.0 million, US\$785.6 million and US\$119.7 million, respectively, of which US\$116.2 million, US\$713.3 million and US\$94.3 million, respectively, were attributable to our development and construction projects, with the remainder primarily related to the enhancements to our integrated resort offerings of our properties. During the year ended December 31, 2012, we acquired an aircraft for use primarily by rolling chip players to enhance our competitive positioning in the higher-end rolling chip market. The development and construction capital

[Table of Contents](#)

expenditures primarily related to the acquisition and development of Studio City during the years ended December 31, 2012 and 2011 and to the development and construction of City of Dreams during the year ended December 31, 2010. Refer to notes 21 and 22 to the consolidated financial statements included elsewhere in this annual report for further details of these capital expenditures. For a preliminary cost estimate of our future development and construction costs in connection with Studio City, see “Item 4. Information on the Company — B. Business Overview — Our Development Projects.”

We also evaluate the recoverability of our property and equipment and other long-lived assets with finite lives whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the carrying value of those assets to be held and used is measured by first grouping our long-lived assets into asset groups and, secondly, estimating the undiscounted future cash flows that are directly associated with and expected to arise from the use of and eventual disposition of such asset group. We define an asset group as the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and estimate the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, we record an impairment loss to the extent the carrying value of the long-lived asset exceeds its fair value with fair value typically based on a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses.

No impairment loss was recognized during the years ended December 31, 2012, 2011 and 2010.

Goodwill and Purchased Intangible Assets

We review the carrying value of goodwill and purchased intangible assets with indefinite useful lives, representing the trademarks of Mocha Clubs, that arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by our company in 2006, for impairment at least on an annual basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To assess potential impairment of goodwill, we perform an assessment of the carrying value of our reporting units at least on an annual basis or when events and changes in circumstances occur that would more likely than not reduce the fair value of our reporting units below their carrying value. If the carrying value of a reporting unit exceeds its fair value, we would perform the second step in our assessment process and record an impairment loss to earnings to the extent the carrying amount of the reporting unit’s goodwill exceeds its implied fair value. We estimate the fair value of our reporting units through internal analysis and external valuations, which utilize income and market valuation approaches through the application of capitalized earnings, discounted cash flow and market comparable methods. These valuation techniques are based on a number of estimates and assumptions, including the projected future operating results of the reporting unit, discount rates, long-term growth rates and market comparables.

A detailed evaluation was performed as of December 31, 2012 and 2011 and each computed fair value of our reporting unit was significantly in excess of the carrying amount, respectively. As a result of this evaluation, we determined that no impairment of goodwill existed as of December 31, 2012 and 2011.

Trademarks of Mocha Clubs are tested for impairment at least annually or when events occur or circumstances change that would more likely than not reduce their estimated fair value below their carrying value using the relief-from-royalty method and we determined that no impairment of trademarks existed as of December 31, 2012 and 2011. Under this method, we estimate the fair value of the trademarks through internal and external valuations, mainly based on the incremental after-tax cash flow representing the royalties that we are relieved from paying given we are the owner of the trademarks. These valuation techniques are based on a number of estimates and assumptions, including the projected future revenues of the trademarks, calculated using an appropriate royalty rate, discount rate and long-term growth rates.

Share-based Compensation

We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognize the cost over the service period in accordance with applicable accounting standards. We use the Black-Scholes valuation model to value the equity instruments issued. The Black-Scholes valuation model requires the use of highly subjective assumptions of expected volatility of the underlying stock, risk-free interest rates and the expected term of options granted. Management determines these assumptions through internal analysis and external valuations utilizing current market rates, making industry comparisons and reviewing conditions relevant to us.

The expected volatility and expected term assumptions can impact the fair value of restricted shares and share options. Because of our limited trading history in the United States as a public company, we estimate the expected volatility based on the historical volatility of a peer group of publicly traded companies, and estimate the expected term based upon the vesting term or the historical expected term of publicly traded companies. We believe that the valuation techniques and the approach utilized in developing our assumptions are reasonable in calculating the fair value of the restricted shares and share options we granted. For 2012 awards, a 10% change in the volatility assumption would have resulted in a US\$0.4 million change in fair value and a 10% change in the expected term assumption would have resulted in a US\$0.2 million change in fair value. These assumed changes in fair value would have been recognized over the vesting schedule of such awards. It should be noted that a change in expected term would cause other changes, since the risk-free rate and volatility assumptions are specific to the term; we did not attempt to adjust those assumptions in performing the sensitivity analysis above.

Revenue Recognition

We recognize revenue at the time persuasive evidence of an arrangement exists, the service is provided or the retail goods are sold, prices are fixed or determinable and collection is reasonably assured.

Casino revenues are measured by the aggregate net difference between gaming wins and losses less accruals for the anticipated payouts of progressive slot jackpots, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession.

We follow the accounting standards on reporting revenue gross as a principal versus net as an agent, when accounting for the operations of the Taipa Square Casino and the Grand Hyatt Macau hotel. For the operations of Taipa Square Casino, given that we operate the casino under a right to use agreement with the owner of the casino premises and have full responsibility for the casino operations in accordance with our gaming subconcession, we are the principal and casino revenues are therefore recognized on a gross basis. For the operations of Grand Hyatt Macau hotel, we are the owner of the hotel property and Hyatt operates the hotel under a management agreement as hotel manager, providing management services to us, and we receive all rewards and take substantial risks associated with the hotel business. As such, we are the principal and the transactions of the hotel are therefore recognized on a gross basis.

Room revenues, food and beverage revenues, and entertainment, retail and other revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer. Minimum operating and right to use fees, adjusted for contractual base fees and operating fee escalations, are included in entertainment, retail and other revenues and are recognized on a straight-line basis over the terms of the related agreement.

Revenues are recognized net of certain sales incentives which are required to be recorded as a reduction of revenue; consequently, our casino revenues are reduced by discounts, commissions (including commission rebated indirectly to rolling chip players) and points earned in customer loyalty programs, such as the player's club loyalty program. We estimate commission rebated indirectly to rolling chip players based on our assessment of gaming promoters' practice and current market conditions.

[Table of Contents](#)

The retail value of rooms, food and beverage, entertainment, retail and other services furnished to guests without charge is included in gross revenues and then deducted as promotional allowances. The estimated cost of providing such promotional allowances is reclassified from rooms costs, food and beverage costs, and entertainment, retail and other services costs and is primarily included in casino expenses.

Accounts Receivable and Credit Risk

Financial instruments that potentially subject our company to concentrations of credit risk consist principally of casino receivables. We issue credit in the form of markers to approved casino customers, including our gaming promoters, following investigations of creditworthiness. Such accounts receivable can be offset against commissions payable and any other value items held by us to the respective customer and for which we intend to set off when required. For the years ended December 31, 2012, 2011 and 2010, approximately 53.4%, 61.0% and 62.3% of our casino revenues were derived from customers sourced through our rolling chip gaming promoters, respectively.

As of December 31, 2012 and 2011, a substantial portion of our markers were due from customers residing in foreign countries. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Accounts receivable, including casino, hotel, and other receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems it is probable the receivable is uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful debts is maintained to reduce our receivables to their carrying amounts, which approximate fair values. The allowance is estimated based on our specific review of customer accounts as well as management's experience with collection trends in the casino industry and current economic and business conditions. For balances over a specified dollar amount, our review is based upon the age of the specific account balance, the customer's financial condition, collection history and any other known information. At December 31, 2012, a 100 basis-point change in the estimated allowance for doubtful debts as a percentage of casino receivables would change the provision for doubtful debts by approximately US\$4.3 million.

Refer to note 3 to the consolidated financial statements included elsewhere in this annual report for analysis of accounts receivable by age presented based on payment due date, net of allowance.

Income Tax

Deferred income taxes are recognized for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on the characteristics of the underlying assets and liabilities. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. As of December 31, 2012 and 2011, we recorded valuation allowances of US\$66.1 million and US\$60.8 million, respectively; as management does not believe that it is more likely than not that the deferred tax assets will be realized. Our assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, and the duration of statutory carryforward periods. To the extent that the financial results of our operations improve and it becomes more likely than not that the deferred tax assets are realizable, the valuation allowances will be reduced.

Derivative Instruments and Hedging Activities

We seek to manage market risk, including interest rate risk associated with variable rate borrowings, through balancing fixed-rate and variable-rate borrowings with the use of derivative financial instruments such as

floating-for-fixed interest rate swap agreements. We account for derivative financial instruments in accordance with applicable accounting standards. All derivative instruments are recognized in the consolidated financial statements at fair value at the balance sheet date. Any changes in fair value are recorded in the consolidated statement of operations or in accumulated other comprehensive income, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction and the effectiveness of the hedge. The estimated fair values of our derivative instruments are based on a standard valuation model that projects future cash flows and discounts those future cash flows to a present value using market-based observable inputs such as interest rate yields.

Recent Changes in Accounting Standards

See note 2 to the consolidated financial statements included elsewhere in this annual report for discussion of recent accounting standards.

B. LIQUIDITY AND CAPITAL RESOURCES

We have relied and intend to rely on our cash generated from our operations and our debt and equity financings to meet our financing needs and repay our indebtedness, as the case may be.

As of December 31, 2012, we held unrestricted and restricted cash and cash equivalents of approximately US\$1,709.2 million and US\$1,414.7 million, respectively, and HK\$1.47 billion (approximately US\$188.6 million) of the 2011 Credit Facilities remained available for future drawdown. The restricted cash related to our RMB Bonds proceeds of RMB2.3 billion (approximately US\$367.6 million) and Studio City cash and cash equivalents of US\$1,047.0 million. The RMB Bonds proceeds of RMB2.3 billion (approximately US\$367.6 million) was deposited into a bank account for securing the Deposit-Linked Loan. The Studio City cash and cash equivalents of US\$1,047.0 million comprised of net proceeds from offering of Studio City Notes and the unspent cash from the capital injection for the Studio City project from the company and SCI minority shareholder in accordance with our shareholder agreement, both of which were restricted only for payment of construction and development costs and other project costs of the Studio City project in accordance with Studio City Notes and Studio City Project Facility terms. See note 11 to the consolidated financial statements included elsewhere in this annual report for more information.

We have been able to meet our working capital needs, and we believe that our operating cash flow, existing cash balances, funds available under the 2011 Credit Facilities and additional equity or debt financings will be adequate to satisfy our current and anticipated operating, debt and capital commitments, including our development project plans, as described in “— Other Financing and Liquidity Matters” below, for a period of 12 months following the date of this annual report. For any additional financing requirements, we cannot provide assurance that future borrowings will be available. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Financing and Indebtedness” for more information. We have significant indebtedness and we will continue to evaluate our capital structure and opportunities to enhance it in the normal course of our activities.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

| | Year Ended December 31, | | |
|---|--------------------------------|--------------------|-------------------|
| | 2012 | 2011 | 2010 |
| | <i>(In thousands of US\$)</i> | | |
| Net cash provided by operating activities | \$ 950,233 | \$ 744,660 | \$ 401,955 |
| Net cash used in investing activities | (1,335,718) | (585,388) | (190,310) |
| Net cash provided by financing activities | 934,735 | 557,910 | 17,680 |
| Effect of foreign exchange on cash and cash equivalents | 1,935 | (1,081) | — |
| Net increase in cash and cash equivalents | 551,185 | 716,101 | 229,325 |
| Cash and cash equivalents at beginning of year | 1,158,024 | 441,923 | 212,598 |
| Cash and cash equivalents at end of year | <u>\$ 1,709,209</u> | <u>\$1,158,024</u> | <u>\$ 441,923</u> |

Operating Activities

Operating cash flows are generally affected by changes in operating income and accounts receivable with VIP table games play and hotel operations conducted on a cash and credit basis and the remainder of the business, including mass market table games play, slot machine play, food and beverage, and entertainment, conducted primarily on a cash basis.

Net cash provided by operating activities was US\$950.2 million for the year ended December 31, 2012, compared to US\$744.7 million for the year ended December 31, 2011. The increase in net cash provided in operating activities was mainly attributable to increased gaming volume and associated increase in revenues as described in the foregoing section. Net cash provided by operating activities was US\$744.7 million for the year ended December 31, 2011, compared to US\$402.0 million for the year ended December 31, 2010. The increase in net cash provided in operating activities was mainly attributable to significant improvement in casino revenues, as well as a full year of operation of *The House of Dancing Water*, which opened in September 2010.

Investing Activities

Net cash used in investing activities was US\$1,335.7 million for the year ended December 31, 2012, compared to US\$585.4 million for the year ended December 31, 2011, primarily due to an increase in restricted cash of US\$1,047.0 million, capital expenditure payment of US\$220.5 million as well as the land use rights payments of US\$53.8 million.

For the year ended December 31, 2012, there was a net increase of US\$1,047.0 million in the amount of restricted cash, primarily due to the deposit of net proceeds from the issuance of Studio City Notes of US\$812.0 million and unspent cash from the capital injection for the Studio City project from the company and our SCI minority shareholder, of US\$235.0 million, both of which are restricted for Studio City's construction cost payment only in accordance with Studio City Notes and Studio City Project Facility terms. We also paid US\$2.8 million for the acquisition of a majority interest in the issued share capital of MCP (net of cash and cash equivalents acquired of US\$27.9 million) and US\$2.5 million for the transaction costs for acquisition of Studio City in July 2011 during the year ended December 31, 2012.

Our total capital expenditure payments for the year ended December 31, 2012 were US\$220.5 million. Such expenditures were mainly associated with enhancements to our integrated resort offerings and for the development of Studio City as well as an aircraft acquired for primarily by rolling chip players to enhance our competitive positioning in the higher-end rolling chip market. We also paid US\$35.4 million and US\$16.0 million for the scheduled installment of Studio City's and City of Dreams' land premium payment, respectively, during the year ended December 31, 2012.

[Table of Contents](#)

Net cash used in investing activities was US\$585.4 million for the year ended December 31, 2011, compared to US\$190.3 million for the year ended December 31, 2010, primarily due to an increase in restricted cash and a payment of US\$290.0 million for the acquisition of a 60% equity interest in SCI (net of cash and cash equivalents acquired of US\$35.8 million), offset in part by a reduction in payments for construction and development activities relating to *The House of Dancing Water*.

For the year ended December 31, 2011, there was a net increase of US\$186.0 million in the amount of restricted cash, primarily due to the deposit of proceeds from issuance of the RMB Bonds of US\$353.3 million pledged for the Deposit-Linked Loan, offset in part by settlement of US\$10.3 million of City of Dreams project costs, settlement of interest and principal repayments of US\$133.7 million in accordance with the City of Dreams Project Facility, and release of US\$23.3 million to unrestricted cash after the completion of amendment of the City of Dreams Project Facility on June 30, 2011.

Our total capital expenditure payments for the year ended December 31, 2011 were US\$90.3 million. We also paid US\$15.3 million for the scheduled installment of City of Dreams' land premium payment during the year ended December 31, 2011.

We expect to incur significant capital expenditures for Studio City and the Philippines Project in the future. We also continue to evaluate the next phase of our development plan at City of Dreams. See “— Other Financing and Liquidity Matters” below for more information.

The following table sets forth our capital expenditures by segment for the years ended December 31, 2012, 2011 and 2010.

| | Year Ended December 31, | | |
|----------------------------|-------------------------------|-------------------|-------------------|
| | 2012 | 2011 | 2010 |
| | <i>(in thousands of US\$)</i> | | |
| Mocha Clubs | \$ 5,951 | \$ 23,558 | \$ 13,140 |
| Altira Macau | 7,105 | 6,662 | 7,784 |
| City of Dreams | 99,416 | 39,774 | 94,279 |
| Studio City | 115,385 | 713,253 | — |
| Corporate and Others | 56,141 | 2,387 | 4,457 |
| Total capital expenditures | <u>\$ 283,998</u> | <u>\$ 785,634</u> | <u>\$ 119,660</u> |

Our capital expenditures for the year ended December 31, 2012 decreased sharply primarily due to the acquisition of Studio City completed during the year ended December 31, 2011, partially offset with the acquisition of the aircraft and continuous development of City of Dreams and Studio City during the year ended December 31, 2012.

Financing Activities

Net cash provided by financing activities amounted to US\$934.7 million for the year ended December 31, 2012, primarily from the proceeds of the issuance of Studio City Notes totaling US\$825.0 million in November 2012, the proceeds from the drawdown of Aircraft Term Loan totaling US\$43.0 million in June 2012, capital injection of US\$140.0 million from SCI minority shareholder in accordance with our shareholder agreement and proceeds from the exercise of share options totaling US\$3.6 million. These were offset in part by the payment of debt issuance costs of US\$30.3 million, primarily associated with Studio City Notes and consent solicitation fee for the 2010 Senior Notes, the settlement of the scheduled Studio City acquisition cost installment of US\$25.0 million and prepaid debt issuance costs of US\$18.8 million associated with Studio City Project Facility as well as repayment of the Aircraft Term Loan of US\$2.8 million.

[Table of Contents](#)

Net cash provided by financing activities amounted to US\$557.9 million for the year ended December 31, 2011, primarily from the proceeds of the issuance of the RMB Bonds and drawdown of the Deposit-Linked Loan totaling US\$706.6 million in May 2011 and proceeds from the exercise of share options totaling US\$4.6 million, offset in part by the repayment of the City of Dreams Project Facility of US\$117.1 million and payment of debt issuance costs primarily associated with the RMB Bonds, the Deposit-Linked Loan and the 2011 Credit Facilities of US\$36.1 million.

Net cash provided by financing activities amounted to US\$17.7 million for the year ended December 31, 2010, primarily due to proceeds from the issuance of the 2010 Senior Notes amounting to US\$592.0 million, offset in part by the repayment of long-term debt of US\$551.4 million, of which US\$444.1 million was used to repay the City of Dreams Project Facility, and payment of deferred financing costs primarily associated with the 2010 Senior Notes of US\$22.9 million.

Indebtedness

The following table presents a summary of our indebtedness as of December 31, 2012:

| | As of December 31, 2012 |
|---------------------------------------|------------------------------------|
| | (in thousands of US\$) |
| 2011 Credit Facilities | \$ 1,014,729 |
| Studio City Notes | 825,000 |
| 2010 Senior Notes, net ⁽¹⁾ | 593,967 |
| RMB Bonds | 367,645 |
| Deposit-Linked Loan | 353,278 |
| Aircraft Term Loan | 40,245 |
| | <u>\$ 3,194,864</u> |

Note:

(1) Net of unamortized issue discount.

Major changes in our indebtedness during the year ended and subsequent to December 31, 2012 are summarized below.

In May 2012, we entered into a RMB forward exchange rate contract for future settlement of interest on the RMB Bonds to hedge our exchange rate exposure which was expired in November 2012. During the year ended December 31, 2012, all outstanding interest rate swap agreements in connection with our City of Dreams Project Facility, expired.

In June 2012, our indirect wholly owned subsidiary entered into the Aircraft Term Loan facility for US\$43.0 million, with an interest rate based on the London Interbank Offered Rate ("LIBOR") plus a margin of 2.80% per annum and maturity date of June 27, 2019, to finance part of the acquisition of an aircraft. As of December 31, 2012, the Aircraft Term Loan facility has been fully drawn down.

On November 26, 2012, our subsidiary, Studio City Finance, issued US\$825.0 million aggregate principal amount of 8.50% Studio City Notes due 2020, which were priced at par and listed on the Official List of the SGX-ST. The net proceeds were used to fund the Studio City project.

In January 2013, we commenced a cash tender offer of the 2010 Senior Notes and repurchased approximately US\$599.1 million aggregate principal amount of the 2010 Senior Notes. On March 28, 2013, we redeemed all of the remaining 2010 Senior Notes, following which, the 2010 Senior Notes were cancelled in late

Table of Contents

March 2013. No 2010 Senior Notes are currently outstanding. A portion of the proceeds from the 2013 Senior Notes offering was used for the cash tender offer and redemption of the 2010 Senior Notes. Prior to such cash tender offer and full redemption, the company had completed a consent solicitation process in connection with the 2010 Senior Notes in October 2012 and paid approximately US\$15.0 million to the holders who had validly delivered the relevant consent, which was capitalized as deferred financing cost.

On January 28, 2013, our subsidiary, Studio City Company Limited, entered into an agreement for the Studio City Project Facility, a senior secured project facility for a total sum of HK\$10,855,880,000 (equivalent to approximately US\$1.4 billion), comprising a five year HK\$10,080,460,000 (equivalent to approximately US\$1.3 billion) delayed draw term loan facility and a HK\$775,420,000 (equivalent to approximately US\$100 million) revolving credit facility. Borrowings under the Studio City Project Facility bear interest at the Hong Kong Interbank Offered Rate (“HIBOR”) plus a margin of 4.50% per annum until the last day of the second full fiscal quarter after the opening date of the Studio City project. After that, interest will accrue at HIBOR plus a margin ranging from 3.75% to 4.50% per annum, depending on the total leverage ratio of Studio City Company Limited and its subsidiaries.

On February 7, 2013, our subsidiary, MCE Finance, issued US\$1.0 billion aggregate principal amount of 2013 Senior Notes with an interest rate of 5.00% per annum and the maturity date of February 15, 2021. 2013 Senior Notes were priced at par and listed on the Official List of the SGX-ST. The net proceeds were used to repurchase the 2010 Senior Notes in full and partially fund the redemption of the RMB Bonds.

In March 2013, we repaid in full the Deposit-Linked Loan with accrued interest and redeemed, in full, the RMB Bonds following which, the RMB Bonds were cancelled. No RMB Bonds are currently outstanding. The redemption was partly funded by the proceeds from the offering of 2013 Senior Notes.

In late March 2013, we prepaid the drawn revolving credit facility under the 2011 Credit Facilities of HK\$1.7 billion (equivalent to approximately US\$212.5 million) in full.

Credit facility agreements relating to certain of our indebtedness contain change of control provisions, including in respect of our obligations relating to our control and/or ownership of certain of our subsidiaries and their assets. Under the terms of such credit facility agreements, the occurrence of certain change of control events, including a decline below certain thresholds in the aggregate direct or indirect shareholdings of Melco Crown Macau, MCE Finance, Studio City Finance, MCE Cotai Investments Limited or certain of its subsidiaries held by us and/or Melco and Crown or MCE Cotai Investments Limited (as the case may be) (and, in the case of the decline of the shareholding of Melco Crown Macau under the 2011 Credit Facilities, which is accompanied by a ratings decline) may result in an event of default and/or a requirement to prepay the credit facility in relation to such indebtedness in full. Other applicable change of control events under the credit facility agreements include the company ceasing to be publicly listed on certain designated stock exchanges or the steps being taken in connection with the liquidation or dissolution of MCE Finance. The terms of the Studio City Notes and 2013 Senior Notes also contain change of control provisions whereby the occurrence of a relevant change of control event (as referred to in the aforementioned paragraph) under the Studio City Notes or 2013 Senior Notes will trigger the requirement for us to offer to repurchase the Studio City Notes or 2013 Senior Notes (as the case may be) at a price equal to 101% of their principal amount, plus accrued and unpaid interest and, if any, additional amounts and other amounts specified under such Notes to the date of repurchase.

For further details of the above indebtedness, please refer to note 11 to the consolidated financial statements included elsewhere in this annual report, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances. Please also refer to “Item 5. Operating and Financial Review and Prospects — F. Tabular Disclosure Of Contractual Obligations” for details of the maturity profile of debt and “Item 11. Quantitative and Qualitative Disclosures about Market Risk” for further understanding of our hedging of interest rate risk and foreign exchange risk exposure.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flow to fund the development of our projects.

We are a growing company with significant financial needs. We expect to have significant capital expenditures in the future as we continue to develop our Macau properties, in particular, Studio City, the Philippines Project and potentially the next phase of City of Dreams.

We have relied and intend in the future to rely on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on acceptable terms to us, and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business expansion. Such activities may include refinancing existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities.

We currently estimate the construction cost for Studio City will be approximately US\$2.0 billion. However, this preliminary cost estimate may be revised depending on a number of variables, including receipt of all necessary governmental approvals, the final design and development plan, funding costs, the availability of financing on terms acceptable to us, and prevailing market conditions. As of December 31, 2012, we had incurred approximately US\$139.8 million (excluding the cost of land) for the development of Studio City since our acquisition of a 60% equity interest in SCI, primarily for site preparation costs and design and consultation fees.

For the purpose of financing the Studio City project, we successfully offered the US\$825.0 million Studio City Notes and obtained the HK\$10.9 billion Studio City Project Facility, in November 2012 and January 2013, respectively. During the year ended December 31, 2012, MCE and SCI minority shareholder contributed US\$350.0 million to the Studio City project in accordance with the shareholder agreement.

On October 25, 2012, an indirect subsidiary of our company, MCE Leisure Philippines, entered into a cooperation agreement for the Philippines Project. On December 19, 2012, our company, through each of MCE Philippines Investments and MCE Investments No.2, completed the acquisition of a majority interest in the issued and outstanding share capital of MCP.

MCP's net contribution towards the Philippines Project up to the time of opening is estimated to be approximately US\$620 million, consisting of funds primarily for capital expenditures, working capital for initial opening and other pre-opening expenses. However, this estimate may be revised depending on a range of variables, including the final design and development plans, funding costs, the availability of financing on terms acceptable to us, and prevailing market conditions. We are considering different alternatives to finance the Philippines Project, including but not limited to debt and equity financing. On March 20, 2013, the board of directors of MCP approved a plan to raise additional capital of up to US\$400 million through an equity offering including an over-allotment option.

We continue to evaluate the next phase of our development plan at City of Dreams, which we currently expect to include a luxury hotel. The development of the Philippines Project and the next phase of City of Dreams are subject to further financing and a number of other factors, many of which are beyond our control. Our investment plans are preliminary and subject to change based upon the execution of our business plan, the progress of our capital projections, market conditions and outlook on future business.

[Table of Contents](#)

As of December 31, 2012, we had capital commitments contracted for, but not provided, totaling US\$743.3 million mainly for the construction and acquisition of property and equipment for City of Dreams and Studio City. In addition, we have contingent liabilities arising in the ordinary course of business. For further details for our commitments and contingencies, please refer to note 19 to the consolidated financial statements included elsewhere in this annual report.

As of December 31, 2012 and 2011, our gearing ratios (total debts divided by total assets) were 40.2% and 37.1%, respectively. Our gearing ratio increased as of December 31, 2012, primarily as a result of increased indebtedness from the issuance of Studio City Notes, offset by the increased cash and cash equivalents due to the growth of our business.

As of the date of this annual report, our deposit account in Taiwan is presented as restricted cash, as the account is frozen pursuant to an investigation by the Taiwanese authorities. The account had a balance of approximately TWD2.98 billion (equivalent to approximately US\$102 million) at the time it was frozen. We are taking action to request the Taiwanese authorities to unfreeze the account. For further details, please refer to note 24(b) to the consolidated financial statements included elsewhere in this annual report.

Melco Crown Macau has a rating of “BB/stable” by Standard & Poor’s and a rating of “Ba3” by Moody’s Investors Service. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.

Restrictions on Distributions

For discussion on the ability of our subsidiaries to transfer funds to our company in the form of cash dividends, loans or advances and the impact such restrictions have on our ability to meet our cash obligations, see “Item 4. Information on the Company — B. Business Overview — Dividend Distribution.” See also “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy” and note 18 to the consolidated financial statements included elsewhere in this annual report.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We have entered into a license agreement with Crown Melbourne Limited and obtained an exclusive and non-transferable license to use the Crown trademark in Macau. Our hotel management agreements for the use of the Grand Hyatt and Hyatt Regency trademarks on a non-exclusive and non-transferable basis were terminated in August 2008 and replaced by a management agreement for the use of the Grand Hyatt trademarks to reflect the branding of the twin-tower hotels under the “Grand Hyatt” brand. In January 2007, we entered into a casino trademark license agreement and a hotel trademark license agreement (which was subsequently novated and amended by a Novation Agreement on August 20, 2008) with Hard Rock Holdings Limited, or Hard Rock, to use the Hard Rock brand in Macau at the City of Dreams. Pursuant to the agreements, we have the exclusive right to use the Hard Rock brand for the hotel and casino facility at City of Dreams for a term of ten years based on percentages of revenues generated at the property payable to Hard Rock. We also purchase gaming tables and gaming machines and enter into licensing agreements for the use of certain tradenames and, in the case of the gaming machines, the right to use software in connection therewith. These include a license to use a jackpot system for the gaming machines. In addition, we have registered the trademarks “Altira,” “Mocha Club,” “City of Dreams” and “Melco Crown Entertainment” in Macau and other jurisdictions. We have also registered in Macau and other jurisdictions certain other trademarks and service marks used in connection with the operations of our hotel casino projects in Macau. With regard to Studio City, while our branding strategy has not yet been finalized, we have registered a number of trademarks in Macau and Hong Kong (including the “Where Cotai Begins” trademark), which may ultimately be used as a component of our branding strategy for this project.

D. TREND INFORMATION

Other than as disclosed in “Item 4. Information on the Company — B. Business Overview,” “Item 5. Operating and Financial Review and Prospects” and elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. OFF-BALANCE SHEET ARRANGEMENTS

Except as disclosed in note 19(d) to the consolidated financial statements included elsewhere in this annual report, we have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements.

Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Our total long-term indebtedness and other known contractual obligations are summarized below as of December 31, 2012.

| | Payments Due by Period | | | | Total |
|---|------------------------------|-------------------|-----------------|----------------------|------------------|
| | Less than 1 year | 1-3 years | 3-5 years | More than 5 years | |
| | <i>(in millions of US\$)</i> | | | | |
| Long-term debt obligations ⁽¹⁾: | | | | | |
| 2011 Credit Facilities | \$ 128.4 | \$ 513.4 | \$ 372.9 | \$ — | \$1,014.7 |
| RMB Bonds | 367.6 | — | — | — | 367.6 |
| Deposit-Linked Loan | 353.3 | — | — | — | 353.3 |
| 2010 Senior Notes | — | — | — | 600.0 | 600.0 |
| Aircraft Term Loan | 5.7 | 11.9 | 12.7 | 10.0 | 40.3 |
| Studio City Notes | — | — | — | 825.0 | 825.0 |
| Fixed interest payments | 140.4 | 263.3 | 263.3 | 227.5 | 894.5 |
| Variable interest payments ⁽²⁾ | 22.7 | 31.1 | 6.3 | 2.0 | 62.1 |
| Operating lease obligations: | | | | | |
| Operating leases, including Mocha Clubs locations | 9.8 | 8.9 | 5.0 | 9.9 | 33.6 |
| Other contractual commitments: | | | | | |
| Government annual land use fees ⁽³⁾ | 1.9 | 3.7 | 3.7 | 30.2 | 39.5 |
| Fixed interest on land premium ⁽³⁾ | 5.4 | 3.6 | — | — | 9.0 |
| Construction, plant and equipment acquisition commitments | 409.3 | 333.7 | 0.3 | — | 743.3 |
| Gaming subconcession premium ⁽⁴⁾ | 22.9 | 45.9 | 45.9 | 103.0 | 217.7 |
| Total contractual obligations | \$ 1,467.4 | \$ 1,215.5 | \$ 710.1 | \$ 1,807.6 | \$5,200.6 |

(1) See note 11 to the consolidated financial statements included elsewhere in this annual report for further details on these debt facilities.

(2) Amounts for all periods represent our estimated future interest payments on our debt facilities based upon amounts outstanding and three-month HIBOR or three-month LIBOR as of December 31, 2012 plus the applicable interest rate spread in accordance with the respective debt agreements. Actual rates will vary.

Table of Contents

- (3) The City of Dreams and Altira Macau sites are located on land parcels in which we have received a land concession from the Macau government for a 25-year term, renewable for further consecutive periods of up to ten years each, until December 19, 2049. The land concession for the Studio City site, in which we hold a 60% equity interest, located on a land parcel in which we have received a land concession from the Macau government for a 25-year term from October 17, 2001, is renewable for further consecutive periods of ten years each until December 19, 2049. Renewals of these land concessions are subject to obtaining approvals from the Macau government. See “Item 4. Information on the Company — B. Business Overview — Our Properties” for further details of the land concession obligations.
- (4) In accordance with our gaming subconcession, we are required to pay a fixed annual premium of MOP30.0 million (equivalent to approximately US\$3.7 million) and minimum variable premium of MOP45.0 million (equivalent to approximately US\$5.6 million) per year based on number of gaming tables and gaming machines we operate in addition to the 39% gross gaming win tax (which is not included in this table as the amount is variable in nature). Amounts for all periods are calculated based on our gaming tables and gaming machines in operation as of December 31, 2012 through to the termination of the gaming subconcession in June 2022.

G. SAFE HARBOR

See “Special Note Regarding Forward-Looking Statements.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this annual report on Form 20-F.

| Name | Age | Position/Title |
|--------------------------------|-----|--|
| Lawrence Yau Lung Ho | 36 | Co-chairman, chief executive officer and executive director |
| James Douglas Packer | 45 | Co-chairman and non-executive director |
| John Peter Ben Wang | 52 | Non-executive director |
| Clarence Yuk Man Chung | 50 | Non-executive director |
| William Todd Nisbet | 45 | Non-executive director |
| Rowen Bruce Craigie | 57 | Non-executive director |
| James Andrew Charles MacKenzie | 59 | Independent non-executive director |
| Thomas Jefferson Wu | 40 | Independent non-executive director |
| Yiu Wa Alec Tsui | 63 | Independent non-executive director |
| Robert Wason Mactier | 48 | Independent non-executive director |
| Geoffrey Stuart Davis | 44 | Chief financial officer |
| Stephanie Cheung | 50 | Executive vice president and chief legal officer |
| Akiko Takahashi | 59 | Executive vice president and chief human resources/corporate social responsibility officer |
| Ying Tat Chan | 41 | Chief operating officer |
| Kelvin Tan | 46 | Executive vice president, international marketing |
| Ching Hui Hsu | 39 | President of Mocha Clubs |

Directors

Mr. Lawrence Yau Lung Ho was appointed as our executive director on December 20, 2004 and has served as our co-chairman and chief executive officer since December 2004. Since November 2001, Mr. Ho has also served as the managing director and, since March 2006, the chairman and chief executive officer of Melco.

[Table of Contents](#)

As a Member of the National Committee of the Chinese People's Political Consultative Conference, Mr. Ho also serves on numerous boards and committees of privately held companies in Hong Kong, Macau and mainland China. He is a Vice Patron of The Community Chest of Hong Kong; Member of Science and Technology Council of the Macau SAR Government; Member of All China Youth Federation; Member of Macau Basic Law Promotional Association; Chairman of Macau International Volunteers Association; Member of Campaign Committee of The Community Chest; Board of Governors of The Canadian Chamber of Commerce in Hong Kong; Honorary Lifetime Director of the Chinese General Chamber of Commerce, Hong Kong; President of Macau Canadian Chamber of Commerce; Honorary President of Association of Property Agents and Real Estate Developers of Macau and Director Ejecutivo of the Macao Chamber of Commerce. In recognition of Mr. Ho's excellent directorship and entrepreneurial spirit, *Institutional Investor* honored him as the "Best CEO" in 2005. He was also granted the "5th China Enterprise Award for Creative Businessmen" by the China Marketing Association and *China Enterprise News*, "Leader of Tomorrow" by *Hong Kong Tatler* and the "Directors of the Year Award" by the Hong Kong Institute of Directors in 2005. As a socially responsible young entrepreneur in Hong Kong, Mr. Ho was elected as one of the "Ten Outstanding Young Persons Selection 2006," organized by the Junior Chamber International Hong Kong. In 2007, he was elected as a finalist in the "Best Chairman" category in the "Stevie International Business Awards" and one of the "100 Most Influential People across Asia Pacific" by *Asiamoney* magazine. In 2008, he was granted the "China Charity Award" by the Ministry of Civil Affairs of the People's Republic of China. And in 2009, Mr. Ho was selected as one of the "China Top Ten Financial and Intelligent Persons" judged by a panel led by the Beijing Cultural Development Study Centre, and was named "Young Entrepreneur of the Year" at Hong Kong's first Asia Pacific Entrepreneurship Awards. Mr. Ho was selected by *FinanceAsia* as one of the "Best CEOs" in Hong Kong for four consecutive years, from 2009 to 2012. He was also awarded "Asia's Best CEO (Investor Relations)" at the Asian Excellence Awards by *Corporate Governance Asia* magazine in 2011, and was honored as one of the recipients of the 3rd Asian Corporate Director Recognition Awards in 2012. In 2013, he was once again selected as "Asia's Best CEO (Investor Relations)" at the Asian Excellence Awards by *Corporate Governance Asia* magazine. Mr. Ho graduated with a bachelor of arts degree in commerce from the University of Toronto, Canada in June 1999 and was awarded the Honorary Doctor of Business Administration degree by Edinburgh Napier University, Scotland in July 2009 for his contribution to business, education and the community in Hong Kong, Macau and China.

Mr. James Douglas Packer was appointed as our non-executive director on March 8, 2005 and has served as our co-chairman since March 2005. Mr. Packer is the executive chairman of Crown, an operator of casinos and integrated resorts, having been appointed on its formation in 2007, and a member of the Crown Investment Committee since February 2008. Mr. Packer is also the chairman of Consolidated Press Holdings Limited (the largest shareholder of Crown), having been appointed in January 2006. Mr. Packer is a director of Crown Melbourne Limited, a casino and integrated resort operator, having been appointed in July 1999, and Burswood Limited, a casino and integrated resort operator, having been appointed in September 2004. His previous directorships include Challenger Limited (formerly called Challenger Financial Services Group Limited) from November 2003 to September 2009, SEEK Limited from October 2003 to August 2009, Sunland Group Limited from July 2006 to August 2009, Ten Network Holdings Limited from December 2010 to March 2011, Ellerston Capital Limited from August 2004 to August 2011 and Consolidated Media Holdings Limited from December 2007 to November 2012.

Mr. John Peter Ben Wang was appointed as our non-executive director on November 21, 2006. Since November 2009, Mr. Wang has served as a non-executive director of MelcoLot Limited, a company listed on the HKSE. The principal activities of MelcoLot Limited include the management of lottery business, manufacturing and sales of lottery terminals and POS machines, and provision of management services for distribution of lottery products. Mr. Wang is also a non-executive director of Anxin-China Holdings Limited, a company listed on the HKSE, and is the chairman and executive director of Summit Ascent Holdings Limited, also listed on the HKSE. Mr. Wang was the chief financial officer of Melco from 2004 to September 2009. Prior to joining Melco in 2004, Mr. Wang had over 18 years of professional experience in the securities and investment banking industry. Mr. Wang was a non-executive director of China Precious Metal Resources Holdings Co., Ltd., a company listed on HKSE, from January 2010 to December 2012. He was a non-executive director of Carnival Group

[Table of Contents](#)

International Holdings Limited (formerly known as Oriental Ginza Holdings Limited), which is listed on the HKSE, until March 1, 2012. He was the managing director of JS Cresvale Securities International Limited (HK) from 1998 to 2004 and prior to 1998, he worked for Deutsche Morgan Grenfell (HK), CLSA (HK), Barclays (Singapore), SG Warburg (London), Salomon Brothers (London), the London Stock Exchange and Deloitte Haskins & Sells (London). Mr. Wang qualified as a chartered accountant with the Institute of Chartered Accountants in England and Wales in 1985. He graduated from the University of Kent at Canterbury in the United Kingdom with a bachelor degree in accounting in July 1982.

Mr. Clarence Yuk Man Chung was appointed as our non-executive director on November 21, 2006. Mr. Chung has also been an executive director of Melco since May 2006. Mr. Chung joined Melco in December 2003 and assumed the role of chief financial officer. Mr. Chung has served as a director of Melco Leisure since 2008. Before joining Melco, he has more than 20 years of experience in the financial industry in various capacities as a chief financial officer, an investment banker and a merger and acquisition specialist. He was named one of the “Asian Gaming 50 – 2009, 2010 and 2012” by Inside Asian Gaming magazine. Mr. Chung has been the chairman and chief executive officer of Entertainment Gaming Asia Inc. (formerly known as Elixir Gaming Technologies, Inc.), a company listed on the NASDAQ Capital Market, since August 2008 and October 2008, respectively. Mr. Chung has been the chairman and director of MCP, a company listed on the Philippine Stock Exchange, since December 2012. Mr. Chung has also been appointed as a director of a number of our subsidiaries incorporated in various different jurisdictions. Mr. Chung obtained a master’s degree in business administration from the Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology and is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. William Todd Nisbet was appointed as our non-executive director on October 14, 2009. In addition, Mr. Nisbet has been appointed as a director of MCP, a company listed on the Philippine Stock Exchange, since December 2012. He has also been appointed as a director of a number of our subsidiaries incorporated in various different jurisdictions. Mr. Nisbet joined Crown, an operator of casinos and integrated resorts, in 2007. In his role as executive vice president — strategy and development at Crown, Mr. Nisbet is responsible for all project development and construction operations of Crown. From August 2000 through July 2007, Mr. Nisbet held the position of executive vice president — project director for Wynn Design and Development, a development subsidiary of Wynn Resorts Limited, an operator of casinos and integrated resorts. Serving this role with Wynn Resorts Limited, Mr. Nisbet was responsible for all project development and construction operations undertaken by Wynn Resorts Limited. Prior to joining Wynn Resorts Limited, Mr. Nisbet was the vice president of operations for Marnell Corrao Associates. During Mr. Nisbet’s 14 years at Marnell Corrao from 1986 to 2000, he was responsible for managing various aspects of the construction of some of Las Vegas’ most elaborate and industry-defining properties. Mr. Nisbet obtained a bachelor of science degree in Finance from the University of Nevada, Las Vegas in 1993.

Mr. Rowen Bruce Craigie was appointed as our non-executive director on March 8, 2005. Mr. Craigie has also been appointed as a director of our subsidiaries in various different jurisdictions. Mr. Craigie is the chief executive officer and managing director of Crown, an operator of casinos and integrated resorts, having been appointed on its formation in 2007. Mr. Craigie is also a director of Crown Melbourne Limited, a casino and integrated resort operator, having been appointed in January 2001, and Burswood Limited, a casino and integrated resort operator, having been appointed in September 2004. Mr. Craigie previously served as the chief executive officer of PBL Gaming from 2006 to 2007 and as the chief executive officer of Crown Melbourne Limited from 2002 to 2007. Mr. Craigie was a director of Consolidated Media Holdings Limited from January 2002 to April 2009. Mr. Craigie joined Crown Melbourne Limited in 1993, was appointed as the executive general manager of its Gaming Machines department in 1996, and was promoted to chief operating officer in 2000. Prior to joining Crown Melbourne Limited, Mr. Craigie was the group general manager for gaming at the TAB in Victoria from 1990 to 1993, and held senior economic policy positions in Treasury and the Department of Industry in Victoria from 1984 to 1990. He obtained a bachelor of economics (honors) degree from Monash University, Melbourne, Australia in 1976.

Mr. James Andrew Charles MacKenzie was appointed as an independent non-executive director on April 24, 2008. Mr. MacKenzie has also served as chairman of Mirvac Group since 2005. Mr. MacKenzie was appointed as a director of Yancoal Australia Limited on June 26, 2012 and serves as the co-vice chairman. He has been a non-executive director of Pacific Brands Ltd since 2008. He has also been appointed as an independent director of MCP, a company listed on the Philippine Stock Exchange, since December 2012. He led the transformation of the Victorian Government's Personal Injury Schemes from 2000 to 2007 and prior to 2005 he held senior executive positions with ANZ Banking Group, Standard Chartered Bank and Norwich Union plc. A chartered accountant by profession since 1977, Mr. MacKenzie was, prior to 2005, a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte. In 2001, Mr. MacKenzie was awarded the Australian Centenary Medal for services to public administration. He obtained a bachelor of business (accounting and quantitative methods) degree from the Swinburne University of Technology in 1974. Mr. MacKenzie has been a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors since 1974 and 1994, respectively. He is the chairman of our audit committee.

Mr. Thomas Jefferson Wu was appointed as an independent non-executive director on December 18, 2006. Mr. Wu has been the managing director of Hopewell Holdings Limited, a business conglomerate listed on the HKSE, since October 2009. He has served in various roles with the Hopewell Holdings group since 1999, including group controller from March 2000 to June 2001, executive director since June 2001, chief operating officer from January 2002 to August 2002, deputy managing director from August 2003 to June 2007 and co-managing director from July 2007 to September 2009. He has served as the managing director of Hopewell Highway Infrastructure Limited since July 2003. Mr. Wu graduated with high honors from Princeton University in 1994 with a Bachelor of Science degree in Mechanical and Aerospace Engineering. He then worked in Japan as an engineer for Mitsubishi Electric Corporation for three years before returning to full-time studies at Stanford University, where he obtained a Master of Business Administration degree in 1999. Mr. Wu is active in public service in both Hong Kong and Mainland China. He serves in a number of advisory roles at different levels of government. In Mainland China, he is a member of the Heilongjiang Provincial Committee of the 10th Chinese People's Political Consultative Conference, a Standing Committee member and a member of the Huadu District Committee of The Chinese People's Political Consultative Conference, as well as a member of the Executive Committee of the All-China Federation of Industry and Commerce, among other public service capacities. In Hong Kong, Mr. Wu's major public service appointments include being a member of the Hong Kong Government's Standing Committee on Disciplined Services Salaries and Conditions of Service and a member of its Steering Committee on the Promotion of Electric Vehicles, a member of the Securities and Futures Commission Advisory Committee, as well as a member of the Board of Directors of the Community Chest of Hong Kong, the Hong Kong Sports Institute and the Asian Youth Orchestra Limited. He is also a member of the Council of the Hong Kong Baptist University effective from January 2013. Previously, he was a council member of The Hong Kong Polytechnic University and a member of the Court of The Hong Kong University of Science and Technology. In addition to his professional and public service engagements, Mr. Wu is mostly known for his passion for ice hockey, as well as the sport's development in Hong Kong and the region. He is the Vice President (Asia/Oceania) of International Ice Hockey Federation, the Co-founder and Chairman of the Hong Kong Amateur Ice Hockey Club and the Hong Kong Academy of Ice Hockey. He is also the Honorary President of the Hong Kong Ice Hockey Association – the national sports association of ice hockey in Hong Kong, the Vice-President of the Chinese Ice Hockey Association, Honorary President of the Macau Ice Sports Federation and Honorary Chairman of the Ice Hockey Association of Taipei Municipal Athletics Federation. In 2006, the World Economic Forum selected Mr. Wu as a "Young Global Leader." He was also awarded the "Directors of the Year Award" by the Hong Kong Institute of Directors in 2010 and the "Asian Corporate Director Recognition Award" by *Corporate Governance Asia* in both 2011 and 2012, and named the "Asia's Best CEO (Investor Relations)" in 2012. He is the chairman of our compensation committee, a member of our audit committee and a member of our nominating and corporate governance committee.

Mr. Yiu Wa Alec Tsui was appointed as an independent non-executive director on December 18, 2006. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning,

[Table of Contents](#)

information technology and human resources management, having served at various international companies. He held key positions at the Securities and Futures Commission of Hong Kong from 1989 to 1993, joined the HKSE in 1994 as an executive director of the finance and operations services division and was its chief executive from February 1997 to July 2000. He was also the chief operating officer of Hong Kong Exchanges and Clearing Limited from March to August 2000. He was the chairman of the Hong Kong Securities Institute from 2001 to 2004. He was a consultant of the Shenzhen Stock Exchange from July 2001 to June 2002. Mr. Tsui was an independent non-executive director of each of National Arts Holdings Limited (formerly known as Vertex Group Limited) from March 2002 to April 2009, Synergis Holdings Limited from January 2005 to September 2008, Greentown China Holdings Limited from June 2006 to June 2010, China Huiyuan Juice Group Limited from September 2006 to July 2010, and China BlueChemical Limited from April 2006 to June 2012, all of which are companies listed on the HKSE. Mr. Tsui has been the chairman of WAG Worldsec Corporate Finance Limited since 2006 and an independent non-executive director of a number of companies listed on the HKSE, Nasdaq, the Shanghai Stock Exchange and the Philippine Stock Exchange, including Industrial and Commercial Bank of China (Asia) Limited since August 2000, China Chengtong Development Group Limited since 2003, COSCO International Holdings Limited since 2004, China Power International Development Limited since 2004, Pacific Online Ltd. since 2007, ATA Inc. since 2008, China Oilfield Services Limited since 2009, Summit Ascent Holdings Limited since March 2011 and MCP, a company listed on the Philippine Stock Exchange, since December 2012. Mr. Tsui graduated from the University of Tennessee with a bachelor's degree in industrial engineering in 1975 and a master of engineering degree in 1976. He completed a program for senior managers in government at the John F. Kennedy School of Government at Harvard University in 1993. He is the chairman of our nominating and corporate governance committee, a member of our audit committee and a member of our compensation committee.

Mr. Robert Wason Mactier was appointed as an independent non-executive director on December 18, 2006. Mr. Mactier joined the board of directors of STW Communications Group Limited, a publicly listed Australian communications and advertising company, in December 2006 and became its independent non-executive chairman in July 2008. He was a non-executive director of Aurora Community Television Limited from 2005 to 2012. Since 1990, Mr. Mactier has held a variety of executive roles across the Australian investment banking and securities markets. He has been a consultant to UBS AG in Australia since June 2007. From March 1997 to January 2006, Mr. Mactier worked with Citigroup Pty Limited and its predecessor firms in Australia, and prior to this he worked with E.L. & C. Baillieu Limited from November 1994 to February 1997 and Ord Minnett Securities Limited from May 1990 to October 1994. During this time, he has gained broad advisory and capital markets transaction experience and specific industry expertise within the telecommunications, media, gaming, entertainment and technology sectors and across the private equity sectors. Prior to joining the investment banking industry, Mr. Mactier qualified as a chartered accountant in 1987, working with KPMG from January 1986 to April 1990 across their audit, management consulting and corporate finance practices. He obtained a bachelor's degree in economics from the University of Sydney, Australia in 1986 and has been a Member of the Australian Institute of Company Directors since 2007. Mr. Mactier is a member of our compensation committee and nominating and corporate governance committee.

Executive Officers

Mr. Geoffrey Stuart Davis is our chief financial officer and he was appointed to his current role in April 2011. Prior to that, he served as our deputy chief financial officer from August 2010 to March 2011 and our senior vice president, corporate finance from 2007, when he joined our company. Prior to joining us, Mr. Davis was a research analyst for Citigroup Investment Research, where he covered the U.S. gaming industry from 2001 to 2007. From 1996 to 2000, he was the vice president of corporate communications for Park Place Entertainment, the largest gaming company in the world at the time. Park Place was spun off from Hilton Hotels Corporation and subsequently renamed Caesars Entertainment. Mr. Davis has been a CFA charter holder since 2000 and obtained a bachelor of arts from Brown University in 1991.

[Table of Contents](#)

Ms. Stephanie Cheung is our executive vice president and chief legal officer and she was appointed to her current role in December 2008. Prior to that, she held the title of general counsel from November 2006, when she joined our company. She has acted as the secretary to our board since she joined our company. Prior to joining us, Ms. Cheung was an of counsel at Troutman Sanders from 2004 to 2006 and prior to that she practiced law with various international law firms in Hong Kong, Singapore and Toronto. Ms. Cheung graduated with a bachelor of laws degree from Osgoode Hall Law School in 1986 and a master's degree in business administration from York University in 1994. Ms. Cheung is admitted as a solicitor in Ontario, Canada, England and Wales, and Hong Kong.

Ms. Akiko Takahashi is our executive vice president and chief human resources/corporate social responsibility officer and she was appointed to her current role in December 2008. Prior to that, she held the title group human resources director from December 2006, when she joined our company. Prior to joining us, Ms. Takahashi worked as a consultant in her own consultancy company from 2003 to 2006, where she conducted "C-level" executive searches for clients and assisted with brand/service culture alignment for a luxury hotel in New York City, and where her last engagement prior to joining our company was to lead the human resources integration for the largest international hospitality joint venture in Japan between InterContinental Hotels Group and ANA Hotels. She was the global group director of human resources for Shangri-la Hotels and Resorts, an international luxury hotel group headquartered in Hong Kong, from 1995 to 2003. Between 1993 and 1995, she was the senior vice president of human resources and service quality for Bank of America, Hawaii, FSB. She served as regional human resources manager for Sheraton Hotels Hawaii / Japan from 1985 to 1993. She started her hospitality career as a training manager for Halekulani Hotel. She began her career in the fashion luxury retail industry in merchandising, operations, training and human resources. Ms. Takahashi attended the University of Hawaii.

Mr. Ying Tat Chan is our chief operating officer and he was appointed to his current role in February 2012. With the elimination of the co-chief operating officer positions in February 2012, Mr. Chan now oversees both gaming and non-gaming activities across City of Dreams, Altira Macau and Mocha Clubs. Previously, since September 2010, he was our co-chief operating officer, gaming. Prior to that, he served as president of Altira Macau from November 2008. Prior to his appointment as president of Altira Macau, Mr. Chan was the chief executive officer of Amax Entertainment Holdings Limited from December 2007 until November 2008. Before joining Amax, Mr. Chan worked with our chief executive officer on special projects from September 2007 to November 2007 and was the general manager of Mocha Clubs from 2004 to 2007. From June 2002 to October 2006, Mr. Chan was the assistant to the Group Managing Director at Melco, and he was involved in the overall strategic development and management of our company. Mr. Chan served in various roles at First Shanghai Financial Holding Limited from 1998 to May 2002, with his last position as assistant to the managing director. He graduated with a bachelor's degree in business administration from the Chinese University of Hong Kong in 1995 and with a master's degree in financial management under a long distance learning course from the University of London, the United Kingdom in 1998.

Mr. Kelvin Tan is our executive vice president, international marketing. Mr. Tan joined our company in January 2009 and responsible for our company's international marketing business, which includes overseeing the VIP Services operations, managing an international marketing network, and managing junkets operating at both City of Dreams and Altira Macau. Mr. Tan spent the earlier years of his gaming career in the Philippines and worked for companies including Genting International Resorts Inc. and Waterfront Properties Inc. Before arriving in Macau, he founded and ran a consultancy offering strategic planning, feasibility studies, valuations and junket development programs for casinos across Asia. Prior to joining our company, Mr. Tan was the Vice President of Business Development for Venetian Macau Ltd. Mr. Tan holds a bachelor's degree in science and business administration and a master of business administration degree from Indiana University of Pennsylvania in the United States. He is also a graduate of the executive development program of the University of Nevada, Reno.

[Table of Contents](#)

Ms. Ching Hui Hsu is our president of Mocha Clubs, and she was appointed to her current role in December 2008. Ms. Hsu has worked for Mocha Clubs since September 2003. She was Mocha Club's former financial controller from September 2003 to September 2006 and its chief operating officer from December 2006 to November 2008, overseeing finance, treasury, audit, legal compliance, procurement and administration and human resources functions. Ms. Hsu obtained her bachelor of arts degree in business administration with major in accounting in 1997 from Seattle University and a master's degree in business administration (with concentration on financial services) from The Hong Kong University of Science and Technology in 2002 and a doctorate degree in economics from Beijing Normal University in 2013. Ms. Hsu was qualified as a Certified Public Accountant in the state of Washington, United States in 1998, a member of the American Institute of Certified Public Accountants in 1999, and an associate member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in 2001.

B. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Our directors and executive officers receive compensation in the form of salaries, discretionary bonuses, equity awards, contributions to pension schemes and other benefits. The aggregate amount of compensation paid, and benefits in kind granted, including contingent or deferred compensation accrued for the year, to all the directors and executive officers of our company as a group, amounted to approximately US\$18.6 million for the year ended December 31, 2012. Details of the emoluments paid or payable to the directors during the year ended December 31, 2012 were as follows:

| | Directors' Fees | Salaries and Other Benefits | Performance Bonuses ⁽¹⁾ | Retirement Benefit Scheme Contributions | Share-based Compensation | Total |
|-------------------------------------|-----------------|-----------------------------|------------------------------------|---|--------------------------|-----------------|
| <i>(In thousands of US\$)</i> | | | | | | |
| Co-chairman, executive director | | | | | | |
| Lawrence Yau Lung Ho ⁽²⁾ | \$ — | \$ 1,387 | \$ 2,250 | \$ 2 | \$ 2,884 | \$ 6,523 |
| Co-chairman, non-executive director | | | | | | |
| James Douglas Packer | — | — | — | — | — | — |
| Non-executive directors | | | | | | |
| John Peter Ben Wang | — | — | — | — | 107 | 107 |
| Clarence Yuk Man Chung | — | — | — | — | 152 | 152 |
| William Todd Nisbet | — | — | — | — | — | — |
| Rowen Bruce Craigie | — | — | — | — | — | — |
| Independent non-executive directors | | | | | | |
| James Andrew Charles MacKenzie | 120 | — | — | — | 101 | 221 |
| Thomas Jefferson Wu | 106 | — | — | — | 107 | 213 |
| Yiu Wa Alec Tsui | 108 | — | — | — | 107 | 215 |
| Robert Wason Mactier | 84 | — | — | — | 107 | 191 |
| | <u>\$ 418</u> | <u>\$ 1,387</u> | <u>\$ 2,250</u> | <u>\$ 2</u> | <u>\$ 3,565</u> | <u>\$ 7,622</u> |

Notes

- (1) Performance bonuses are determined with reference to the individuals' performance and the organizational and financial performance of the company.
- (2) Mr. Lawrence Yau Lung Ho is also the chief executive officer of our company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

Bonus Plan

We offer our management employees, including senior executive officers, the ability to participate in our company's discretionary annual bonus plan. As part of this plan, employees may receive compensation in addition to their base salary upon satisfactory achievement of certain financial, strategic and individual objectives. Directors, other than Mr. Lawrence Ho, who participates in his capacity as our chief executive officer, are excluded from this plan. The discretionary annual bonus plan is administered at the sole discretion of our company and our compensation committee.

Equity Awards

In 2012, we issued options to acquire 1,118,553 of our ordinary shares pursuant to a share incentive plan our board adopted on October 6, 2011, or the 2011 Share Incentive Plan, to directors and senior executive officers of our company with exercise prices of US\$4.6967 per share, or US\$14.09 per ADS, and 762,585 restricted shares with grant date fair value at US\$4.4267 per share, or US\$13.28 per ADS. The options expire ten years after the date of grant. In 2012, 916,449 options and 404,099 restricted shares held by the directors and senior executive officers were forfeited. No further awards will be granted under the 2006 Share Incentive Plan and all subsequent awards will be issued under the 2011 Share Incentive Plan. See "— E. Share Ownership" for descriptions of the 2006 Share Incentive Plan and the 2011 Share Incentive Plan.

Pension, Retirement or Similar Benefits

For the year ended December 31, 2012, we set aside or accrued US\$297,797 to provide pension, retirement or similar benefits to our senior executive officers. Our directors, other than Mr. Lawrence Ho who participates in his capacity as our chief executive officer, do not participate in such schemes. For a description of the pension scheme in which our senior executive officers in Hong Kong participate, see "— D. Employees."

C. BOARD PRACTICES

Composition of Board of Directors

Our board consists of ten directors, including three directors nominated by each of Melco and Crown and four independent directors. Nasdaq Marketplace Rule 5605(b)(1) generally requires that a majority of an issuer's board of directors must consist of independent directors, but provides for certain phase-in periods under Nasdaq Marketplace Rule 5615(c)(3). However, Nasdaq Marketplace Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. Walkers, our Cayman Islands counsel, has provided a letter to Nasdaq certifying that under Cayman Islands law, we are not required to have a majority of independent directors serving on our board. We rely on this "home country practice" exception and do not have a majority of independent directors serving on our board.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. An individual shareholder or we, as the company, have (as applicable) the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;

Table of Contents

- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Our board adopted Hong Kong corporate governance guidelines, which took effect upon the listing of our company in Hong Kong, to satisfy the requirements of the HKSE, with the intention of strengthening our corporate governance practice. Such guidelines are periodically reviewed and amended to ensure that they are responsive to developing legal requirements.

Terms of Directors and Executive Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by special resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) dies or is found by our company to be or becomes of unsound mind.

Committees of the Board of Directors

Our board established an audit committee, a compensation committee and a nominating and corporate governance committee in December 2006. Each committee has its defined scope of duties and terms of reference within its own charter, which empowers the committee members to make decisions on certain matters. The charters of these board committees were adopted by our board on November 28, 2006 and have been amended and restated on several occasions, with the latest versions of the nominating and corporate governance committee charter and the audit committee charter adopted in December 2012 and the latest version of the compensation committee charter adopted in March 2012 to satisfy the requirements of the HKSE. The charters may be found on our website. Each of these committees consists entirely of directors whom our board has determined to be independent under the “independence” requirements of the Nasdaq corporate governance rules. The current membership and summary of the charters under which each committee operates are provided below.

Audit Committee

Our audit committee consists of Messrs. Thomas Jefferson Wu, Yiu Wa Alec Tsui and James Andrew Charles MacKenzie, and is chaired by Mr. MacKenzie. Each of our audit committee members also satisfies the “independence” requirements of Rule 10A-3 under the Securities Exchange Act of 1934, or the Exchange Act. We believe that Mr. MacKenzie qualifies as an “audit committee financial expert” as defined in Item 16A of Form 20-F. The purpose of the committee is to assist our board in overseeing and monitoring:

- the integrity of the financial statements of our company;
- the qualifications and independence of our independent auditors;
- the performance of our independent auditors;
- the integrity of our systems of internal accounting and financial controls;
- legal and regulatory issues relating to the financial statements of our company, including the oversight of the independent auditor, the review of the financial statements and related material, the internal

audit process and the procedure for receiving complaints regarding accounting, internal accounting controls, auditing or other related matters;

- the disclosure, in accordance with our relevant policies, of any material information regarding the quality or integrity of our financial statements, which is brought to its attention by our disclosure committee; and
- the integrity and effectiveness of our internal audit function and risk management policies, procedures and practices.

The duties of the audit committee include:

- reviewing and recommending to our board for approval, the appointment, re-appointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor and after considering a tendering process for the appointment of the independent auditor every five years;
- approving the remuneration and terms of engagement of the independent auditor and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- at least annually, obtaining a written report from our independent auditor describing matters relating to its independence and quality control procedures;
- discussing with our independent auditor and our management, among other things, the integrity of the financial statements, including whether any material information brought to their attention should be disclosed, issues regarding accounting and auditing principles and practices and the management's internal control report;
- reviewing and recommending the financial statements to our disclosure committee for inclusion within our quarterly earnings releases and to our board for inclusion in our half-year and annual reports;
- approving all material related party transactions brought to its attention, without further approval of our board except for those which are non-exempt connected transactions under the listing rules of the HKSE;
- establishing and overseeing procedures for the handling of complaints and whistleblowing;
- approving the internal audit charter and annual audit plans, and undertaking an annual performance evaluation of the internal audit function;
- assessing and approving any policies and procedures to identify, accept, mitigate, allocate or otherwise manage various types of risks presented by management, and making recommendations with respect to our risk management process;
- reviewing our financial controls, internal control and risk management systems, and discussing with our management the system of internal control and ensuring that our management has discharged its duty to have an effective internal control system including the adequacy of resources, the qualifications and experience of our accounting and financial staff, and their training programs and budget;
- together with our board, evaluating the performance of the audit committee on an annual basis;
- assessing the adequacy of its charter; and
- cooperating with the other board committees in any areas of overlapping responsibilities.

Compensation Committee

Our compensation committee consists of Messrs. Thomas Jefferson Wu, Yiu Wa Alec Tsui and Robert Wason Mactier, and is chaired by Mr. Wu. The purpose of the compensation committee is to discharge the responsibilities of the board relating to compensation of our executives, including by designing (in consultation with management and our board), recommending to our board for approval, and evaluating the executive and director compensation plans, policies and programs of our company.

Members of the compensation committee are not prohibited from direct involvement in determining their own compensation. Our chief executive officer may not be present at any compensation committee meeting during which his compensation is deliberated.

The duties of the compensation committee include:

- overseeing the development and implementation of compensation programs in consultation with our management;
- at least annually, making recommendations to our board with respect to the compensation arrangements for our non-executive directors, and approving compensation arrangements for our executive director and executive officers, including the chief executive officer;
- at least annually, reviewing and approving our general compensation scheme, incentive compensation plans and equity-based plans, and overseeing the administration of these plans and discharging any responsibilities imposed on the compensation committee by any of these plans;
- reviewing and approving the compensation payable to our executive director and executive officers in connection with any loss or termination of their office or appointment;
- reviewing and recommending any benefits in kind received by any director or approving executive officer where such benefits are not provided for under the relevant employment terms;
- reviewing executive officer and director indemnification and insurance matters;
- overseeing our regulatory compliance with respect to compensation matters, including our policies on restrictions on compensation plans and loans to officers;
- together with the board, evaluating the performance of the compensation committee on an annual basis;
- assessing the adequacy of its charter; and
- cooperating with the other board committees in any areas of overlapping responsibilities.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Messrs. Thomas Jefferson Wu, Yiu Wa Alec Tsui and Robert Wason Mactier, and is chaired by Mr. Tsui. The purpose of the nominating and corporate governance committee is to assist our board in discharging its responsibilities regarding:

- the identification of qualified candidates to become members and chairs of the board committees and to fill any such vacancies, and reviewing the appropriateness of the continued service of directors;
- ensuring that our board meets the criteria for independence under the Nasdaq corporate governance rules, and that at least three of the board members are independent non-executive directors as required under the listing rules of the HKSE, and nominating directors who meet such independence criteria;

[Table of Contents](#)

- oversight of our compliance with legal and regulatory requirements, in particular the legal and regulatory requirements of Macau (including the relevant laws related to the gaming industry), the Cayman Islands, the SEC, Nasdaq and the HKSE;
- the development and recommendation to our board of a set of corporate governance principles applicable to our company; and
- the disclosure, in accordance with our relevant policies, of any material information (other than that regarding the quality or integrity of our financial statements), which is brought to its attention by the disclosure committee.

The duties of the committee include:

- making recommendations to our board for its approval, the appointment or re-appointment of any members of our board and the chairs and members of its committees, including evaluating any succession planning;
- reviewing on an annual basis the appropriate skills, knowledge and characteristics required of board members and of the committees of our board, and making any recommendations to improve the performance of our board and its committees;
- developing and recommending to our board such policies and procedures with respect to nomination or appointment of members of our board and chairs and members of its committees or other corporate governance matters as may be required pursuant to any SEC or Nasdaq rules, the listing rules of the HKSE, or otherwise considered desirable and appropriate;
- developing a set of corporate governance principles and reviewing such principles at least annually;
- deciding whether any material information (other than that regarding the quality or integrity of our financial statements), which is brought to its attention by the disclosure committee, should be disclosed;
- reviewing and monitoring the training and continuous professional development of our directors and senior management, pursuant to the listing rules of the HKSE;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors, pursuant to the listing rules of the HKSE;
- together with the board, evaluating the performance of the committee on an annual basis;
- assessing the adequacy of its charter; and
- cooperating with the other board committees in any areas of overlapping responsibilities.

Interested Transactions

A director may vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

Remuneration and Borrowing

The directors may recommend remuneration to be paid to the directors. The compensation committee assists the directors in reviewing and approving the compensation structure for the directors. The directors may

[Table of Contents](#)

exercise all the powers of our company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of our company or of any third party.

Qualification

There is no shareholding qualification for directors.

Benefits Upon Termination

Our directors are not currently entitled to benefits when they cease to be directors.

Employment Agreements

We have entered into an employment agreement with each of our executive officers. The terms of the employment agreements are substantially similar for each executive officer, except as noted below. We may terminate an executive officer's employment for cause, at any time, without notice or remuneration, for certain acts of the officer, including, but not limited to, a serious criminal act, willful misconduct to our detriment or a failure to perform agreed duties. Furthermore, either we or an executive officer may terminate employment at any time without cause upon advance written notice to the other party. Except in the case of Mr. Lawrence Yau Lung Ho, upon notice to terminate employment from either the executive officer or our company, our company may limit the executive officer's services for a period until the termination of employment. Each executive officer (or his estate, as applicable) is entitled to accrued amounts in relation to such executive officer's employment with us upon termination due to disability or death. We will indemnify an executive officer for his or her losses based on or related to his or her acts and decisions made in the course of his or her performance of duties within the scope of his or her employment.

Each executive officer has agreed to hold, both during and after the termination of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or as compelled by law, any of our or our customers' confidential information or trade secrets. Each executive officer also agrees to comply with all material applicable laws and regulations related to his or her responsibilities at our company as well as all material written corporate and business policies and procedures of our company.

Each executive officer is prohibited from gambling at any of our company's facilities during the term of his or her employment and six months following the termination of such employment agreement.

Each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and for certain periods following the termination of such employment agreement. Specifically, each executive officer has agreed not to (i) assume employment with or provide services as a director for any of our competitors who operate in a restricted area for six months following termination of employment; (ii) solicit or seek any business orders from our customers for one year following termination of employment; or (iii) seek directly or indirectly, to solicit the services of any of our employees for one year following termination of employment. The restricted area is defined as Asia or Australasia or any other country or region in which our company operates.

D. EMPLOYEES

Employees

We had 11,769, 11,071 and 10,913 employees as of December 31, 2012, 2011 and 2010, respectively. The following table sets forth the number of employees categorized by the areas of operations and as a

Table of Contents

percentage of our workforce as of December 31, 2012, 2011 and 2010. Staff remuneration packages are determined taking into account market conditions and the performance of the individuals concerned, and are subject to review from time to time.

| | December 31, | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012 | | 2011 | | 2010 | |
| | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| Mocha Clubs | 835 | 7.1% | 777 | 7.0% | 777 | 7.1% |
| Altira Macau | 2,338 | 19.9 | 2,351 | 21.3 | 2,609 | 23.9 |
| City of Dreams ⁽¹⁾ | 8,062 | 68.5 | 7,532 | 68.0 | 6,941 | 63.6 |
| Corporate and centralized services ⁽¹⁾ | 534 | 4.5 | 411 | 3.7 | 586 | 5.4 |
| Total | 11,769 | 100.0% | 11,071 | 100.0% | 10,913 | 100.0% |

Note:

(1) Includes project management staff for Studio City.

We have implemented a number of human resource initiatives over recent years for the benefit of our employees and their families. These initiatives include a unique in-house learning academy, an on-site high school diploma program, scholarship awards, as well as fast track promotion training initiatives jointly coordinated with the School of Continuing Study of Macau University of Science & Technology and Macao Technology Committee.

Our Macau employees participate in the government-managed social security fund scheme, under which we are required to make a monthly fixed contribution to fund the benefits for each resident employee. The Macau government is responsible for the planning, management and supervision of this social security fund scheme, including collecting and investing the contributions and paying out the pensions to the retired employees. We do not have any obligations to pay any pension to any retired employees under this scheme.

Our Hong Kong employees participate in the mandatory provident fund scheme, or the MPF Scheme, which we operate. Effective June 1, 2012, the maximum monthly contribution by both employee and employer is increased from HK\$1,000 to HK\$1,250. With this increase, contributions to the MPF Scheme for these employees, with the exception of executive officers, are each set at 5% of the employees' relevant income up to a maximum of HK\$1,250 per employee per month. For executive officers, the employees' contributions to the MPF Scheme are set at 5% of the employees' salaries up to a maximum of HK\$1,250 per employee per month, and our contribution to the MPF Scheme is set at 10% of the employees' base salaries. The excess of contributions over our mandatory portion, which is 5% of the employees' salaries up to a maximum of HK\$1,250 per employee per month, are treated as our voluntary contribution and are vested to executive officers at 10% per year with full vesting in 10 years. Our contributions to the MPF Scheme are fully and immediately vested to the employees once they are paid. The MPF Scheme was established under trust with the assets of the funds held separately from ours by independent trustees.

Our subsidiaries in certain other jurisdictions operate a number of defined contribution schemes. Contributions to the defined contribution schemes are made at a certain percentage of the employees' payroll in accordance with applicable minimum mandatory requirements.

The total amounts of contributions made by us for such retirement schemes for each of the three years ended December 31, 2012, 2011 and 2010 were US\$5.3 million, US\$5.4 million and US\$5.1 million, respectively.

E. SHARE OWNERSHIP

Share Ownership of Directors and Members of Senior Management

Except as disclosed in Item 7, each of our directors and members of senior management individually owns less than 1% of our outstanding ordinary shares.

For the ownership of our ordinary shares pursuant to options and restricted shares granted to directors under our 2006 Share Incentive Plan and our 2011 Share Incentive Plan, see “— Share Incentive Plans” below.

None of our directors or members of senior management who are shareholders have different voting rights from other shareholders of our company.

Share Incentive Plans

2006 Share Incentive Plan

We adopted the 2006 Share Incentive Plan to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentives to employees, directors and consultants and to promote the success of our business. The 2006 Share Incentive Plan has been succeeded by our 2011 Share Incentive Plan. No further awards may be granted under the 2006 Share Incentive Plan. All subsequent awards will be issued under the 2011 Share Incentive Plan. Awards previously granted under the 2006 Share Incentive Plan shall remain subject to the terms and conditions of the 2006 Share Incentive Plan.

The following paragraphs describe the principal terms included in the 2006 Share Incentive Plan.

Types of Awards. The awards permitted to be granted under our 2006 Share Incentive Plan included options to purchase our shares and restricted shares.

Eligibility. We were permitted to grant awards to employees, directors and consultants of our company or any of our related entities, including Melco, Crown, other joint venture entities of Melco or Crown, our own subsidiaries or any entities in which we hold a substantial ownership interest. However, we could grant options that are intended to qualify as incentive share options only to our employees.

Maximum Number of Shares. Under the 2006 Share Incentive Plan, the maximum aggregate number of shares which could be issued pursuant to all awards (including shares issuable upon exercise of options) was 100,000,000 over 10 years.

Plan Administration. Our compensation committee would administer the 2006 Share Incentive Plan and determine the provisions and terms and conditions of each award grant.

Award Agreement. Awards granted were to be evidenced by an award agreement that sets forth the terms, conditions and limitations for each award.

Exercise Price and Term of Awards. In general, the plan administrator would determine the exercise price of an option and set forth the price in the award agreement. The exercise price could be a fixed or variable price related to the fair market value of our shares. If we granted an incentive share option to an employee who, at the time of that grant, owned shares representing more than 10% of the voting power of all classes of our share capital, the exercise price could not be less than 110% of the fair market value of our shares on the date of that grant. The term of each award would be stated in the award agreement, and would not exceed 10 years from the date of the grant.

Vesting Schedule. In general, the plan administrator determined, or the award agreement would specify, the vesting schedule.

[Table of Contents](#)

See “— B. Compensation of Directors and Executive Officers” for awards granted to our directors and executive officers under the 2006 Share Incentive Plan.

As of December 31, 2012 the unvested share options granted under the 2006 Share Incentive Plan represented approximately 0.309% of our issued share capital. If all the unvested share options were to be exercised and vested during the year ended December 31, 2012 on an unaudited pro-forma basis, there would be a dilution effect on the shareholdings of our shareholders of approximately 0.308% and basic earnings per share of US\$0.0008.

2011 Share Incentive Plan

We adopted the 2011 Share Incentive Plan to provide our employees, directors and consultants with incentives to increase shareholder value, and to attract and retain the services of those upon whom we depend for the success of our business. The 2011 Share Incentive Plan was conditionally approved by our shareholders at the extraordinary general meeting held on October 6, 2011 and became effective upon commencement of dealings in our shares on the HKSE on December 7, 2011. The 2011 Share Incentive Plan succeeds the 2006 Share Incentive Plan.

The following paragraphs summarize the principal terms of the 2011 Share Incentive Plan.

Types of Awards. The awards that may be granted under the plan include options, incentive share options, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units.

Eligibility. We may grant awards to employees, directors and consultants of our company, any parent or subsidiary of our company, or any of our related entities that our board designates as a related entity for the purposes of this plan. Our compensation committee may from time to time select from among eligible individuals those to whom awards shall be granted. However, only employees of our company or of a parent or subsidiary of our company are eligible to receive incentive share option awards.

Maximum Number of Shares. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2011 Share Incentive Plan is 100,000,000 shares. This limit may be increased from time to time, but by no more than 10% of the shares then in issue as of the date of the shareholders' meeting to approve such increase. The shares which may be issued upon exercise of all outstanding awards granted and yet to be exercised under the plan shall not exceed 30% of the shares in issue from time to time, as prescribed under relevant listing rules of the HKSE.

Maximum Entitlement of Option Holders. The maximum aggregate number of shares underlying an option grant shall not, in any 12-month period up to the date of grant, exceed 1% of the number of shares in issue on the date of grant, unless shareholder approval is obtained in accordance with the listing rules of the HKSE. The maximum aggregate number of shares to be issued upon exercise of options granted to a substantial shareholder or an independent non-executive director of our company, or any of their respective associates, shall not exceed 0.1% of the shares in issue on the offer date or have an aggregate value, based on the official closing price of the shares as quoted by the HKSE on the offer date, in excess of HK\$5 million, unless shareholder approval is obtained in accordance with the listing rules of the HKSE. Such limits may be amended from time to time by the HKSE. Our compensation committee may not grant options to a director, chief executive or substantial shareholder of our company, or any of their respective associates, without approval by independent non-executive directors on the compensation committee at the time of such determination.

Option Periods and Payments. Our compensation committee may in its discretion determine, subject to the plan expiration period: the period within which shares must be taken up under an option; the minimum period, if any, for which an option must be held before it can be exercised; the amount, if any, payable on

[Table of Contents](#)

application or acceptance of the option; and the period within which payments or calls must or may be made or loans for such purposes must be repaid.

Plan Administration. Our compensation committee will administer the 2011 Share Incentive Plan and has the power to, among other actions, designate eligible participants, determine the number and types of awards to be granted, and set the terms and conditions of each award grant.

Award Agreement. Awards granted will be evidenced by an award agreement that sets forth the terms, conditions and limitations for each award.

Exercise Price. In general, the compensation committee may establish the exercise price or purchase price, if any, of any award. The exercise price of an option may be a fixed or variable price related to the fair market value of our ordinary shares, but in any event shall not be less than the highest of: the official closing price quoted on the HKSE on the date such option is offered in writing to a participant, or the offer date; the average of the official closing prices as quoted on the HKSE for the five business days immediately preceding the offer date; and the nominal value of an ordinary share. If we grant an incentive share option award to an employee who, at the time of that grant, owns shares representing more than 10% of the voting power of all classes of our shares, the exercise price may not be less than 110% of the fair market value of our ordinary shares on the date of that grant.

Term of Awards. The term of each award shall be stated in the award agreement, and may not exceed 10 years from the date of the grant. If the participant ceases to be eligible for any reason, the validity of the award shall depend on the terms and conditions of the award agreement. For a participant granted an incentive share option, upon three months of termination of employment as an employee, the right to exercise the incentive share option shall be revoked.

Transferability. Rights in awards are personal to participants and, except as otherwise provided by our compensation committee, no award shall be assigned, transferred, or otherwise disposed of by a participant other than by will or the laws of descent and distribution.

Adjustments. In the event of any share split, combination or exchange of shares, spin-off, recapitalization, reorganization, merger, consolidation or any other change affecting our share capital, our compensation committee shall make proportionate and equitable adjustments to reflect such change with respect to: (i) the aggregate number and types of shares that may be issued under the plan; (ii) the terms and conditions of any outstanding awards; and (iii) the grant price or exercise price per share for any outstanding awards.

Change in Control Transactions. In the event of a change in the control of our company, our compensation committee may in its sole discretion provide for termination, purchase or realization of awards, or replacement of awards with other rights or property. Upon the consummation of a merger or consolidation in which our company is not the surviving entity, a sale of substantially all of our assets, the complete liquidation or dissolution of our company or a reverse takeover, each award will terminate, unless the award is assumed by the successor entity. If the successor entity assumes the award or replaces it with a comparable award, or replaces the award with a cash incentive program and provides for subsequent payout, the replacement award or cash incentive program will automatically become fully vested, exercisable and payable, as applicable, upon termination of the participant's employment without cause within 12 months of such corporate transaction. If the award is neither assumed nor replaced, it shall become fully vested and exercisable and released from any repurchase or forfeiture rights immediately prior to the effective date of such corporate transaction, provided that the participant remains eligible on the effective date of the corporate transaction.

Amendment and Termination. Subject to applicable laws, our compensation committee may terminate, amend or modify the plan upon obtaining the approval of our board and the approval of the shareholders for the amended plan. However, no amendment, modification or termination shall adversely affect in any material way

[Table of Contents](#)

any award previously granted under the 2011 Share Incentive Plan or any previous plans, without the prior written consent of the participant.

Expiration. The 2011 Share Incentive Plan will expire 10 years after the date it became effective. No awards may be granted pursuant to the 2011 Share Incentive Plan after that time.

As of the date of this annual report, we have granted to certain employees (i) share options to subscribe for a total of 1,934,574 shares and (ii) restricted shares in respect of a total of 1,170,612 shares, pursuant to the 2011 Share Incentive Plan.

As of December 31, 2012 the unvested share options granted under the 2011 Share Incentive Plan represented approximately 0.115% of our issued share capital. If all the unvested share options were to be exercised and vested during the year ended December 31, 2012 on an unaudited pro-forma basis, there would be a dilution effect on the shareholdings of our shareholders of approximately 0.115% and basic earnings per share of US\$0.0003.

A summary of the outstanding awards granted under the 2006 Share Incentive Plan and the 2011 Share Incentive Plan as of December 31, 2012, is presented below:

| | Exercise Price/Grant Date Fair Value per ADS (US\$) | Number of Unvested Share Options/Restricted Shares | Vesting Period |
|----------------------------------|--|---|-----------------------|
| Share Options | | | |
| 2009 Cancel and Re-issue Program | 4.28 | 518,955 | 4 years |
| 2009 Long Term Incentive Plan | 3.04 – 3.26 | 1,129,125 | 4 years |
| 2010 Long Term Incentive Plan | 3.75 – 3.98 | 466,266 | 3 to 4 years |
| 2011 Long Term Incentive Plan | 7.57 | 3,009,831 | 3 years |
| 2012 Long Term Incentive Plan | 14.09 | 1,901,136 | 3 years |
| | | <u>7,025,313</u> | |
| Restricted Shares | | | |
| 2009 Long Term Incentive Plan | 3.26 | 310,596 | 4 years |
| 2010 Long Term Incentive Plan | 3.75 | 233,142 | 3 to 4 years |
| 2011 Long Term Incentive Plan | 7.57 | 1,695,147 | 3 years |
| 2012 Long Term Incentive Plan | 13.28 | 1,153,890 | 3 years |
| | | <u>3,392,775</u> | |

Remarks:

- (1) Awards granted before the year of 2012 are under the 2006 Share Incentive Plan and awards granted during or after the year of 2012 are and will be under the 2011 Share Incentive Plan.
- (2) 11,859 share options and 5,931 restricted Shares were granted to a then newly joined employee on March 29, 2012 pursuant to the 2011 Share Incentive Plan.
- (3) 33,438 share options and 16,722 restricted Shares granted under the 2011 Share Incentive Plan were cancelled in 2012 due to the resignation of certain employees.

Table of Contents

Details of the movement in share options granted under the 2006 Share Incentive Plan and the 2011 Share Incentive Plan during the year ended December 31, 2012 are as follows:

| Name or category of participants | Date of grant of share options ⁽¹⁾ | Exercisable period | Exercise price of share options (per share) US\$ | Share price at date of grant of share options US\$ | Number of share options | | | | | | Outstanding as of December 31, 2012 |
|----------------------------------|---|-------------------------------------|--|--|-----------------------------------|-------------------------|------------------------------|--|---------------------------|------------------------|-------------------------------------|
| | | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Exercised during the year ⁽³⁾ | Cancelled during the year | Lapsed during the year | |
| Directors: | | | | | | | | | | | |
| Lawrence Yau Lung Ho | March 17, 2009 | March 17, 2010 to March 16, 2019 | 1.09 | 1.09 | 724,692 | — | — | — | — | — | 724,692 |
| | March 17, 2009 | March 17, 2011 to March 16, 2019 | 1.09 | 1.09 | 724,692 | — | — | — | — | — | 724,692 |
| | March 17, 2009 | March 17, 2012 to March 16, 2019 | 1.09 | 1.09 | 724,692 | — | — | — | — | — | 724,692 |
| | March 17, 2009 | March 17, 2013 to March 16, 2019 | 1.09 | 1.09 | 724,698 | — | — | — | — | — | 724,698 |
| | November 25, 2009 | November 25, 2010 to March 17, 2018 | 1.43 | 1.43 | 188,763 | — | — | — | — | — | 188,763 |
| | November 25, 2009 | November 25, 2011 to March 17, 2018 | 1.43 | 1.43 | 188,763 | — | — | — | — | — | 188,763 |
| | November 25, 2009 | November 25, 2012 to March 17, 2018 | 1.43 | 1.43 | 188,763 | — | — | — | — | — | 188,763 |
| | November 25, 2009 | November 25, 2013 to March 17, 2018 | 1.43 | 1.43 | 188,769 | — | — | — | — | — | 188,769 |
| | March 23, 2011 | March 23, 2012 to March 22, 2021 | 2.52 | 2.52 | 482,115 | — | — | — | — | — | 482,115 |
| | March 23, 2011 | March 23, 2013 to March 22, 2021 | 2.52 | 2.52 | 482,115 | — | — | — | — | — | 482,115 |
| | March 23, 2011 | March 23, 2014 to March 22, 2021 | 2.52 | 2.52 | 482,268 | — | — | — | — | — | 482,268 |
| | March 29, 2012 | March 29, 2013 to March 28, 2022 | 4.70 | 4.43 | — | 158,133 ⁽¹⁸⁾ | — | — | — | — | 158,133 |
| | March 29, 2012 | March 29, 2014 to March 28, 2022 | 4.70 | 4.43 | — | 158,133 ⁽¹⁸⁾ | — | — | — | — | 158,133 |
| | March 29, 2012 | March 29, 2015 to March 28, 2022 | 4.70 | 4.43 | — | 158,133 ⁽¹⁸⁾ | — | — | — | — | 158,133 |
| Sub-total: | | | | | 5,100,330 | 474,399 | — | — | — | — | 5,574,729 |

Table of Contents

| Name or category of participants | Date of grant of share options ⁽¹⁾ | Exercisable period | Exercise price of share options (per share) US\$ | Share price at date of grant of share options US\$ | Number of share options | | | | | | |
|----------------------------------|---|---|--|--|-----------------------------------|-------------------------|------------------------------|--|---------------------------|------------------------|-------------------------------------|
| | | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Exercised during the year ⁽³⁾ | Cancelled during the year | Lapsed during the year | Outstanding as of December 31, 2012 |
| Clarence Yuk Man Chung | March 18, 2008 | March 18, 2009 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2010 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2011 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2012 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 17, 2009 | March 17, 2010 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2011 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2012 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2013 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | Sub-total: | | | | | 194,664 | — | — | — | — | — |
| Yiu Wa Alec Tsui | September 10, 2007 | September 10, 2008 to September 9, 2017 | 5.06 | 4.42 | 5,982 | — | — | — | — | — | 5,982 |
| | September 10, 2007 | September 10, 2009 to September 9, 2017 | 5.06 | 4.42 | 11,967 | — | — | — | — | — | 11,967 |
| | September 10, 2007 | September 10, 2010 to September 9, 2017 | 5.06 | 4.42 | 17,952 | — | — | — | — | — | 17,952 |
| | September 10, 2007 | September 10, 2011 to September 9, 2017 | 5.06 | 4.42 | 23,946 | — | — | — | — | — | 23,946 |
| | March 18, 2008 | March 18, 2009 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2010 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2011 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2012 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 17, 2009 | March 17, 2010 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2011 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2012 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| March 17, 2009 | March 17, 2013 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 | |
| Sub-total: | | | | | 254,511 | — | — | — | — | — | 254,511 |

Table of Contents

| Name or category of participants | Date of grant of share options ⁽¹⁾ | Exercisable period | Exercise price of share options (per share) US\$ | Share price at date of grant of share options US\$ | Number of share options | | | | | | |
|----------------------------------|---|---|--|--|-----------------------------------|-------------------------|------------------------------|--|---------------------------|------------------------|-------------------------------------|
| | | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Exercised during the year ⁽³⁾ | Cancelled during the year | Lapsed during the year | Outstanding as of December 31, 2012 |
| John Peter Ben Wang | March 18, 2008 | March 18, 2009 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2010 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2011 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2012 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 17, 2009 | March 17, 2010 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2011 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2012 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2013 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| Sub-total: | | | | | 194,664 | — | — | — | — | — | 194,664 |
| Robert Wason Mactier | September 10, 2007 | September 10, 2008 to September 9, 2017 | 5.06 | 4.42 | 5,982 | — | — | — | — | — | 5,982 |
| | September 10, 2007 | September 10, 2009 to September 9, 2017 | 5.06 | 4.42 | 11,967 | — | — | — | — | — | 11,967 |
| | September 10, 2007 | September 10, 2010 to September 9, 2017 | 5.06 | 4.42 | 17,952 | — | — | — | — | — | 17,952 |
| | September 10, 2007 | September 10, 2011 to September 9, 2017 | 5.06 | 4.42 | 23,946 | — | — | — | — | — | 23,946 |
| | March 18, 2008 | March 18, 2009 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2010 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2011 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2012 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 17, 2009 | March 17, 2010 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2011 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2012 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2013 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| Sub-total: | | | | | 254,511 | — | — | — | — | — | 254,511 |

Table of Contents

| Name or category of participants | Date of grant of share options ⁽¹⁾ | Exercisable period | Exercise price of share options (per share) US\$ | Share price at date of grant of share options US\$ | Number of share options | | | | | | |
|----------------------------------|---|---|--|--|-----------------------------------|-------------------------|------------------------------|--|---------------------------|------------------------|-------------------------------------|
| | | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Exercised during the year ⁽³⁾ | Cancelled during the year | Lapsed during the year | Outstanding as of December 31, 2012 |
| Thomas Jefferson Wu | September 10, 2007 | September 10, 2008 to September 9, 2017 | 5.06 | 4.42 | 5,982 | — | — | — | — | — | 5,982 |
| | September 10, 2007 | September 10, 2009 to September 9, 2017 | 5.06 | 4.42 | 11,967 | — | — | — | — | — | 11,967 |
| | September 10, 2007 | September 10, 2010 to September 9, 2017 | 5.06 | 4.42 | 17,952 | — | — | — | — | — | 17,952 |
| | September 10, 2007 | September 10, 2011 to September 9, 2017 | 5.06 | 4.42 | 23,946 | — | — | — | — | — | 23,946 |
| | March 18, 2008 | March 18, 2009 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2010 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2011 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 18, 2008 | March 18, 2012 to March 17, 2018 | 4.01 | 4.01 | 14,157 | — | — | — | — | — | 14,157 |
| | March 17, 2009 | March 17, 2010 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2011 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2012 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2013 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| Sub-total: | | | | | 254,511 | — | — | — | — | — | 254,511 |

Table of Contents

| Name or category of participants | Date of grant of share options ⁽¹⁾ | Exercisable period | Exercise price of share options (per share) US\$ | Share price at date of grant of share options US\$ | Number of share options | | | | | | Outstanding as of December 31, 2012 |
|----------------------------------|---|--------------------------------------|--|--|-----------------------------------|-------------------------|------------------------------|--|---------------------------|------------------------|-------------------------------------|
| | | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Exercised during the year ⁽³⁾ | Cancelled during the year | Lapsed during the year | |
| James Andrew Charles MacKenzie | September 30, 2008 | April 24, 2009 to September 29, 2018 | 4.69 | 1.33 | 8,334 | — | — | — | — | — | 8,334 |
| | September 30, 2008 | April 24, 2010 to September 29, 2018 | 4.69 | 1.33 | 8,336 | — | — | — | — | — | 8,336 |
| | September 30, 2008 | April 24, 2011 to September 29, 2018 | 4.69 | 1.33 | 8,336 | — | — | — | — | — | 8,336 |
| | September 30, 2008 | April 24, 2012 to September 29, 2018 | 4.69 | 1.33 | 8,336 | — | — | — | — | — | 8,336 |
| | March 17, 2009 | March 17, 2010 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2011 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2012 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| | March 17, 2009 | March 17, 2013 to March 16, 2019 | 1.09 | 1.09 | 34,509 | — | — | — | — | — | 34,509 |
| Sub-total: | | | | | <u>171,378</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>171,378</u> |
| Sub-total: | | | | | <u>6,424,569</u> | <u>474,399</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>6,898,968</u> |

Table of Contents

| Name or category of participants | Date of grant of share options ⁽¹⁾ | Exercisable period | Exercise price of share options (per share) US\$ | Share price at date of grant of share options US\$ | Number of share options | | | | | | |
|----------------------------------|---|---|--|--|-----------------------------------|--|------------------------------|--|---------------------------|------------------------|-------------------------------------|
| | | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Exercised during the year ⁽³⁾ | Cancelled during the year | Lapsed during the year | Outstanding as of December 31, 2012 |
| Employees ⁽⁴⁾ | September 10, 2007 | September 10, 2008 to September 9, 2017 | 5.06 | 4.42 | 77,211 | — | — | — | — | — | 77,211 |
| Employees ⁽⁵⁾ | March 18, 2008 | March 18, 2009 to March 17, 2018 | 4.01 | 4.01 | 36,117 | — | — | (17,460) | — | — | 18,657 |
| Employees ⁽⁶⁾ | November 25, 2008 | November 25, 2010 to November 24, 2018 | 1.01 | 1.01 | 6,715,125 | — | (440,760) | (1,573,749) | — | — | 4,700,616 |
| Employees ⁽⁷⁾ | January 20, 2009 | January 20, 2010 to January 19, 2019 | 1.01 | 1.01 | 789,474 | — | — | — | — | — | 789,474 |
| Employees ⁽⁸⁾ | November 25, 2009 | November 25, 2010 to September 9, 2017 | 1.43 | 1.43 | 773,043 | — | (119,694) | (102,708) | — | — | 550,641 |
| Employees ⁽⁹⁾ | November 25, 2009 | November 25, 2010 to March 17, 2018 | 1.43 | 1.43 | 674,478 | — | (105,792) | (73,584) | — | — | 495,102 |
| Employees ⁽¹⁰⁾ | November 25, 2009 | November 25, 2010 to April 10, 2018 | 1.43 | 1.43 | 140,400 | — | — | — | — | — | 140,400 |
| Employees ⁽¹¹⁾ | May 26, 2010 | May 26, 2013 to May 25, 2020 | 1.25 | 1.25 | 156,624 | — | — | — | — | — | 156,624 |
| Employees ⁽¹²⁾ | May 26, 2010 | May 26, 2012 to May 25, 2020 | 1.25 | 1.25 | 304,290 | — | — | (100,608) | 14,976 ⁽¹⁶⁾ | — | 218,658 |
| Employees | July 28, 2010 | July 28, 2011 to July 27, 2020 | 1.28 | 1.28 | 1,033,944 | — | (1,033,944) | — | — | — | — |
| Employees ⁽¹³⁾ | August 16, 2010 | August 16, 2012 to August 15, 2020 | 1.33 | 1.25 | 300,000 | — | — | — | — | — | 300,000 |
| Employees ⁽¹⁴⁾ | March 23, 2011 | March 23, 2012 to March 22, 2021 | 2.52 | 2.52 | 3,491,187 | — | (363,810) | (167,175) | — | — | 2,960,202 |
| Employees ⁽¹⁵⁾ | March 29, 2012 | March 29, 2013 to March 28, 2022 | 4.70 | 4.43 | — | 1,460,175 ⁽¹⁸⁾ ⁽¹⁹⁾ | (33,438) | — | — | — | 1,426,737 |
| Sub-total: | | | | | 14,491,893 | 1,460,175 | (2,097,438) | (2,035,284) | 14,976 | — | 11,834,322 |

Table of Contents

| Name or category of participants | Date of grant of share options ⁽¹⁾ | Exercisable period | Exercise price of share options (per share) US\$ | Share price at date of grant of share options US\$ | Number of share options | | | | | | |
|----------------------------------|---|--|--|--|-----------------------------------|-------------------------|------------------------------|--|---------------------------|------------------------|-------------------------------------|
| | | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Exercised during the year ⁽³⁾ | Cancelled during the year | Lapsed during the year | Outstanding as of December 31, 2012 |
| Others ⁽¹⁷⁾ | November 25, 2008 | November 25, 2010 to November 24, 2018 | 1.01 | 1.01 | — | — | 440,760 | (434,250) | — | (6,510) | — |
| Others ⁽¹⁷⁾ | November 25, 2009 | November 25, 2010 to September 9, 2017 | 1.43 | 1.43 | — | — | 119,694 | (43,884) | (75,810) | — | — |
| Others ⁽¹⁷⁾ | November 25, 2009 | November 25, 2010 to March 17, 2018 | 1.43 | 1.43 | — | — | 105,792 | (44,724) | (61,068) | — | — |
| Others ⁽¹⁷⁾ | July 28, 2010 | July 28, 2011 to July 27, 2020 | 1.28 | 1.28 | — | — | 1,033,944 | (344,646) | (689,298) | — | — |
| Others ⁽¹⁷⁾ | March 23, 2011 | March 23, 2012 to March 22, 2021 | 2.52 | 2.52 | — | — | 363,810 | (64,167) | (299,643) | — | — |
| Others ⁽¹⁷⁾ | March 29, 2012 | March 29, 2013 to March 28, 2022 | 4.70 | 4.43 | — | — | 33,438 | — | (33,438) ⁽²⁰⁾ | — | — |
| Sub-total: | | | | | — | — | 2,097,438 | (931,671) | (1,159,257) | (6,510) | — |
| Total | | | | | 20,916,462 | 1,934,574 | — | (2,966,955) | (1,144,281) | (6,510) | 18,733,290 |

Notes:

- (1) Awards granted before the year of 2012 are under the 2006 Share Incentive Plan and awards granted during or after the year of 2012 are, and will be, under the 2011 Share Incentive Plan.
- (2) The vesting period of the share options is from the date of grant until the commencement of exercisable period.
- (3) In respect of the share options exercised during the period, the weighted average closing price of the Shares immediately before and at the dates on which the options were exercised was US\$4.41.
- (4) Among the 77,211 share options, 7,185 share options may be exercised during the period from September 10, 2008 to September 9, 2017, 15,561 share options may be exercised during the period from September 10, 2009 to September 9, 2017, 23,340 share options may be exercised during the period from September 10, 2010 to September 9, 2017 and 31,125 share options may be exercised during the period from September 10, 2011 to September 9, 2017.
- (5) Among the 18,657 share options, 4,662 share options may be exercised during the period from March 18, 2009 to March 17, 2018, 4,662 share options may be exercised during the period from March 18, 2010 to March 17, 2018, 4,662 share options may be exercised during the period from March 18, 2011 to March 17, 2018 and 4,671 share options may be exercised during the period from March 18, 2012 to March 17, 2018.
- (6) Among the 4,700,616 share options, 2,178,858 share options may be exercised during the period from November 25, 2010 to November 24, 2018 and 2,521,758 share options may be exercised during the period from November 25, 2011 to November 24, 2018.
- (7) Among the 789,474 share options, 197,367 share options may be exercised during the period from January 20, 2010 to January 19, 2019, 197,367 share options may be exercised during the period from January 20, 2011 to January 19, 2019, 197,367 share options may be exercised during the period from January 20, 2012 to January 19, 2019 and 197,373 share options may be exercised during the period from January 20, 2013 to January 19, 2019.

Table of Contents

- (8) Among the 550,641 share options, 128,166 share options may be exercised during the period from November 25, 2010 to September 9, 2017, 134,151 share options may be exercised during the period from November 25, 2011 to September 9, 2017, 129,162 share options may be exercised during the period from November 25, 2012 to September 9, 2017 and 159,162 share options may be exercised during the period from November 25, 2013 to September 9, 2017.
- (9) Among the 495,102 share options, 120,075 share options may be exercised during the period from November 25, 2010 to March 17, 2018, 122,349 share options may be exercised during the period from November 25, 2011 to March 17, 2018, 116,754 share options may be exercised during the period from November 25, 2012 to March 17, 2018 and 135,924 share options may be exercised during the period from November 25, 2013 to March 17, 2018.
- (10) Among the 140,400 share options, 35,100 share options may be exercised during the period from November 25, 2010 to April 10, 2018, 35,100 share options may be exercised during the period from November 25, 2011 to April 10, 2018, 35,100 share options may be exercised during the period from November 25, 2012 to April 10, 2018 and 35,100 share options may be exercised during the period from November 25, 2013 to April 10, 2018.
- (11) The 156,624 share options may be exercised during the period from May 26, 2013 to May 25, 2020.
- (12) Among the 218,658 share options, 59,016 share options may be exercised during the period from May 26, 2012 to May 25, 2020 and 159,642 share options may be exercised during the period from May 26, 2013 to May 25, 2020.
- (13) Among the 300,000 share options, 150,000 share options may be exercised during the period from August 16, 2012 to August 15, 2020 and 150,000 share options may be exercised during the period from August 16, 2014 to August 15, 2020.
- (14) Among the 2,960,202 share options, 914,757 share options may be exercised during the period from March 23, 2012 to March 22, 2021, 1,022,493 share options may be exercised during the period from March 23, 2013 to March 22, 2021 and 1,022,952 share options may be exercised during the period from March 23, 2014 to March 22, 2021.
- (15) Among the 1,426,737 share options, 475,488 share options may be exercised during the period from March 29, 2013 to March 28, 2022, 475,596 share options may be exercised during the period from March 29, 2014 to March 28, 2022 and 475,653 share options may be exercised during the period from March 29, 2015 to March 28, 2022.
- (16) Reversal of cancelled share options in 2011 due to withdrawal of resignation of our employee.
- (17) The category "Others" represents the former employees of our Group.
- (18) Closing price of the share immediately before the date of grant of share option was US\$4.65.
- (19) 11,859 share options were granted to a then newly hired employee on March 29, 2012 pursuant to the 2011 Share Incentive Plan.
- (20) 33,438 share options granted under the 2011 Share Incentive Plan were cancelled during the year due to resignation of certain employees.

Table of Contents

Details of the movement in restricted shares granted under the 2006 Share Incentive Plan and the 2011 Share Incentive Plan during the year ended December 31, 2012 are as follows:

| Name or category of participants | Date of grant of restricted shares | Vesting date | Share price at date of grant of restricted shares US\$ | Number of restricted shares | | | | | Outstanding as of December 31, 2012 |
|----------------------------------|------------------------------------|----------------|--|-----------------------------------|-------------------------|------------------------------|------------------------|---------------------------|-------------------------------------|
| | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Vested during the year | Cancelled during the year | |
| Directors: | | | | | | | | | |
| Lawrence Yau Lung Ho | March 18, 2008 | March 18, 2012 | 4.01 | 62,292 | — | — | (62,292) | — | — |
| | March 17, 2009 | March 17, 2013 | 1.09 | 241,566 | — | — | — | — | 241,566 |
| | March 23, 2011 | March 23, 2012 | 2.52 | 241,056 | — | — | (241,056) | — | — |
| | March 23, 2011 | March 23, 2013 | 2.52 | 241,056 | — | — | — | — | 241,056 |
| | March 23, 2011 | March 23, 2014 | 2.52 | 241,137 | — | — | — | — | 241,137 |
| | March 29, 2012 | March 29, 2013 | 4.43 | — | 79,065 | — | — | — | 79,065 |
| | March 29, 2012 | March 29, 2014 | 4.43 | — | 79,065 | — | — | — | 79,065 |
| | March 29, 2012 | March 29, 2015 | 4.43 | — | 79,068 | — | — | — | 79,068 |
| Sub-total: | | | | 1,027,107 | 237,198 | — | (303,348) | — | 960,957 |
| Clarence Yuk Man Chung | March 18, 2008 | March 18, 2012 | 4.01 | 3,114 | — | — | (3,114) | — | — |
| | March 17, 2009 | March 17, 2013 | 1.09 | 11,505 | — | — | — | — | 11,505 |
| | March 23, 2011 | March 23, 2012 | 2.52 | 15,849 | — | — | (15,849) | — | — |
| | March 23, 2011 | March 23, 2013 | 2.52 | 15,849 | — | — | — | — | 15,849 |
| | March 23, 2011 | March 23, 2014 | 2.52 | 15,858 | — | — | — | — | 15,858 |
| | March 29, 2012 | March 29, 2013 | 4.43 | — | 22,590 | — | — | — | 22,590 |
| | March 29, 2012 | March 29, 2014 | 4.43 | — | 22,590 | — | — | — | 22,590 |
| | March 29, 2012 | March 29, 2015 | 4.43 | — | 22,590 | — | — | — | 22,590 |
| Sub-total: | | | | 62,175 | 67,770 | — | (18,963) | — | 110,982 |
| Yiu Wa Alec Tsui | March 18, 2008 | March 18, 2012 | 4.01 | 3,114 | — | — | (3,114) | — | — |
| | March 17, 2009 | March 17, 2013 | 1.09 | 11,505 | — | — | — | — | 11,505 |
| | March 23, 2011 | March 23, 2012 | 2.52 | 15,849 | — | — | (15,849) | — | — |
| | March 23, 2011 | March 23, 2013 | 2.52 | 15,849 | — | — | — | — | 15,849 |
| | March 23, 2011 | March 23, 2014 | 2.52 | 15,858 | — | — | — | — | 15,858 |
| | March 29, 2012 | March 29, 2013 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2014 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2015 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| Sub-total: | | | | 62,175 | 27,108 | — | (18,963) | — | 70,320 |
| John Peter Ben Wang | March 18, 2008 | March 18, 2012 | 4.01 | 3,114 | — | — | (3,114) | — | — |
| | March 17, 2009 | March 17, 2013 | 1.09 | 11,505 | — | — | — | — | 11,505 |
| | March 23, 2011 | March 23, 2012 | 2.52 | 15,849 | — | — | (15,849) | — | — |
| | March 23, 2011 | March 23, 2013 | 2.52 | 15,849 | — | — | — | — | 15,849 |
| | March 23, 2011 | March 23, 2014 | 2.52 | 15,858 | — | — | — | — | 15,858 |
| | March 29, 2012 | March 29, 2013 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2014 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2015 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| Sub-total: | | | | 62,175 | 27,108 | — | (18,963) | — | 70,320 |

Table of Contents

| Name or category of participants | Date of grant of restricted shares | Vesting date | Share price at date of grant of restricted shares US\$ | Number of restricted shares | | | | | Outstanding as of December 31, 2012 |
|----------------------------------|------------------------------------|----------------|--|-----------------------------------|-------------------------|------------------------------|------------------------|---------------------------|-------------------------------------|
| | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Vested during the year | Cancelled during the year | |
| Robert Wason Mactier | March 18, 2008 | March 18, 2012 | 4.01 | 3,114 | — | — | (3,114) | — | — |
| | March 17, 2009 | March 17, 2013 | 1.09 | 11,505 | — | — | — | — | 11,505 |
| | March 23, 2011 | March 23, 2012 | 2.52 | 15,849 | — | — | (15,849) | — | — |
| | March 23, 2011 | March 23, 2013 | 2.52 | 15,849 | — | — | — | — | 15,849 |
| | March 23, 2011 | March 23, 2014 | 2.52 | 15,858 | — | — | — | — | 15,858 |
| | March 29, 2012 | March 29, 2013 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2014 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2015 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| Sub-total: | | | | 62,175 | 27,108 | — | (18,963) | — | 70,320 |
| Thomas Jefferson Wu | March 18, 2008 | March 18, 2012 | 4.01 | 3,114 | — | — | (3,114) | — | — |
| | March 17, 2009 | March 17, 2013 | 1.09 | 11,505 | — | — | — | — | 11,505 |
| | March 23, 2011 | March 23, 2012 | 2.52 | 15,849 | — | — | (15,849) | — | — |
| | March 23, 2011 | March 23, 2013 | 2.52 | 15,849 | — | — | — | — | 15,849 |
| | March 23, 2011 | March 23, 2014 | 2.52 | 15,858 | — | — | — | — | 15,858 |
| | March 29, 2012 | March 29, 2013 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2014 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2015 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| Sub-total: | | | | 62,175 | 27,108 | — | (18,963) | — | 70,320 |
| James Andrew Charles MacKenzie | September 30, 2008 | April 24, 2012 | 1.33 | 1,835 | — | — | (1,835) | — | — |
| | March 17, 2009 | March 17, 2013 | 1.09 | 11,505 | — | — | — | — | 11,505 |
| | March 23, 2011 | March 23, 2012 | 2.52 | 15,849 | — | — | (15,849) | — | — |
| | March 23, 2011 | March 23, 2013 | 2.52 | 15,849 | — | — | — | — | 15,849 |
| | March 23, 2011 | March 23, 2014 | 2.52 | 15,858 | — | — | — | — | 15,858 |
| | March 29, 2012 | March 29, 2013 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2014 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| | March 29, 2012 | March 29, 2015 | 4.43 | — | 9,036 | — | — | — | 9,036 |
| Sub-total: | | | | 60,896 | 27,108 | — | (17,684) | — | 70,320 |
| Sub-total: | | | | 1,398,878 | 440,508 | — | (415,847) | — | 1,423,539 |

Table of Contents

| Name or category of participants | Date of grant of restricted shares | Vesting date | Share price at date of grant of restricted shares US\$ | Number of restricted shares | | | | | Outstanding as of December 31, 2012 |
|----------------------------------|------------------------------------|-----------------|--|-----------------------------------|-------------------------|------------------------------|------------------------|---------------------------|-------------------------------------|
| | | | | Outstanding as of January 1, 2012 | Granted during the year | Reclassified during the year | Vested during the year | Cancelled during the year | |
| Employees | March 18, 2008 | March 18, 2012 | 4.01 | 56,919 | — | — | (56,919) | — | — |
| Employees | April 11, 2008 | April 11, 2012 | 4.32 | 11,583 | — | — | (11,583) | — | — |
| Employees | April 1, 2010 | April 1, 2012 | 1.55 | 64,410 | — | — | (64,410) | — | — |
| Employees | May 26, 2010 | May 26, 2013 | 1.25 | 78,315 | — | — | — | — | 78,315 |
| Employees | May 26, 2010 | May 26, 2012 | 1.25 | 76,059 | — | — | (79,803) | 3,744 ⁽³⁾ | — |
| Employees | May 26, 2010 | May 26, 2013 | 1.25 | 76,083 | — | — | — | 3,744 ⁽³⁾ | 79,827 |
| Employees | July 28, 2010 | July 28, 2012 | 1.28 | 172,323 | — | (172,323) | — | — | — |
| Employees | July 28, 2010 | July 28, 2013 | 1.28 | 172,326 | — | (172,326) | — | — | — |
| Employees | August 16, 2010 | August 16, 2012 | 1.25 | 75,000 | — | — | (75,000) | — | — |
| Employees | August 16, 2010 | August 16, 2014 | 1.25 | 75,000 | — | — | — | — | 75,000 |
| Employees | March 23, 2011 | March 23, 2012 | 2.52 | 581,799 | — | (8,727) | (573,072) | — | — |
| Employees | March 23, 2011 | March 23, 2013 | 2.52 | 581,799 | — | (15,414) | — | (55,116) | 511,269 |
| Employees | March 23, 2011 | March 23, 2014 | 2.52 | 582,009 | — | (13,014) | — | (57,552) | 511,443 |
| Employees | March 29, 2012 | March 29, 2013 | 4.43 | — | 243,288 ⁽⁴⁾ | (2,637) | — | (2,934) ⁽⁵⁾ | 237,717 |
| Employees | March 29, 2012 | March 29, 2014 | 4.43 | — | 243,366 ⁽⁴⁾ | (2,640) | — | (2,934) ⁽⁵⁾ | 237,792 |
| Employees | March 29, 2012 | March 29, 2015 | 4.43 | — | 243,450 ⁽⁴⁾ | (2,640) | — | (2,937) ⁽⁵⁾ | 237,873 |
| Sub-total: | | | | 2,603,625 | 730,104 | (389,721) | (860,787) | (113,985) | 1,969,236 |
| Others ⁽²⁾ | July 28, 2010 | July 28, 2012 | 1.28 | — | — | 172,323 | — | (172,323) | — |
| Others ⁽²⁾ | July 28, 2010 | July 28, 2013 | 1.28 | — | — | 172,326 | — | (172,326) | — |
| Others ⁽²⁾ | March 23, 2011 | March 23, 2012 | 2.52 | — | — | 8,727 | — | (8,727) | — |
| Others ⁽²⁾ | March 23, 2011 | March 23, 2013 | 2.52 | — | — | 15,414 | — | (15,414) | — |
| Others ⁽²⁾ | March 23, 2011 | March 23, 2014 | 2.52 | — | — | 13,014 | — | (13,014) | — |
| Others ⁽²⁾ | March 29, 2012 | March 29, 2013 | 4.43 | — | — | 2,637 | — | (2,637) ⁽⁵⁾ | — |
| Others ⁽²⁾ | March 29, 2012 | March 29, 2014 | 4.43 | — | — | 2,640 | — | (2,640) ⁽⁵⁾ | — |
| Others ⁽²⁾ | March 29, 2012 | March 29, 2015 | 4.43 | — | — | 2,640 | — | (2,640) ⁽⁵⁾ | — |
| Sub-total: | | | | — | — | 389,721 | — | (389,721) | — |
| Total | | | | 4,002,503 | 1,170,612 | — | (1,276,634) | (503,706) | 3,392,775 |

Notes:

- (1) Awards granted before the year of 2012 are under the 2006 Share Incentive Plan and awards granted during or after the year of 2012 are, and will be, under the 2011 Share Incentive Plan.
- (2) The category "Others" represents the former employees of our Group.
- (3) Reversal of cancelled restricted shares in 2011 due to withdrawal of resignation of our employee.
- (4) 5,931 restricted shares were granted to a then newly joined employee on March 29, 2012 pursuant to the 2011 Share Incentive Plan.
- (5) 16,722 restricted shares granted under the 2011 Share Incentive Plan were cancelled during the year due to resignation of certain employees.

[Table of Contents](#)

A summary of the details in relation to the share options granted to participants under the 2011 Share Incentive Plan as of the date of this annual report, is set out below:

| | |
|--|---------------------------------|
| Date of grant | March 29, 2012 |
| Exercise price | US\$4.6967 per share |
| Number of shares involved | 1,934,574 |
| Closing price of the shares on the date of grant | US\$4.4267 per share |
| Validity period of the share options | 10 years from the date of grant |

Among the share options granted above, share options to subscribe for 474,399 shares were granted, with the approval of our compensation committee, to Mr. Lawrence Ho, our co-chairman, chief executive officer and executive director.

A summary of the details in relation to restricted shares granted to participants under the 2011 Share Incentive Plan as of the date of this annual report, is set out below:

| | |
|---------------------------|--------------------------------|
| Date of grant | March 29, 2012 |
| Number of shares involved | 1,170,612 |
| Vesting Period | 3 years from the date of grant |

Among the restricted shares granted above, 440,508 shares were granted, with the approval of our compensation committee, to the following directors of our company, with details as follows:

| Name | Position | Number of restricted shares | Number of underlying shares involved | Vesting date | | |
|------------------------------------|---|-----------------------------|--------------------------------------|----------------|----------------|----------------|
| | | | | March 29, 2013 | March 29, 2014 | March 29, 2015 |
| Mr. Lawrence Yau Lung Ho | Co-chairman, chief executive officer and executive director | 237,198 | 237,198 | 79,065 | 79,065 | 79,068 |
| Mr. Clarence Yuk Man Chung | Non-executive director | 67,770 | 67,770 | 22,590 | 22,590 | 22,590 |
| Mr. James Andrew Charles MacKenzie | Independent non-executive director | 27,108 | 27,108 | 9,036 | 9,036 | 9,036 |
| Mr. Robert Wason Mactier | Independent non-executive director | 27,108 | 27,108 | 9,036 | 9,036 | 9,036 |
| Mr. Yiu Wa Alec Tsui | Independent non-executive director | 27,108 | 27,108 | 9,036 | 9,036 | 9,036 |
| Mr. John Peter Ben Wang | Non-executive director | 27,108 | 27,108 | 9,036 | 9,036 | 9,036 |
| Mr. Thomas Jefferson Wu | Independent non-executive director | 27,108 | 27,108 | 9,036 | 9,036 | 9,036 |

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**A. MAJOR SHAREHOLDERS**

The following table sets forth the beneficial ownership of our ordinary shares as of April 5, 2013 by all persons who are known to us to be the beneficial owners of 5% or more of our share capital.

| Name | Ordinary shares beneficially owned ⁽¹⁾ | |
|---|---|-------|
| | Number | % |
| Melco Leisure ⁽²⁾⁽³⁾ | 559,229,043 | 33.65 |
| Crown Asia Investments ⁽⁴⁾ | 559,229,043 | 33.65 |
| Capital Research and Management Company | 1070,069,541 | 6.44 |

- (1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, and includes voting or investment power with respect to the securities. Melco and Crown continue to have a shareholders' agreement relating to certain aspects of the voting and disposition of our ordinary shares held by them, and may accordingly constitute a "group" within the meaning of Rule 13d-3. See "— Melco Crown Joint Venture." However, Melco and Crown each disclaim beneficial ownership of the shares of our company owned by the other.
- (2) The address of Melco and Melco Leisure is c/o The Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Melco is listed on the Main Board of the HKSE.
- (3) Mr. Lawrence Yau Lung Ho, our co-chairman, chief executive officer and executive director as well as the chairman, chief executive officer and executive director of Melco, personally holds 18,162,612 ordinary shares of Melco, representing approximately 1.18% of Melco's ordinary shares outstanding. In addition, 115,509,024 ordinary shares of Melco are held by Lasting Legend Ltd., 288,532,606 ordinary shares of Melco are held by Better Joy Overseas Ltd., 18,587,447 ordinary shares of Melco are held by Mighty Dragon Developments Limited, 7,294,000 ordinary shares of Melco are held by The L3G Capital Trust, and 298,982,187 ordinary shares of Melco are held by Great Respect Limited ("Great Respect"), all of which companies are owned by persons and/or trusts affiliated with Mr. Ho. Great Respect is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho and his immediate family members. Therefore, we believe that Mr. Ho beneficially owns an aggregate of 747,067,876 ordinary shares of Melco, representing approximately 48.70% of Melco's ordinary shares outstanding.
- (4) The address of Crown and Crown Asia Investments is Level 3, Crown Towers, 8 Whiteman Street, Southbank, Victoria 3006, Australia. Crown is listed on the Australian Stock Exchange. As of April 5, 2013, Crown was approximately 50.01% owned by Consolidated Press Holdings Group, which is a group of companies owned by the Packer family.

As of December 31, 2012, a total of 1,658,059,295 ordinary shares were outstanding, of which 549,676,265 ordinary shares were registered in the name of a nominee of Deutsche Bank Trust Company Americas, the depositary under the deposit agreement. We have no further information as to shares held, or beneficially owned, by U.S. persons. Since the completion of our initial public offering in December 2006, all ordinary shares underlying the ADSs have been held in Hong Kong by the custodian, Deutsche Bank AG, Hong Kong Branch, on behalf of the depositary. In October 2007, we appointed BOCI Securities Limited to assist us in the administration of our 2006 Share Incentive Plan.

None of our shareholders will have different voting rights from other shareholders after the filing of this annual report. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

[Table of Contents](#)

See “Item 4. Information on the Company — C. Organizational Structure” for our current corporate structure.

Melco Crown Joint Venture

In November 2004, Melco and PBL agreed to form an exclusive new joint venture in Asia to develop and operate casino, gaming machines and casino hotel businesses and properties in a territory defined to include Greater China (comprising Macau, China, Hong Kong and Taiwan), Singapore, Thailand, Vietnam, Japan, the Philippines, Indonesia, Malaysia and other countries that may be agreed (but not including Australia and New Zealand), or the Territory.

In March 2005, Melco and PBL concluded the joint venture arrangements resulting in our company becoming a 50/50 owned holding company and entered into a shareholders’ deed that governed their joint venture relationship in our company and our subsidiaries. Subsequently, Crown acquired all the gaming businesses and investments of PBL, including PBL’s investment in our company. We act as the exclusive vehicle of Melco and Crown to carry on casino, gaming machines and casino hotel operations in Macau, while activities in other parts of the Territory will be carried out under other entities formed by Crown and Melco.

Original and Amended Shareholders’ Deed

Under the original shareholders’ deed, projects and activities of the joint venture in Greater China were to be undertaken by MPEL (Greater China), which is effectively owned 60% by Melco and 40% by PBL, with projects in the Territory outside Greater China to be undertaken by one or more other of our subsidiaries which are effectively owned 60% by PBL and 40% by Melco.

Memorandum of Agreement

Simultaneously with PBL entering into an agreement with Wynn Macau to obtain a subconcession on March 4, 2006, Melco and PBL executed a memorandum of agreement on March 5, 2006, relating to the amendment of certain provisions of the shareholders’ deed and other commercial agreements between Melco and PBL in connection with their joint venture. Melco and PBL supplemented the memorandum of agreement by entering into a supplemental agreement to the memorandum of agreement on May 26, 2006. Under the memorandum of agreement, as amended, Melco and PBL agreed in principle to share on a 50/50 basis the risks, liabilities, commitments, capital contributions and economic value and benefits with respect to gaming projects in the Territory, including in Macau, subject to PBL obtaining the subconcession and the transfer of control of Melco Crown Macau to us. The principal terms and conditions of the shareholders’ deed, as amended by the memorandum of agreement and the supplemental agreement to the memorandum of agreement, are:

- Melco and PBL are to share on a 50/50 basis all the economic value and benefits with respect to all gaming projects in the Territory;
- Melco and PBL are to appoint an equal number of members to our board, with no casting vote in the event of a deadlock or other deadlock resolution provisions;
- All of the class A shares of Melco Crown Macau, representing 28% of all the outstanding capital stock of Melco Crown Macau, are to be owned by PBL Asia Limited (as to 18%) and the Managing Director of Melco Crown Macau (as to 10%), respectively. Mr. Lawrence Yau Lung Ho has been appointed to serve as the Managing Director of Melco Crown Macau. The holders of the class A shares, as a class, will have the right to one vote per share, receive an aggregate annual dividend of MOP1 and return of capital of an aggregate amount of MOP1 on a wind up or liquidation, but will have no right to participate in the winding up or liquidation assets;

[Table of Contents](#)

- All of the class B shares of Melco Crown Macau, representing 72% of all the outstanding capital stock of Melco Crown Macau are to be owned by MPEL Investments, our wholly owned subsidiary. As the holder of class B shares, we will have the right to one vote per share, receive the remaining distributable profits of Melco Crown Macau after payment of dividends on the class A shares, to return of capital after payment on the class A shares on a winding up or liquidation of Melco Crown Macau, and to participate in the winding up and liquidation assets of Melco Crown Macau;
- The shares of Altira Developments and Melco Crown (COD) Developments and the operating assets of Mocha would be transferred to Melco Crown Macau;
- MPEL (Greater China) and Mocha are to be liquidated or remain dormant; and
- The provisions of the shareholders' deed relating to the operation of our company are to apply to Melco Crown Macau.

Shareholders' Deed

Melco and PBL entered into a shareholders' deed post our initial offering which was effective in December 2006. In connection with the acquisition of the gaming businesses and investments of PBL by Crown, Melco and Crown have entered into a new variation to the shareholders' deed with us, which became effective in July 2007. The new shareholders' deed includes the following principal terms:

Exclusivity. Melco and Crown must not (and must ensure that their respective Affiliates and major shareholders do not), other than through us, directly or indirectly own, operate or manage a casino, a gaming slots business or a casino hotel, or acquire or hold an interest in an entity that owns, operates or manages such businesses in Macau, except that Melco and Crown may acquire and hold up to 5% of the voting securities in a public company engaged in such businesses.

Directors. Melco and Crown may each nominate up to three directors and shall vote in favor of the three directors nominated by the other and will not vote to remove directors nominated by the other. Melco and Crown will procure that the number of directors appointed to our board shall not be less than ten. However, if the number of directors on our board is increased, each of Melco and Crown will agree to increase the number of directors that they will nominate so that not less than 60% of our board will be directors nominated by Melco and Crown and voted in favor of by the other.

Transfer of Shares. Without the approval of the other party, Melco and Crown may not create any security interest or agree to create any security interest in our shares. In addition, without approval from the other, Melco and Crown may not transfer or otherwise dispose of our shares, except for: (1) permitted transfers to their wholly owned subsidiaries; (2) transfers of up to 1% of our issued and outstanding shares over any three month period up to a total cap of 5% of our issued and outstanding shares; (3) transfers subject to customary rights of first refusal and tag-along rights in favor of Crown or Melco (as the case may be) with respect to their transfers of our shares; and (4) in the case of Melco, the assured entitlement distribution by Melco to its shareholders of the assured entitlement ADSs.

Events of Default. If there is an event of default, which is defined as a material breach of the shareholders' deed, an insolvency event of Melco or Crown or their subsidiaries which hold our shares, or a change in control of the Melco or Crown subsidiaries which hold our shares, and it is not cured within the prescribed time period, then the non-defaulting shareholder may exercise: (1) a call option to purchase our shares owned by the defaulting shareholder at a purchase price equal to 90% of the fair market value of the shares; or (2) a put option to sell all of the shares it owns in us to the defaulting shareholder at a purchase price equal to 110% of the fair market value of the shares.

[Table of Contents](#)

Notice from a Regulatory Authority. If a regulatory authority directs either Melco or Crown to end its relationship with the other, or makes a decision that would have a material adverse effect on its rights or benefits in us, then Melco and Crown may serve a notice of proposed sale to the other and, if the other shareholder does not want to purchase those shares, may sell the shares to a third party.

Term. The shareholders' deed will continue unless agreed in writing by all of the parties or if a shareholder ceases to hold any of our shares in accordance with the shareholders' deed.

B. RELATED PARTY TRANSACTIONS

For discussion of significant related party transactions we entered into during the years ended December 31, 2012, 2011 and 2010, see note 20 to the consolidated financial statements included elsewhere in this annual report.

Employment Agreements

We have entered into employment agreements with key management and personnel of our company and our subsidiaries. See "Item 6. Directors, Senior Management and Employees — C. Board Practices — Employment Agreements."

Equity Incentive Plans

See "Item 6. Directors, Senior Management and Employees — B. Compensation of Directors and Executive Officers."

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

We have appended consolidated financial statements filed as part of this annual report.

Legal and Administrative Proceedings

We are currently a party to certain legal and administrative proceedings which relate to matters arising out of the ordinary course of our business. Based on the current status of such proceedings and the information currently available, our management does not believe that the outcome of such proceedings will have a material adverse effect on our business, financial condition or results of operations.

Crown Melbourne Limited, the owner of a number of "Crown" trademarks licensed to us, is from time to time involved in legal proceedings regarding "Crown" trademarks used in Macau. We understand that Crown Melbourne Limited will continue to take vigorous measures to protect its trademarks. We believe we have a valid right under our trademark license agreement with Crown Melbourne Limited to use the Crown trademarks in Macau in our hotel casino business.

In January 2013, the Taiwanese authorities commenced investigating certain alleged violations of Taiwan banking laws by certain employees of our subsidiary's branch office in Taiwan, which may pose reputational and other risks to us. In an attempt to prevent the dissipation of any potential personal gains made by these employees from such alleged violations, the Taiwanese authorities have frozen one of our deposit accounts in Taiwan, which had a balance of approximately TWD2.98 billion (equivalent to approximately US\$102 million) at the time the account was frozen. We are taking actions to request the Taiwanese authorities to unfreeze the account.

Dividend Policy

We have not in the past declared or paid any dividends, nor do we have any present plan to pay any cash dividends on our shares or ADSs in the near to medium term. We currently intend to retain most, if not all, of our available funds and any future earnings to finance the construction and development of our projects, to service debt and to operate and expand our business.

Our board has complete discretion on whether to pay dividends, subject to the approval of our shareholders in the case of annual dividends. Even if our board decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board may deem relevant. Dividends will be declared and paid in Hong Kong dollars for holders of ordinary shares and U.S. dollars for holders of ADSs.

All of our subsidiaries incorporated in Macau are required to set aside a minimum of 10% to 25% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 25% to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year or period in which it is approved by the boards of directors of the relevant subsidiaries.

Our 2011 Credit Facilities, the 2013 Senior Notes, Studio City Notes, Studio City Project Facility and other indebtedness we may incur contain, or may be expected to contain, restrictions on payment of dividends to us, which is expected to affect our ability to pay dividends in the foreseeable future. See "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Shares and ADSs — We currently do not intend to pay dividends, and we cannot assure you that we will make dividend payments in the future."

Under the Cayman Companies Law, subject to the provisions of our amended and restated memorandum of association or articles of association, the share premium account of our company may be applied to pay distributions or dividends to shareholders, provided that immediately following the date the distribution or dividend is proposed to be paid, we are able to pay our debts as they fall due in the ordinary course of business. The share premium included in our additional paid-in capital as of December 31, 2012 and 2011 amounted to approximately US\$2,613.5 million and US\$2,609.9 million, respectively. We recorded accumulated losses as of December 31, 2012 and 2011.

B. SIGNIFICANT CHANGES

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

[Table of Contents](#)**ITEM 9. THE OFFER AND LISTING****A. OFFERING AND LISTING DETAILS**

Our ADSs, each representing three ordinary shares, have been listed on Nasdaq under the symbol “MPEL” since December 19, 2006. Our ordinary shares were listed on the HKSE and began trading under the stock code “6883” on December 7, 2011.

The following table provides the high and low trading prices for our ADSs on Nasdaq and for our ordinary shares on the HKSE for the periods indicated as follows:

| | Nasdaq | | HKSE | |
|-------------------------------|-----------|-------|-----------|-------|
| | High | Low | High | Low |
| | (in US\$) | | (in HK\$) | |
| Monthly High and Low | | | | |
| April 2013 (through April 5) | 23.37 | 20.51 | 59.20 | 57.15 |
| March 2013 | 23.39 | 18.70 | 59.80 | 48.35 |
| February 2013 | 21.48 | 18.17 | 58.00 | 48.45 |
| January 2013 | 21.17 | 17.32 | 53.00 | 42.40 |
| December 2012 | 16.98 | 13.95 | 43.20 | 37.00 |
| November 2012 | 15.59 | 13.43 | 40.00 | 35.80 |
| October 2012 | 14.79 | 12.74 | 37.80 | 33.10 |
| Quarterly High and Low | | | | |
| First Quarter 2013 | 23.39 | 17.32 | 59.80 | 42.40 |
| Fourth Quarter 2012 | 16.98 | 12.74 | 43.20 | 33.10 |
| Third Quarter 2012 | 13.56 | 9.13 | 34.90 | 24.50 |
| Second Quarter 2012 | 16.02 | 10.68 | 43.00 | 27.80 |
| First Quarter 2012 | 14.26 | 9.46 | 37.35 | 24.25 |
| Fourth Quarter 2011 | 12.40 | 7.05 | — | — |
| Third Quarter 2011 | 16.15 | 8.15 | — | — |
| Second Quarter 2011 | 12.91 | 7.57 | — | — |
| First Quarter 2011 | 7.94 | 6.46 | — | — |
| Annual High and Low | | | | |
| 2012 | 16.98 | 9.13 | 43.20 | 24.25 |
| 2011 | 16.15 | 6.46 | — | — |
| 2010 | 7.13 | 3.30 | — | — |
| 2009 | 8.45 | 2.27 | — | — |
| 2008 | 14.76 | 2.31 | — | — |

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Our ADSs, each representing three ordinary shares, have been listed on Nasdaq under the symbol “MPEL” since December 19, 2006. Our ordinary shares have been listed on the HKSE under the stock code “6883” since December 7, 2011.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

We incorporate by reference into this annual report the summary description of our amended and restated memorandum and articles of association, as conferred by Cayman law, contained in our registration statement on Form F-3 (File No. 333-178215) originally filed with the SEC on November 29, 2011, as amended.

C. MATERIAL CONTRACTS

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” and “Item 7. Major Shareholders and Related Party Transactions” or elsewhere in this annual report on Form 20-F.

D. EXCHANGE CONTROLS

Foreign Currency Exchange

The H.K. dollar is the predominant currency used in gaming transactions in Macau and is often used interchangeably with the Pataca in Macau. The H.K. dollar is pegged to the U.S. dollar within a narrow range and the Pataca is in turn pegged to the H.K. dollar. The majority of our revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in gaming transactions in Macau and is often used interchangeably with the Pataca in Macau, while our expenses are denominated predominantly in Patacas. In addition, a significant portion of our indebtedness, as a result of the 2010 Senior Notes, 2013 Senior Notes, Studio City Notes and certain expenses, have been and are denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars. We accept foreign currencies from our customers and therefore, in addition to H.K. dollars and Patacas, we hold a nominal amount of other foreign currencies.

No foreign exchange controls exist in Macau and Hong Kong and there is a free flow of capital into and out of Macau and Hong Kong. There are no restrictions on remittances of H.K. dollars or any other currency from Macau and Hong Kong to persons not resident in Macau and Hong Kong for the purpose of paying dividends or otherwise.

E. TAXATION

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

United States Federal Income Taxation

The following discussion describes certain material U.S. federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the ADSs or ordinary shares. This discussion applies only to U.S. Holders that hold the ADSs or ordinary shares as capital assets within the meaning of Section 1221 of the United States Internal Revenue Code of 1986, as amended (generally, property held for investment) and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States as of the date of this annual report and U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this annual report, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion neither deals with the tax consequences to any particular investor nor describes all of the tax consequences applicable to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to mark to market;
- U.S. expatriates;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding ADSs or ordinary shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock;

[Table of Contents](#)

- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- partnerships or pass-through entities, or persons holding ADSs or ordinary shares through such entities.

INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR ORDINARY SHARES.

The discussion below of the U.S. federal income tax consequences to “U.S. Holders” will apply to you if you are the beneficial owner of ADSs or ordinary shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are a partner in a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) that holds ADSs or ordinary shares, your tax treatment will generally depend on your status and the activities of the partnership. If you are a partner in such partnership, you should consult your tax advisor.

The discussion below assumes the representations contained in the deposit agreement are true and the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you own ADSs, you should be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security (for example, pre-releasing ADSs to persons that do not have the beneficial ownership of the securities underlying the ADSs). Accordingly, the availability of the reduced tax rate for any dividends received by certain non-corporate U.S. Holders, including individuals U.S. Holders (as discussed below), could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and our company if as a result of such actions the holders of ADSs are not properly treated as beneficial owners of underlying common shares.

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, the gross amount of any distributions we make to you with respect to the ADSs or ordinary shares (including the amount of any taxes withheld therefrom) generally will be includible in your gross income as dividend income on the date of receipt by the depositary, in the case of ADSs, or on the date of receipt by you, in the case of ordinary shares, but only to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Any such dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations. To the extent the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), such excess

[Table of Contents](#)

amount will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and then, to the extent such excess amount exceeds your tax basis in your ADSs or ordinary shares, as capital gain. We currently do not, and we do not intend to, calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that any distribution will generally be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

With respect to certain non-corporate U.S. Holders, including individual U.S. Holders, any dividends may be taxed at the lower capital gains rate applicable to “qualified dividend income,” provided (1) the ADSs or ordinary shares, as applicable, are readily tradable on an established securities market in the United States, (2) we are neither a PFIC nor treated as such with respect to you (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. Under U.S. Internal Revenue Service authority, ADSs will be considered for purposes of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the NASDAQ, as are our ADSs. You should consult your tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends paid with respect to our ADSs or ordinary shares.

Any dividends we pay with respect to our ADSs or ordinary shares will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation generally will be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any dividends we pay with respect to the ADSs or ordinary shares will generally constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.”

Taxation of Disposition of ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of ADSs or ordinary shares equal to the difference between the amount realized for the ADSs or ordinary shares and your tax basis in the ADSs or ordinary shares. The gain or loss generally will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, that has held the ADSs or ordinary shares for more than one year, you may be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize on a disposition of ADSs or ordinary shares will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes. You should consult your tax advisors regarding the proper treatment of gain or loss in your particular circumstances.

Passive Foreign Investment Company

Based on the market price of our ADSs and ordinary shares, and the composition of our income and assets, we do not believe we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2012. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you we will not be a PFIC for any taxable year. Furthermore, because PFIC status is a factual determination based on actual results for the entire taxable year, our U.S. counsel expresses no opinion with respect to our PFIC status and expresses no opinion with respect to this paragraph. A non-U.S. corporation will be a PFIC for U.S. federal income tax purposes for any taxable year if either:

- at least 75% of its gross income for such year is passive income; or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income.

[Table of Contents](#)

For this purpose, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs and ordinary shares, fluctuations in the market price of the ADSs and ordinary shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, we generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold ADSs or ordinary shares, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ADSs or ordinary shares. If such election is made, you will be deemed to have sold ADSs or ordinary shares you hold at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described in the following two paragraphs. After the deemed sale election, your ADSs or ordinary shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

For each taxable year we are treated as a PFIC with respect to you, you will be subject to special tax rules with respect to any “excess distribution” you receive and any gain you recognize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable years in your holding period prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

If we are a PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you may be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by us in that proportion which the value of the ADSs or ordinary shares you own bears to the value of all of our ADSs or ordinary shares, as applicable, and you may be subject to the adverse tax consequences described in the preceding two paragraphs with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the PFIC rules described above regarding excess distributions and recognized gains. If you make a mark-to-market election for the ADSs or ordinary shares, you will include in income for each year we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs

or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or other disposition of the ADSs or ordinary shares, to the extent the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, any distributions we make would generally be subject to the rules discussed above under “— Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares,” except the lower rate applicable to qualified dividend income would not apply.

The mark-to-market election is available only for “marketable stock,” which generally is stock that is regularly traded on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. Our ADSs are listed on the NASDAQ, which is a qualified exchange or other market for these purposes. Consequently, if the ADSs continue to be listed on NASDAQ and are regularly traded, and you are a holder of ADSs, we expect the mark-to-market election would be available to you if we were to become a PFIC. Because a mark-to-market election cannot be made for equity interests in any lower-tier PFICs that we own, a U.S. Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. You should consult your tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Alternatively, if a non-U.S. corporation is a PFIC, a holder of shares in that corporation may elect out of the PFIC rules described above regarding excess distributions and recognized gains by making a “qualified electing fund” election to include in income its *pro rata* share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to your ADSs or ordinary shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

Unless otherwise provided by the U.S. Treasury, each U.S. Holder of a PFIC is required to file an annual report containing such information as the U.S. Treasury may require. If we are or become a PFIC, you should consult your tax advisors regarding any reporting requirements that may apply to you.

You are strongly urged to consult your tax advisors regarding the application of the PFIC rules to your investment in ADSs or ordinary shares.

Information Reporting and Backup Withholding

Any dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or other taxable disposition of ADSs or ordinary shares may be subject to information reporting to the U.S. Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders that are required to establish their exempt status generally must provide such certification on U.S. Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts

[Table of Contents](#)

withheld under the backup withholding rules by filing the appropriate claim for refund with the U.S. Internal Revenue Service and furnishing any required information in a timely manner.

Additional Reporting Requirements

Certain U.S. Holders who are individuals are required to report information relating to an interest in our common shares, subject to certain exceptions (including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions). You should consult your tax advisors regarding the effect, if any, of these rules on your ownership and disposition of ADSs or ordinary shares.

THE DISCUSSION ABOVE IS A GENERAL DISCUSSION. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE ADSs OR ORDINARY SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file an annual report on Form 20-F no later than four months after the close of each fiscal year, which is December 31. As permitted by the SEC, in Item 19 of this annual report, we incorporate by reference certain information we have filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

Copies of reports and other information, when so filed, may be inspected without charge at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Our financial statements have been prepared in accordance with U.S. GAAP. Our annual reports will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP.

Nasdaq Marketplace Rule 5250(d)(1) requires each issuer to distribute to shareholders copies of an annual report containing audited financial statements of our company and its subsidiaries a reasonable period of time prior to our company's annual meeting of shareholders. We do not intend to provide copies. However,

[Table of Contents](#)

shareholders can request a copy, in physical or electronic form, from us or our ADR depository bank, Deutsche Bank. In addition, we intend to post our annual report on our website www.melco-crown.com. Nasdaq Marketplace Rule 5255(c) permits foreign private issuers like us to follow “home country practice” in certain corporate governance matters. Walkers, our Cayman Islands counsel, has provided a letter to the Nasdaq certifying that under Cayman Islands law, we are not required to deliver annual reports to our shareholders prior to an annual general meeting.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We believe our and our subsidiaries’ primary exposure to market risk will be interest rate risk associated with our substantial indebtedness.

Interest Rate Risk

Our exposure to interest rate risk is associated with our substantial indebtedness bearing interest based on floating rates. From December 31, 2010, the floating rates associated with the City of Dreams Project Facility were based on LIBOR and HIBOR plus a margin of 2.50% per annum or ranging from 1.50% to 2.00% per annum as adjusted in accordance with the leverage ratio of the original borrowing group. From June 30, 2011, as a result of our 2011 Credit Facilities, the floating rates associated with the City of Dreams Project Facility were further amended to HIBOR plus a margin ranging from 1.75% to 2.75% per annum as adjusted in accordance with the leverage ratio of the Borrowing Group. In addition, we entered into interest rate swaps in connection with our drawdowns under the City of Dreams Project Facility in accordance with our lenders’ requirements at such time under the City of Dreams Project Facility. As of December 31, 2011, we had three interest rate swap agreements that subsequently expired in February 2012. See note 11 and note 13 to the consolidated financial statements included elsewhere in this annual report for summaries of the terms of our indebtedness and the fair value of these interest rate swap agreements, respectively. Accordingly, as of December 31, 2012, we are subject to fluctuations in HIBOR.

We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and we may supplement by hedging activities in a manner we deem prudent. We cannot be sure that these risk management strategies have had the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

As of December 31, 2012 and 2011, approximately 67% and 57%, respectively, of our total debt was based on fixed rates. The increase was primarily due to the issuance of Studio City Notes in November 2012. Based on December 31, 2012 and 2011 debt and interest rate swap levels, an assumed 100 basis point change in the HIBOR and LIBOR would cause our annual interest cost to change by approximately US\$10.5 million and US\$8.9 million, respectively.

Interests in security we provide to the lenders under our credit facilities, or other security or guarantees, are required by the counterparties to our hedging transactions, which could increase our aggregate secured indebtedness. We do not intend to engage in transactions in derivatives or other financial instruments for trading or speculative purposes and we expect the provisions of our existing and any future credit facilities to restrict or prohibit the use of derivatives and financial instruments for purposes other than hedging.

Foreign Exchange Risk

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in U.S. dollars. The majority of our revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in gaming transactions in Macau and is often used interchangeably with the Pataca in Macau, while our expenses are denominated predominantly in Patacas. In addition, a significant portion of our indebtedness, as a result of the 2010 Senior Notes, 2013 Senior Notes and Studio City Notes, and certain expenses have been and are denominated in U.S. dollars and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars. We also have a significant portion of our assets and liabilities denominated in Renminbi, as a result of our RMB Bonds and the associated restricted cash balances. The costs incurred with servicing and repaying such debt will be denominated in Renminbi.

The value of the H.K. dollar and Patacas against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the H.K. dollar is pegged to the U.S. dollar within a narrow range and the Pataca is in turn pegged to the H.K. dollar and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages between the U.S. dollar, H.K. dollar and Pataca will not be broken or modified and subjected to fluctuation. Any significant fluctuations in the exchange rates between H.K. dollars or Patacas to U.S. dollars may have a material adverse effect on our revenues and financial condition.

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in China and international political and economic conditions and by many other factors. While the Renminbi traded within a narrow range against the U.S. dollar during the period between July 2008 and June 2010, beginning in June 2010 the People's Bank of China adopted measures to allow broader fluctuation of the Renminbi against the U.S. dollar. Recently, the People's Bank of China adopted a policy, effective from April 16, 2012 onwards, enlarging the floating band of the Renminbi's trading prices against the U.S. dollar from 0.5% to 1%. Such exchange rate policy reforms in China may lead to greater fluctuation of the Renminbi against the U.S. dollar and other currencies, and unfavorable fluctuation in such exchange rates could adversely affect our ability to service and repay our indebtedness and our financial results in U.S. dollars.

Furthermore, we accept foreign currencies from our customers and as of December 31, 2012, in addition to H.K. dollars and Patacas, we hold a nominal amount of other foreign currencies. However, any foreign exchange risk exposure associated with those currencies is minimal.

We have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the years ended December 31, 2012 and 2011. Instead, we maintain a certain amount of our operating funds in the same currencies in which we have obligations, thereby reducing our exposure to currency fluctuations. However, we occasionally enter into foreign exchange transactions as part of financing transactions and capital expenditure programs. During the year ended December 31, 2011, we entered into the Deposit-Linked Loan denominated in H.K. dollars, which is secured by the Renminbi restricted cash balances from the proceeds of the RMB Bond, and for future settlement of the principal amount on the RMB Bonds. During the years ended December 31, 2012 and 2011, we entered RMB forward exchange rate contracts for future settlement of interest on the RMB Bonds to hedge our exchange rate exposure. The forward contracts are primarily cash flow hedging instruments, the hedged item being the forecasted cash flows in H.K. dollars associated with a portion of the first two Renminbi interest payments on the RMB Bonds payable in November 2011 and May 2012, respectively. As of December 31, 2012, all RMB forward exchange rate contracts have been expired. We will consider our overall procedure for managing our foreign exchange risk from time to time.

See note 11 to the consolidated financial statements included elsewhere in this annual report for further details related to our indebtedness and foreign currency exposure as of December 31, 2012.

[Table of Contents](#)

Major currencies in which our cash and cash equivalents and restricted cash were held as of December 31, 2012 were U.S. dollars, H.K. dollars, Renminbi, New Taiwan dollars, Philippine Pesos and Patacas. Based on the balances of cash and cash equivalents and restricted cash balances (excluding restricted cash balances from the RMB2.3 billion in proceeds from the RMB Bonds, for which currency fluctuations will be offset by the associated currency fluctuations of the RMB Bonds) as of December 31, 2012 and 2011, an assumed 1% change in the exchange rates between currencies other than U.S. dollars against the U.S. dollar would cause a maximum foreign transaction gain or loss of approximately US\$18.3 million and US\$11.3 million for the years ended December 31, 2012 and 2011, respectively.

Based on the balances of long-term debt denominated in currencies other than U.S. dollars and restricted cash from the RMB2.3 billion in proceeds from the RMB Bonds as of December 31, 2012 and 2011, an assumed 1% change in the exchange rates between H.K. dollars or Renminbi against the U.S. dollar would cause a foreign transaction gain or loss of approximately US\$13.7 million for both years ended December 31, 2012 and 2011.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITORY SHARES

Persons depositing shares are charged a fee for each issuance of ADSs, including issuances resulting from distributions of shares, share dividends, share splits, bonus and rights distributions and other property, and for each surrender of ADSs in exchange for deposited securities. The fee in each case is US\$5.00 for each 100 ADSs, or any portion thereof, issued or surrendered. Any holder of ADSs is charged a fee not in excess of US\$5.00 per 100 ADSs (or portion thereof) issued upon the exercise of rights. The depositary also charges a fee of US\$2.00 per 100 ADSs for distribution of cash proceeds pursuant to a cash distribution, sale of rights and other entitlements or otherwise. The depositary may also charge an annual fee of US\$2.00 per 100 ADSs for the operation and maintenance costs in administering the facility. Persons depositing shares also may be charged the following expenses:

- Taxes and other governmental charges incurred by the depositary or the custodian on any ADR or share underlying an ADR, including any applicable interest and penalties thereon, and any share transfer or other taxes and other governmental charges;
- Cable, telex and facsimile transmission and delivery charges;
- Transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities including those of a central depository for securities (where applicable);
- Expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars;

[Table of Contents](#)

- Fees and expenses incurred by the depository in connection with compliance with exchange control regulations and other regulatory requirements applicable to the shares, deposited securities and ADSs; and
- Any other fees, charges, costs or expenses that may be incurred by the depository from time to time.

We will pay all other charges and expenses of the depository and any agent of the depository, except the custodian, pursuant to agreements from time to time between us and the depository. We and the depository may amend the fees described above from time to time.

Depository fees payable upon the issuance and cancellation of ADSs are generally paid to the depository by the brokers receiving the newly issued ADSs from the depository and by the brokers delivering the ADSs to the depository for cancellation. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository service fee are charged by the depository to the holders of record of ADSs as of the applicable ADS record date.

In the case of cash distributions, service fees are generally deducted from the cash being distributed. In the case of distributions other than cash, such as stock dividends or certain rights, the depository charges the applicable ADS record date holder concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or in The Depository Trust Company (“DTC”)), the depository sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depository generally collects the fees through the settlement systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients’ ADSs in DTC accounts in turn charge their clients’ accounts the amount of the service fees paid to the depository.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of securities holders, which remain unchanged.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this annual report, our management, with the participation of our chief executive officer and our chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, it should be noted that any controls and procedures, no matter how well designed and operated, can only provide reasonable, but not absolute, assurance of achieving the desired control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon that evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC’s rules and forms, and accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control Over Financial Reporting

Our company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act.

Our company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our company’s internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our company’s assets;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our company’s receipts and expenditures are being made only in accordance with authorizations of its management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our company’s management assessed the effectiveness of our company’s internal control over financial reporting as of December 31, 2012. In making this assessment, our company’s management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework*.

Based on this assessment, management concluded that, as of December 31, 2012, our company’s internal control over financial reporting is effective based on this framework.

Attestation Report of the Registered Public Accounting Firm

The effectiveness of our company’s internal control over financial reporting as of December 31, 2012, has been audited by Deloitte Touche Tohmatsu, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Controls Over Financial Reporting

There were no changes in our company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our company’s internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board has determined that James Andrew Charles MacKenzie qualifies as “audit committee financial expert” as defined in Item 16A of Form 20-F. Each of the members of our audit committee satisfies the “independence” requirements of the Nasdaq corporate governance rules and Rule 10A-3 under the Exchange Act. See “Item 6. Directors, Senior Management and Employees.”

ITEM 16B. CODE OF ETHICS

Our board has adopted a code of business conduct and ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer and any other persons who perform similar functions for us. The code of business conduct and ethics was last amended on November 27, 2012. We have filed our current code of business conduct and ethics as an exhibit to this annual report on Form 20-F, and posted the code of business conduct and ethics on our website at www.melco-crown.com. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu, our principal external auditors, for the years indicated. We did not pay any other fees to our auditor during the years indicated below.

| | Year Ended December 31, | |
|-----------------------------------|-------------------------------|--------|
| | 2012 | 2011 |
| | <i>(In thousands of US\$)</i> | |
| Audit fees ⁽¹⁾ | \$ 1,147 | \$ 585 |
| Audit-related fees ⁽²⁾ | 75 | — |
| Tax fees ⁽³⁾ | 83 | 96 |
| All other fees ⁽⁴⁾ | 471 | 1,672 |

(1) "Audit fees" means the aggregate fees billed in each of the fiscal years indicated for our calendar year audits.

(2) "Audit-related fees" means the aggregate fees billed in respect of the review of our interim financial statements for the six months ended June 30, 2012.

(3) "Tax fees" include fees billed for tax consultations.

(4) "All other fees" include the aggregate fees billed in respect of the role of reporting accountants and the internal control assessment associated with our listing by introduction on the HKSE in December 2011, which amounted to US\$290,000 and the review of certain documents associated with the issuance of the Studio City Notes in November 2012, which amounted to US\$103,000.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte Touche Tohmatsu, including audit services, audit-related services, tax services and other services as described above, other than those for *de minimis* services which are approved by our audit committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Nasdaq Marketplace Rule 5255(c) permits foreign private issuers like us to follow “home country practice” in certain corporate governance matters. For example, Nasdaq Marketplace Rule 5605(b)(1)(A) generally requires that a majority of an issuer’s board of directors must consist of independent directors. We rely on this “home country practice” exception and do not have a majority of independent directors serving on our board.

In addition, Nasdaq Marketplace Rule 5250(d)(1) requires each issuer to distribute to shareholders copies of an annual report containing audited financial statements of our company and its subsidiaries a reasonable period of time prior to our company’s annual meeting of shareholders. We do not intend to provide copies. However, shareholders can request a copy, in physical or electronic form, from us or our ADR depository bank, Deutsche Bank. We intend to post our annual report on our website www.melco-crown.com.

Lastly, Nasdaq Marketplace Rule 5635(d) requires each issuer to obtain shareholder approval for the issuance of securities in connection with a transaction other than a public offering involving certain issuances of ordinary shares in amounts equaling 20% or more of such issuer’s ordinary shares there outstanding. Walkers, our Cayman Islands counsel, has provided letters to Nasdaq certifying that under Cayman Islands law, we are not required to: (i) have a majority of independent directors serving on our board; (ii) deliver annual reports to our shareholders prior to an annual general meeting; or (iii) obtain shareholders’ approval prior to any issuance of our ordinary shares.

In September 2011, our board adopted Hong Kong corporate governance guidelines, which took effect upon the listing of our company in Hong Kong, and were amended in December 2012. As a company listed on the HKSE, we are expected to comply with applicable corporate governance and related requirements of the listing rules of the HKSE, including the Code on Corporate Governance Practices, unless an exemption is available. If we deviate from these corporate governance provisions, we are required to disclose the reasons for such deviation, if any, in our interim and annual reports.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Melco Crown Entertainment Limited and its subsidiaries are included at the end of this annual report.

ITEM 19. EXHIBITS

| Exhibit Number | Description of Document |
|-----------------------|--|
| 1.1 | Amended and Restated Memorandum and Articles of Association adopted on May 23, 2012 (incorporated by reference to Exhibit 3.1 from our registration statement on Form F-3 (File No. 333-178215), filed with the SEC on May 23, 2012) |
| 2.1 | Form of Registrant’s American Depositary Receipt (included in Exhibit 2.3) |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|---------------------------|---|
| 2.2 | Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 from our registration statement on Form F-1 registration statement (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.3 | Form of Deposit Agreement among Melco Crown Entertainment Limited, the depositary and the holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated by reference to Exhibit (a) from Amendment No. 1 to our registration statement on Form F-6 (File No. 333-139159) filed with the SEC on November 29, 2011) |
| 2.4 | Holdco 1 Subscription Agreement dated December 23, 2004 among our company (formerly known as Melco PBL Holdings Limited), Melco, PBL and PBL Asia Investments Limited (incorporated by reference to Exhibit 4.4 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.5 | Supplemental Agreement to the Memorandum of Agreement dated May 26, 2006 between Melco and PBL (incorporated by reference to Exhibit 4.7 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.6 | Deed of Variation and Amendment dated July 27, 2007 between our company (formerly known as Melco PBL Holdings Limited), Melco Leisure and Entertainment Group Limited, Melco International Development Limited, PBL Asia Investments Limited, Publishing and Broadcasting Limited and Crown Limited (incorporated by reference to Exhibit 4.11 from our registration statement on Form F-1 (File No. 333-146780), as amended, initially filed with the SEC on October 18, 2007) |
| 2.7 | Amended and Restated Shareholders' Deed dated December 12, 2007 among our company (formerly known as Melco PBL Holdings Limited), Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and Crown Limited (incorporated by reference to Exhibit 2.7 from our annual report on Form 20-F for the fiscal year ended December 31, 2007 (File No. 001-33178), filed with the SEC on April 9, 2008) |
| 2.8 | Form of Post-IPO Shareholders' Agreement among our company (formerly known as Melco PBL Holdings Limited), Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL (incorporated by reference to Exhibit 4.9 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.9 | Form of Registration Rights Agreement among our company (formerly known as Melco PBL Holdings Limited), Melco and PBL (incorporated by reference to Exhibit 4.10 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.10* | Indenture, dated November 26, 2012, among Studio City Finance Limited, certain subsidiaries of Studio City Finance Limited from time to time parties thereto, DB Trustees (Hong Kong) Limited, as trustee and collateral agent, Deutsche Bank Trust Company Americas, as principal paying agent, U.S. registrar and transfer agent, and Deutsche Bank Luxembourg S.A., as European registrar |

Table of Contents

| Exhibit Number | Description of Document |
|-----------------------|--|
| 2.11* | Pledge Agreement, dated November 26, 2012, by Studio City Finance Limited in favor of DB Trustees (Hong Kong) Limited as collateral agent |
| 2.12* | Pledge Over Accounts, dated November 26, 2012, among Studio City Finance Limited, DB Trustees (Hong Kong) Limited as collateral agent and Bank of China Limited, Macau Branch as escrow agent and note disbursement agent |
| 2.13* | Escrow Agreement, dated November 26, 2012, among Studio City Finance Limited, DB Trustees (Hong Kong) Limited as trustee and collateral agent and Bank of China Limited, Macau Branch as escrow agent |
| 2.14* | Intercompany Note, dated November 26, 2012, issued by Studio City Investments Limited |
| 2.15* | Note Disbursement and Account Agreement, dated November 26, 2012, among Studio City Finance Limited, Studio City Company Limited as borrower, DB Trustees (Hong Kong) Limited as trustee and collateral agent and Bank of China Limited, Macau Branch as note disbursement agent |
| 2.16* | Senior Term Loan and Revolving Facilities Agreement, dated January 28, 2013, among Studio City Investments Limited, Studio City Company Limited, certain guarantors as specified therein, Australia and New Zealand Banking Group Limited, Bank of America, N.A., Bank of China Limited, Macau Branch, Citigroup Global Markets Asia Limited, Credit Agricole Corporate and Investment Bank, Deutsche Bank AG, Hong Kong Branch, Industrial and Commercial Bank of China (Macau) Limited and UBS AG Hong Kong Branch as bookrunner mandated lead arrangers, certain other entities as specified therein as mandated lead arranger, lead arrangers, arranger, senior managers and managers, certain financial institutions as lenders, Deutsche Bank AG, Hong Kong Branch as facility agent, Industrial and Commercial Bank of China (Macau) Limited as agent and security trustee, disbursement agent and agent for the agent and security trustee and Bank of China Limited, Macau Branch as issuing bank |
| 2.17* | Indenture, dated February 7, 2013, among MCE Finance Limited, certain subsidiaries of MCE Finance Limited from time to time parties thereto and Deutsche Bank Trust Company Americas as trustee, principal paying agent, registrar and transfer agent |
| 2.18* | Amendment Agreement, dated March 1, 2013, between Studio City Investments Limited and Deutsche Bank AG, Hong Kong Branch as facility agent, relating to a senior facilities agreement dated January 28, 2013 |
| 4.1 | Form of Indemnification Agreement with our directors and executive officers (incorporated by reference to Exhibit 10.1 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.2 | Form of Directors' Agreement (incorporated by reference to Exhibit 10.2 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.3 | Form of Employment Agreement between our company and an executive officer (incorporated by reference to Exhibit 10.3 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |

Table of Contents

| Exhibit Number | Description of Document |
|---------------------------|--|
| 4.4 | English Translation of Subconcession Contract for operating casino games of chance or games of other forms in the Macau Special Administrative Region between Wynn Macau and PBL Macau, dated September 8, 2006 (incorporated by reference to Exhibit 10.4 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.5 | Senior Facilities Agreement dated September 5, 2007 for Melco PBL Gaming (Macau) Limited as Original Borrower, arranged by Australia and New Zealand Banking Group Limited, Banc of America Securities Asia Limited, Barclays Capital, Deutsche Bank AG, Hong Kong Branch and UBS AG Hong Kong Branch as Coordinating Lead Arrangers with Deutsche Bank AG, Hong Kong Branch acting as Agent and DB Trustees (Hong Kong) Limited acting as Security Agent (incorporated by reference to Exhibit 10.32 from our registration statement on Form F-1 (File No. 333-146780), as amended, initially filed with the SEC on October 18, 2007) |
| 4.6 | Amendment Agreement in Respect of the Senior Facilities Agreement, dated December 7, 2007, between Melco PBL Gaming (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.6 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.7 | Second Amendment Agreement in Respect of the Senior Facilities Agreement, dated September 1, 2008, between Melco Crown (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.7 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.8 | Third Amendment Agreement in Respect of the Senior Facilities Agreement, dated December 1, 2008, between Melco Crown (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.8 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.9 | Fourth Amendment Agreement in Respect of the Senior Facilities Agreement, dated December 1, 2008, between Melco Crown (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.11 from our registration statement on Form F-4 (File No. 333-168823), as amended, initially filed with the SEC on August 18, 2010) |
| 4.10 | English Translation of Order of the Secretary for Public Works and Transportation published in Macau Official Gazette no. 9 of March 1, 2006 (incorporated by reference to Exhibit 10.13 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.11 | Agreement dated March 9, 2005 between Melco Leisure and Entertainment Group Limited and MPBL (Greater China) (formerly known as Melco Entertainment Limited) (incorporated by reference to Exhibit 10.15 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|-----------------------|--|
| 4.12 | Assignment Agreement dated May 11, 2005 in relation to a memorandum of agreement dated October 28, 2004 and a subscription agreement in relation to convertible loan notes in the aggregate principal amount of HK\$1,175,000,000 to be issued by Melco among Great Respect, as assignor, MPBL (Greater China) (formerly known as Melco Entertainment Limited), as assignee, and Melco, as issuer (incorporated by reference to Exhibit 10.16 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.13 | Novation and Termination Agreement (with respect to the Management Agreement for Grand Hyatt Macau dated June 18, 2006 and the Management Agreement for Hyatt Regency Macau dated June 18, 2006) dated August 30, 2008 between Hyatt of Macau Ltd., Melco Crown (COD) Developments Limited and Melco Crown COD (GH) Hotel Limited (incorporated by reference to Exhibit 4.20 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.14 | Management Agreement dated August 30, 2008 between Melco Crown COD (GH) Hotel Limited and Hyatt of Macau Ltd (incorporated by reference to Exhibit 4.21 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.15 | Hotel Trademark License Agreement by and between Hard Rock Holdings Limited and Melco Crown (COD) Developments Limited (formerly known as Melco PBL (COD) Developments Limited and Melco Hotel and Resorts (Macau) Limited) dated January 22, 2007 (incorporated by reference to Exhibit 4.21 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.16 | Novation Agreement (in respect of Hotel Trademark License Agreement) dated August 30, 2008 between Hard Rock Holdings Limited, Melco Crown (COD) Developments Limited and Melco Crown COD (HR) Hotel Limited (incorporated by reference to Exhibit 4.23 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.17 | Casino Trademark License Agreement by and between Hard Rock Holdings Limited and Melco Crown Macau (formerly known as Melco PBL Gaming) dated January 22, 2007 (incorporated by reference to Exhibit 4.22 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.18 | Memorabilia Lease (casino) between Hard Rock Cafe International (STP) Inc. and Melco PBL Gaming (now known as Melco Crown Macau) dated January 22, 2007 (incorporated by reference to Exhibit 4.23 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.19 | Memorabilia Lease (hotel) between Hard Rock Cafe International (STP) Inc. and Melco Crown (COD) Developments Limited dated January 22, 2007 (incorporated by reference to Exhibit 4.24 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |

Table of Contents

| Exhibit Number | Description of Document |
|-----------------------|--|
| 4.20 | Novation Agreement (in respect of Hotel Memorabilia Lease) dated August 30, 2008 between Hard Rock Café International (STP), Inc., Melco Crown (COD) Developments Limited and Melco Crown COD (HR) Hotel Limited (incorporated by reference to Exhibit 4.27 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.21 | Promissory Transfer of Shares Termination Agreement dated December 17, 2009 in connection with the termination of share purchase of Sociedade de Fomento Predial Omar, Limitada (“Omar”) between Double Margin Limited, Leong On Kei, a.k.a. Angela Leong, MPEL (Macau Peninsula) Limited and Omar (incorporated by reference to Exhibit 4.32 from our annual report on Form 20-F for the fiscal year ended December 31, 2009 (File No. 001-333178), filed with the SEC on March 31, 2010) |
| 4.22 | Shareholders’ Agreement relating to Melco Crown Macau (formerly known as Melco PBL Gaming) dated November 22, 2006 among PBL Asia Limited, MPBL Investments, Manuela António and Melco PBL Gaming (incorporated by reference to Exhibit 10.22 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.23 | Termination Letter dated December 15, 2006 in connection with Shareholders Agreement Relating to Melco PBL Gaming (Macau) Limited dated November 22, 2006 (incorporated by reference to Exhibit 4.27 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.24 | Letter dated December 15, 2006 in connection with appointment of Mr. Lawrence Ho as the managing director of Melco PBL Gaming (Macau) Limited (incorporated by reference to Exhibit 4.28 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.25 | Termination Agreement relating to the Shareholders’ Agreement dated December 15, 2006 among PBL Asia Limited, Melco PBL Investments Limited, Lawrence Yau Lung Ho and Melco PBL Gaming (Macau) Limited (incorporated by reference to Exhibit 4.5 from our registration statement on Form F-3 (File No. 333-171847), filed with the SEC on January 25, 2010) |
| 4.26 | 2006 Share Incentive Plan, amended by AGM in May 2009 (incorporated by reference to Exhibit 4.37 from our annual report on Form 20-F for the fiscal year ended December 31, 2009 (File No. 001-333178), filed with the SEC on March 31, 2010) |
| 4.27 | Trade Mark License dated November 30, 2006 between Crown Limited and the Registrant as the licensee (incorporated by reference to Exhibit 10.24 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.28 | Agreement between the Registrant and Melco Leisure and Entertainment Group Limited dated March 27, 2007 (incorporated by reference to Exhibit 4.32 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|-----------------------|--|
| 4.29 | Agreement between the Registrant and PBL Asia Investments Limited dated March 27, 2007 (incorporated by reference to Exhibit 4.33 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.30 | English Translation of the amended Order of Secretary for Public Works and Transportation published in Macau Official Gazette No. 25/2008 in relation to the City of Dreams Land Concession (incorporated by reference to Exhibit 4.30 from our annual report on Form 20-F for the fiscal year ended December 31, 2010 (File No. 001-33178) filed with the SEC on April 1, 2011) |
| 4.31 | Fifth Amendment Agreement in Respect of the Senior Facilities Agreement, dated June 22, 2011, between, amongst others, Melco Crown Macau, Deutsche Bank AG, Hong Kong Branch as agent and DB Trustees (Hong Kong) Limited as security agent (incorporated by reference to Exhibit 4.37 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.32 | Sale and Purchase Agreement, dated June 15, 2011, among Melco Crown Entertainment Limited, East Asia Satellite Television (Holdings) Limited and eSun Holdings Limited (incorporated by reference to Exhibit 4.38 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.33 | Implementation Agreement, dated June 15, 2011, among Melco Crown Entertainment Limited, MCE Cotai Investments Limited, New Cotai, LLC and New Cotai Holdings, LLC (incorporated by reference to Exhibit 4.39 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.34 | 2011 Share Incentive Plan, adopted by EGM on October 6, 2011 (incorporated by reference to Exhibit 4.40 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.35* | Amendment Agreement in Respect of the Shareholders' Agreement relating to Studio City International Holdings Limited (formerly known as Cyber One Agents Limited), dated September 25, 2012, among MCE Cotai Investments Limited, New Cotai, LLC, Melco Crown Entertainment Limited and Studio City International Holdings Limited (formerly known as Cyber One Agents Limited) |
| 4.36* | Cooperation Agreement, dated October 25, 2012, among SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc., Belle Corporation, PremiumLeisure and Amusement, Inc., MCE Leisure (Philippines) Corporation, MCE Holdings (Philippines) Corporation and MCE Holdings No.2 (Philippines) Corporation |
| 4.37* | Contract of Lease, dated October 25, 2012, between Belle Corporation and MCE Leisure (Philippines) Corporation |
| 4.38* | Closing Arrangement Agreement, dated October 25, 2012, among SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc., SM Development Corporation, Belle Corporation, PremiumLeisure and Amusement, Inc., MCE Leisure (Philippines) Corporation, MCE Holdings (Philippines) Corporation, MCE Holdings No.2 (Philippines) Corporation, MPEL Projects Limited and Melco Property Development Limited |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|-----------------------|---|
| 4.39* | Purchase Agreement, dated November 16, 2012, among Studio City Finance Limited, certain subsidiaries of Studio City Finance Limited as specified therein and Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, BOCI Asia Limited, Citigroup Global Markets Inc., Crédit Agricole Corporate and Investment Bank, Merrill Lynch International and UBS AG, Hong Kong Branch as initial purchasers |
| 4.40* | Acquisition Agreement, dated December 7, 2012, among Interpharma Holdings & Management Corporation, Pharma Industries Holdings Limited, MCE (Philippines) Investments Limited and MCE (Philippines) Investments No.2 Corporation |
| 4.41* | Purchase Agreement, dated January 29, 2013, among MCE Finance Limited, certain subsidiaries of MCE Finance Limited as specified therein and Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, Citigroup Global Markets Inc. and Merrill Lynch International as initial purchasers |
| 4.42* | Operating Agreement, dated March 13, 2013, among Belle Corporation, SM Investments Corporation, PremiumLeisure and Amusement, Inc., MCE Holdings No.2 (Philippines) Corporation, MCE Holdings (Philippines) Corporation and MCE Leisure (Philippines) Corporation |
| 4.43* | Sixth Amendment Agreement in Respect of the Senior Facilities Agreement, dated April 5, 2013, between Melco Crown Macau and Deutsche Bank AG, Hong Kong Branch as agent |
| 8.1* | List of Subsidiaries |
| 11.1 | Code of Business Conduct and Ethics, amended and approved as of September 29, 2009 (incorporated by reference to Exhibit 11.1 from our annual report on Form 20-F for the fiscal year ended December 31, 2009 (File No. 001-333178), filed with the SEC on March 31, 2010) |
| 11.2 | Code of Business Conduct and Ethics, amended and approved as of September 29, 2011 (incorporated by reference to Exhibit 11.2 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-333178), filed with the SEC on April 19, 2012) |
| 12.1* | CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2* | CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1* | CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2* | CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 15.1* | Consent of Walkers |
| 15.2* | Consent of Deloitte Touche Tohmatsu |
| 101.INS** | XBRL Instance Document |
| 101.SCH** | XBRL Taxonomy Extension Schema Document |
| 101.CAL** | XBRL Taxonomy Extension Calculation Linkbase Document |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|---------------------------|--|
| 101.DEF** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB** | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE** | XBRL Taxonomy Extension Presentation Linkbase Document |
| * | Filed with this annual report on Form 20-F |
| ** | XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections. |

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

MELCO CROWN ENTERTAINMENT LIMITED

By: /s/ Lawrence Ho

Name: Lawrence Ho

Title: Co-Chairman and Chief Executive Officer

Date: April 18, 2013

EXHIBIT INDEX

| Exhibit Number | Description of Document |
|-----------------------|---|
| 1.1 | Amended and Restated Memorandum and Articles of Association adopted on May 23, 2012 (incorporated by reference to Exhibit 3.1 from our registration statement on Form F-3 (File No. 333-178215), filed with the SEC on May 23, 2012) |
| 2.1 | Form of Registrant's American Depositary Receipt (included in Exhibit 2.3) |
| 2.2 | Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 from our registration statement on Form F-1 registration statement (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.3 | Form of Deposit Agreement among Melco Crown Entertainment Limited, the depositary and the holders and beneficial owners of the American Depositary Shares issued thereunder (incorporated by reference to Exhibit (a) from Amendment No. 1 to our registration statement on Form F-6 (File No. 333-139159) filed with the SEC on November 29, 2011) |
| 2.4 | Holdco 1 Subscription Agreement dated December 23, 2004 among our company (formerly known as Melco PBL Holdings Limited), Melco, PBL and PBL Asia Investments Limited (incorporated by reference to Exhibit 4.4 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.5 | Supplemental Agreement to the Memorandum of Agreement dated May 26, 2006 between Melco and PBL (incorporated by reference to Exhibit 4.7 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.6 | Deed of Variation and Amendment dated July 27, 2007 between our company (formerly known as Melco PBL Holdings Limited), Melco Leisure and Entertainment Group Limited, Melco International Development Limited, PBL Asia Investments Limited, Publishing and Broadcasting Limited and Crown Limited (incorporated by reference to Exhibit 4.11 from our registration statement on Form F-1 (File No. 333-146780), as amended, initially filed with the SEC on October 18, 2007) |
| 2.7 | Amended and Restated Shareholders' Deed dated December 12, 2007 among our company (formerly known as Melco PBL Holdings Limited), Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and Crown Limited (incorporated by reference to Exhibit 2.7 from our annual report on Form 20-F for the fiscal year ended December 31, 2007 (File No. 001-33178), filed with the SEC on April 9, 2008) |
| 2.8 | Form of Post-IPO Shareholders' Agreement among our company (formerly known as Melco PBL Holdings Limited), Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL (incorporated by reference to Exhibit 4.9 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 2.9 | Form of Registration Rights Agreement among our company (formerly known as Melco PBL Holdings Limited), Melco and PBL (incorporated by reference to Exhibit 4.10 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|-----------------------|--|
| 2.10* | Indenture, dated November 26, 2012, among Studio City Finance Limited, certain subsidiaries of Studio City Finance Limited from time to time parties thereto, DB Trustees (Hong Kong) Limited, as trustee and collateral agent, Deutsche Bank Trust Company Americas, as principal paying agent, U.S. registrar and transfer agent, and Deutsche Bank Luxembourg S.A., as European registrar |
| 2.11* | Pledge Agreement, dated November 26, 2012, by Studio City Finance Limited in favor of DB Trustees (Hong Kong) Limited as collateral agent |
| 2.12* | Pledge Over Accounts, dated November 26, 2012, among Studio City Finance Limited, DB Trustees (Hong Kong) Limited as collateral agent and Bank of China Limited, Macau Branch as escrow agent and note disbursement agent |
| 2.13* | Escrow Agreement, dated November 26, 2012, among Studio City Finance Limited, DB Trustees (Hong Kong) Limited as trustee and collateral agent and Bank of China Limited, Macau Branch as escrow agent |
| 2.14* | Intercompany Note, dated November 26, 2012, issued by Studio City Investments Limited |
| 2.15* | Note Disbursement and Account Agreement, dated November 26, 2012, among Studio City Finance Limited, Studio City Company Limited as borrower, DB Trustees (Hong Kong) Limited as trustee and collateral agent and Bank of China Limited, Macau Branch as note disbursement agent |
| 2.16* | Senior Term Loan and Revolving Facilities Agreement, dated January 28, 2013, among Studio City Investments Limited, Studio City Company Limited, certain guarantors as specified therein, Australia and New Zealand Banking Group Limited, Bank of America, N.A., Bank of China Limited, Macau Branch, Citigroup Global Markets Asia Limited, Credit Agricole Corporate and Investment Bank, Deutsche Bank AG, Hong Kong Branch, Industrial and Commercial Bank of China (Macau) Limited and UBS AG Hong Kong Branch as bookrunner mandated lead arrangers, certain other entities as specified therein as mandated lead arranger, lead arrangers, arranger, senior managers and managers, certain financial institutions as lenders, Deutsche Bank AG, Hong Kong Branch as facility agent, Industrial and Commercial Bank of China (Macau) Limited as agent and security trustee, disbursement agent and agent for the agent and security trustee and Bank of China Limited, Macau Branch as issuing bank |
| 2.17* | Indenture, dated February 7, 2013, among MCE Finance Limited, certain subsidiaries of MCE Finance Limited from time to time parties thereto and Deutsche Bank Trust Company Americas as trustee, principal paying agent, registrar and transfer agent |
| 2.18* | Amendment Agreement, dated March 1, 2013, between Studio City Investments Limited and Deutsche Bank AG, Hong Kong Branch as facility agent, relating to a senior facilities agreement dated January 28, 2013 |
| 4.1 | Form of Indemnification Agreement with our directors and executive officers (incorporated by reference to Exhibit 10.1 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|-----------------------|--|
| 4.2 | Form of Directors' Agreement (incorporated by reference to Exhibit 10.2 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.3 | Form of Employment Agreement between our company and an executive officer (incorporated by reference to Exhibit 10.3 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.4 | English Translation of Subconcession Contract for operating casino games of chance or games of other forms in the Macau Special Administrative Region between Wynn Macau and PBL Macau, dated September 8, 2006 (incorporated by reference to Exhibit 10.4 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.5 | Senior Facilities Agreement dated September 5, 2007 for Melco PBL Gaming (Macau) Limited as Original Borrower, arranged by Australia and New Zealand Banking Group Limited, Banc of America Securities Asia Limited, Barclays Capital, Deutsche Bank AG, Hong Kong Branch and UBS AG Hong Kong Branch as Coordinating Lead Arrangers with Deutsche Bank AG, Hong Kong Branch acting as Agent and DB Trustees (Hong Kong) Limited acting as Security Agent (incorporated by reference to Exhibit 10.32 from our registration statement on Form F-1 (File No. 333-146780), as amended, initially filed with the SEC on October 18, 2007) |
| 4.6 | Amendment Agreement in Respect of the Senior Facilities Agreement, dated December 7, 2007, between Melco PBL Gaming (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.6 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.7 | Second Amendment Agreement in Respect of the Senior Facilities Agreement, dated September 1, 2008, between Melco Crown (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.7 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.8 | Third Amendment Agreement in Respect of the Senior Facilities Agreement, dated December 1, 2008, between Melco Crown (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.8 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.9 | Fourth Amendment Agreement in Respect of the Senior Facilities Agreement, dated December 1, 2008, between Melco Crown (Macau) Limited and Deutsche Bank AG, Hong Kong Branch as agent (incorporated by reference to Exhibit 4.11 from our registration statement on Form F-4 (File No. 333-168823), as amended, initially filed with the SEC on August 18, 2010) |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|-----------------------|--|
| 4.10 | English Translation of Order of the Secretary for Public Works and Transportation published in Macau Official Gazette no. 9 of March 1, 2006 (incorporated by reference to Exhibit 10.13 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.11 | Agreement dated March 9, 2005 between Melco Leisure and Entertainment Group Limited and MPBL (Greater China) (formerly known as Melco Entertainment Limited) (incorporated by reference to Exhibit 10.15 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.12 | Assignment Agreement dated May 11, 2005 in relation to a memorandum of agreement dated October 28, 2004 and a subscription agreement in relation to convertible loan notes in the aggregate principal amount of HK\$1,175,000,000 to be issued by Melco among Great Respect, as assignor, MPBL (Greater China) (formerly known as Melco Entertainment Limited), as assignee, and Melco, as issuer (incorporated by reference to Exhibit 10.16 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.13 | Novation and Termination Agreement (with respect to the Management Agreement for Grand Hyatt Macau dated June 18, 2006 and the Management Agreement for Hyatt Regency Macau dated June 18, 2006) dated August 30, 2008 between Hyatt of Macau Ltd., Melco Crown (COD) Developments Limited and Melco Crown COD (GH) Hotel Limited (incorporated by reference to Exhibit 4.20 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.14 | Management Agreement dated August 30, 2008 between Melco Crown COD (GH) Hotel Limited and Hyatt of Macau Ltd (incorporated by reference to Exhibit 4.21 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.15 | Hotel Trademark License Agreement by and between Hard Rock Holdings Limited and Melco Crown (COD) Developments Limited (formerly known as Melco PBL (COD) Developments Limited and Melco Hotel and Resorts (Macau) Limited) dated January 22, 2007 (incorporated by reference to Exhibit 4.21 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.16 | Novation Agreement (in respect of Hotel Trademark License Agreement) dated August 30, 2008 between Hard Rock Holdings Limited, Melco Crown (COD) Developments Limited and Melco Crown COD (HR) Hotel Limited (incorporated by reference to Exhibit 4.23 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.17 | Casino Trademark License Agreement by and between Hard Rock Holdings Limited and Melco Crown Macau (formerly known as Melco PBL Gaming) dated January 22, 2007 (incorporated by reference to Exhibit 4.22 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |

Table of Contents

| Exhibit Number | Description of Document |
|-----------------------|--|
| 4.18 | Memorabilia Lease (casino) between Hard Rock Cafe International (STP) Inc. and Melco PBL Gaming (now known as Melco Crown Macau) dated January 22, 2007 (incorporated by reference to Exhibit 4.23 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.19 | Memorabilia Lease (hotel) between Hard Rock Cafe International (STP) Inc. and Melco Crown (COD) Developments Limited dated January 22, 2007 (incorporated by reference to Exhibit 4.24 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.20 | Novation Agreement (in respect of Hotel Memorabilia Lease) dated August 30, 2008 between Hard Rock Café International (STP), Inc., Melco Crown (COD) Developments Limited and Melco Crown COD (HR) Hotel Limited (incorporated by reference to Exhibit 4.27 from our annual report on Form 20-F for the fiscal year ended December 31, 2008 (File No. 001-33178), filed with the SEC on March 31, 2009) |
| 4.21 | Promissory Transfer of Shares Termination Agreement dated December 17, 2009 in connection with the termination of share purchase of Sociedade de Fomento Predial Omar, Limitada (“Omar”) between Double Margin Limited, Leong On Kei, a.k.a. Angela Leong, MPEL (Macau Peninsula) Limited and Omar (incorporated by reference to Exhibit 4.32 from our annual report on Form 20-F for the fiscal year ended December 31, 2009 (File No. 001-333178), filed with the SEC on March 31, 2010) |
| 4.22 | Shareholders’ Agreement relating to Melco Crown Macau (formerly known as Melco PBL Gaming) dated November 22, 2006 among PBL Asia Limited, MPBL Investments, Manuela António and Melco PBL Gaming (incorporated by reference to Exhibit 10.22 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.23 | Termination Letter dated December 15, 2006 in connection with Shareholders Agreement Relating to Melco PBL Gaming (Macau) Limited dated November 22, 2006 (incorporated by reference to Exhibit 4.27 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.24 | Letter dated December 15, 2006 in connection with appointment of Mr. Lawrence Ho as the managing director of Melco PBL Gaming (Macau) Limited (incorporated by reference to Exhibit 4.28 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.25 | Termination Agreement relating to the Shareholders’ Agreement dated December 15, 2006 among PBL Asia Limited, Melco PBL Investments Limited, Lawrence Yau Lung Ho and Melco PBL Gaming (Macau) Limited (incorporated by reference to Exhibit 4.5 from our registration statement on Form F-3 (File No. 333-171847), filed with the SEC on January 25, 2010) |
| 4.26 | 2006 Share Incentive Plan, amended by AGM in May 2009 (incorporated by reference to Exhibit 4.37 from our annual report on Form 20-F for the fiscal year ended December 31, 2009 (File No. 001-333178), filed with the SEC on March 31, 2010) |

Table of Contents

| Exhibit Number | Description of Document |
|---------------------------|--|
| 4.27 | Trade Mark License dated November 30, 2006 between Crown Limited and the Registrant as the licensee (incorporated by reference to Exhibit 10.24 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006) |
| 4.28 | Agreement between the Registrant and Melco Leisure and Entertainment Group Limited dated March 27, 2007 (incorporated by reference to Exhibit 4.32 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.29 | Agreement between the Registrant and PBL Asia Investments Limited dated March 27, 2007 (incorporated by reference to Exhibit 4.33 from our annual report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-33178), as amended, initially filed with the SEC on March 30, 2007) |
| 4.30 | English Translation of the amended Order of Secretary for Public Works and Transportation published in Macau Official Gazette No. 25/2008 in relation to the City of Dreams Land Concession (incorporated by reference to Exhibit 4.30 from our annual report on Form 20-F for the fiscal year ended December 31, 2010 (File No. 001-33178) filed with the SEC on April 1, 2011) |
| 4.31 | Fifth Amendment Agreement in Respect of the Senior Facilities Agreement, dated June 22, 2011, between, amongst others, Melco Crown Macau, Deutsche Bank AG, Hong Kong Branch as agent and DB Trustees (Hong Kong) Limited as security agent (incorporated by reference to Exhibit 4.37 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.32 | Sale and Purchase Agreement, dated June 15, 2011, among Melco Crown Entertainment Limited, East Asia Satellite Television (Holdings) Limited and eSun Holdings Limited (incorporated by reference to Exhibit 4.38 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.33 | Implementation Agreement, dated June 15, 2011, among Melco Crown Entertainment Limited, MCE Cotai Investments Limited, New Cotai, LLC and New Cotai Holdings, LLC (incorporated by reference to Exhibit 4.39 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.34 | 2011 Share Incentive Plan, adopted by EGM on October 6, 2011 (incorporated by reference to Exhibit 4.40 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |
| 4.35* | Amendment Agreement in Respect of the Shareholders' Agreement relating to Studio City International Holdings Limited (formerly known as Cyber One Agents Limited), dated September 25, 2012, among MCE Cotai Investments Limited, New Cotai, LLC, Melco Crown Entertainment Limited and Studio City International Holdings Limited (formerly known as Cyber One Agents Limited) |

Table of Contents

| Exhibit Number | Description of Document |
|---------------------------|--|
| 4.36* | Cooperation Agreement, dated October 25, 2012, among SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc., Belle Corporation, PremiumLeisure and Amusement, Inc., MCE Leisure (Philippines) Corporation, MCE Holdings (Philippines) Corporation and MCE Holdings No.2 (Philippines) Corporation |
| 4.37* | Contract of Lease, dated October 25, 2012, between Belle Corporation and MCE Leisure (Philippines) Corporation |
| 4.38* | Closing Arrangement Agreement, dated October 25, 2012, among SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc., SM Development Corporation, Belle Corporation, PremiumLeisure and Amusement, Inc., MCE Leisure (Philippines) Corporation, MCE Holdings (Philippines) Corporation, MCE Holdings No.2 (Philippines) Corporation, MPEL Projects Limited and Melco Property Development Limited |
| 4.39* | Purchase Agreement, dated November 16, 2012, among Studio City Finance Limited, certain subsidiaries of Studio City Finance Limited as specified therein and Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, BOCI Asia Limited, Citigroup Global Markets Inc., Crédit Agricole Corporate and Investment Bank, Merrill Lynch International and UBS AG, Hong Kong Branch as initial purchasers |
| 4.40* | Acquisition Agreement, dated December 7, 2012, among Interpharma Holdings & Management Corporation, Pharma Industries Holdings Limited, MCE (Philippines) Investments Limited and MCE (Philippines) Investments No.2 Corporation |
| 4.41* | Purchase Agreement, dated January 29, 2013, among MCE Finance Limited, certain subsidiaries of MCE Finance Limited as specified therein and Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, Citigroup Global Markets Inc. and Merrill Lynch International as initial purchasers |
| 4.42* | Operating Agreement, dated March 13, 2013, among Belle Corporation, SM Investments Corporation, PremiumLeisure and Amusement, Inc., MCE Holdings No.2 (Philippines) Corporation, MCE Holdings (Philippines) Corporation and MCE Leisure (Philippines) Corporation |
| 4.43* | Sixth Amendment Agreement in Respect of the Senior Facilities Agreement, dated April 5, 2013, between Melco Crown Macau and Deutsche Bank AG, Hong Kong Branch as agent |
| 8.1* | List of Subsidiaries |
| 11.1 | Code of Business Conduct and Ethics, amended and approved as of September 29, 2009 (incorporated by reference to Exhibit 11.1 from our annual report on Form 20-F for the fiscal year ended December 31, 2009 (File No. 001-333178), filed with the SEC on March 31, 2010) |
| 11.2 | Code of Business Conduct and Ethics, amended and approved as of September 29, 2011 (incorporated by reference to Exhibit 11.2 from our annual report on Form 20-F for the fiscal year ended December 31, 2011 (File No. 001-33178), filed with the SEC on April 19, 2012) |

[Table of Contents](#)

| Exhibit Number | Description of Document |
|-----------------------|---|
| 12.1* | CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2* | CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1* | CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2* | CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 15.1* | Consent of Walkers |
| 15.2* | Consent of Deloitte Touche Tohmatsu |
| 101.INS** | XBRL Instance Document |
| 101.SCH** | XBRL Taxonomy Extension Schema Document |
| 101.CAL** | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB** | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE** | XBRL Taxonomy Extension Presentation Linkbase Document |

* Filed with this annual report on Form 20-F

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

[Table of Contents](#)

MELCO CROWN ENTERTAINMENT LIMITED
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

| | <u>Page</u> |
|--|-------------|
| Report of Independent Registered Public Accounting Firm | F-2 |
| Report of Independent Registered Public Accounting Firm | F-3 |
| Consolidated Balance Sheets as of December 31, 2012 and 2011 | F-4 |
| Consolidated Statements of Operations for the years ended December 31, 2012, 2011 and 2010 | F-5 |
| Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010 | F-6 |
| Consolidated Statements of Shareholders' Equity for the years ended December 31, 2012, 2011 and 2010 | F-7 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010 | F-8 |
| Notes to Consolidated Financial Statements for the years ended December 31, 2012, 2011 and 2010 | F-10 |
| Schedule 1 — Melco Crown Entertainment Limited Condensed Financial Statement as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 | F-79 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco Crown Entertainment Limited:

We have audited the accompanying consolidated balance sheets of Melco Crown Entertainment Limited and subsidiaries (the “Company”) as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, shareholders’ equity, and cash flows for the years ended December 31, 2012, 2011 and 2010. Our audits also included the financial statement schedule included in Schedule 1. These consolidated financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years ended December 31, 2012, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 27, 2013 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 27, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco Crown Entertainment Limited:

We have audited the internal control over financial reporting of Melco Crown Entertainment Limited and subsidiaries (the “Company”) as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financing Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the consolidated financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2012 of the Company and our report dated March 27, 2013 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 27, 2013

MELCO CROWN ENTERTAINMENT LIMITED
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

| | December 31, | |
|--|---------------------|---------------------|
| | 2012 | 2011 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,709,209 | \$ 1,158,024 |
| Restricted cash (Note 11) | 672,981 | — |
| Accounts receivable, net (Note 3) | 320,929 | 306,500 |
| Amounts due from affiliated companies (Note 20(a)) | 1,322 | 1,846 |
| Amount due from a shareholder (Note 20(d)) | — | 6 |
| Income tax receivable | 266 | — |
| Inventories | 16,576 | 15,258 |
| Prepaid expenses and other current assets | 27,743 | 23,882 |
| Total current assets | 2,749,026 | 1,505,516 |
| PROPERTY AND EQUIPMENT, NET (Note 4) | 2,684,094 | 2,655,429 |
| GAMING SUBCONCESSION, NET (Note 5) | 542,268 | 599,505 |
| INTANGIBLE ASSETS, NET (Note 6) | 4,220 | 4,220 |
| GOODWILL (Note 6) | 81,915 | 81,915 |
| LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS (Note 7) | 88,241 | 72,858 |
| RESTRICTED CASH (Note 11) | 741,683 | 364,807 |
| DEFERRED TAX ASSETS (Note 15) | 105 | 24 |
| DEFERRED FINANCING COSTS | 65,930 | 42,738 |
| LAND USE RIGHTS, NET (Note 8) | 989,984 | 942,968 |
| TOTAL ASSETS | \$ 7,947,466 | \$ 6,269,980 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable (Note 9) | \$ 13,745 | \$ 12,023 |
| Accrued expenses and other current liabilities (Note 10) | 850,841 | 588,719 |
| Income tax payable | 1,191 | 1,240 |
| Current portion of long-term debt (Note 11) | 854,940 | — |
| Amounts due to affiliated companies (Note 20(b)) | 949 | 1,137 |
| Total current liabilities | 1,721,666 | 603,119 |
| LONG-TERM DEBT (Note 11) | 2,339,924 | 2,325,980 |
| OTHER LONG-TERM LIABILITIES (Note 12) | 7,412 | 27,900 |
| DEFERRED TAX LIABILITIES (Note 15) | 66,350 | 70,028 |
| LAND USE RIGHTS PAYABLE (Note 19(c)) | 71,358 | 55,301 |
| COMMITMENTS AND CONTINGENCIES (Note 19) | | |
| SHAREHOLDERS' EQUITY | | |
| Ordinary shares at US\$0.01 par value per share (Authorized — 7,300,000,000 shares as of December 31, 2012 and 2011 and issued — 1,658,059,295 and 1,653,101,002 shares as of December 31, 2012 and 2011, respectively (Note 14)) | 16,581 | 16,531 |
| Treasury shares, at US\$0.01 par value per share (11,267,038 and 10,552,328 shares as of December 31, 2012 and 2011, respectively (Note 14)) | (113) | (106) |
| Additional paid-in capital | 3,235,835 | 3,223,274 |
| Accumulated other comprehensive losses | (1,057) | (1,034) |
| Retained earnings (accumulated losses) | 134,693 | (282,510) |
| Total Melco Crown Entertainment Limited shareholders' equity | 3,385,939 | 2,956,155 |
| Noncontrolling interests | 354,817 | 231,497 |
| Total equity | 3,740,756 | 3,187,652 |
| TOTAL LIABILITIES AND EQUITY | \$ 7,947,466 | \$ 6,269,980 |

The accompanying notes are an integral part of the consolidated financial statements.

MELCO CROWN ENTERTAINMENT LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data)

| | Year Ended December 31, | | |
|---|-------------------------|---------------|---------------|
| | 2012 | 2011 | 2010 |
| OPERATING REVENUES | | | |
| Casino | \$ 3,934,761 | \$ 3,679,423 | \$ 2,550,542 |
| Rooms | 118,059 | 103,009 | 83,718 |
| Food and beverage | 72,718 | 61,840 | 56,679 |
| Entertainment, retail and others | 90,789 | 86,167 | 32,679 |
| Gross revenues | 4,216,327 | 3,930,439 | 2,723,618 |
| Less: promotional allowances | (138,314) | (99,592) | (81,642) |
| Net revenues | 4,078,013 | 3,830,847 | 2,641,976 |
| OPERATING COSTS AND EXPENSES | | | |
| Casino | (2,834,762) | (2,698,981) | (1,949,024) |
| Rooms | (14,697) | (18,247) | (16,132) |
| Food and beverage | (27,531) | (34,194) | (32,898) |
| Entertainment, retail and others | (62,816) | (58,404) | (19,776) |
| General and administrative | (226,980) | (220,224) | (199,830) |
| Pre-opening costs | (5,785) | (2,690) | (18,648) |
| Development costs | (11,099) | (1,110) | — |
| Amortization of gaming subconcession | (57,237) | (57,237) | (57,237) |
| Amortization of land use rights | (59,911) | (34,401) | (19,522) |
| Depreciation and amortization | (261,449) | (259,224) | (236,306) |
| Property charges and others | (8,654) | (1,025) | (91) |
| Total operating costs and expenses | (3,570,921) | (3,385,737) | (2,549,464) |
| OPERATING INCOME | 507,092 | 445,110 | 92,512 |
| NON-OPERATING EXPENSES | | | |
| Interest income | 10,958 | 4,131 | 404 |
| Interest expenses, net of capitalized interest | (109,611) | (113,806) | (93,357) |
| Reclassification of accumulated losses of interest rate swap agreements from accumulated other comprehensive losses (Note 10) | — | (4,310) | — |
| Change in fair value of interest rate swap agreements | 363 | 3,947 | — |
| Amortization of deferred financing costs | (13,272) | (14,203) | (14,302) |
| Loan commitment fees | (1,324) | (1,411) | 3,811 |
| Foreign exchange gain (loss), net | 4,685 | (1,771) | 3,563 |
| Other income, net | 115 | 3,664 | 1,074 |
| Listing expenses | — | (8,950) | — |
| Loss on extinguishment of debt (Note 11) | — | (25,193) | — |
| Costs associated with debt modification (Note 11) | (3,277) | — | (3,310) |
| Total non-operating expenses | (111,363) | (157,902) | (102,117) |
| INCOME (LOSS) BEFORE INCOME TAX | 395,729 | 287,208 | (9,605) |
| INCOME TAX CREDIT (EXPENSE) (Note 15) | 2,943 | 1,636 | (920) |
| NET INCOME (LOSS) | 398,672 | 288,844 | (10,525) |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 18,531 | 5,812 | — |
| NET INCOME (LOSS) ATTRIBUTABLE TO MELCO CROWN ENTERTAINMENT LIMITED | \$ 417,203 | \$ 294,656 | \$ (10,525) |
| NET INCOME (LOSS) ATTRIBUTABLE TO MELCO CROWN ENTERTAINMENT LIMITED PER SHARE: | | | |
| Basic | \$ 0.254 | \$ 0.184 | \$ (0.007) |
| Diluted | \$ 0.252 | \$ 0.182 | \$ (0.007) |
| WEIGHTED AVERAGE SHARES USED IN NET INCOME (LOSS) ATTRIBUTABLE TO MELCO CROWN ENTERTAINMENT LIMITED PER SHARE CALCULATION: | | | |
| Basic | 1,645,346,902 | 1,604,213,324 | 1,595,552,022 |
| Diluted | 1,658,262,996 | 1,616,854,682 | 1,595,552,022 |

The accompanying notes are an integral part of the consolidated financial statements.

MELCO CROWN ENTERTAINMENT LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of U.S. dollars, except share and per share data)

| | Year Ended December 31, | | |
|---|-------------------------|-----------|------------|
| | 2012 | 2011 | 2010 |
| Net income (loss) | \$398,672 | \$288,844 | \$(10,525) |
| Other comprehensive (loss) income: | | | |
| Foreign currency translation adjustment | 16 | (149) | 32 |
| Change in fair value of interest rate swap agreements | — | 6,111 | 17,657 |
| Change in fair value of forward exchange rate contracts | 99 | 39 | — |
| Reclassification to earnings upon discontinuance of hedge accounting (Note 10) | — | 4,310 | — |
| Reclassification to earnings upon settlement of forward exchange rate contracts | (138) | — | — |
| Other comprehensive (loss) income | (23) | 10,311 | 17,689 |
| Total comprehensive income | 398,649 | 299,155 | 7,164 |
| Comprehensive loss attributable to noncontrolling interests | 18,540 | 5,812 | — |
| Comprehensive income attributable to Melco Crown Entertainment Limited | \$417,189 | \$304,967 | \$ 7,164 |

The accompanying notes are an integral part of the consolidated financial statements.

MELCO CROWN ENTERTAINMENT LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars, except share and per share data)

| | Melco Crown Entertainment Limited Shareholders' Equity | | | | | | | | |
|---|--|----------|-------------------------|----------|----------------------------------|---|---|-----------------------------|-----------------|
| | Ordinary Shares | | Treasury Shares | | Additional Paid-in Capital | Accumulated Other Comprehensive Losses | (Accumulated Losses) Retained Earnings | Noncontrolling Interests | Total Equity |
| | Shares | Amount | Shares (Note (1)) | Amount | | | | | |
| BALANCE AT JANUARY 1, 2010 | 1,595,617,550 | \$15,956 | (471,567) | \$ (5) | \$3,088,768 | \$ (29,034) | \$ (566,641) | \$ — | \$2,509,044 |
| Net loss for the year | — | — | — | — | — | — | (10,525) | — | (10,525) |
| Foreign currency translation adjustment | — | — | — | — | — | 32 | — | — | 32 |
| Change in fair value of interest rate swap agreements | — | — | — | — | — | 17,657 | — | — | 17,657 |
| Share-based compensation (Note 16) | — | — | — | — | 6,045 | — | — | — | 6,045 |
| Shares issued upon restricted shares vested (Note 14) | 1,254,920 | 12 | — | — | (12) | — | — | — | — |
| Shares issued for future vesting of restricted shares and exercise of share options (Note 14) | 8,785,641 | 88 | (8,785,641) | (88) | — | — | — | — | — |
| Issuance of shares for restricted shares vested (Note 14) | — | — | 43,737 | 1 | (1) | — | — | — | — |
| Exercise of share options (Note 14) | — | — | 804,285 | 8 | 930 | — | — | — | 938 |
| BALANCE AT DECEMBER 31, 2010 | 1,605,658,111 | 16,056 | (8,409,186) | (84) | 3,095,730 | (11,345) | (577,166) | — | 2,523,191 |
| Net income for the year | — | — | — | — | — | — | 294,656 | (5,812) | 288,844 |
| Foreign currency translation adjustment | — | — | — | — | — | (149) | — | — | (149) |
| Change in fair value of interest rate swap agreements | — | — | — | — | — | 6,111 | — | — | 6,111 |
| Change in fair value of forward exchange rate contracts | — | — | — | — | — | 39 | — | — | 39 |
| Reclassification to earnings upon discontinuance of hedge accounting (Note 10) | — | — | — | — | — | 4,310 | — | — | 4,310 |
| Acquisition of assets and liabilities (Note 22(b)) | — | — | — | — | — | — | — | 237,309 | 237,309 |
| Share-based compensation (Note 16) | — | — | — | — | 8,624 | — | — | — | 8,624 |
| Shares issued upon restricted shares vested (Note 14) | 310,575 | 3 | — | — | (3) | — | — | — | — |
| Shares issued for future vesting of restricted shares and exercise of share options (Note 14) | 6,920,386 | 69 | (6,920,386) | (69) | — | — | — | — | — |
| Issuance of shares for restricted shares vested (Note 14) | — | — | 941,648 | 9 | (9) | — | — | — | — |
| Exercise of share options (Note 14) | — | — | 3,835,596 | 38 | 3,912 | — | — | — | 3,950 |
| Issuance of shares for conversion of shareholders' loans (Note 14) | 40,211,930 | 403 | — | — | 115,020 | — | — | — | 115,423 |
| BALANCE AT DECEMBER 31, 2011 | 1,653,101,002 | 16,531 | (10,552,328) | (106) | 3,223,274 | (1,034) | (282,510) | 231,497 | 3,187,652 |
| Net income for the year | — | — | — | — | — | — | 417,203 | (18,531) | 398,672 |
| Capital contributions from noncontrolling shareholder | — | — | — | — | — | — | — | 140,000 | 140,000 |
| Foreign currency translation adjustment | — | — | — | — | — | 16 | — | (9) | 7 |
| Change in fair value of forward exchange rate contracts | — | — | — | — | — | 99 | — | — | 99 |
| Reclassification to earnings upon settlement of forward exchange rate contracts | — | — | — | — | — | (138) | — | — | (138) |
| Acquisition of assets and liabilities (Note 22(a)) | — | — | — | — | — | — | — | 1,860 | 1,860 |
| Share-based compensation (Note 16) | — | — | — | — | 8,973 | — | — | — | 8,973 |
| Shares issued for future vesting of restricted shares and exercise of share options (Note 14) | 4,958,293 | 50 | (4,958,293) | (50) | — | — | — | — | — |
| Issuance of shares for restricted shares vested (Note 14) | — | — | 1,276,634 | 13 | (13) | — | — | — | — |
| Cancellation of vested restricted shares | — | — | (6) | — | — | — | — | — | — |
| Exercise of share options (Note 14) | — | — | 2,966,955 | 30 | 3,601 | — | — | — | 3,631 |
| BALANCE AT DECEMBER 31, 2012 | 1,658,059,295 | \$16,581 | (11,267,038) | \$ (113) | \$3,235,835 | \$ (1,057) | \$ 134,693 | \$ 354,817 | \$3,740,756 |

Note: The treasury shares represent new shares issued by the Company and held by the depository bank to facilitate the administration and operations of the Company's share incentive plans. These shares are to be delivered to the Directors, eligible employees and consultants on the vesting of restricted shares and upon the exercise of share options.

The accompanying notes are an integral part of the consolidated financial statements.

MELCO CROWN ENTERTAINMENT LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

| | Year Ended December 31, | | |
|---|-------------------------|---------------------|---------------------|
| | 2012 | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | \$ 398,672 | \$ 288,844 | \$ (10,525) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 378,597 | 350,862 | 313,065 |
| Amortization of deferred financing costs | 13,272 | 14,203 | 14,302 |
| Amortization of deferred interest expense | 2,138 | 1,142 | — |
| Amortization of discount on senior notes payable | 801 | 723 | 417 |
| Excess payment on acquisition of assets and liabilities | 5,747 | — | — |
| Loss on disposal of property and equipment | 887 | 426 | 176 |
| Allowance for doubtful debts and direct write off | 28,416 | 37,803 | 33,182 |
| Loss on extinguishment of debt | — | 25,193 | — |
| Written off deferred financing costs on modification of debt | — | — | 1,992 |
| Share-based compensation | 8,973 | 8,624 | 6,043 |
| Reclassification of accumulated losses of interest rate swap agreements from accumulated other comprehensive losses | — | 4,310 | — |
| Reclassification of accumulated income of forward exchange rate contracts from accumulated other comprehensive losses | (138) | — | — |
| Change in fair value of interest rate swap agreements | (363) | (3,947) | — |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (42,367) | (69,741) | (45,795) |
| Amounts due from affiliated companies | 524 | (318) | (1,527) |
| Amount due from a shareholder | 6 | — | — |
| Income tax receivable | — | 265 | — |
| Inventories | (1,318) | (268) | (5,565) |
| Prepaid expenses and other current assets | (3,716) | (9,359) | 1,914 |
| Long-term prepayments, deposits and other assets | (2,679) | 379 | 180 |
| Deferred tax assets | (81) | 1 | (25) |
| Accounts payable | 1,722 | 3,143 | 64 |
| Accrued expenses and other current liabilities | 164,886 | 94,182 | 94,190 |
| Income tax payable | (313) | 238 | (34) |
| Amounts due to affiliated companies | (564) | 412 | (689) |
| Amounts due to shareholders | — | (267) | 11 |
| Other long-term liabilities | 809 | 777 | 326 |
| Deferred tax liabilities | (3,678) | (2,967) | 253 |
| Net cash provided by operating activities | <u>950,233</u> | <u>744,660</u> | <u>401,955</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Changes in restricted cash | (1,047,019) | (185,992) | 69,137 |
| Acquisition of property and equipment | (220,480) | (90,268) | (197,385) |
| Payment for land use rights | (53,830) | (15,271) | (29,802) |
| Deposits for acquisition of property and equipment | (7,708) | (3,962) | (5,224) |
| Net payment for acquisition of assets and liabilities | (5,315) | (290,058) | — |
| Payment for entertainment production costs | (1,788) | (70) | (27,116) |
| Proceeds from sale of property and equipment | 422 | 233 | 80 |
| Net cash used in investing activities | <u>\$ (1,335,718)</u> | <u>\$ (585,388)</u> | <u>\$ (190,310)</u> |

MELCO CROWN ENTERTAINMENT LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
(In thousands of U.S. dollars)

| | Year Ended December 31, | | |
|---|-------------------------|--------------------|-------------------|
| | 2012 | 2011 | 2010 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of deferred financing costs | \$ (30,297) | \$ (36,135) | \$ (22,944) |
| Deferred payment for acquisition of assets and liabilities | (25,000) | — | — |
| Prepayment of deferred financing costs | (18,812) | — | — |
| Principal payments on long-term debt | (2,755) | (117,076) | (551,402) |
| Proceeds from long-term debt | 868,000 | 706,556 | 592,026 |
| Capital contribution from noncontrolling interests | 140,000 | — | — |
| Proceeds from exercise of share options | 3,599 | 4,565 | — |
| Net cash provided by financing activities | <u>934,735</u> | <u>557,910</u> | <u>17,680</u> |
| EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS | 1,935 | (1,081) | — |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 551,185 | 716,101 | 229,325 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,158,024 | 441,923 | 212,598 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$1,709,209</u> | <u>\$1,158,024</u> | <u>\$ 441,923</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOWS | | | |
| Cash paid for interest (net of capitalized interest) | \$ (102,015) | \$ (111,656) | \$ (85,183) |
| Cash paid for tax (net of refunds) | \$ (1,129) | \$ (827) | \$ (726) |
| NON-CASH INVESTING AND FINANCING ACTIVITIES | | | |
| Construction costs and property and equipment funded through accrued expenses and other current liabilities and other long-term liabilities | \$ 60,475 | \$ 14,630 | \$ 16,885 |
| Land use right cost funded through accrued expenses and other current liabilities and land use rights payable | \$ 69,057 | \$ — | \$ 80 |
| Costs of property and equipment funded through amounts due to affiliated companies | \$ 428 | \$ 52 | \$ — |
| Deferred financing costs funded through accrued expenses and other current liabilities | \$ 7,080 | \$ 778 | \$ 240 |
| Entertainment production costs funded through accrued expenses and other current liabilities | \$ 15 | \$ — | \$ — |
| Acquisition of assets and liabilities funded through accrued expenses and other current liabilities and other long-term liabilities | \$ — | \$ 48,473 | \$ — |
| Settlement of shareholders' loans through issuance of shares | <u>\$ —</u> | <u>\$ 115,442</u> | <u>\$ —</u> |

The accompanying notes are an integral part of the consolidated financial statements.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

1. COMPANY INFORMATION

Melco Crown Entertainment Limited (the “Company”) was incorporated in the Cayman Islands on December 17, 2004 and completed an initial public offering of its ordinary shares in the United States of America in December 2006. The Company’s American depository shares (“ADS”) are traded on the NASDAQ Global Select Market under the symbol “MPEL”. On December 7, 2011, the Company completed a dual primary listing in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) and listed its ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited (“HKSE”) by way of introduction, under the stock code of “6883”.

The Company together with its subsidiaries (collectively referred to as the “Group”) is a developer, owner and, through its indirect subsidiary, Melco Crown (Macau) Limited (formerly known as Melco Crown Gaming (Macau) Limited) (“Melco Crown Macau”), an operator of casino gaming and entertainment resort facilities focused on the Macau Special Administrative Region of the People’s Republic of China (“Macau”) market. The Group currently owns and operates City of Dreams — an integrated casino resort located at Cotai, Macau, Altira Macau — a casino hotel located at Taipa, Macau, Taipa Square Casino — a casino located at Taipa, Macau, Mocha Clubs — non-casino-based operations of electronic gaming machines in Macau, and has a 60% interest in Studio City — an integrated resort comprising entertainment, retail and gaming facilities being developed in Cotai, Macau.

On July 5, 2012, the Company, through its indirect subsidiary, MPEL Projects Limited, entered into a memorandum of agreement (the “MOA”) with SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc. and SM Development Corporation (collectively, the “SM Group”), Belle Corporation and PremiumLeisure and Amusement, Inc. (“PLAI”) (collectively, the “Philippine Parties”) for the development of an integrated resort project located within Entertainment City, Manila comprising a casino, hotel, retail and entertainment complex (the “Philippines Project”). Further to the MOA, on October 25, 2012, MCE Leisure (Philippines) Corporation (“MCE Leisure Philippines”), an indirect subsidiary of the Company, entered into a closing arrangement agreement, a cooperation agreement, a lease agreement and other related arrangements with the Philippine Parties in connection with the Philippines Project. Further information on closure of the agreements is included in Note 24(i). On December 19, 2012, the Company, through its indirect subsidiaries, MCE (Philippines) Investments Limited (“MCE Philippines Investments”) and MCE (Philippines) Investments No.2 Corporation (“MCE Investments No.2”) acquired a majority interest in the issued share capital of Melco Crown (Philippines) Resorts Corporation (formerly known as Manchester International Holdings Unlimited Corporation) (“MCP”), a company whose shares are listed on the Philippines Stock Exchange (the “PSE”). It is the Company’s intention to pursue Philippines based opportunities and operate its future Philippines businesses through MCE Leisure Philippines and MCP.

As of December 31, 2012 and 2011, the major shareholders of the Company are Melco International Development Limited (“Melco”), a company listed in Hong Kong, and Crown Limited (“Crown”), an Australian-listed corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated on consolidation.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and judgements are based on historical information, information that is currently available to the Group and on various other assumptions that the Group believes to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates.

(c) Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell the asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The Group estimated the fair values using appropriate valuation methodologies and market information available as of the balance sheet date.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and highly liquid investments which are unrestricted as to withdrawal and use, and which have maturities of three months or less when purchased.

Cash and cash equivalents are placed with financial institutions with high-credit ratings and quality.

(e) Restricted Cash

The restricted cash comprises of proceeds on the Renminbi ("RMB") 2,300,000,000 3.75% bonds, due 2013 (the "RMB Bonds") deposited into a bank account for securing a long-term Hong Kong dollar deposit-linked loan facility (the "Deposit-Linked Loan") as disclosed in Note 11 and proceeds from the offering of the Group's \$825,000 8.50% senior notes, due 2020 (the "Studio City Notes") and other bank accounts that are restricted for withdrawal and payment of Studio City project costs in accordance with the terms of Studio City Notes and other associated agreement as disclosed in Note 11.

(f) Accounts Receivable and Credit Risk

Financial instruments that are potentially subject the Group to concentrations of credit risk consist principally of casino receivables. The Group issues credit in the form of markers to approved casino customers following investigations of creditworthiness including its gaming promoters in Macau which receivable can be offset against commissions payable and any other value items held by the Group to the respective customer and for which the Group intends to set-off when required. As of December 31, 2012 and 2011, a substantial portion of the Group's markers were due from customers residing in foreign countries. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Accounts receivable, including casino, hotel, and other receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems it is probable the receivable is uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful debts is maintained to reduce the Group's receivables to their

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****(f) Accounts Receivable and Credit Risk - continued**

carrying amounts, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as management's experience with collection trends in the casino industry and current economic and business conditions. Management believes that as of December 31, 2012 and 2011, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

(g) Inventories

Inventories consist of retail merchandise, food and beverage items and certain operating supplies, which are stated at the lower of cost or market value. Cost is calculated using the first-in, first-out, average and specific identification methods. Write downs of potentially obsolete or slow-moving inventory are recorded based on management's specific analysis of inventory.

(h) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Impairment losses and gains or losses on dispositions of property and equipment are included in operating income. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

During the construction and development stage of the Group's casino gaming and entertainment resort facilities, direct and incremental costs related to the design and construction, including costs under the construction contracts, duties and tariffs, equipment installation, shipping costs, payroll and payroll-benefit related costs, depreciation of plant and equipment used, applicable portions of interest and amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the construction and development of a project starts and ceases once the construction is substantially completed or development activity is suspended for more than a brief period.

Depreciation and amortization expense related to capitalized construction costs and other property and equipment is recognized from the time each asset is placed in service. This may occur at different stages as casino gaming and entertainment resort facilities are completed and opened.

Property and equipment and other long-lived assets with a finite useful life are depreciated and amortized on a straight-line basis over the asset's estimated useful life. Estimated useful lives are as follows:

| <u>Classification</u> | <u>Estimated Useful Life</u> |
|-----------------------------------|--|
| Buildings | 7 to 25 years or over the term of the land use right agreement, whichever is shorter |
| Aircraft | 10 years |
| Leasehold improvements | 10 years or over the lease term, whichever is shorter |
| Furniture, fixtures and equipment | 2 to 10 years |
| Motor vehicles | 5 years |
| Plant and gaming machinery | 3 to 5 years |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(i) **Capitalization of Interest and Amortization of Deferred Financing Costs**

Interest and amortization of deferred financing costs incurred on funds used to construct the Group's casino gaming and entertainment resort facilities during the active construction period are capitalized. Interest subject to capitalization primarily includes interest paid or payable on loans from shareholders, the Group's senior secured credit facility as entered into on September 5, 2007 (the "City of Dreams Project Facility"), interest rate swap agreements, \$600,000 10.25% senior notes, due 2018 (the "2010 Senior Notes"), the RMB Bonds, the Deposit-Linked Loan, the City of Dreams Project Facility amended on June 30, 2011 (the "2011 Credit Facilities"), the Studio City Notes and the land premium payable for the land use right where Studio City is located. The capitalization of interest and amortization of deferred financing costs ceases once a project is substantially complete or development activity is suspended for more than a brief period. The amount to be capitalized is determined by applying the weighted-average interest rate of the Group's outstanding borrowings to the average amount of accumulated capital expenditures for assets under construction during the year and is added to the cost of the underlying assets and amortized over their respective useful lives. Total interest expenses incurred amounted to \$120,021, \$116,963 and \$105,180, of which \$10,410, \$3,157 and \$11,823 were capitalized for the years ended December 31, 2012, 2011 and 2010, respectively. No amortization of deferred financing costs were capitalized during the years ended December 31, 2012, 2011 and 2010.

(j) **Gaming Subconcession, Net**

The gaming subconcession is capitalized based on the fair value of the gaming subconcession agreement as of the date of acquisition of Melco Crown Macau in 2006, and amortized using the straight-line method over the term of agreement which is due to expire in June 2022.

(k) **Goodwill and Intangible Assets, Net**

Goodwill represents the excess of acquisition cost over the fair value of tangible and identifiable intangible net assets of any business acquired. Goodwill is not amortized, but is tested for impairment at the reporting unit level on an annual basis, and between annual tests when circumstances indicate that the carrying value of goodwill may not be recoverable. An impairment loss is recognized in an amount equal to the excess of the carrying amount over the implied fair value.

Intangible assets other than goodwill are amortized over their useful lives unless their lives are determined to be indefinite in which case they are not amortized. Intangible assets are carried at cost, less accumulated amortization. The Group's finite-lived intangible asset consists of the gaming subconcession. Finite-lived intangible assets are amortized over the shorter of their contractual terms or estimated useful lives. The Group's intangible assets with indefinite lives represent Mocha Clubs trademarks, which are tested for impairment on an annual basis or when circumstances indicate that the carrying value of the intangible assets may not be recoverable.

(l) **Impairment of Long-Lived Assets (Other Than Goodwill)**

The Group evaluates the recoverability of long-lived assets with finite lives whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(m) **Deferred Financing Costs**

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized over the terms of the related debt agreements using the effective interest method. Approximately \$13,272, \$14,203 and \$14,302 were amortized during the years ended December 31, 2012, 2011 and 2010, respectively.

(n) **Land Use Rights, Net**

Land use rights are recorded at cost less accumulated amortization. Amortization is provided over the estimated lease term of the land on a straight-line basis.

(o) **Revenue Recognition and Promotional Allowances**

The Group recognizes revenue at the time persuasive evidence of an arrangement exists, the service is provided or the retail goods are sold, prices are fixed or determinable and collection is reasonably assured.

Casino revenues are measured by the aggregate net difference between gaming wins and losses less accruals for the anticipated payouts of progressive slot jackpots, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession.

The Group follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for operations of Taipa Square Casino and Grand Hyatt Macau hotel. For the operations of Taipa Square Casino, given the Group operates the casino under a right to use agreement with the owner of the casino premises and has full responsibility for the casino operations in accordance with its gaming subconcession, it is the principal and casino revenue is therefore recognized on a gross basis. For the operations of Grand Hyatt Macau hotel, the Group is the owner of the hotel property, and the hotel manager operates the hotel under a management agreement providing management services to the Group, and the Group receives all rewards and takes substantial risks associated with the hotel business, it is the principal and the transactions of the hotel are therefore recognized on a gross basis.

Rooms, food and beverage, entertainment, retail and other revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer. Minimum operating and right to use fee, adjusted for contractual base fee and operating fee escalations, are included in entertainment, retail and other revenues and are recognized on a straight-line basis over the terms of the related agreement.

Revenues are recognized net of certain sales incentives which are required to be recorded as a reduction of revenue; consequently, the Group's casino revenues are reduced by discounts, commissions and points earned in customer loyalty programs, such as the player's club loyalty program.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****(o) Revenue Recognition and Promotional Allowances - continued**

The retail value of rooms, food and beverage, entertainment, retail and other services furnished to guests without charge is included in gross revenues and then deducted as promotional allowances. The estimated cost of providing such promotional allowances for the years ended December 31, 2012, 2011 and 2010 is reclassified from rooms costs, food and beverage costs, entertainment, retail and other services costs and is included in casino expenses as follows:

| | Year Ended December 31, | | |
|----------------------------------|-------------------------|-----------------|-----------------|
| | 2012 | 2011 | 2010 |
| Rooms | \$16,819 | \$12,696 | \$10,395 |
| Food and beverage | 39,014 | 28,653 | 27,870 |
| Entertainment, retail and others | 7,238 | 6,510 | 5,545 |
| | <u>\$63,071</u> | <u>\$47,859</u> | <u>\$43,810</u> |

(p) Point-loyalty Programs

The Group operates different loyalty programs in certain of its properties to encourage repeat business from loyal slot machine customers and table games patrons. Members earn points based on gaming activity and such points can be redeemed for free play and other free goods and services. The Group accrues for loyalty program points expected to be redeemed for cash and free play as a reduction to gaming revenue and accrues for loyalty program points expected to be redeemed for free goods and services as casino expense. The accruals are based on management's estimates and assumptions regarding the redemption value, age and history with expiration of unused points resulting in a reduction of the accruals.

(q) Gaming Tax

The Group is subject to taxes based on gross gaming revenue in Macau. These gaming taxes are determined from an assessment of the Group's gaming revenue and are recorded as an expense within the "Casino" line item in the consolidated statements of operations. These taxes totaled \$2,024,697, \$1,948,652 and \$1,362,007 for the years ended December 31, 2012, 2011 and 2010, respectively.

(r) Pre-opening Costs

Pre-opening costs, consist primarily of marketing expenses and other expenses related to new or start-up operations and are expensed as incurred. The Group incurred pre-opening costs in connection with Studio City since its acquisition by the Group in July 2011 as disclosed in Note 22(b), and continues to incur such costs related to Studio City and other one-off activities related to the marketing of new facilities and operations.

(s) Development Costs

Development costs include costs associated with the Group's evaluation and pursuit of new business opportunities, which are expensed as incurred.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(t) **Advertising Expenses**

The Group expenses all advertising costs as incurred. Advertising costs incurred during development periods are included in pre-opening costs. Once a project is completed, advertising costs are mainly included in general and administrative expenses. Total advertising costs were \$37,096, \$31,556 and \$45,267 for the years ended December 31, 2012, 2011 and 2010, respectively.

(u) **Foreign Currency Transactions and Translations**

All transactions in currencies other than functional currencies of the Company during the year are remeasured at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the consolidated statements of operations.

The functional currencies of the Company and its major subsidiaries are the United States dollar (“\$” or “US\$”), the Hong Kong dollar (“HK\$”), the Macau Pataca (“MOP”) or the Philippine Peso (“PHP”), respectively. All assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date and all income and expense items are translated at the average rates of exchange over the year. All exchange differences arising from the translation of subsidiaries’ financial statements are recorded as a component of comprehensive income (loss).

(v) **Share-based Compensation Expenses**

The Group issued restricted shares and share options under its share incentive plans during the years ended December 31, 2012, 2011 and 2010.

The Group measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes that cost over the service period. Compensation is attributed to the periods of associated service and such expense is being recognized on a straight-line basis over the vesting period of the awards. Forfeitures are estimated at the time of grant, with such estimate updated periodically and with actual forfeitures recognized currently to the extent they differ from the estimate.

Further information on the Group’s share-based compensation arrangements is included in Note 16.

(w) **Income Tax**

The Group is subject to income taxes in Hong Kong, Macau, the United States of America, the Philippines and other jurisdictions where it operates.

Deferred income taxes are recognized for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on the characteristics of the underlying assets and liabilities. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(w) **Income Tax** - continued

The Group's income tax returns are subject to examination by tax authorities in the jurisdictions where it operates. The Group assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. These accounting standards utilize a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely, based solely on the technical merits, of being sustained on examinations.

(x) **Net income (loss) attributable to the Company per share**

Basic net income (loss) attributable to the Company per share is calculated by dividing the net income (loss) attributable to the Company by the weighted-average number of ordinary shares outstanding during the year.

Diluted net income (loss) attributable to the Company per share is calculated by dividing the net income (loss) attributable to the Company by the weighted-average number of ordinary shares outstanding during the year adjusted to include the potentially dilutive effect of outstanding share-based awards.

The weighted-average number of ordinary and ordinary equivalent shares used in the calculation of basic and diluted net income (loss) attributable to the Company per share consisted of the following:

| | Year Ended December 31, | | |
|--|-------------------------|----------------------|----------------------|
| | 2012 | 2011 | 2010 |
| Weighted-average number of ordinary shares outstanding used in the calculation of basic net income (loss) attributable to the Company per share | 1,645,346,902 | 1,604,213,324 | 1,595,552,022 |
| Incremental weighted-average number of ordinary shares from assumed vesting of restricted shares and exercise of share options using the treasury stock method | 12,916,094 | 12,641,358 | — |
| Weighted-average number of ordinary shares outstanding used in the calculation of diluted net income (loss) attributable to the Company per share | <u>1,658,262,996</u> | <u>1,616,854,682</u> | <u>1,595,552,022</u> |

During the years ended December 31, 2012 and 2011, 1,901,136 and 5,547,036 outstanding share options as at December 31, 2012 and 2011 were excluded from the computation of diluted net income attributable to the Company per share as their effect would have been anti-dilutive. During the year ended December 31, 2010, the Company had securities which would potentially dilute basic net loss attributable to the Company per share in the future, but which were excluded from the computation of diluted net loss attributable to the Company per share as their effect would have been anti-dilutive. Such outstanding securities consist of restricted shares and share options which result in an incremental weighted-average number of 9,377,509 ordinary shares from the assumed vesting of these restricted shares and exercise of these share options using the treasury stock method for the year ended December 31, 2010.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****(y) Accounting for Derivative Instruments and Hedging Activities**

The Group uses derivative financial instruments such as floating-for-fixed interest rate swap agreements and forward exchange rate contracts to manage its risks associated with interest rate fluctuations in accordance with lenders' requirements under the City of Dreams Project Facility and exchange rate fluctuations for the interest payments of the RMB Bonds. The Group accounts for derivative financial instruments in accordance with applicable accounting standards. All derivative instruments are recognized in the consolidated financial statements at fair value at the balance sheet date. Any changes in fair value are recorded in the consolidated statements of operations or accumulated other comprehensive income, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction and the effectiveness of the hedge. The estimated fair values of interest rate swap agreements and forward exchange rate contracts are based on a standard valuation model that projects future cash flows and discounts those future cash flows to a present value using market-based observable inputs such as interest rate yields and market forward exchange rates.

All outstanding interest rate swap agreements and forward exchange rate contracts expired during the year ended December 31, 2012. Further information on the Group's outstanding financial instruments arrangements on interest rate swap agreements and forward exchange rate contracts as of December 31, 2011 are included in Note 10 and Note 11, respectively.

(z) Comprehensive Income

Comprehensive income includes net income (loss), foreign currency translation adjustments, change in the fair value of interest rate swap agreements, change in fair value of forward exchange rate contracts and reclassification to earnings upon settlement of forward exchange rate contracts and is reported in the consolidated statements of comprehensive income. On June 30, 2011, the Group amended the City of Dreams Project Facility and the accumulated losses of interest rate swap agreements were reclassified to earnings as the interest rate swap agreements no longer qualified for hedge accounting immediately after the amendment of the City of Dreams Project Facility. Further information on the amendment of the City of Dreams Project Facility is included in Note 11.

The consolidated financial statements have been adjusted for the retrospective application of the authoritative guidance regarding presentation of comprehensive income, which was adopted by the Group on January 1, 2012.

As of December 31, 2012 and 2011, the Group's accumulated other comprehensive losses consisted of the following:

| | <u>December 31,</u> | |
|---|---------------------|------------------|
| | <u>2012</u> | <u>2011</u> |
| Foreign currency translation adjustment | \$(1,057) | \$(1,073) |
| Change in the fair value of the forward exchange rate contracts | — | 39 |
| | <u>\$(1,057)</u> | <u>\$(1,034)</u> |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(aa) Recent Changes in Accounting Standards

Newly adopted accounting pronouncement:

In May 2011, the Financial Accounting Standards Board (“FASB”) issued an accounting standard update to align the principles for fair value measurements and the related disclosure requirements under U.S. GAAP and International Financial Reporting Standards (“IFRS”). The FASB update clarified existing fair value measurement and disclosure requirements, and expanded disclosure requirements for fair value measurements. The adoption of this amended standard was effective for the Group as of January 1, 2012 and did not have a material impact on the Group’s consolidated financial results or disclosures.

In June 2011, the FASB issued an accounting standard update to revise the manner in which entities present comprehensive income in their financial statements, most significantly by requiring that comprehensive income be presented with net income in a continuous statement, or in a separate but consecutive statement and not within a statement of changes in equity and amending other presentation and disclosure requirements concerning comprehensive income. In December 2011, the FASB issued an accounting standard update to defer the requirement to present reclassifications between other comprehensive income or loss and net income or loss. The Group adopted these pronouncements on January 1, 2012. The presentation of comprehensive income was retrospectively applied for all the periods presented. The adoption of these pronouncements did not have a significant effect on the Group’s consolidated financial results or disclosures. Refer to consolidated statements of comprehensive income for the required presentation.

In September 2011, the FASB issued amended accounting guidance related to goodwill impairment testing. The amended guidance permits an entity to first assess qualitative factors before calculating the fair value of a reporting unit in the annual two-step quantitative goodwill impairment test required under current accounting standards. If it is determined that it is “more-likely-than-not” that the fair value of a reporting unit is not less than its carrying value, further testing is not needed. The amended guidance was effective for the Group as of January 1, 2012 and did not have a material impact on the Group’s consolidated financial results or disclosures.

Recent accounting pronouncement not yet adopted:

In July 2012, the FASB issued amended accounting guidance to simplify testing indefinite-lived intangible assets, other than goodwill, for impairment. The amended guidance allows companies to perform a qualitative assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary. An entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is “more-likely-than-not” that the asset is impaired. The amended guidance is effective for interim and annual impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The adoption of this amended guidance is not expected to have a material impact on the Group’s consolidated financial results or disclosures.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

3. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable, net are as follows:

| | December 31, | |
|------------------------------------|-------------------|-------------------|
| | 2012 | 2011 |
| Casino | \$ 426,796 | \$ 385,898 |
| Hotel | 2,390 | 3,691 |
| Other | 5,007 | 3,686 |
| Sub-total | \$ 434,193 | \$ 393,275 |
| Less: allowance for doubtful debts | (113,264) | (86,775) |
| | <u>\$ 320,929</u> | <u>\$ 306,500</u> |

During the years ended December 31, 2012, 2011 and 2010, the Group has provided allowance for doubtful debts of \$26,566, \$36,871 and \$32,241 and has directly written off accounts receivable of \$1,850, \$932 and \$941, respectively.

Movement of allowance for doubtful debts are as follows:

| | Year Ended December 31, | | |
|---|-------------------------|------------------|------------------|
| | 2012 | 2011 | 2010 |
| At beginning of year | \$ 86,775 | \$ 41,490 | \$ 24,227 |
| Additional allowance | 26,566 | 36,871 | 32,241 |
| Reclassified (to) from long-term receivables, net | (77) | 8,414 | (14,978) |
| At end of year | <u>\$ 113,264</u> | <u>\$ 86,775</u> | <u>\$ 41,490</u> |

The Group grants unsecured credit lines to gaming promoters based on pre-approved credit limits. The Group typically issues markers to gaming promoters with a credit period of 30 days. There are some gaming promoters for whom credit is granted on a revolving basis based on the Group's monthly credit risk assessment of such gaming promoters. Credit lines granted to all gaming promoters are subject to monthly review and settlement procedures. For other approved casino customers, the Group typically allows a credit period of 14 days to 28 days on issuance of markers following investigations of creditworthiness. An extended repayment term of typically 90 days may be offered to casino customers with large gaming losses and established credit history. The following is an analysis of accounts receivable by age presented based on payment due date, net of allowance:

| | December 31, | |
|--------------|-------------------|-------------------|
| | 2012 | 2011 |
| Current | \$ 227,534 | \$ 220,141 |
| 1-30 days | 51,207 | 41,571 |
| 31-60 days | 9,842 | 3,344 |
| 61-90 days | 1,941 | 2,573 |
| Over 90 days | 30,405 | 38,871 |
| | <u>\$ 320,929</u> | <u>\$ 306,500</u> |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

4. PROPERTY AND EQUIPMENT, NET

| | December 31, | |
|-----------------------------------|---------------------|---------------------|
| | 2012 | 2011 |
| Cost | | |
| Buildings | \$ 2,439,083 | \$ 2,439,117 |
| Furniture, fixtures and equipment | 430,941 | 403,577 |
| Leasehold improvements | 232,526 | 179,089 |
| Plant and gaming machinery | 153,660 | 147,084 |
| Aircraft | 54,632 | — |
| Motor vehicles | 7,629 | 4,273 |
| Sub-total | <u>\$ 3,318,471</u> | <u>\$ 3,173,140</u> |
| Less: accumulated depreciation | (973,189) | (730,313) |
| Sub-total | <u>\$ 2,345,282</u> | <u>\$ 2,442,827</u> |
| Construction in progress | <u>338,812</u> | <u>212,602</u> |
| Property and equipment, net | <u>\$ 2,684,094</u> | <u>\$ 2,655,429</u> |

As of December 31, 2012 and 2011, construction in progress in relation to City of Dreams included interest paid or payable on loans from shareholders, the City of Dreams Project Facility and interest rate swap agreements, amortization of deferred financing costs and other direct incidental costs capitalized (representing insurance, salaries and wages and certain other professional charges incurred) which amounted to \$7,551 in each of those years.

As of December 31, 2012 and 2011, construction in progress in relation to Studio City included interest paid or payable on the RMB Bonds, Studio City Notes and the land premium payable for the land use right where Studio City is located and other direct incidental costs capitalized (representing insurance, salaries and wages and certain other professional charges incurred) which amounted to \$37,273 and \$15,628, respectively.

During the years ended December 31, 2012, 2011 and 2010, additions to property and equipment amounted to \$283,998, \$236,555 and \$119,660, respectively and disposals of property and equipment at carrying amount were \$1,310, \$655 and \$207, respectively.

5. GAMING SUBCONCESSION, NET

| | December 31, | |
|--------------------------------|-------------------|-------------------|
| | 2012 | 2011 |
| Deemed cost | \$ 900,000 | \$ 900,000 |
| Less: accumulated amortization | (357,732) | (300,495) |
| Gaming subconcession, net | <u>\$ 542,268</u> | <u>\$ 599,505</u> |

The deemed cost was determined based on the estimated fair value of the gaming subconcession contributed by a shareholder of the Company in 2006. The gaming subconcession is amortized on a straight-line basis over the term of the gaming subconcession agreement which expires in June 2022. The Group expects that amortization of the gaming subconcession will be approximately \$57,237 each year from 2013 through 2021, and approximately \$27,135 in 2022.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**6. GOODWILL AND INTANGIBLE ASSETS, NET**

Goodwill relating to Mocha Clubs and other intangible assets with indefinite useful lives, representing trademarks of Mocha Clubs, are not amortized. Goodwill and intangible assets arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by the Group in 2006.

To assess potential impairment of goodwill, the Group performs an assessment of the carrying value of the reporting units at least on an annual basis or when events occur or circumstances change that would more likely than not reduce the estimated fair value of those reporting units below their carrying value. If the carrying value of a reporting unit exceeds its fair value, the Group would perform the second step in its assessment process and record an impairment loss to earnings to the extent the carrying amount of the reporting unit's goodwill exceeds its implied fair value. The Group estimates the fair value of those reporting units through internal analysis and external valuations, which utilize income and market valuation approaches through the application of capitalized earnings, discounted cash flow and market comparable methods. These valuation techniques are based on a number of estimates and assumptions, including the projected future operating results of the reporting unit, discount rates, long-term growth rates and market comparable.

Trademarks of Mocha Clubs are tested for impairment at least annually or when events occur or circumstances change that would more likely than not reduce the estimated fair value of trademarks below its carrying value using the relief-from-royalty method. Under this method, the Group estimates the fair value of the trademarks through internal and external valuations, mainly based on the incremental after-tax cash flow representing the royalties that the Group is relieved from paying given it is the owner of the trademarks. These valuation techniques are based on a number of estimates and assumptions, including the projected future revenues of the trademarks calculated using an appropriate royalty rate, discount rate and long-term growth rates.

The Group has performed annual tests for impairment of goodwill and trademarks in accordance with the accounting standards regarding goodwill and other intangible assets. No impairment loss has been recognized during the years ended December 31, 2012, 2011 and 2010.

7. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS

Long-term prepayments, deposits and other assets consisted of the following:

| | December 31, | |
|--|------------------|-----------------|
| | 2012 | 2011 |
| Entertainment production costs | \$ 70,356 | \$68,553 |
| Less: accumulated amortization | (16,603) | (9,141) |
| Entertainment production costs, net | \$ 53,753 | \$59,412 |
| Deposits and other | 32,105 | 11,143 |
| Long-term receivables, net | 2,383 | 2,303 |
| Long-term prepayments, deposits and other assets | <u>\$ 88,241</u> | <u>\$72,858</u> |

Entertainment production costs represent amounts incurred and capitalized for entertainment shows in City of Dreams. The Group amortized the entertainment production costs over 10 years or the respective useful life of the entertainment show, whichever is shorter.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

7. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS - continued

Long-term receivables, net, represent casino receivables from casino customers where settlement is not expected within the next year. Aging of such balances are all over 90 days and include allowance for doubtful debts of \$6,641 and \$6,564 as of December 31, 2012 and 2011, respectively. During the year ended December 31, 2012, long-term receivables of \$3,854 and allowance for doubtful debts of \$3,854 were reclassified to current; and current accounts receivable of \$3,453 and allowance for doubtful debts of \$3,931 were reclassified to non-current. Reclassifications to current accounts receivable, net, are made when conditions support that it is probable for settlement of such balances to occur within one year.

8. LAND USE RIGHTS, NET

| | December 31, | |
|--|---------------------|---------------------|
| | 2012 | 2011 |
| Altira Macau — Medium-term lease (“Taipa Land”) | \$ 143,985 | \$ 141,543 |
| City of Dreams — Medium-term lease (“Cotai Land”) | 376,122 | 376,122 |
| Studio City — Medium-term lease (“Studio City Land”) | 653,564 | 549,079 |
| | <u>\$ 1,173,671</u> | <u>\$ 1,066,744</u> |
| Less: accumulated amortization | (183,687) | (123,776) |
| Land use rights, net | <u>\$ 989,984</u> | <u>\$ 942,968</u> |

Land use rights are recorded at cost less accumulated amortization. Amortization is provided over the estimated lease term of the land on a straight-line basis. The expiry dates of the leases of the land use rights of Altira Macau, City of Dreams and Studio City are March 2031, August 2033 and October 2026, respectively.

The Studio City Land was acquired upon acquisition of assets and liabilities as disclosed in Note 22(b). The cost of Studio City Land was recognized in accordance with proposed amendment terms of the land concession contract issued by the Macau Government and accepted by Studio City Developments Limited (“Studio City Developments”), an indirect subsidiary of the Company, in November 2006. In June 2012, the Group recognized an additional land premium upon Studio City Developments’ acceptance of the final amendment proposal issued by the Macau Government which was published in the Macau official gazette on July 25, 2012. Further information on the final amendment proposal of Studio City Land is included in Note 19(c).

9. ACCOUNTS PAYABLE

The following is an aged analysis of accounts payable presented based on payment due date:

| | December 31, | |
|----------------|-----------------|-----------------|
| | 2012 | 2011 |
| Within 30 days | \$10,786 | \$ 9,551 |
| 31-60 days | 1,157 | 755 |
| 61-90 days | 1,289 | 1,196 |
| Over 90 days | 513 | 521 |
| | <u>\$13,745</u> | <u>\$12,023</u> |

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

| | December 31, | |
|---|-------------------|-------------------|
| | 2012 | 2011 |
| Construction costs payable | \$ 61,350 | \$ 13,316 |
| Customer deposits and ticket sales | 72,141 | 42,832 |
| Gaming tax accruals | 197,577 | 169,576 |
| Interest expenses payable | 20,254 | 12,180 |
| Interest rate swap liabilities | — | 363 |
| Land use rights payable | 53,000 | 15,960 |
| Operating expense and other accruals | 119,584 | 100,161 |
| Other gaming related accruals | 24,524 | 19,643 |
| Outstanding gaming chips and tokens | 278,167 | 187,978 |
| Payables for acquisition of assets and liabilities (Note 22(b)) | 24,244 | 26,710 |
| | <u>\$ 850,841</u> | <u>\$ 588,719</u> |

In connection with the signing of the City of Dreams Project Facility in September 2007, Melco Crown Macau entered into floating-for-fixed interest rate swap agreements to limit its exposure to interest rate risk. Under the interest rate swap agreements, Melco Crown Macau paid a fixed interest rate ranging from 1.96% to 4.74% per annum of the notional amount, and received variable interest which was based on the applicable Hong Kong Interbank Offered Rate (“HIBOR”) for each of the payment date. As of December 31, 2011, the notional amounts of the outstanding interest rate swap agreements amounted to \$127,892. All interest rate swap agreements expired as of December 31, 2012.

Before the amendment of the City of Dreams Project Facility on June 30, 2011 as disclosed in Note 11, these interest rate swap agreements were expected to remain highly effective in fixing the interest rate and qualify for cash flow hedge accounting. Therefore, there was no impact on the consolidated statements of operations from changes in the fair value of the hedging instruments. Instead the fair value of the instruments were recorded as assets or liabilities on the consolidated balance sheets, with an offsetting adjustment to the accumulated other comprehensive loss until the hedged interest expenses were recognized in the consolidated statements of operations.

Immediately after the amendment of the City of Dreams Project Facility on June 30, 2011, the interest rate swap agreements no longer qualified for hedge accounting. Accordingly, the Group reclassified the accumulated losses of \$4,310 recognized in accumulated other comprehensive losses prior to the discontinuance of hedge accounting to the consolidated statements of operations. The subsequent changes in fair value of the interest rate swap agreements were recognized in the consolidated statements of operations. As of December 31, 2011, the interest rate swap liabilities of \$363 represented the fair values of interest rate swap agreements.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT

Long-term debt consisted of the following:

| | December 31, | |
|-----------------------------------|---------------------|---------------------|
| | 2012 | 2011 |
| 2011 Credit Facilities | \$ 1,014,729 | \$ 1,014,729 |
| Studio City Notes | 825,000 | — |
| 2010 Senior Notes ⁽¹⁾ | 593,967 | 593,166 |
| RMB Bonds | 367,645 | 364,807 |
| Deposit-Linked Loan | 353,278 | 353,278 |
| Aircraft Term Loan | 40,245 | — |
| | <u>\$ 3,194,864</u> | <u>\$ 2,325,980</u> |
| Current portion of long-term debt | (854,940) | — |
| | <u>\$ 2,339,924</u> | <u>\$ 2,325,980</u> |

City of Dreams Project Facility

On September 5, 2007, Melco Crown Macau (the “Borrower”) entered into the City of Dreams Project Facility, which was subsequently amended from time to time, with certain lenders in an aggregate amount of \$1,750,000 to fund the City of Dreams project. The City of Dreams Project Facility consisted of a \$1,500,000 term loan facility (the “Term Loan Facility”) and a \$250,000 revolving credit facility (the “Revolving Credit Facility”). The Term Loan Facility would have matured on September 5, 2014 and was subject to quarterly amortization payments (the “Scheduled Amortization Payments”) commencing on December 5, 2010. The Revolving Credit Facility would have matured on September 5, 2012 or, if earlier, the date of repayment, prepayment or cancellation in full of the Term Loan Facility, and had no interim amortization payments. In addition to the Scheduled Amortization Payments, the Borrower was also subject to quarterly mandatory prepayments (the “Mandatory Prepayments”) in respect of various amounts within certain subsidiaries of the Borrower (together with the Borrower collectively referred to as the “Borrowing Group”) under the terms of the City of Dreams Project Facility.

Drawdowns on the Term Loan Facility were subject to satisfaction of conditions precedent specified in the City of Dreams Project Facility agreement and the Revolving Credit Facility was to be made available on a fully revolving basis from the date upon which the Term Loan Facility had been fully drawn, to the date that was one month prior to the Revolving Credit Facility’s final maturity date.

The indebtedness under the City of Dreams Project Facility was guaranteed by the Borrowing Group and security for the indebtedness included a first-priority mortgage, security and charges over certain assets and items of the Borrowing Group as well as other customary security in accordance with the terms of the City of Dreams Project Facility. The City of Dreams Project Facility also contained certain affirmative and negative covenants customary for such financings and required the Borrowing Group to comply with certain financial covenants. In addition, there were provisions that limited or prohibited payments of certain dividends and other distributions by the Borrowing Group to the Company.

Borrowings under the City of Dreams Project Facility bore interest at the London Interbank Offered Rate (“LIBOR”) or HIBOR plus a margin of 2.75% per annum until substantial completion of the City of Dreams project, at which time the interest rate was reduced to LIBOR or HIBOR plus a margin of 2.50% per annum. The City of Dreams Project Facility also provided for further reductions in the margin if the Borrowing Group satisfied certain prescribed leverage ratio tests upon completion of the City of Dreams project.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

City of Dreams Project Facility - continued

The Borrower was obligated to pay a commitment fee quarterly in arrears on the undrawn amount of the City of Dreams Project Facility throughout the availability period. The Borrower recognized loan commitment fees on the City of Dream Project Facility of \$461 during the year ended December 31, 2011, and a credit amount of \$3,811 during the year ended December 31, 2010, which included a commitment fee of \$814 and a reversal of accrual not required of \$4,625.

In May 2010, the Borrower entered into an amendment agreement to the City of Dreams Project Facility, which, among other things, (i) amended the date of the first covenant test date to December 31, 2010; (ii) provided additional flexibility to the financial covenants; (iii) removed the obligation but retained the right to enter into any new interest rate or foreign currency swaps or other hedging arrangements; and (iv) restricted the use of the net proceeds received from the issuance of 2010 Senior Notes of approximately \$577,066 to repayment of certain amounts outstanding under the City of Dreams Project Facility, including prepayment of the Term Loan Facility and Revolving Credit Facility of \$293,714 and \$150,352, respectively, and the remaining net proceeds of \$133,000 deposited in a bank account that was restricted for use to pay Scheduled Amortization Payments commencing December 2010 as well as providing for a permanent reduction of the Revolving Credit Facility of \$100,000. The Group recognized an expense of \$3,310 as a result of the aforementioned debt modification.

In addition to the prepayment of the City of Dreams Project Facility in May 2010, during the years ended December 31, 2011 and 2010, the Borrower further repaid \$89,158 and \$35,693 and prepaid \$20,896 and \$71,643 of the Term Loan Facility, according to the Scheduled Amortization Payments and the Mandatory Prepayments, respectively, and the Borrower also made voluntary repayments of \$7,022 before the amendment to the City of Dream Project Facility on June 30, 2011 as described below.

2011 Credit Facilities

On June 30, 2011, the City of Dreams Project Facility was further amended pursuant to an amendment agreement entered into by, among others, the Borrower and certain lenders under the City of Dreams Project Facility on June 22, 2011. The 2011 Credit Facilities, among other things: (i) reduce the Term Loan Facility to HK\$6,241,440,000 (equivalent to \$802,241) (the "2011 Term Loan Facility") and increase the Revolving Credit Facility to HK\$3,120,720,000 (equivalent to \$401,121) (the "2011 Revolving Credit Facility"), of which both are denominated in Hong Kong Dollars; (ii) introduce new lenders and remove certain lenders originally under the City of Dreams Project Facility; (iii) extend the repayment maturity date; (iv) reduce and remove certain restrictions imposed by the covenants in the City of Dreams Project Facility; and (v) remove MPEL (Delaware) LLC, a wholly-owned subsidiary of the Borrower which was subsequently dissolved on May 31, 2012, from the Borrowing Group (the "2011 Borrowing Group").

The final maturity date of the 2011 Credit Facilities is June 30, 2016. The 2011 Term Loan Facility will be repaid in quarterly instalments according to an amortization schedule commencing on September 30, 2013. Each loan made under the 2011 Revolving Credit Facility will be repaid in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or rolling over subject to compliance with certain covenants and satisfaction of conditions precedent. The Borrower may make voluntary prepayments in respect of the 2011 Credit Facilities in a minimum amount of HK\$160,000,000 (equivalent to \$20,566), plus the amount of any applicable break costs. The Borrower is also subject to mandatory prepayment requirements in respect of various amounts within the 2011 Borrowing Group, including but not limited to: (i) the net proceeds received by any member of the 2011 Borrowing Group in

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

2011 Credit Facilities - continued

respect of the compulsory transfer, seizure or acquisition by any governmental authority of the assets of any member of the 2011 Borrowing Group (subject to certain exceptions); (ii) the net proceeds of any asset sale, subject to reinvestment rights and certain exceptions, which are in excess of \$15,000; (iii) net termination, claim or settlement proceeds paid under the Borrower's subconcession or the 2011 Borrowing Group's land concessions, subject to certain exceptions; (iv) insurance proceeds net of expenses to obtain such proceeds under the property insurances relating to the total loss of all or substantially all of the Altira Macau gaming business; and (v) other insurance proceeds net of expenses to obtain such proceeds under any property insurances, subject to reinvestment rights and certain exceptions, which are in excess of \$15,000.

The indebtedness under the 2011 Credit Facilities is guaranteed by the 2011 Borrowing Group. Security for the 2011 Credit Facilities remains substantially the same as under the City of Dreams Project Facility (although the terms of the associated security documents have been amended for consistency and/or conformity with the 2011 Credit Facilities) except for securities related to MPEL (Delaware) LLC, which have been released.

The 2011 Credit Facilities also contain affirmative and negative covenants customary for financings of this type, with an additional covenant that the 2011 Borrowing Group must not enter into any contracts for the construction or financing of an additional hotel tower in connection with the development of City of Dreams except in accordance with plans approved by the lenders in accordance with the terms of the 2011 Credit Facilities. The 2011 Credit Facilities remove the financial covenants under the City of Dreams Project Facility, and replace them with, without limitation:

- a leverage ratio, which cannot exceed 3.00 to 1.00 for the reporting periods ending September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, September 30, 2012, December 31, 2012, March 31, 2013 and June 30, 2013 and cannot exceed 2.50 to 1.00 for the reporting periods ending September 30, 2013 onwards;
- total leverage ratio, which cannot exceed 4.50 to 1.00 for the reporting periods ending September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, September 30, 2012, December 31, 2012, March 31, 2013 and June 30, 2013 and cannot exceed 4.00 to 1.00 for the reporting periods ending September 30, 2013 onwards; and
- interest cover ratio, which must be greater than or equal to 4.00 to 1.00 for the reporting periods ending September 30, 2011 onwards.

Management believes that the 2011 Borrowing Group was in compliance with all covenants of the 2011 Credit Facilities as of December 31, 2012.

There are provisions that limit or prohibit certain payments of dividends and other distributions by the 2011 Borrowing Group to the Company or persons who are not members of the 2011 Borrowing Group (described in further detail below under "Distribution of Profits"). As of December 31, 2012 and 2011, the net assets of the 2011 Borrowing Group of approximately \$2,382,000 and \$1,896,000, respectively were restricted from being distributed under the terms of the 2011 Credit Facilities.

Borrowings under the 2011 Credit Facilities bear interest at HIBOR plus a margin ranging from 1.75% to 2.75% per annum as adjusted in accordance with the leverage ratio in respect of the 2011 Borrowing Group.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

2011 Credit Facilities - continued

The Borrower may select an interest period for borrowings under the 2011 Credit Facilities of one, two, three or six months or any other agreed period. The Borrower is obligated to pay a commitment fee quarterly in arrears from June 30, 2011 on the undrawn amount of the 2011 Revolving Credit Facility throughout the availability period. Loan commitment fees on the 2011 Credit Facilities amounting to \$1,324 and \$950 were recognized during the years ended December 31, 2012 and 2011, respectively.

The Group accounted for the amendment of the City of Dreams Project Facility as an extinguishment of debt because the difference between the applicable future cash flows under the 2011 Credit Facilities compared with the applicable future cash flows under the City of Dreams Project Facility as of the amendment date, June 30, 2011 was in excess of 10% of such applicable future cash flows. The Group wrote off the unamortized deferred financing costs of \$25,193 upon the extinguishment of the City of Dreams Project Facility as loss on extinguishment of debt in the consolidated statements of operations for the year ended December 31, 2011 and the 2011 Credit Facilities was recognized at fair value upon the extinguishment. In addition, the Group capitalized the third party fee and related issuance costs in relation to the 2011 Credit Facilities of \$29,328 as deferred financing costs.

As of December 31, 2012, the 2011 Term Loan Facility has been fully drawn down and HK\$1,653,154,570 (equivalent to \$212,488) under the 2011 Revolving Credit Facility has also been drawn down, resulting in total outstanding borrowings relating to the 2011 Credit Facilities of HK\$7,894,594,570 (equivalent to \$1,014,729) while HK\$1,467,565,430 (equivalent to \$188,633) of the 2011 Revolving Credit Facility remains available for future draw down.

2010 Senior Notes

On May 17, 2010, MCE Finance Limited ("MCE Finance", a wholly-owned subsidiary of the Company) issued and listed the 2010 Senior Notes on the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST"). The purchase price paid by the initial purchasers was 98.671% of the principal amount. The 2010 Senior Notes are general obligations of MCE Finance, secured by a first-priority pledge of the intercompany note (the "Intercompany Note") representing the on-lending of the gross proceeds from the issuance of the 2010 Senior Notes by MCE Finance to an indirect subsidiary of MCE Finance to reduce the indebtedness under the City of Dreams Project Facility, rank equally in right of payment to all existing and future senior indebtedness of MCE Finance and rank senior in right of payment to any existing and future subordinated indebtedness of MCE Finance. The 2010 Senior Notes are effectively subordinated to all of MCE Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt. The Company and MPEL International Limited (together, the "Senior Guarantors"), fully and unconditionally and jointly and severally guaranteed the 2010 Senior Notes on a senior secured basis. Certain other indirect subsidiaries of MCE Finance (the "Subsidiary Group Guarantors"), including Melco Crown Macau (together with the Senior Guarantors, the "2010 Senior Notes Guarantors"), fully and unconditionally and jointly and severally guaranteed the 2010 Senior Notes on a senior subordinated secured basis. The guarantees provided by the Senior Guarantors are general obligations of the Senior Guarantors, rank equally in right of payment with all existing and future senior indebtedness of the Senior Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the Senior Guarantors. The guarantees provided by the Subsidiary Group Guarantors are general obligations of the Subsidiary Group Guarantors, rank subordinated in right of payment to indebtedness of such Subsidiary Group Guarantors' obligations under the designated senior indebtedness described in the related offering

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

2010 Senior Notes - continued

memorandum and rank senior in right of payment to any existing and future subordinated indebtedness of such Subsidiary Group Guarantors. Upon entering of the 2011 Credit Facilities, the guarantees provided under the 2010 Senior Notes were amended with the principal effect being that claims of noteholders under the 2010 Senior Notes against subsidiaries of MCE Finance that are obligors under the 2011 Credit Facilities will rank equally in right of payment with claims of lenders under the 2011 Credit Facilities. The 2010 Senior Notes mature on May 15, 2018. Interest on the 2010 Senior Notes is accrued at a rate of 10.25% per annum and is payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2010.

The net proceeds from the offering after deducting the original issue discount of approximately \$7,974 and underwriting commissions and other expenses of approximately \$14,960 was approximately \$577,066. The Group used the net proceeds from the offering to reduce the indebtedness under the City of Dreams Project Facility by approximately \$444,066 and deposited the remaining \$133,000 in a bank account that was restricted for use to pay future City of Dreams Project Facility's Scheduled Amortization Payments commencing December 2010. The restriction was released upon the amendment of the City of Dreams Project Facility on June 30, 2011 as described above. The 2010 Senior Notes were reflected net of discount under long-term debt in the consolidated balance sheets. The Group capitalized the underwriting fee and related issuance costs in relation to the 2010 Senior Notes of \$14,585 as deferred financing costs.

At any time after May 15, 2014, 2015 and 2016 and thereafter, MCE Finance may redeem some or all of the 2010 Senior Notes at the redemption prices of 105.125%, 102.563% and 100.000%, respectively, plus accrued and unpaid interest, additional amounts and liquidated damages, if any, to the redemption date.

Prior to May 15, 2014, MCE Finance may redeem all or part of the 2010 Senior Notes at the redemption price set forth in the related offering memorandum plus the applicable "make-whole" premium described in the related offering memorandum plus accrued and unpaid interest, additional amounts and liquidated damages, if any, to the redemption date.

Prior to May 15, 2013, MCE Finance may redeem up to 35% of the principal amount of the 2010 Senior Notes with the net cash proceeds from one or more certain equity offerings at the redemption price of 110.25% of the principal amount of the 2010 Senior Notes, plus accrued and unpaid interest, additional amounts and liquidated damages, if any, to the redemption date. In addition, subject to certain exceptions and as more fully described in the related offering memorandum, MCE Finance may redeem the 2010 Senior Notes in whole, but not in part, at a price equal to 100% of the principal amount plus accrued interest and unpaid interest, additional amounts and liquidated damages, if any, to the date fixed by MCE Finance for redemption, if MCE Finance or any one of the 2010 Senior Notes Guarantors would become obligated to pay certain additional amounts as a result of certain changes in withholding tax laws or certain other circumstances. MCE Finance may also redeem the 2010 Senior Notes if the gaming authority of any jurisdiction in which the Company, MCE Finance or any of their respective subsidiaries conducts or proposes to conduct gaming requires holders or beneficial owners of the 2010 Senior Notes to be licensed, qualified or found suitable under applicable gaming laws and such holder or beneficial owner, as the case may be, fails to apply or becomes licensed or qualified within the required time period or is found unsuitable.

The indenture governing the 2010 Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of MCE Finance and its restricted subsidiaries' ability to, among other

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

2010 Senior Notes - continued

things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with shareholders or affiliates; and (viii) effect a consolidation or merger. As of December 31, 2012, management believes that MCE Finance was in compliance with each of the financial restrictions and requirements.

In relation to aforesaid paragraphs, there are provisions under the indenture of the 2010 Senior Notes that limit or prohibit certain payments of dividends and other distributions by MCE Finance and its respective restricted subsidiaries to the Company or persons who are not MCE Finance or members of MCE Finance respective restricted subsidiaries, subject to certain exceptions and conditions. As of December 31, 2012 and 2011, the net assets of MCE Finance and its respective restricted subsidiaries of approximately \$2,500,000 and \$2,018,000, respectively were restricted from being distributed under the terms of the 2010 Senior Notes.

MCE Finance has entered into a registration rights agreement whereby MCE Finance has registered the notes to be issued in an exchange offer for the 2010 Senior Notes with the U.S. Securities and Exchange Commission in August 2010 and with further amendments filed in October and November 2010 in connection with the exchange offer, which registration statement was effective on November 12, 2010.

On October 30, 2012, MCE Finance received unrevoked consents from the holders (the "Holders") of the requisite aggregate principal amount of the 2010 Senior Notes necessary to approve certain proposed amendments to, among other things, allow MCE Finance to (i) make an additional \$400,000 of restricted payments to fund the Studio City project and (ii) have the flexibility to transact with, and use any revenues or other payments generated or derived from, certain projects and to provide for certain other technical amendments (the "Proposed Amendments") to the indenture governing the 2010 Senior Notes and executed a supplemental indenture to give effect to the Proposed Amendments. The Group capitalized the payments to the agent and Holders who had validly delivered a consent to the Proposed Amendments totaling \$14,795 as deferred financing costs and expensed the third party fee of \$3,277 as a result of the aforementioned debt modification.

On January 28, 2013, MCE Finance made a tender offer to purchase the 2010 Senior Notes, subject to certain conditions. On February 26, 2013, \$599,135 aggregate principal amount of the 2010 Senior Notes were tendered and on February 27, 2013, MCE Finance elected to redeem the remaining outstanding aggregate principal amount of the 2010 Senior Notes of \$865 on March 28, 2013. Further details of the tender offer and early redemption of the 2010 Senior Notes is included in Note 24(d).

RMB Bonds

On May 9, 2011, the Company issued and listed the RMB Bonds of RMB2,300,000,000 (equivalent to \$353,278 based on exchange rate on transaction date) on SGX-ST. The RMB Bonds were priced at par. The RMB Bonds are direct, general, unconditional, unsubordinated and unsecured obligations of the Company, which will at all times rank equally without any preference or priority among themselves and at least equally with all of the Company's other present and future unsecured and unsubordinated obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

RMB Bonds - continued

application. The RMB Bonds mature on May 9, 2013 and the interest on the RMB Bonds is accrued at a rate of 3.75% per annum and is payable semi-annually in arrears on May 9 and November 9 of each year, commencing on November 9, 2011.

At any time after May 9, 2012, the Company may redeem in whole, but not in part, the RMB Bonds at the principal amount, together with accrued interest. The Company may also redeem the RMB Bonds in whole, but not in part, at the principal amount together with accrued interest in the event that: i) as a result of any change in the laws of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such law or regulation after May 9, 2011, the Company satisfies the trustee that the Company has or will be required to pay additional amounts in respect of the RMB Bonds and such obligation cannot be avoided by taking reasonable measures available to the Company; ii) if at any time the gaming authority of any jurisdiction in which the Company and its subsidiaries conducts or proposes to conduct gaming requires that a person who is a holder or beneficial owner of the RMB Bonds be licensed, qualified or found suitable under applicable gaming laws and such holder or beneficial owner, as the case may be, fails to apply or becomes licensed or qualified within the required period or is found unsuitable; or iii) if immediately before giving such notice, at least 90% in principal amount of the RMB Bonds originally issued, including any further bonds issued prior to the time of the notice, has already been previously redeemed, or purchased and cancelled.

The indenture governing the RMB Bonds contains certain negative pledge and financial covenants, providing that the Company shall not create or permit to subsist any security interest upon the whole or any part of the Company's present or future undertaking, assets or revenues to secure any relevant indebtedness or guarantee of relevant indebtedness without: (i) at the same time or prior thereto securing the RMB Bonds equally and rateably therewith to the satisfaction of the trustee under the RMB Bonds; or (ii) providing such other security for the RMB Bonds as the trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the holders of the RMB Bonds or as may be approved by an extraordinary resolution of bondholders. In addition, the Company is also required to comply with certain financial covenants, including maintaining a specified consolidated tangible net worth not to be less than \$1,000,000 and a maximum leverage ratio not to exceed 2.50:1.00.

The Company capitalized the underwriting fee and related issuance costs in relation to the RMB Bonds of \$6,619 as deferred financing costs. Management believes the Company was in compliance with all covenants of the RMB Bonds as of December 31, 2012.

On March 11, 2013, the Company has completed the early redemption of the RMB Bonds in full in aggregate principal amount together with accrued interest. Further information on the redemption is included in Note 24(h).

Deposit-Linked Loan

On May 20, 2011, the Company entered into the Deposit-Linked Loan with a lender in an amount of HK\$2,748,500,000 (equivalent to \$353,278 based on exchange rate on transaction date), which was secured by a deposit in an amount of RMB2,300,000,000 (equivalent to \$353,278 based on exchange rate on transaction date) from the proceeds of the RMB Bonds as described above. The Deposit-Linked Loan matures on May 20, 2013 or, if earlier, at any time with 30 days' prior notice given to the lender, the Company may prepay the whole or any part of not less than HK\$500,000,000 (equivalent to \$64,267) of the

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

Deposit-Linked Loan - continued

Deposit-Linked Loan outstanding. The Deposit-Linked Loan bears interest at a rate of 2.88% per annum and is payable semi-annually in arrears on May 8 and November 8 of each year, commencing on November 8, 2011. On the same date, the Company entered into two RMB forward exchange rate contracts in an aggregate amount of RMB52,325,000 (approximately \$8,000) for settlement of the RMB Bonds interest payable on November 9, 2011 at a rate of RMB1:HK\$1.2096 and May 9, 2012 at a rate of RMB1:HK\$1.2187. During the year ended December 31, 2011, one of the RMB forward contracts was settled on November 9, 2011 and as of December 31, 2011, the fair value of the remaining forward exchange rate contract of \$7 was recorded as forward exchange rate contract receivable and included in prepaid expenses and other current assets. During the year ended December 31, 2012, the Company entered into another RMB forward exchange rate contract of RMB25,845,867 (approximately \$4,000) for settlement of the RMB Bonds interest payable on November 9, 2012 at a rate of RMB1:HK\$1.2201. During the year ended December 31, 2012, the Company settled the outstanding forward exchange rate contracts and the gain on the forward exchange rate contracts of \$138 was reclassified from accumulated other comprehensive losses to interest expenses.

The Company capitalized the underwriting fee and related issuance costs in relation to the Deposit-Linked Loan of \$800 as deferred financing costs. As of December 31, 2012, the RMB Bonds proceeds held as a security deposit of RMB2,300,000,000 (equivalent to \$367,645), required to be set aside for the duration of this debt was recorded as current portion of restricted cash in the consolidated balance sheets. As of December 31, 2011, the security deposit of RMB2,300,000,000 (equivalent to \$364,807) was recorded as non-current portion of restricted cash in the consolidated balance sheets.

On March 4, 2013, the Company has prepaid the Deposit-Linked Loan in full in aggregate principal amount together with accrued interest and the security deposit has been released. Further information on the prepayment is included in Note 24(g).

Aircraft Term Loan

On June 25, 2012, MCE Transportation Limited ("MCE Transportation", formerly known as MCE Designs and Brands Limited), an indirect wholly-owned subsidiary of the Company, entered into a \$43,000 term loan facility agreement to partly finance the acquisition of an aircraft (the "Aircraft Term Loan"). Principal and interest repayments are payable quarterly in arrears commencing September 27, 2012 until maturity on June 27, 2019, interest is calculated based on LIBOR plus a margin of 2.80% per annum and the loan may be prepaid in whole or in part of not less than \$1,000 and 10 days' prior notice given. The Aircraft Term Loan is guaranteed by the Company and security includes a first-priority mortgage on the aircraft itself; pledge over the MCE Transportation bank accounts; assignment of insurances (other than third party liability insurance); and an assignment of airframe and engine warranties. The Aircraft Term Loan must be prepaid in full if any of the following events occurs: (i) a change of control; (ii) the sale of all or substantially all of the components of the aircraft; (iii) the loss, damage or destruction of the entire or substantially the entire aircraft. Other covenants include lender's approval for any capital expenditure not incurred in the ordinary course of business or any subsequent indebtedness exceeding \$1,000 by MCE Transportation. As of December 31, 2012, the Aircraft Term Loan has been fully drawn down and utilized with other funds of the Group, to fund the purchase of the aircraft.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

Studio City Notes

On November 26, 2012, Studio City Finance Limited (“Studio City Finance”, an indirect subsidiary of the Company which holds 60% interest) issued and listed the Studio City Notes of \$825,000 on the SGX-ST. The Studio City Notes were priced at par. The Studio City Notes are general obligations of Studio City Finance, secured by a first-priority security interest in certain specific bank accounts incidental to the Studio City Notes and a pledge of any intercompany loans from Studio City Finance to or on behalf of Studio City Investments Limited (“Studio City Investments”, a wholly-owned direct subsidiary of Studio City Finance and the immediate holding company of Studio City Company Limited (“Studio City Company” or the “Studio City Borrower”, a wholly-owned indirect subsidiary of Studio City Finance)) or its subsidiaries entered into subsequent to the issue date of the Studio City Notes, rank equally in right of payment to all existing and future senior indebtedness of Studio City Finance and rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Finance. The Studio City Notes are effectively subordinated to all of Studio City Finance’s existing and future secured indebtedness to the extent of the value of the property and assets securing such indebtedness. All of the existing direct and indirect subsidiaries of Studio City Finance and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the Studio City Project Facility as described below) (the “Studio City Notes Guarantors”) jointly, severally and unconditionally guarantee the Studio City Notes on a senior basis (the “Guarantees”). The Guarantees are general obligations of the Studio City Notes Guarantors, rank equally in right of payment with all existing and future senior indebtedness of the Studio City Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the Studio City Notes Guarantors. The Guarantees are effectively subordinated to the Studio City Notes Guarantors’ obligations under the Studio City Project Facility and any future secured indebtedness that is secured by property and assets of the Studio City Notes Guarantors to the extent of the value of such property and assets. The Studio City Notes mature on December 1, 2020 and the interest on the Studio City Notes is accrued at a rate of 8.50% per annum and is payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2013.

The net proceeds from the offering, after deducting the underwriting commissions and other expenses of approximately \$13,200, was approximately \$811,800. Studio City Finance will use the net proceeds from the offering to fund the Studio City project and the related fees and expenses. The net proceeds from the offering have been deposited in a bank account of Studio City Finance (the “Escrow Account”), which is restricted for use and will be released upon signing of the Studio City Project Facility. Upon release from the Escrow Account, all the net proceeds will be deposited in a bank account of Studio City Finance (the “Note Proceeds Account”) and will be available for payment of construction and development costs and other project costs of the Studio City project with conditions and sequence for disbursements in accordance with an agreement (the “Note Disbursement and Account Agreement”) as described below, except for a portion of net proceeds amounting to \$239,594, which represents the sum of interest expected to accrue on the Studio City Notes through to the 41-month anniversary of their issue date, which will be deposited in a bank account of Studio City Finance (the “Note Interest Reserve Account”), which is restricted for use to pay future interest payments until the opening date (as defined in the Studio City Project Facility, the “Opening Date”) of the Studio City project. Concurrent with the submission of the first utilization request under the Studio City Project Facility, an amount equal to the six-month sum of interest due on the Studio City Notes of \$35,063 will be released from the Note Interest Reserve Account and be deposited in a bank account (the “Note Debt Service Reserve Account”) of Studio City Company, the borrower under the Studio City Project Facility, and the remaining amount in the Note Interest Reserve Account (less an amount equal

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

Studio City Notes - continued

to the pro-rated portion of interest due on the next interest payment date) will be released and be deposited in a bank account of Studio City Company (the "Revenue Account"). The security agent of the Studio City Project Facility will have security over the Note Debt Service Reserve Account and the Revenue Account. As of December 31, 2012, all of the net proceeds of Studio City Notes were placed in the Escrow Account. The Group classified 12-month sum of interest due on the Studio City Notes of \$70,125 in the Escrow Account as current portion of restricted cash, while the remaining amount in the Escrow Account of \$741,683 was classified as non-current portion of restricted cash on the consolidated balance sheets. The Group capitalized the underwriting fee and related issuance costs in relation to the Studio City Notes of \$21,669 as deferred financing costs.

On November 26, 2012, Studio City Finance and Studio City Company entered into a Note Disbursement and Account Agreement with certain banks and other parties to, among other things, establish the conditions and sequence of funding of the Studio City project costs. The Studio City project costs will be financed in the following order:

- the funding from the Company and the ultimate noncontrolling shareholder of Studio City Finance in an aggregate amount of \$825,000 will be used until it has been exhausted;
- thereafter, the proceeds in the Note Proceeds Account will be used until they have been exhausted; and
- thereafter, the proceeds of the Studio City Project Facility, including any proceeds in any construction disbursement accounts or other accounts established under the Studio City Project Facility, to the extent established for such purpose under the Studio City Project Facility, will be used until they have been exhausted.

The Studio City Notes will be subject to a special mandatory redemption at a redemption price equal to 101% of the aggregate principal amount of the Studio City Notes, plus accrued and unpaid interest from the issue date through the date of redemption in the event the Studio City Project Facility are not executed on or before March 31, 2013. The Studio City Project Facility was executed on January 28, 2013.

The Studio City Notes will also be subject to a special mandatory redemption at a redemption price equal to 101% of the aggregate principal amount of the Studio City Notes, plus accrued and unpaid interest from the last interest payment date through the date of redemption in the event that the funds are not released from the Note Proceeds Account prior to the date that is one year from the date of the execution of the Studio City Project Facility due to the failure of the conditions precedent (subject to certain exceptions) to first utilization of the Studio City Project Facility to be satisfied or waived by such date.

At any time prior to December 1, 2015, Studio City Finance may redeem up to 35% of the aggregate principal amount of the Studio City Notes, with the net cash proceeds of certain equity offerings at a redemption price of 108.500% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

At any time prior to December 1, 2015, Studio City Finance may also redeem all or part of the Studio City Notes at a redemption price equal to 100% of the principal amount plus the applicable premium described in the related offering memorandum plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

Studio City Notes - continued

At any time on or after December 1, 2015, 2016, 2017 and 2018 and thereafter, Studio City Finance may redeem all or part of the Studio City Notes at the redemption prices of 106.375%, 104.250%, 102.125% and 100.000%, respectively, plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

In addition, subject to certain exceptions and as more fully described in the related offering memorandum, Studio City Finance may redeem the Studio City Notes in whole, but not in part, at a price equal to 100% of the principal amount plus accrued interest and unpaid interest and additional amounts, if any, to the date fixed by Studio City Finance for redemption, if Studio City Finance or any one of the Studio City Notes Guarantors would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. Studio City Finance may also redeem the Studio City Notes if the gaming authority of any jurisdiction in which Studio City Finance or any of its affiliates (including Melco Crown Macau) conducts or proposes to conduct gaming requires holders or beneficial owners of the Studio City Notes to be licensed, qualified or found suitable under applicable gaming laws and such holders or beneficial owners, as the case may be, fails to apply or become licensed or qualified within the required time period or is found unsuitable.

The indenture governing the Studio City Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Finance and its restricted subsidiaries' ability to, among other things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with shareholders or affiliates; and (viii) effect a consolidation or merger. As of December 31, 2012, management believes that Studio City Finance was in compliance with each of the financial restrictions and requirements.

In relation to aforesaid paragraphs, there are provisions under the indenture of the Studio City Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Finance and its respective restricted subsidiaries to the Company or persons who are not Studio City Finance or members of Studio City Finance respective restricted subsidiaries, subject to certain exceptions and conditions. As of December 31, 2012, the net assets of Studio City Finance and its respective restricted subsidiaries of approximately \$252,000 were restricted from being distributed under the terms of the Studio City Notes.

Studio City Project Facility

On October 19, 2012, the Company, New Cotai Investments, LLC ("New Cotai Investments", the indirect holding company of New Cotai, LLC, the noncontrolling shareholder who owns a 40% interest in Studio City International Holdings Limited ("Studio City International", an indirect subsidiary of the Company which holds 60% interest)) and the Studio City Borrower entered into a commitment letter (the "Commitment Letter") with certain lenders (the "Studio City Lenders") for senior secured credit facilities (the "Studio City Project Facility") in an aggregate amount of \$1,400,000 equivalent to fund the Studio City project. The Commitment Letter sets out the terms and conditions on which the Studio City Lenders are willing to arrange, manage the syndication of and underwrite the Studio City Project Facility to be provided to the Studio City Borrower. These terms and conditions include the principal terms of the Studio City Project Facility and conditions precedent to entering into the definitive agreement of the Studio City Project Facility.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

Studio City Project Facility - continued

On January 28, 2013, the definitive agreement of the Studio City Project Facility was executed with minor changes to the terms and conditions set out in the Commitment Letter. The Studio City Project Facility was denominated in Hong Kong Dollars with an aggregate amount of HK\$10,855,880,000 (equivalent to \$1,395,357) and consisted of a HK\$10,080,460,000 (equivalent to \$1,295,689) term loan facility (the "Studio City Term Loan Facility") and a HK\$775,420,000 (equivalent to \$99,668) revolving credit facility (the "Studio City Revolving Credit Facility"). The Studio City Term Loan Facility matures on the date which is five years after the signing date of the definitive agreement of the Studio City Project Facility (the "Signing Date") and is subject to quarterly amortization payments commencing on the earlier of (i) the first fiscal quarter end date falling not less than 45 months after the Signing Date and (ii) the end of the second full fiscal quarter after the Opening Date of the Studio City project. Amounts under the Studio City Term Loan Facility may be borrowed from and after the date that certain conditions precedent are satisfied until the date falling 18 months after the Signing Date. The Studio City Revolving Credit Facility matures on the date which is five years after the Signing Date and has no interim amortization. The Studio City Revolving Credit Facility may be utilized prior to the Opening Date for project costs by way of issue of letters of credit to a maximum of HK\$387,710,000 (equivalent to \$49,834), and may be borrowed in full on a revolving basis after the Opening Date. Borrowings under the Studio City Project Facility bear interest at HIBOR plus a margin of 4.50% per annum until the last day of the second full fiscal quarter after the Opening Date, at which time the interest rate shall bear interest at HIBOR plus a margin ranging from 3.75% to 4.50% per annum as determined in accordance with the total leverage ratio in respect of Studio City Investments, Studio City Company and its subsidiaries (together, the "Studio City Borrowing Group").

The indebtedness under the Studio City Project Facility is guaranteed by Studio City Investments and its subsidiaries (other than the Studio City Borrower). Security for the Studio City Project Facility includes a first-priority mortgage over the land where the Studio City is located, such mortgage will also cover all present and any future buildings on, and fixtures to, the relevant land; an assignment of any land use rights under land concession agreements, leases or equivalent; as well as other customary security. The Studio City Project Facility contains affirmative, negative and financial covenants customary to such financings.

The Studio City Borrower is required to hedge not less than 50% of the outstanding indebtedness under the Studio City Term Loan Facility by way of interest rate swap agreements, caps, collars or other agreements reasonably satisfactory to the Studio City Lenders to limit the impact of increases in interest rates on its floating rate debt, for a period of not less than three years.

The Studio City Borrower is obligated to pay a commitment fee quarterly in arrears on the undrawn amount of the Studio City Project Facility throughout the availability period, which starts from the Signing Date of the definitive agreement of the Studio City Project Facility.

In connection with the Studio City Project Facility, Studio City International procured a completion guarantee, contingent equity undertaking or similar (with a liability cap of \$225,000) granted in favor of the security agent for the Studio City Project Facility to, amongst other things, pay agreed project costs (i) associated with construction of Studio City (ii) for which the agent has determined there is no other available funding. In support of such contingent equity commitment, Studio City International has agreed to either maintain letters of credit (with a liability cap of \$225,000) in favor of the security agent for the Studio City Project Facility or cash collateral of \$225,000. These letters of credit or cash collateral are required to

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

11. LONG-TERM DEBT - continued

Studio City Project Facility - continued

be maintained until the construction completion date of the Studio City has occurred, certain debt service reserve and accrual accounts have been funded to the required balance and the financial covenants have been complied with.

Total interest on long-term debt consisted of the following:

| | Year Ended December 31, | | |
|---|-------------------------|-------------------|------------------|
| | 2012 | 2011 | 2010 |
| Interest for City of Dreams Project Facility * | \$ — | \$ 13,269 | \$ 39,157 |
| Interest for 2011 Credit Facilities * | 21,849 | 13,731 | — |
| Interest for 2010 Senior Notes ** | 61,500 | 61,500 | 38,438 |
| Amortization of discount in connection with issuance of 2010 Senior Notes ** | 801 | 723 | 417 |
| Interest for RMB Bonds * | 13,666 | 8,647 | — |
| Interest for Deposit-Linked Loan * | 10,064 | 6,300 | — |
| Interest for Studio City Notes ** | 5,844 | — | — |
| Interest for Aircraft Term Loan ** | 705 | — | — |
| | <u>\$ 114,429</u> | <u>\$ 104,170</u> | <u>\$ 78,012</u> |
| Interest capitalized | (7,900) | (3,157) | (11,823) |
| | <u>\$ 106,529</u> | <u>\$ 101,013</u> | <u>\$ 66,189</u> |

* Long-term debt repayable within five years

** Long-term debt repayable after five years

During the years ended December 31, 2012, 2011 and 2010, the Group's average borrowing rates were approximately 5.06%, 5.50% and 6.71% per annum, respectively.

Scheduled maturities of the long-term debt as of December 31, 2012 are as follows:

| | |
|--------------------------|---------------------|
| Year ending December 31, | |
| 2013 | \$ 854,940 |
| 2014 | 262,559 |
| 2015 | 262,749 |
| 2016 | 379,161 |
| 2017 | 6,429 |
| Over 2017 ⁽²⁾ | 1,429,026 |
| | <u>\$ 3,194,864</u> |

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**11. LONG-TERM DEBT - continued**

The long-term debt are repayable as follows:

| | December 31, | |
|---|---------------------|---------------------|
| | 2012 | 2011 |
| Within one year or on demand | \$ 854,940 | \$ — |
| More than one year, but not exceeding two years | 262,559 | 846,444 |
| More than two years, but not exceeding five years | 648,339 | 886,370 |
| More than five years ⁽¹⁾ | 1,429,026 | 593,166 |
| | <u>\$ 3,194,864</u> | <u>\$ 2,325,980</u> |
| Less: Amounts due within one year classified as current liabilities | (854,940) | — |
| | <u>\$ 2,339,924</u> | <u>\$ 2,325,980</u> |

Notes

- (1) Net of unamortized issue discount for the 2010 Senior Notes of approximately \$6,033 and \$6,834 as of December 31, 2012 and 2011, respectively.
- (2) Net of unamortized issue discount for the 2010 Senior Notes of approximately \$6,033 as of December 31, 2012.

12. OTHER LONG-TERM LIABILITIES

| | December 31, | |
|---|----------------|-----------------|
| | 2012 | 2011 |
| Deferred rent liabilities | \$5,591 | \$ 4,799 |
| Retention payables | 1,608 | — |
| Other deposits received | 213 | 196 |
| Payables for acquisition of assets and liabilities (Note 22(b)) | — | 22,905 |
| | <u>\$7,412</u> | <u>\$27,900</u> |

13. FAIR VALUE MEASUREMENTS

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1 — inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 — inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

13. FAIR VALUE MEASUREMENTS - continued

- Level 3 — inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The carrying values of cash and cash equivalents and restricted cash approximated fair value and represented a level 1 measurement. The carrying values of long-term deposits and long-term receivables approximated fair value and represented a level 2 measurement. The estimated fair value of long-term debt as of December 31, 2012 and 2011, which included the 2010 Senior Notes, the RMB Bonds, the Studio City Notes, the 2011 Credit Facilities, the Deposit-Linked Loan and the Aircraft Term Loan was approximately \$3,330,599 and \$2,371,716, respectively. Fair value was estimated using quoted market prices and represented a level 1 measurement for the 2010 Senior Notes, the RMB Bonds and the Studio City Notes. Fair value for the 2011 Credit Facilities, the Deposit-Linked Loan and the Aircraft Term Loan approximated the carrying values as the instruments carried either variable interest rates or the fixed interest rate approximated the market rate and represented a level 2 measurement. Additionally, the carrying values of land use rights payable and payables for acquisition of assets and liabilities as disclosed in Notes 10 and 12 approximated fair value as the instruments carried the fixed interest rate approximated the market rate and represented a level 2 measurement.

As of December 31, 2012 and 2011, the Group did not have any non-financial assets or liabilities that are recognized or disclosed at fair value in the consolidated financial statements.

The Group’s financial assets and liabilities recorded at fair value have been categorized based upon the fair value in accordance with the accounting standards.

The following fair value hierarchy table presents information about the Group’s financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011:

| | Quoted Prices In Active Market for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
|--|--|---|--|---------------------|
| <i>Forward exchange rate contract receivable</i> | | | | |
| December 31, 2012 | \$ — | \$ — | \$ — | \$ — |
| December 31, 2011 | \$ — | \$ 7 | \$ — | \$ 7 |
| <i>Interest rate swap liabilities</i> | | | | |
| December 31, 2012 | \$ — | \$ — | \$ — | \$ — |
| December 31, 2011 | \$ — | \$ 363 | \$ — | \$ 363 |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

13. FAIR VALUE MEASUREMENTS - continued

The fair value of these interest rate swap agreements and forward exchange rate contract approximated the amounts the Group would pay if these contracts were settled at the respective valuation dates. Fair value is estimated based on a standard valuation model that projects future cash flows and discounts those future cash flows to a present value using market-based observable inputs such as interest rate yields and market forward exchange rates. Since significant observable inputs are used in the valuation model, the interest rate swap arrangements and the forward exchange rate arrangement represented a level 2 measurement in the fair value hierarchy.

14. CAPITAL STRUCTURE

Pursuant to the Company's extraordinary general meeting held on October 6, 2011, an increase in the authorized share capital from 2,500,000,000 ordinary shares of a nominal or par value of US\$0.01 each to 7,300,000,000 ordinary shares of a nominal or par value of US\$0.01 each was approved.

On November 29, 2011, the Company issued a total of 40,211,930 ordinary shares to Melco and Crown for shareholders' loan conversion as disclosed in Note 20(c).

In connection with the Company's restricted shares granted as disclosed in Note 16, nil, 310,575 and 1,254,920 ordinary shares were vested and issued during the years ended December 31, 2012, 2011 and 2010, respectively.

The Company issued 4,958,293, 6,920,386 and 8,785,641 ordinary shares to its depository bank for issuance to employees and Directors upon their future vesting of restricted shares and exercise of share options during the years ended December 31, 2012, 2011 and 2010 respectively. 1,276,634, 941,648 and 43,737 of these ordinary shares have been issued to employees and Directors upon vesting of restricted shares and 2,966,955, 3,835,596 and 804,285 of these ordinary shares have been issued to employees and Directors upon exercise of share options during the years ended December 31, 2012, 2011 and 2010, respectively. The balance of 11,267,038, 10,552,328 and 8,409,186 ordinary shares continue to be held by the Company for future issuance as of December 31, 2012, 2011 and 2010, respectively.

As of December 31, 2012, 2011 and 2010, the Company had 1,646,792,257, 1,642,548,674 and 1,597,248,925 ordinary shares issued and outstanding, respectively.

15. INCOME TAX (CREDIT) EXPENSE

The Company and certain subsidiaries are exempt from tax in the Cayman Islands or British Virgin Islands ("BVI"), where they are incorporated, however, the Company is subject to Hong Kong Profits Tax on profits from its activities conducted in Hong Kong. Certain subsidiaries incorporated or conducting businesses in Hong Kong, Macau, the United States of America, the Philippines and other jurisdictions are subject to Hong Kong Profits Tax, Macau Complementary Tax, income tax in the United States of America, in the Philippines and in other jurisdictions, respectively, during the years ended December 31, 2012, 2011 and 2010.

Pursuant to the approval notices issued by Macau Government dated June 7, 2007, Melco Crown Macau has been exempted from Macau Complementary Tax on income generated from gaming operations for five years commencing from 2007 to 2011 and will continue to benefit from this exemption for another five years from 2012 to 2016 pursuant to the approval notices issued by Macau Government in April 2011.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**15. INCOME TAX (CREDIT) EXPENSE - continued**

The Macau Government has granted to Altira Hotel Limited (“Altira Hotel”) and Melco Crown (COD) Hotels Limited (“Melco Crown (COD) Hotels”) the declaration of utility purpose benefit in 2007 and 2011, respectively, pursuant to which they are entitled to a property tax holiday, for a period of 12 years, on any immovable property that they own or have been granted for Altira Macau, Hard Rock Hotel and Crown Towers Hotel. Under such tax holiday, they will also be allowed to double the maximum rates applicable regarding depreciation and reintegration for purposes of assessment of Macau Complementary Tax. The Group has applied for the declaration of utility purpose benefit in respect of Grand Hyatt Macau. The Macau Government has also granted to Altira Hotel a declaration of utility purposes benefit on specific vehicles purchased, pursuant to which it is entitled to a vehicle tax holiday, provided there is no change in use or disposal of those vehicles within 5 years from the date of purchase. The Macau Government is considering the grant of the same benefit on specific vehicles purchased to Crown Towers Hotel, Hard Rock Hotel and Grand Hyatt Macau. The grant of the vehicles tax holiday is subject to the satisfaction by the Group of certain criteria determined by the Macau Government.

The provision for income tax consisted of:

| | Year Ended December 31, | | |
|--|-------------------------|-------------------|----------------|
| | 2012 | 2011 | 2010 |
| Income tax provision for current year: | | | |
| Macau Complementary Tax | \$ 203 | \$ 223 | \$ 165 |
| Hong Kong Profits Tax | 513 | 822 | 473 |
| Profits tax in other jurisdictions | 238 | 161 | 65 |
| Sub-total | <u>\$ 954</u> | <u>\$ 1,206</u> | <u>\$ 703</u> |
| (Over) under provision of income tax in prior years: | | | |
| Macau Complementary Tax | \$ (171) | \$ 3 | \$ (18) |
| Hong Kong Profits Tax | 32 | 142 | (1) |
| Profits tax in other jurisdictions | 1 | (21) | 8 |
| Sub-total | <u>\$ (138)</u> | <u>\$ 124</u> | <u>\$ (11)</u> |
| Deferred tax (credit) charge: | | | |
| Macau Complementary Tax | \$ (3,676) | \$ (2,779) | \$ 166 |
| Hong Kong Profits Tax | (81) | (185) | 58 |
| Profits tax in other jurisdictions | (2) | (2) | 4 |
| Sub-total | <u>\$ (3,759)</u> | <u>\$ (2,966)</u> | <u>\$ 228</u> |
| Total income tax (credit) expense | <u>\$ (2,943)</u> | <u>\$ (1,636)</u> | <u>\$ 920</u> |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

15. INCOME TAX (CREDIT) EXPENSE - continued

A reconciliation of the income tax (credit) expense to income (loss) before income tax per the consolidated statements of operations is as follows:

| | Year Ended December 31, | | |
|--|-------------------------|-------------------|---------------|
| | 2012 | 2011 | 2010 |
| Income (loss) before income tax | \$ 395,729 | \$ 287,208 | \$ (9,605) |
| Macau Complementary Tax rate | 12% | 12% | 12% |
| Income tax expense (credit) at Macau Complementary Tax rate | 47,487 | 34,465 | (1,153) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (556) | 242 | 169 |
| (Over) under provision in prior years | (138) | 124 | (11) |
| Effect of income for which no income tax expense is payable | (714) | (575) | (258) |
| Effect of expense for which no income tax benefit is receivable | 17,317 | 12,191 | 7,868 |
| Effect of tax holiday granted by Macau Government | (88,491) | (69,677) | (28,069) |
| Change in valuation allowance | 22,152 | 21,594 | 22,374 |
| | <u>\$ (2,943)</u> | <u>\$ (1,636)</u> | <u>\$ 920</u> |

Macau Complementary Tax and Hong Kong Profits Tax have been provided at 12% and 16.5% on the estimated taxable income earned in or derived from Macau and Hong Kong, respectively, during the years ended December 31, 2012, 2011 and 2010, if applicable. Profits tax in other jurisdictions for the years ended December 31, 2012, 2011 and 2010 were provided mainly for the profits of the representative offices and branches set up by a subsidiary in the region where they operate. No provision for income tax in the United States of America and in the Philippines for the years ended December 31, 2012, 2011 and 2010 were provided as the subsidiaries incurred tax losses.

Melco Crown Macau was granted a tax holiday from Macau Complementary Tax for 5 years on casino gaming profits by the Macau Government in 2007. In April 2011, this tax holiday for Melco Crown Macau was extended for an additional 5 years through 2016. During the years ended December 31, 2012, 2011 and 2010, Melco Crown Macau reported net income and had the Group been required to pay such taxes, the Group's consolidated net income attributable to the Company for the years ended December 31, 2012 and 2011 would have been decreased by \$88,491 and \$69,677, and basic and diluted net income attributable to the Company per share would have reported reduced income of \$0.054 and \$0.053 per share for the year ended December 31, 2012 and \$0.043 and \$0.043 per share for the year ended December 31, 2011, respectively, and the Group's consolidated net loss attributable to the Company for the year ended December 31, 2010 would have been increased by \$28,069, and basic and diluted net loss attributable to the Company per share would have reported additional loss of \$0.018 per share. Melco Crown Macau's non-gaming profits remain subject to the Macau Complementary Tax and its casino revenues remain subject to the Macau special gaming tax and other levies in accordance with its gaming subconcession agreement.

The effective tax rates for the years ended December 31, 2012, 2011 and 2010 were negative rates of 0.7%, 0.6% and 9.6%, respectively. Such rates differ from the statutory Macau Complementary Tax rate of 12% primarily due to the effect of change in valuation allowance for the years ended December 31, 2012, 2011 and 2010 and the effect of tax holiday granted by the Macau Government as described in the preceding paragraphs during the years ended December 31, 2012, 2011 and 2010.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**15. INCOME TAX (CREDIT) EXPENSE - continued**

The deferred tax assets and liabilities as of December 31, 2012 and 2011 consisted of the following:

| | December 31, | |
|-------------------------------------|--------------------|--------------------|
| | 2012 | 2011 |
| Deferred tax assets | | |
| Net operating loss carried forwards | \$ 63,022 | \$ 60,782 |
| Depreciation and amortization | 105 | 24 |
| Deferred deductible expenses | 3,089 | — |
| Sub-total | <u>\$ 66,216</u> | <u>\$ 60,806</u> |
| Valuation allowance | | |
| Current | \$ (21,054) | \$ (17,816) |
| Long-term | (45,057) | (42,966) |
| Sub-total | <u>\$ (66,111)</u> | <u>\$ (60,782)</u> |
| Total net deferred tax assets | <u>\$ 105</u> | <u>\$ 24</u> |
| Deferred tax liabilities | | |
| Land use rights | \$ (64,497) | \$ (68,552) |
| Intangible assets | (505) | (505) |
| Unrealized capital allowance | (1,348) | (971) |
| Total net deferred tax liabilities | <u>\$ (66,350)</u> | <u>\$ (70,028)</u> |

As of December 31, 2012 and 2011, valuation allowance of \$66,111 and \$60,782 were provided, respectively, as management does not believe that it is more likely than not that these deferred tax assets will be realized. As of December 31, 2012, adjusted operating tax loss carry forwards, amounting to \$175,451, \$159,304 and \$183,885 will expire in 2013, 2014 and 2015, respectively. Adjusted operating tax loss carried forwards of \$142,678 has expired during the year ended December 31, 2012.

Deferred tax, where applicable, is provided under the liability method at the enacted statutory income tax rate of the respective tax jurisdictions, applicable to the respective financial years, on the difference between the consolidated financial statements carrying amounts and income tax base of assets and liabilities.

Aggregate undistributed earnings of the Company's foreign subsidiaries are available for distribution to the Company of approximately \$1,150,000 at December 31, 2012 are considered to be indefinitely reinvested. Accordingly, no provision has been made for the dividend withholding taxes that would be payable upon the distribution of those amounts to the Company. If those earnings were to be distributed or they were determined to be no longer permanently reinvested, the Company would have to record a deferred income tax liability in respect of those undistributed earnings of approximately \$138,000.

An evaluation of the tax positions for recognition was conducted by the Group by determining if the weight of available evidence indicates it is more likely than not that the positions will be sustained on audit, including resolution of related appeals or litigation processes, if any. Uncertain tax benefits associated with the tax positions were measured based solely on the technical merits of being sustained on examinations. The Group concluded that there was no significant uncertain tax position requiring recognition in the consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 and there is no material unrecognized tax benefit which would favourably affect the effective income tax rate in future

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

15. INCOME TAX (CREDIT) EXPENSE - continued

periods. As of December 31, 2012 and 2011, there were no interest and penalties related to uncertain tax positions recognized in the consolidated financial statements. The Group does not anticipate any significant increases or decreases to its liability for unrecognized tax benefit within the next twelve months.

The income tax returns of the Company and its subsidiaries remain open and subject to examination by the tax authorities of Hong Kong, Macau, the United States of America, the Philippines and other jurisdictions until the statute of limitations expire in each corresponding jurisdiction. The statute of limitations in Hong Kong, Macau, the United States of America and the Philippines are 6 years, 5 years, 3 years and 3 years, respectively.

16. SHARE-BASED COMPENSATION

2006 Share Incentive Plan

The Group adopted a share incentive plan in 2006 ("2006 Share Incentive Plan") to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to employees, Directors and consultants and to promote the success of its business. Under the 2006 Share Incentive Plan, the Group may grant either options to purchase the Company's ordinary shares or restricted shares (Note: The restricted shares, as named in respective grant documents, are accounted for as nonvested shares). The plan administrator would determine the exercise price of an option and set forth the price in the award agreement. The exercise price may be a fixed or variable price related to the fair market value of the Company's ordinary shares. If the Group grants an incentive share option to an employee who, at the time of that grant, owns shares representing more than 10% of the voting power of all classes of the Company's share capital, the exercise price cannot be less than 110% of the fair market value of the Company's ordinary shares on the date of that grant. The term of an award shall not exceed 10 years from the date of the grant. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2006 Share Incentive Plan (including shares issuable upon exercise of options) is 100,000,000 over 10 years. The new share incentive plan ("2011 Share Incentive Plan") as described below was effective immediately after the listing of the Company's ordinary shares on the Main Board of HKSE on December 7, 2011 and no further awards may be granted under the 2006 Share Incentive Plan on or after such date as all subsequent awards will be issued under the 2011 Share Incentive Plan. Accordingly, no share option and restricted share was granted under the 2006 Share Incentive Plan during the year ended December 31, 2012.

Share Options

The Group granted ordinary share options to certain personnel under the 2006 Share Incentive Plan during the years ended December 31, 2011 and 2010 with the exercise price determined at the closing price of the date of grant. These ordinary share options became exercisable over different vesting periods ranging from immediately vested on date of grant to four years with different vesting scale. The ordinary share options granted expire 10 years after the date of grant, except for options granted in the exchange program as described below which have exercise period ranging from 7.7 to 8.3 years.

During the year ended December 31, 2009, the Board of Directors of the Company approved a proposal to allow for a one-time share option exchange program, designed to provide eligible employees an opportunity to exchange certain outstanding underwater share options for a lesser amount of new share options to be granted with lower exercise prices. Share options eligible for exchange were those that were granted on or prior to April 11, 2008 under the 2006 Share Incentive Plan. A total of approximately 5.4 million eligible share options were tendered by employees, representing 94% of the total share options eligible for exchange. The Group granted an aggregate of approximately 3.6 million new share options in exchange for

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

16. SHARE-BASED COMPENSATION - continued

2006 Share Incentive Plan - continued

Share Options - continued

the eligible share options surrendered. The exercise price of the new share options was \$1.43, which was the closing price of the Company's ordinary share on the grant date. No incremental share option expense was recognized for the exchange because the fair value of the new options, using Black-Scholes valuation model, was approximately equal to the fair value of the surrendered options they replaced. The significant assumptions used to determine the fair value of the new options includes expected dividend of nil, expected stock price volatility of 87.29%, risk-free interest rate of 2.11% and expected average life of 5.6 years.

The Group uses the Black-Scholes valuation model to determine the estimated fair value for each option grant issued, with highly subjective assumptions, changes in which could materially affect the estimated fair value. Expected volatility is based on the historical volatility of a peer group of publicly traded companies. Expected term is based upon the vesting term or the historical of expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected term.

The fair value per option under the 2006 Share Incentive Plan was estimated at the date of grant using the following weighted-average assumptions:

| | December 31, | |
|--|--------------|--------|
| | 2011 | 2010 |
| Expected dividend yield | — | — |
| Expected stock price volatility | 81.87% | 79.24% |
| Risk-free interest rate | 2.07% | 1.78% |
| Expected average life of options (years) | 5.1 | 5.5 |

A summary of share options activity under the 2006 Share Incentive Plan as of December 31, 2012, and changes during the years ended December 31, 2012, 2011 and 2010 are presented below:

| | Number of Share Options | Weighted- Average Exercise Price per Share | Weighted- Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|-------------------------------|---|--|------------------------------|
| Outstanding at January 1, 2010 | 22,342,398 | \$ 1.26 | | |
| Granted | 4,266,174 | \$ 1.17 | | |
| Exercised | (804,285) | \$ 1.17 | | |
| Forfeited | (5,169,216) | \$ 1.27 | | |
| Expired | (181,578) | \$ 4.48 | | |
| Outstanding at December 31, 2010 | 20,453,493 | \$ 1.22 | | |
| Granted | 5,150,946 | \$ 2.52 | | |
| Exercised | (3,835,596) | \$ 1.03 | | |
| Forfeited | (783,423) | \$ 1.52 | | |
| Expired | (68,958) | \$ 4.40 | | |
| Outstanding at December 31, 2011 | 20,916,462 | \$ 1.55 | | |
| Exercised | (2,966,955) | \$ 1.22 | | |
| Forfeited | (1,110,843) | \$ 1.63 | | |
| Expired | (6,510) | \$ 1.01 | | |
| Outstanding at December 31, 2012 | 16,832,154 | \$ 1.61 | 6.53 | \$ 67,447 |
| Exercisable at December 31, 2012 | 11,707,977 | \$ 1.44 | 6.15 | \$ 48,829 |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

16. SHARE-BASED COMPENSATION - continued

2006 Share Incentive Plan - continued

Share Options - continued

A summary of share options vested and expected to vest under the 2006 Share Incentive Plan at December 31, 2012 are presented below:

| | Vested | | | |
|---|-------------------------|---|---|---------------------------|
| | Number of Share Options | Weighted-Average Exercise Price per Share | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
| Range of exercise prices per share (\$1.01 - \$5.06) (Note) | 11,707,977 | \$ 1.44 | 6.15 | \$ 48,829 |

Note: 3,673,901 share options vested and 6,510 share options expired during the year ended December 31, 2012.

| | Expected to Vest | | | |
|--|-------------------------|---|---|---------------------------|
| | Number of Share Options | Weighted-Average Exercise Price per Share | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
| Range of exercise prices per share (\$1.01 - \$2.52) | 5,124,177 | \$ 1.98 | 7.39 | \$ 18,618 |

The weighted-average fair value of share options granted under the 2006 Share Incentive Plan during the years ended December 31, 2011 and 2010 were \$1.67 and \$0.84, respectively. Share options of 2,966,955, 3,835,596 and 804,285 were exercised and proceeds amounted to \$3,632, \$3,950 and \$938 were recognized during the years ended December 31, 2012, 2011 and 2010, respectively. The total intrinsic values of share options exercised for the years ended December 31, 2012, 2011 and 2010 were \$13,022, \$8,348 and \$767, respectively. As of December 31, 2012, there was \$3,927 unrecognized compensation costs related to unvested share options under the 2006 Share Incentive Plan and the costs were expected to be recognized over a weighted-average period of 1.14 years.

Restricted Shares

The Group has also granted restricted shares to certain personnel under the 2006 Share Incentive Plan during the years ended December 31, 2011 and 2010. These restricted shares have a vesting period ranging from immediately vested on date of grant to four years. The grant date fair value is determined with reference to the market closing price of the Company's ordinary share at the date of grant.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**16. SHARE-BASED COMPENSATION - continued****2006 Share Incentive Plan - continued***Restricted Shares - continued*

A summary of the status of the 2006 Share Incentive Plan's restricted shares as of December 31, 2012, and changes during the years ended December 31, 2012, 2011 and 2010 are presented below:

| | Number of Restricted Shares | Weighted- Average Grant Date Fair Value |
|---|-----------------------------------|---|
| Unvested at January 1, 2010 | 3,246,031 | \$ 1.41 |
| Granted | 1,463,151 | 1.38 |
| Vested | (1,298,657) | 1.67 |
| Forfeited | (761,466) | 1.27 |
| Unvested at December 31, 2010 and January 1, 2011 | 2,649,059 | \$ 1.31 |
| Granted | 2,908,383 | 2.52 |
| Vested | (1,252,223) | 1.07 |
| Forfeited | (302,716) | 1.97 |
| Unvested at December 31, 2011 and January 1, 2012 | 4,002,503 | \$ 2.22 |
| Vested | (1,276,634) | 2.49 |
| Forfeited | (486,984) | 1.66 |
| Unvested at December 31, 2012 | <u>2,238,885</u> | <u>\$ 2.19</u> |

The total fair values at date of grant of the restricted shares under the 2006 Share Incentive Plan vested during the years ended December 31, 2012, 2011 and 2010 were \$3,181, \$1,339 and \$2,166, respectively. As of December 31, 2012, there was \$2,761 of unrecognized compensation costs related to restricted shares under the 2006 Share Incentive Plan and the costs are expected to be recognized over a weighted-average period of 1.21 years.

2011 Share Incentive Plan

The Group adopted the 2011 Share Incentive Plan to promote the success and enhance the value of the Company by linking personal interests of the members of the Board, employees and consultants to those of the shareholders and by providing such individuals with incentive for outstanding performance to generate superior returns to the shareholders which became effective on December 7, 2011. Under the 2011 Share Incentive Plan, the Group may grant various share based awards, including but not limited to, options to purchase the Company's ordinary shares, share appreciation rights, restricted shares, etc. The term of such awards shall not exceed 10 years from the date of the grant. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2011 Share Incentive Plan is 100,000,000 over 10 years, which could be raised up to 10% of the issued share capital upon shareholders' approval. There was no share option or restricted share granted during the year ended December 31, 2011. As of December 31, 2012 and 2011, 96,894,814 and 100,000,000 shares remain available for the grant of various share based awards under the 2011 Share Incentive Plan, respectively.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

16. SHARE-BASED COMPENSATION - continued

2011 Share Incentive Plan - continued

Share Options

The Group granted share options to certain personnel under the 2011 Share Incentive Plan during the year ended December 31, 2012 with the exercise price determined at the closing price on the date of grant. These share options became exercisable over a vesting period of three years. The share options granted expire 10 years after the date of grant.

The Group uses the Black-Scholes valuation model to determine the estimated fair value for each option grant issued, with highly subjective assumptions, changes in which could materially affect the estimated fair value. Expected volatility is based on the historical volatility of the Company's ADS trading on the NASDAQ Global Select Market. Expected term is based upon the vesting term or the historical of expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected term.

The fair value per option under the 2011 Share Incentive Plan was estimated at the date of grant using the following weighted-average assumptions for options granted during the year ended December 31, 2012:

| | |
|--|--------|
| Expected dividend yield | — |
| Expected stock price volatility | 67.82% |
| Risk-free interest rate | 1.01% |
| Expected average life of options (years) | 5.1 |

A summary of share options activity under the 2011 Share Incentive Plan as of December 31, 2012, and changes during the year ended December 31, 2012 are presented below:

| | Number of Share Options | Weighted- Average Exercise Price per Share \$ | Weighted- Average Remaining Contractual Term | Aggregate Intrinsic Value \$ |
|----------------------------------|-------------------------------|---|--|------------------------------------|
| Outstanding at January 1, 2012 | — | \$ — | | |
| Granted | 1,934,574 | 4.70 | | |
| Forfeited | (33,438) | 4.70 | | |
| Outstanding at December 31, 2012 | <u>1,901,136</u> | <u>\$ 4.70</u> | <u>9.25</u> | <u>\$ 1,743</u> |

As of December 31, 2012, no share options granted under 2011 Share Incentive Plan were vested and exercisable.

A summary of share options expected to vest under the 2011 Share Incentive Plan at December 31, 2012 are presented below:

| | Expected to Vest | | | |
|-----------------------------------|-------------------------------|---|--|------------------------------------|
| | Number of Share Options | Weighted- Average Exercise Price per Share \$ | Weighted- Average Remaining Contractual Term | Aggregate Intrinsic Value \$ |
| Exercise price per share (\$4.70) | <u>1,901,136</u> | <u>\$ 4.70</u> | <u>9.25</u> | <u>\$ 1,743</u> |

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**16. SHARE-BASED COMPENSATION - continued****2011 Share Incentive Plan - continued***Share Options - continued*

The weighted-average fair value of share options granted under the 2011 Share Incentive Plan during the year ended December 31, 2012 was \$2.44. As of December 31, 2012, there was \$3,466 unrecognized compensation costs related to unvested share options under the 2011 Share Incentive Plan and the costs were expected to be recognized over a weighted-average period of 2.24 years.

Restricted Shares

The Group has also granted restricted shares to certain personnel under the 2011 Share Incentive Plan during the year ended December 31, 2012. These restricted shares have a vesting period of three years. The grant date fair value is determined with reference to the market closing price of the Company's ordinary share at the date of grant.

A summary of the status of the 2011 Share Incentive Plan's restricted shares as of December 31, 2012, and changes during the year ended December 31, 2012 are presented below:

| | Number of Restricted Shares | Weighted- Average Grant Date Fair Value |
|-------------------------------|-----------------------------------|--|
| Unvested at January 1, 2012 | — | \$ — |
| Granted | 1,170,612 | 4.43 |
| Forfeited | (16,722) | 4.43 |
| Unvested at December 31, 2012 | <u>1,153,890</u> | <u>\$ 4.43</u> |

No restricted shares under the 2011 Share Incentive Plan were vested during the year ended December 31, 2012. As of December 31, 2012, there was \$3,811 of unrecognized compensation costs related to restricted shares under the 2011 Share Incentive Plan and the costs were expected to be recognized over a weighted-average period of 2.24 years.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**16. SHARE-BASED COMPENSATION - continued****2011 Share Incentive Plan - continued***Restricted Shares - continued*

The impact of share options and restricted shares for the years ended December 31, 2012, 2011 and 2010 recognized in the consolidated financial statements were as follows:

| | Year Ended December 31, | | |
|---|-------------------------|-----------------|-----------------|
| | 2012 | 2011 | 2010 |
| 2006 Share Incentive Plan | | | |
| Share options | \$ 4,033 | \$ 5,570 | \$ 4,439 |
| Restricted shares | 2,464 | 3,054 | 1,606 |
| Subtotal | <u>\$ 6,497</u> | <u>\$ 8,624</u> | <u>\$ 6,045</u> |
| 2011 Share Incentive Plan | | | |
| Share options | \$ 1,179 | \$ — | \$ — |
| Restricted shares | 1,297 | — | — |
| Subtotal | <u>\$ 2,476</u> | <u>\$ —</u> | <u>\$ —</u> |
| Total share-based compensation expenses | \$ 8,973 | \$ 8,624 | \$ 6,045 |
| Less: share-based compensation expenses capitalized in construction in progress | — | — | (2) |
| Share-based compensation recognized in general and administrative expenses | <u>\$ 8,973</u> | <u>\$ 8,624</u> | <u>\$ 6,043</u> |

17. EMPLOYEE BENEFIT PLANS

The Group provides defined contribution plans for its employees in Macau, Hong Kong and certain other jurisdictions.

Macau

Employees employed by the Group in Macau are members of government-managed Social Security Fund Scheme (the "SSF Scheme") operated by the Macau Government and the Group is required to pay a monthly fixed contribution to the SSF Scheme to fund the benefits. The only obligation of the Group with respect to the SSF Scheme operated by the Macau Government is to make the required contributions under the scheme.

Hong Kong

Employees employed by the Group in Hong Kong are members of Mandatory Provident Fund Scheme (the "MPF Scheme") operated by the Group. With effect from June 1, 2012, the maximum monthly contribution by both employee and employer is increased from HK\$1,000 to HK\$1,250. With this increase, for these employees, with exception of executive officers, the Group's and the employees' contributions to the MPF Scheme are each set at 5% of the employees' relevant income up to a maximum of HK\$1,250 per employee per month. For executive officers, the employees' contributions to the MPF Scheme are set at 5% of the employees' salaries up to a maximum of HK\$1,250 per employee per month. The Group's contribution to the MPF Scheme is set at 10% of the employees' base salaries. The excess of contributions over the Group's

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

17. EMPLOYEE BENEFIT PLANS - continued

Hong Kong - continued

mandatory portion, which is 5% of the employees' salaries up to a maximum of HK\$1,250 per employee per month, are treated as the Group's voluntary contribution and are vested to executive officers at 10% per year with full vesting in 10 years. The Group's contributions to the MPF Scheme are fully and immediately vested to the employees once they are paid. The MPF Scheme was established under trust with the assets of the funds held separately from those of the Group by independent trustees.

Other Jurisdictions

The Group's subsidiaries in certain other jurisdiction operate a number of defined contribution schemes. Contributions to the defined contribution schemes applicable to each year are made at a certain percentage of the employees' payroll and met the minimum mandatory requirements.

During the years ended December 31, 2012, 2011 and 2010, the Group's contributions into the defined contribution plans were \$5,303, \$5,414 and \$5,070, respectively.

18. DISTRIBUTION OF PROFITS

All subsidiaries incorporated in Macau are required to set aside a minimum of 10% to 25% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 25% to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the board of directors of the relevant subsidiaries. As of December 31, 2012 and 2011, the balance of the reserve amounted to \$31,201 and \$3, respectively.

The City of Dreams Project Facility contained restrictions on payment of dividends by the Borrowing Group which applied until the City of Dreams Project Facility was amended on June 30, 2011. There was a restriction on paying dividends during the construction phase of the City of Dreams project. Upon completion of the construction of the City of Dreams, the relevant subsidiaries would then be able to pay dividends if they satisfied certain financial tests and conditions.

The 2011 Credit Facilities contain restrictions which apply on and from June 30, 2011 on paying dividends to the Company or persons who are not members of the 2011 Borrowing Group, unless certain financial tests and conditions are satisfied. Dividends may be paid from (i) excess cash flow as defined in the 2011 Credit Facilities generated by the 2011 Borrowing Group subject to compliance with the financial covenants under the 2011 Credit Facilities; or (ii) cash held by the 2011 Borrowing Group in an amount not exceeding the aggregate cash and cash equivalents investments of the 2011 Borrowing Group as at June 30, 2011 subject to a certain amount of cash and cash equivalents being retained for operating purposes and, in either case, there being no event of default continuing or likely to occur under the 2011 Credit Facilities as a result of making such payment.

The indenture governing the 2010 Senior Notes and the Studio City Notes also contain certain covenants that, subject to certain exceptions and conditions, restrict the payment of dividends for MCE Finance and Studio City Finance, respectively and their respective restricted subsidiaries.

During the years ended December 31, 2012, 2011 and 2010, the Company did not declare or pay any cash dividends on the ordinary shares. No dividends have been proposed since the end of the reporting period.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**19. COMMITMENTS AND CONTINGENCIES****(a) Capital Commitments**

As of December 31, 2012, the Group had capital commitments contracted for but not provided mainly for the construction and acquisition of property and equipment for City of Dreams and Studio City totaling \$743,263.

(b) Lease Commitments and Other Arrangements**Operating Leases — As a lessee**

The Group leases office space, Mocha Clubs sites and staff quarters under non-cancellable operating lease agreements that expire at various dates through June 2022. Those lease agreements provide for periodic rental increases based on both contractual agreed incremental rates and on the general inflation rate once agreed by the Group and its lessor and in some cases contingent rental expenses stated as a percentage of turnover. During the years ended December 31, 2012, 2011 and 2010, the Group incurred rental expenses amounting to \$18,573, \$16,944 and \$15,373, respectively which consisted of minimum rental expenses of \$15,003, \$16,944 and \$15,373 and contingent rental expenses of \$3,570, nil and nil, respectively.

As of December 31, 2012, minimum lease payments under all non-cancellable leases were as follows:

| | |
|--------------------------|-----------------|
| Year ending December 31, | |
| 2013 | \$ 9,817 |
| 2014 | 5,031 |
| 2015 | 3,851 |
| 2016 | 2,686 |
| 2017 | 2,286 |
| Over 2017 | <u>9,859</u> |
| | <u>\$33,530</u> |

As grantor of operating and right to use arrangement

The Group entered into non-cancellable operating and right to use agreements mainly for mall spaces in the City of Dreams site with various retailers that expire at various dates through February 2022. Certain of the operating and right to use agreements include minimum base fee and operating fee with escalated contingent fee clauses. During the years ended December 31, 2012, 2011 and 2010, the Group received contingent fees amounting to \$22,906, \$18,053 and \$12,801, respectively.

As of December 31, 2012, minimum future fees to be received under all non-cancellable operating and right to use agreements were as follows:

| | |
|--------------------------|-----------------|
| Year ending December 31, | |
| 2013 | \$12,530 |
| 2014 | 11,816 |
| 2015 | 6,353 |
| 2016 | 1,551 |
| 2017 | 163 |
| | <u>\$32,413</u> |

The total minimum future fees do not include the escalated contingent fee clauses.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

19. COMMITMENTS AND CONTINGENCIES - continued

(c) Other Commitments

Gaming subconcession

On September 8, 2006, the Macau Government granted a gaming subconcession to Melco Crown Macau to operate the gaming business in Macau. Pursuant to the gaming subconcession agreement, Melco Crown Macau has committed to the following:

- i) To pay the Macau Government a fixed annual premium of \$3,744 (MOP30,000,000).
- ii) To pay the Macau Government a variable premium depending on the number and type of gaming tables and gaming machines that the Group operates. The variable premium is calculated as follows:
 - \$37 (MOP300,000) per year for each gaming table (subject to a minimum of 100 tables) reserved exclusively for certain kind of games or to certain players;
 - \$19 (MOP150,000) per year for each gaming table (subject to a minimum of 100 tables) not reserved exclusively for certain kind of games or to certain players; and
 - \$0.1 (MOP1,000) per year for each electrical or mechanical gaming machine, including the slot machine.
- iii) To pay the Macau Government a sum of 1.6% of the gross revenues of the gaming business operations on a monthly basis, that will be made available to a public foundation for the promotion, development and study of social, cultural, economic, educational, scientific, academic and charity activities, to be determined by the Macau Government.
- iv) To pay the Macau Government a sum of 2.4% of the gross revenues of the gaming business operations on a monthly basis, which will be used for urban development, tourist promotion and the social security of Macau.
- v) To pay special gaming tax to the Macau Government of an amount equal to 35% of the gross revenues of the gaming business operations on a monthly basis.
- vi) Melco Crown Macau must maintain two bank guarantees issued by a specific bank with the Macau Government as the beneficiary in a maximum amount of \$62,395 (MOP500,000,000) from September 8, 2006 to September 8, 2011 and a maximum amount of \$37,437 (MOP300,000,000) from September 8, 2011 until the 180th day after the termination date of the gaming subconcession.

As a result of the bank guarantees given by the bank to the Macau Government as disclosed in Note 19(c)(vi) above, a sum of 1.75% of the guarantee amount will be payable by Melco Crown Macau quarterly to such bank.

Land concession contracts

The Company's subsidiaries have entered into concession contracts for the land on which our Altira Macau, City of Dreams and Studio City properties and development projects are located. The title to the land lease right is obtained once the related land concession contract is published in the Macau official gazette. The contracts have a term of 25 years, which is renewable for further consecutive

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

19. COMMITMENTS AND CONTINGENCIES - continued

(c) **Other Commitments - continued**

Land concession contracts - continued

periods of 10 years, subject to payment of a special contribution to be defined by the Macau Government, and impose special development conditions. The Company's land holding subsidiaries are required to i) pay an upfront land premium, which is recognized as land use right in the consolidated balance sheets and a nominal annual government land use fee, which is recognized as general and administrative expense and may be adjusted every five years; and ii) place a guarantee deposit upon acceptance of the land lease terms, which is subject to adjustments from time to time in line with the amounts paid as annual land use fee. During the land concession term, amendments have been sought which have or will result in revisions to the development conditions, land premium and government land use fees.

Altira Macau

In March 2006, the Macau Government granted the Taipa Land on which Altira Macau is located to Altira Developments Limited ("Altira Developments"), an indirect subsidiary of the Company. The land premium of approximately \$18,685 was fully paid in July 2006, a guarantee deposit of approximately \$20 was paid upon acceptance of the land lease terms in 2006 and government land use fees of approximately \$171 per annum are payable. As of December 31, 2012, the Group's total commitment for government land use fees for the Altira Macau site to be paid during the remaining term of the land concession contract was \$3,110.

In January 2013, Altira Developments accepted an initial terms for the revision of the land lease agreement of the Taipa Land, further details is disclosed in Note 24(a).

City of Dreams

In August 2008, the Macau Government granted the Cotai Land on which City of Dreams is located to Melco Crown (COD) Developments Limited ("Melco Crown (COD) Developments") and Melco Crown Macau. The initial land premium is approximately \$105,091, of which approximately \$96,810 have been paid as of December 31, 2012, and the remaining amount of approximately \$8,281, accruing with 5% interest per annum, is due to be paid in February 2013. A guarantee deposit of approximately \$424 was also paid upon acceptance of the land lease terms in February 2008. Melco Crown (COD) Developments applied for an amendment to the land concession contract in 2009 to increase the total developable gross floor area and the purpose of such area. The amendment required an additional land premium of approximately \$32,118 which was fully paid in March 2010, and revised government land use fees to approximately \$1,185 per annum. This amendment process was completed on September 15, 2010. As of December 31, 2012 and 2011, the total outstanding balance of the land premium was included in accrued expenses and other current liabilities in an amount of \$8,281 and \$15,960, and in land use rights payable in an amount of nil and \$8,281, respectively. As of December 31, 2012, the Group's total commitment for government land use fees for the City of Dreams site to be paid during the remaining term of the land concession contract was \$24,384.

In February 2013, the Macau Government issued a land grant amendment proposal to Melco Crown (COD) Developments for the Cotai Land in respect of its amendment request applied in 2011. In March 2013, Melco Crown (COD) Developments and Melco Crown Macau accepted the land grant amendment proposal, further details of the amendment proposal is included in Note 24(f).

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

19. COMMITMENTS AND CONTINGENCIES - continued

(c) Other Commitments - continued

Land concession contracts - continued

Studio City

In October 2001, the Macau Government granted the Studio City Land on which Studio City is located to Studio City Developments. In accordance with the terms of the land concession contract, a land premium of approximately \$2,910 was paid in 2005, a guarantee deposit of approximately \$105 was made and government land use fees of approximately \$105 per annum are payable. Since 2005, the land concession contract has been in the process of being amended.

In November 2006, the Macau Government issued a proposed amendment which was accepted by Studio City Developments that required an additional land premium of approximately \$70,581 and the government land use fees would be revised to approximately \$326 per annum during the development period of Studio City and approximately \$527 per annum after the development period. An additional guarantee deposit of approximately \$326 was paid upon acceptance of the land lease terms and conditions proposed by the Macau Government. Approximately \$23,561 of the additional land premium was paid in 2006 and the remaining amount of approximately \$47,020 would be due in five biannual instalments, accruing with 5% interest per annum, with the first instalment to be paid within six months from the date the amended contract would be published in the Macau official gazette. The November 2006 proposed amendment was not published and since that date other amendments have been requested and are in progress with the Macau Government.

On July 25, 2012, an amendment to the land concession contract was published in the Macau official gazette. This amendment reflected an increase in the gross floor area for construction and the extension of the development period to 72 months from the date of publication of such amendment contract. The amendment also revised the land premium to approximately \$174,954 and revised the government land use fees to approximately \$490 per annum during the development period of Studio City and approximately \$1,131 per annum after the development period. Studio City Developments accepted the final amendment proposal on June 13, 2012, paid an additional guarantee deposit of approximately \$490 to the Macau Government on June 12, 2012 and an additional land premium of approximately \$35,316 on June 6, 2012. Apart from the land premium of approximately \$23,561 which was paid in 2006, the remaining amount of revised land premium of approximately \$116,077 will be due in five biannual instalments, accruing with 5% interest per annum, with the first instalment to be paid within six months from the above mentioned date of publication of the amended contract in the Macau official gazette.

As of December 31, 2012 and 2011, the Group's total outstanding balance of the land premium was included in accrued expenses and other current liabilities in an amount of \$44,719 and nil, and in land use right payable in an amount of \$71,358 and \$47,020, respectively. As of December 31, 2012, the Group's total commitment for government land use fees for the Studio City site to be paid during the remaining term of the land concession contract was \$12,033.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

19. COMMITMENTS AND CONTINGENCIES - continued

(d) Guarantees

Except as disclosed in Note 11 to the consolidated financial statements, the Group has made the following significant guarantees as of December 31, 2012:

- Melco Crown Macau has issued a promissory note (“Livrança”) of \$68,635 (MOP550,000,000) to a bank in respect of bank guarantees issued to the Macau Government as disclosed in Note 19(c)(vi) to the consolidated financial statements.
- The Company has entered into two deeds of guarantee with third parties amounted to \$35,000 to guarantee certain payment obligations of the City of Dreams’ operations.
- Pursuant to the Commitment Letter for the Studio City Project Facility entered into on October 19, 2012 as disclosed in Note 11, the Company and the Studio City Borrower (on a joint and several basis) and New Cotai Investments (on a several basis) provided an indemnity on customary terms to the Studio City Lenders and their affiliates, including in connection with any breach of such Commitment Letter and related documents (“Studio City Mandate Documents”), such as a breach of warranty in respect of factual information and financial projections provided by or on behalf of the Company and the Studio City Borrower to the Studio City Lenders and their affiliates. The indemnity does not apply to the Company in respect of any breach by New Cotai Investments of the Studio City Mandate Documents (and vice versa). The Company’s obligations under the indemnity will cease to have effect upon an amount of not less than \$500,000 of equity contributions having been made and received by the Studio City Borrower from its shareholders. On the same date, under the terms of an agreement between, among others, the Company and New Cotai Investments to regulate how indemnity claims under the Commitment Letter are dealt with and funded, the Company has indemnified New Cotai Investments and the Studio City Borrower in respect of any act or omission of the Company or its affiliates (other than Studio City International and its subsidiaries) resulting from such person’s gross negligence, willful misconduct or bad faith.

(e) Litigation

As of December 31, 2012, the Group is currently a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management does not believe that the outcome of such proceedings will have a material effect on the Group’s financial position, results of operations or cash flows.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

20. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2012, 2011 and 2010, the Group entered into the following significant related party transactions:

| Related companies | Nature of transactions | Year Ended December 31, | | | |
|---|---|--------------------------------------|----------|-------|-------|
| | | 2012 | 2011 | 2010 | |
| <i>Transactions with affiliated companies</i> | | | | | |
| Chin Son, Limited ⁽¹⁾ | Purchase of property and equipment | \$ — | \$ 1,756 | \$ — | |
| Crown's subsidiary | Consultancy fee expense | 428 | 461 | 298 | |
| | Management fee expense | — | — | 3 | |
| | Office rental expense | — | — | 3 | |
| | Purchase of property and equipment | 351 | 307 | — | |
| | Service fee expense ⁽³⁾ | — | — | (24) | |
| | Software license fee expense | 312 | — | — | |
| | Other service fee income | 43 | 43 | 14 | |
| | Rooms and food and beverage income | — | — | 3 | |
| | Lisboa Holdings Limited ⁽¹⁾ | Office rental expense | 1,157 | 1,493 | 1,106 |
| | Melco's subsidiaries and its associated companies | Advertising and promotional expenses | 5 | 9 | — |
| Consultancy fee expense | | 483 | 509 | 570 | |
| Management fee expense | | 14 | 14 | 14 | |
| Office rental expense | | 586 | 533 | 533 | |
| Operating and office supplies expenses | | 32 | 68 | 160 | |
| Purchase of property and equipment | | 1,479 | 186 | 1,287 | |
| Repairs and maintenance expenses | | — | — | 236 | |
| Service fee expense ⁽⁴⁾ | | 646 | 502 | 524 | |
| Other service fee income | | 345 | 307 | 254 | |
| Rooms and food and beverage income | | 161 | 221 | 13 | |
| Melco Crown Entertainment Charity Association ("MCE Charity Association") ⁽²⁾ | Donation expense | — | 120 | — | |
| MGM Grand Paradise Limited ⁽¹⁾ | Operating and office supplies expenses | — | — | 3 | |
| Shun Tak Holdings Limited and its subsidiaries (referred to as "Shun Tak Group") ⁽¹⁾ | Office rental expense | 136 | 124 | 212 | |
| | Operating and office supplies expenses | 20 | 20 | 18 | |
| | Purchase of property and equipment | — | 6 | — | |
| | Repairs and maintenance expenses | 3 | — | — | |
| | Traveling expense ⁽⁵⁾ | 2,976 | 2,794 | 2,750 | |
| | Rooms and food and beverage income | 77 | 445 | 64 | |
| Sky Shuttle Helicopters Limited ("Sky Shuttle") ⁽¹⁾ | Traveling expense | 1,711 | 2,008 | 1,433 | |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

20. RELATED PARTY TRANSACTIONS - continued

| Related companies | Nature of transactions | Year Ended December 31, | | |
|--|--|-------------------------|------|--------|
| | | 2012 | 2011 | 2010 |
| <i>Transactions with affiliated companies - continued</i> | | | | |
| Sociedade de Jogos de Macau S.A. (“SJM”) ⁽¹⁾ | Office rental expense | \$ — | \$ — | \$ 158 |
| | Traveling expense capitalized in construction in progress ⁽⁵⁾ | 1 | 2 | — |
| | Traveling expense recognized as expense ⁽⁵⁾ | 327 | 482 | — |
| Sociedade de Turismo e Diversões de Macau, S.A. and its subsidiaries (the “STDM Group”) ⁽¹⁾ | Advertising and promotional expenses | 88 | 116 | 75 |
| | Office rental expense | 1,404 | 807 | 259 |
| | Service fee expense | 216 | 113 | — |
| | Traveling expense capitalized in construction in progress ⁽⁵⁾ | 8 | — | 3 |
| | Traveling expense recognized as expense ⁽⁵⁾ | 33 | 115 | 792 |
| <i>Transactions with shareholders</i> | | | | |
| Crown | Consultancy fee capitalized in deferred financing costs | 222 | — | — |
| | Interest expense | — | 97 | 86 |
| | Other service fee income | — | 4 | — |
| | Rooms and food and beverage income | — | 39 | — |
| Melco | Development costs | 3,000 | — | — |
| | Interest expense | — | 174 | 156 |
| | Other service fee income | — | — | 23 |
| | Rooms and food and beverage income | — | 15 | 39 |

Notes

- (1) Companies in which a relative/relatives of Mr. Lawrence Yau Lung Ho, the Company’s Chief Executive Officer, has/have beneficial interests.
- (2) An association of which certain subsidiaries of the Company are directors.
- (3) The negative amount including reversal of over-accrual of related expense during the year.
- (4) The amounts mainly represent the Company’s reimbursement to Melco’s subsidiary for service fees incurred on its behalf for rental, office administration, travel and security coverage for the operation of the office of the Company’s Chief Executive Officer.
- (5) Traveling expenses including ferry and hotel accommodation services within Hong Kong and Macau.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**20. RELATED PARTY TRANSACTIONS - continued****(a) Amounts Due From Affiliated Companies**

The outstanding balances arising from operating income received or prepayment of operating expenses as of December 31, 2012 and 2011 are as follows:

| | December 31, | |
|---|----------------|----------------|
| | 2012 | 2011 |
| Melco's subsidiary and its associated company | \$1,312 | \$1,744 |
| Shun Tak Group | 10 | 102 |
| | <u>\$1,322</u> | <u>\$1,846</u> |

The maximum amounts outstanding due from Melco's subsidiary during the years ended December 31, 2012 and 2011 were \$1,740 and \$1,841, respectively. The maximum amounts outstanding due from Melco's associated company during the years ended December 31, 2012 and 2011 were \$4 in each of those years.

The maximum amounts outstanding due from Shun Tak Group during the years ended December 31, 2012 and 2011 were \$110 and \$236, respectively.

The outstanding balances due from affiliated companies as of December 31, 2012 and 2011 as mentioned above are unsecured, non-interest bearing and repayable on demand.

(b) Amounts Due To Affiliated Companies

The outstanding balances arising from operating expenses as of December 31, 2012 and 2011 are as follows:

| | December 31, | |
|---|--------------|----------------|
| | 2012 | 2011 |
| Crown's subsidiary | \$ 12 | \$ 18 |
| Melco's subsidiaries and its associated company | 369 | 179 |
| MCE Charity Association | — | 120 |
| Shun Tak Group | 283 | 304 |
| SJM | 71 | 113 |
| Sky Shuttle | 159 | 302 |
| STDM Group | 55 | 101 |
| | <u>\$949</u> | <u>\$1,137</u> |

The outstanding balances due to affiliated companies as of December 31, 2012 and 2011 as mentioned above are unsecured, non-interest bearing and repayable on demand.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

20. RELATED PARTY TRANSACTIONS - continued

(c) Loans From Shareholders

Melco and Crown provided loans to the Company mainly for working capital purposes, for the acquisition of the Altira Macau and the City of Dreams sites and for construction of Altira Macau and City of Dreams. The maximum amount of outstanding loan balances due to Melco and Crown during the year ended December 31, 2011 was HK\$578,577,752 (equivalent to \$74,367) and HK\$501,157,031 (equivalent to \$64,416), respectively.

The loan provided by Melco was unsecured, interest bearing at 3-month HIBOR per annum, except for the period from May 16, 2008 to May 15, 2009 which was interest bearing at 3-month HIBOR plus 1.5% per annum, and would have been repayable in May 2012; and the loan provided by Crown was unsecured, interest bearing at 3-month HIBOR per annum and would have been repayable in May 2012.

On November 18, 2011, Melco and Crown agreed to convert their respective shareholder loans into equity. They entered into a series of agreements, pursuant to which, on November 29, 2011:

- Melco transferred by novation HK\$180,000,000 (equivalent to \$23,136) of the outstanding loan balances owed to Melco by the Company to Crown. On completion of the novation, the Company was indebted to Melco in the sum of HK\$398,577,752 (equivalent to \$51,231) and Crown in the sum of HK\$501,157,031 (equivalent to \$64,416).
- Each of Melco and Crown agreed to convert outstanding loan balances owed by the Company to them into shares. The Company issued a total of 40,211,930 ordinary shares in connection with the shareholder loan conversion, based on a conversion price of \$2.87 per share.

Subsequent to the shareholder loans conversion into equity as mentioned above, there were no loans from Melco and Crown as of December 31, 2012 and 2011.

(d) Amount Due From A Shareholder

The amount of \$6 due from Melco as of December 31, 2011, arising from operating income received, was unsecured, non-interest bearing and repayable on demand.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**21. SEGMENT INFORMATION**

The Group is principally engaged in the gaming and hospitality business. The chief operating decision maker monitors its operations and evaluates earnings by reviewing the assets and operations of Mocha Clubs, Altira Macau, City of Dreams and Studio City, which was acquired by the Group in July 2011. Taipa Square Casino, the Philippines Project which is currently in an early phase of development and MCP which had no revenue and incurred insignificant expenses during the year ended December 31, 2012, were included within Corporate and Others. During the years ended December 31, 2012, 2011 and 2010, all revenues were generated in Macau.

Total Assets

| | December 31, | | |
|---------------------------|---------------------|---------------------|---------------------|
| | 2012 | 2011 | 2010 |
| Mocha Clubs | \$ 176,830 | \$ 174,404 | \$ 145,173 |
| Altira Macau | 617,847 | 577,145 | 571,504 |
| City of Dreams | 3,147,322 | 3,103,458 | 3,202,692 |
| Studio City | 1,844,706 | 713,637 | — |
| Corporate and Others | 2,160,761 | 1,701,336 | 965,071 |
| Total consolidated assets | <u>\$ 7,947,466</u> | <u>\$ 6,269,980</u> | <u>\$ 4,884,440</u> |

Capital Expenditures

| | Year Ended December 31, | | |
|----------------------------|-------------------------|-------------------|-------------------|
| | 2012 | 2011 | 2010 |
| Mocha Clubs | \$ 5,951 | \$ 23,558 | \$ 13,140 |
| Altira Macau | 7,105 | 6,662 | 7,784 |
| City of Dreams | 99,416 | 39,774 | 94,279 |
| Studio City | 115,385 | 713,253 | — |
| Corporate and Others | 56,141 | 2,387 | 4,457 |
| Total capital expenditures | <u>\$ 283,998</u> | <u>\$ 785,634</u> | <u>\$ 119,660</u> |

For the years ended December 31, 2012, 2011 and 2010, there was no single customer that contributed more than 10% of the total revenues.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

21. SEGMENT INFORMATION - continued

The Group's segment information on its results of operations for the following years is as follows:

| | Year Ended December 31, | | |
|---|-------------------------|---------------------|---------------------|
| | 2012 | 2011 | 2010 |
| NET REVENUES | | | |
| Mocha Clubs | \$ 143,260 | \$ 131,934 | \$ 111,984 |
| Altira Macau | 966,770 | 1,173,930 | 859,755 |
| City of Dreams | 2,920,912 | 2,491,383 | 1,638,401 |
| Studio City | 160 | — | — |
| Corporate and Others | 46,911 | 33,600 | 31,836 |
| Total net revenues | \$ 4,078,013 | \$ 3,830,847 | \$ 2,641,976 |
| ADJUSTED PROPERTY EBITDA ⁽¹⁾ | | | |
| Mocha Clubs | \$ 36,065 | \$ 40,475 | \$ 29,831 |
| Altira Macau | 154,697 | 246,300 | 133,679 |
| City of Dreams | 805,719 | 594,440 | 326,338 |
| Studio City | (670) | (300) | — |
| Total adjusted property EBITDA | 995,811 | 880,915 | 489,848 |
| OPERATING COSTS AND EXPENSES | | | |
| Pre-opening costs | (5,785) | (2,690) | (18,648) |
| Development costs | (11,099) | (1,110) | — |
| Amortization of gaming subconcession | (57,237) | (57,237) | (57,237) |
| Amortization of land use rights | (59,911) | (34,401) | (19,522) |
| Depreciation and amortization | (261,449) | (259,224) | (236,306) |
| Share-based compensation | (8,973) | (8,624) | (6,043) |
| Property charges and others | (8,654) | (1,025) | (91) |
| Corporate and Others expenses | (75,611) | (71,494) | (59,489) |
| Total operating costs and expenses | (488,719) | (435,805) | (397,336) |
| OPERATING INCOME | 507,092 | 445,110 | 92,512 |
| NON-OPERATING EXPENSES | | | |
| Interest income | 10,958 | 4,131 | 404 |
| Interest expenses, net of capitalized interest | (109,611) | (113,806) | (93,357) |
| Reclassification of accumulated losses of interest rate swap agreements from accumulated other comprehensive losses | — | (4,310) | — |
| Change in fair value of interest rate swap agreements | 363 | 3,947 | — |
| Amortization of deferred financing costs | (13,272) | (14,203) | (14,302) |
| Loan commitment fees | (1,324) | (1,411) | 3,811 |
| Foreign exchange gain (loss), net | 4,685 | (1,771) | 3,563 |
| Other income, net | 115 | 3,664 | 1,074 |
| Listing expenses | — | (8,950) | — |
| Loss on extinguishment of debt | — | (25,193) | — |
| Costs associated with debt modification | (3,277) | — | (3,310) |
| Total non-operating expenses | (111,363) | (157,902) | (102,117) |
| INCOME (LOSS) BEFORE INCOME TAX | 395,729 | 287,208 | (9,605) |
| INCOME TAX CREDIT (EXPENSE) | 2,943 | 1,636 | (920) |
| NET INCOME (LOSS) | 398,672 | 288,844 | (10,525) |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 18,531 | 5,812 | — |
| NET INCOME (LOSS) ATTRIBUTABLE TO MELCO CROWN ENTERTAINMENT LIMITED | \$ 417,203 | \$ 294,656 | \$ (10,525) |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

21. SEGMENT INFORMATION - continued

Note

- (1) “Adjusted property EBITDA” is earnings before interest, taxes, depreciation, amortization, pre-opening costs, development costs, share-based compensation, property charges and others, Corporate and Others expenses, and other non-operating income and expenses. The chief operating decision maker uses Adjusted property EBITDA to measure the operating performance of Mocha Clubs, Altira Macau, City of Dreams and Studio City and to compare the operating performance of its properties with those of its competitors.

22. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of MCP

On December 7, 2012, the Company, through its indirect subsidiaries, MCE Philippines Investments and MCE Investments No.2 (collectively referred to as the “Buyers”), entered into an acquisition agreement (the “Acquisition Agreement”) with two independent third parties, Interpharma Holdings & Management Corporation and Pharma Industries Holdings Limited (collectively referred to as the “Selling Shareholders”), subject to certain conditions precedent, to acquire from the Selling Shareholders an aggregate of 93.06% of the issued share capital of MCP (the “Proposed Acquisition”). Prior to completion of the Proposed Acquisition on December 19, 2012, MCP sold its two operating subsidiaries, Interphil Laboratories, Inc. and Lancashire Realty Holding Corporation, to the Selling Shareholders (or their affiliates) under the deeds of assignment dated December 7, 2012 between the Selling Shareholders (or their affiliates) and MCP (the “Subsidiary Sale Agreements”), in accordance with the terms of the Acquisition Agreement. The total consideration under the Acquisition Agreement was PHP1,259,000,000 (equivalent to \$30,682) which included i) PHP200,000,000 (equivalent to \$4,874) to the Selling Shareholders, and ii) PHP1,059,000,000 (equivalent to \$25,808) on direction of the Selling Shareholders, to MCP in settlement of the liabilities of the Selling Shareholders (or their affiliates) under the Subsidiary Sale Agreements. On December 19, 2012, MCP retained PHP1,059,000,000 (equivalent to \$25,808), which represented the subsidiaries’ sale amount upon completion of the Proposed Acquisition.

On December 19, 2012, the Group completed the acquisition of 93.06% of the issued share capital of MCP. MCP did not have any operation and revenue immediately before the acquisition by the Group and the excess payment of \$5,747 for acquisition of assets and liabilities of MCP does not have any measureable future economic benefits to the Group to qualify the recognition requirements of an asset, and was therefore expensed in the consolidated statements of operations and included in development costs.

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**22. ACQUISITION OF SUBSIDIARIES - continued****(a) Acquisition of MCP - continued**

The net assets acquired in the transaction are as follows:

| | Amount recognized at the date of acquisition |
|---|--|
| Net assets acquired: | |
| Cash and cash equivalents | \$ 27,876 |
| Prepaid expenses and other current assets | 13 |
| Accrued expenses and other current liabilities | (1,094) |
| Noncontrolling interests | (1,860) |
| Net assets | \$ 24,935 |
| Excess payment on acquisition of assets and liabilities (including direct cost incurred) charged to consolidated statements of operations and included in development costs | 5,747 |
| | <u>\$ 30,682</u> |
| Total consideration satisfied by: | |
| Cash paid | <u>\$ 30,682</u> |

(b) Acquisition of Studio City Group

On June 16, 2011, the Company entered into a share purchase agreement and through its indirect subsidiary, MCE Cotai Investments Limited (“MCE Cotai”), to acquire from an affiliate of eSun Holdings Limited (“eSun Holdings”), an independent third party, a 60% equity interest in Studio City International (together with its direct and indirect subsidiaries, the “Studio City Group”), which is the developer of Studio City. The total consideration under the share purchase agreement and related transaction documents is \$360,000 which include i) a payment to an affiliate of eSun Holdings for its entire 60% interest in, and a shareholder’s loan extended to, the Studio City Group at \$200,000 and \$60,000, respectively; where \$65,000 and \$195,000 were paid by the Group in June 2011 and July 2011, respectively, and ii) a payment of \$100,000 in cash in three instalments of \$50,000, \$25,000 and \$25,000 over two years commencing upon the closing of the transaction on July 27, 2011 to New Cotai Holdings, LLC (the direct shareholder of New Cotai, LLC), for transferring to the Studio City Group the shares of other entities that own rights to develop the gaming areas of Studio City. The first and second instalments of \$50,000 and \$25,000 were settled by the Group in August 2011 and July 2012, respectively; and the remaining instalment of \$25,000 will be payable in July 2013.

On July 27, 2011, the Group completed the acquisition of 60% equity interest in the Studio City Group. The Studio City Group did not have any operation and revenue immediately before the acquisition. The Group principally acquired a parcel of land and related construction in progress through the acquisition of the Studio City Group and this transaction was accounted for as acquisition of assets and liabilities.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

22. ACQUISITION OF SUBSIDIARIES - continued

(b) Acquisition of Studio City Group - continued

The net assets acquired in the transaction are as follows:

| | Amount recognized at the date of acquisition |
|---|--|
| Net assets acquired: | |
| Cash and cash equivalents | \$ 35,818 |
| Prepaid expenses and other current assets | 72 |
| Deposits | 432 |
| Land use right, net | 549,079 |
| Construction in progress | 139,201 |
| Accrued expenses and other current liabilities | (10,939) |
| Land use right payable | (47,020) |
| Deferred tax liabilities | (54,985) |
| Noncontrolling interests | (237,309) |
| Net assets | <u>\$ 374,349</u> |
| Total consideration satisfied by: | |
| Cash paid | \$ 310,000 |
| Payables for acquisition of assets and liabilities | 45,964 |
| | <u>355,964</u> |
| Direct costs incurred for acquisition of assets and liabilities | 18,385 |
| | <u>\$ 374,349</u> |

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

In May 2010, MCE Finance (the "Issuer"), an indirect subsidiary of the Company (the "Parent"), issued the 2010 Senior Notes as disclosed in Note 11.

The Issuer and all subsidiary guarantors except Melco Crown Macau are 100% directly or indirectly owned by the Parent guarantor. Certain Macau laws require companies limited by shares (*sociedade anónima*) incorporated in Macau to have a minimum of three shareholders, and all gaming concessionaires and subconcessionaires to be managed by a Macau permanent resident, the managing director, who must hold at least 10% of the share capital of the concessionaire or subconcessionaire. In accordance with such Macau laws, approximately 90% of the share capital of Melco Crown Macau is indirectly owned by the Parent. While the Group complies with the Macau laws, Melco Crown Macau is considered an indirectly 100% owned subsidiary of the Parent for purposes of the consolidated financial statements of the Parent because the economic interest of the 10% holding of the managing director is limited to, in aggregate with other class A shareholders, MOP1 on the winding up or liquidation of Melco Crown Macau and to receive an aggregate annual dividend of MOP1. The City of Dreams Project Facility, the 2011 Credit Facilities and the gaming subconcession agreement significantly restrict the Parent's, the Issuer's and the subsidiary guarantors' ability to obtain funds from each other guarantor subsidiary in the form of a dividend or loan.

Condensed consolidating financial statements for the Parent, Issuer, guarantor subsidiaries and non-guarantor subsidiaries as of December 31, 2012 and 2011, and for the years ended December 31, 2012, 2011, and 2010 are presented in the following tables. Information has been presented such that investments in subsidiaries, if any, are accounted for under the equity method and the principal elimination entries eliminate the investments in subsidiaries and intercompany balances and transactions. Additionally, the guarantor and non-guarantor subsidiaries are presented on a combined basis.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2012

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|--|--------------------|--------------------|--|-----------------------------------|------------------------|---------------------|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 2,887 | \$ — | \$ 1,516,952 | \$ 189,370 | \$ — | \$ 1,709,209 |
| Restricted cash | 367,645 | — | — | 305,336 | — | 672,981 |
| Accounts receivables, net | — | — | 320,929 | — | — | 320,929 |
| Amounts due from affiliated companies | 1,113 | — | 226 | 46 | (63) | 1,322 |
| Intercompany receivables | 77,471 | 7,523 | 110,062 | 164,479 | (359,535) | — |
| Income tax receivable | 266 | — | — | — | — | 266 |
| Inventories | — | — | 16,576 | — | — | 16,576 |
| Prepaid expenses and other current assets | 2,448 | 46 | 32,419 | 5,330 | (12,500) | 27,743 |
| Total current assets | <u>451,830</u> | <u>7,569</u> | <u>1,997,164</u> | <u>664,561</u> | <u>(372,098)</u> | <u>2,749,026</u> |
| PROPERTY AND EQUIPMENT, NET | — | — | 2,342,785 | 341,309 | — | 2,684,094 |
| GAMING SUBCONCESSION, NET | — | — | 542,268 | — | — | 542,268 |
| INTANGIBLE ASSETS, NET | — | — | 4,220 | — | — | 4,220 |
| GOODWILL | — | — | 81,915 | — | — | 81,915 |
| INVESTMENT IN SUBSIDIARIES | 4,123,067 | 3,088,129 | 4,446,983 | 1,214,081 | (12,872,260) | — |
| ADVANCE TO INTERMEDIATE HOLDING COMPANY | — | — | — | 281,567 | (281,567) | — |
| ADVANCE TO ULTIMATE HOLDING COMPANY | — | — | — | 17,795 | (17,795) | — |
| LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS | — | — | 65,437 | 22,804 | — | 88,241 |
| RESTRICTED CASH | — | — | — | 741,683 | — | 741,683 |
| DEFERRED TAX ASSETS | — | — | — | 105 | — | 105 |
| DEFERRED FINANCING COSTS | 1,427 | 24,167 | 18,790 | 21,546 | — | 65,930 |
| LAND USE RIGHTS, NET | — | — | 391,419 | 598,565 | — | 989,984 |
| TOTAL ASSETS | <u>\$4,576,324</u> | <u>\$3,119,865</u> | <u>\$ 9,890,981</u> | <u>\$ 3,904,016</u> | <u>\$ (13,543,720)</u> | <u>\$ 7,947,466</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | \$ — | \$ — | \$ 13,745 | \$ — | \$ — | \$ 13,745 |
| Accrued expenses and other current liabilities | 6,465 | 8,028 | 684,518 | 164,330 | (12,500) | 850,841 |
| Income tax payable | — | — | 5 | 1,186 | — | 1,191 |
| Intercompany payables | 181,371 | — | 40,564 | 137,590 | (359,525) | — |
| Current portion of long-term debt | 720,923 | — | 128,359 | 5,658 | — | 854,940 |
| Amounts due to affiliated companies | 59 | — | 899 | 54 | (63) | 949 |
| Total current liabilities | <u>908,818</u> | <u>8,028</u> | <u>868,090</u> | <u>308,818</u> | <u>(372,088)</u> | <u>1,721,666</u> |
| LONG-TERM DEBT | — | 593,967 | 886,370 | 859,587 | — | 2,339,924 |
| OTHER LONG-TERM LIABILITIES | — | — | 5,800 | 1,612 | — | 7,412 |
| DEFERRED TAX LIABILITIES | — | — | 16,498 | 49,852 | — | 66,350 |
| ADVANCE FROM ULTIMATE HOLDING COMPANY | — | — | 1,055,607 | 619,280 | (1,674,887) | — |
| LOAN FROM INTERMEDIATE HOLDING COMPANY | — | — | 582,869 | — | (582,869) | — |
| ADVANCE FROM IMMEDIATE HOLDING COMPANY | — | — | — | 299,362 | (299,362) | — |
| ADVANCE FROM A SUBSIDIARY | 281,567 | 17,795 | — | — | (299,362) | — |
| LAND USE RIGHTS PAYABLE | — | — | — | 71,358 | — | 71,358 |
| SHAREHOLDERS' EQUITY | | | | | | |
| Total Melco Crown Entertainment Limited shareholders' equity | 3,385,939 | 2,500,075 | 6,475,747 | 1,694,147 | (10,669,969) | 3,385,939 |
| Noncontrolling interests | — | — | — | — | 354,817 | 354,817 |
| TOTAL LIABILITIES AND EQUITY | <u>\$4,576,324</u> | <u>\$3,119,865</u> | <u>\$ 9,890,981</u> | <u>\$ 3,904,016</u> | <u>\$ (13,543,720)</u> | <u>\$ 7,947,466</u> |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2011

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|--|---------------------|---------------------|--|-----------------------------------|------------------------|---------------------|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 77,805 | \$ — | \$ 1,014,033 | \$ 66,186 | \$ — | \$ 1,158,024 |
| Accounts receivables, net | — | — | 306,500 | — | — | 306,500 |
| Amounts due from affiliated companies | 1,551 | — | 299 | 46 | (50) | 1,846 |
| Amount due from a shareholder | — | — | 6 | — | — | 6 |
| Intercompany receivables | 49,889 | 7,822 | 59,500 | 171,217 | (288,428) | — |
| Inventories | — | — | 15,258 | — | — | 15,258 |
| Prepaid expenses and other current assets | 5,966 | 43 | 15,027 | 2,846 | — | 23,882 |
| Total current assets | 135,211 | 7,865 | 1,410,623 | 240,295 | (288,478) | 1,505,516 |
| PROPERTY AND EQUIPMENT, NET | | | | | | |
| GAMING SUBCONCESSION, NET | — | — | 2,481,176 | 174,253 | — | 2,655,429 |
| INTANGIBLE ASSETS, NET | — | — | 599,505 | — | — | 599,505 |
| GOODWILL | — | — | 4,220 | — | — | 4,220 |
| INVESTMENT IN SUBSIDIARIES | 3,415,113 | 2,599,928 | 81,915 | — | — | 81,915 |
| ADVANCE TO ULTIMATE HOLDING COMPANY | — | — | 4,114,259 | 381,420 | (10,510,720) | — |
| LONG-TERM PREPAYMENTS, | — | — | — | 56,140 | (56,140) | — |
| DEPOSITS AND OTHER ASSETS | 135 | — | 71,742 | 981 | — | 72,858 |
| RESTRICTED CASH | 364,807 | — | — | — | — | 364,807 |
| DEFERRED TAX ASSETS | — | — | — | 24 | — | 24 |
| DEFERRED FINANCING COSTS | 5,159 | 11,637 | 25,942 | — | — | 42,738 |
| LAND USE RIGHTS, NET | — | — | 408,630 | 534,338 | — | 942,968 |
| TOTAL ASSETS | \$ 3,920,425 | \$ 2,619,430 | \$ 9,198,012 | \$ 1,387,451 | \$ (10,855,338) | \$ 6,269,980 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | \$ — | \$ — | \$ 12,023 | \$ — | \$ — | \$ 12,023 |
| Accrued expenses and other current liabilities | 8,317 | 8,046 | 519,114 | 53,242 | — | 588,719 |
| Income tax payable | 67 | — | — | 1,173 | — | 1,240 |
| Intercompany payables | 181,609 | — | 73,254 | 33,565 | (288,428) | — |
| Amounts due to affiliated companies | 52 | — | 1,032 | 103 | (50) | 1,137 |
| Total current liabilities | 190,045 | 8,046 | 605,423 | 88,083 | (288,478) | 603,119 |
| LONG-TERM DEBT | 718,085 | 593,166 | 1,014,729 | — | — | 2,325,980 |
| OTHER LONG-TERM LIABILITIES | — | — | 4,986 | 22,914 | — | 27,900 |
| DEFERRED TAX LIABILITIES | — | — | 16,900 | 53,128 | — | 70,028 |
| ADVANCE FROM ULTIMATE | — | — | — | — | — | — |
| HOLDING COMPANY | — | — | 1,066,119 | 341,934 | (1,408,053) | — |
| LOAN FROM INTERMEDIATE | — | — | — | — | — | — |
| HOLDING COMPANY | — | — | 580,630 | — | (580,630) | — |
| ADVANCE FROM IMMEDIATE | — | — | — | — | — | — |
| HOLDING COMPANY | — | — | — | 56,140 | (56,140) | — |
| ADVANCE FROM A SUBSIDIARY | 56,140 | — | — | — | (56,140) | — |
| LAND USE RIGHTS PAYABLE | — | — | 8,281 | 47,020 | — | 55,301 |
| SHAREHOLDERS' EQUITY | | | | | | |
| Total Melco Crown Entertainment Limited shareholders' equity | 2,956,155 | 2,018,218 | 5,900,944 | 778,232 | (8,697,394) | 2,956,155 |
| Noncontrolling interests | — | — | — | — | 231,497 | 231,497 |
| TOTAL LIABILITIES AND EQUITY | \$ 3,920,425 | \$ 2,619,430 | \$ 9,198,012 | \$ 1,387,451 | \$ (10,855,338) | \$ 6,269,980 |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the year ended December 31, 2012

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|--|-----------|-----------|--|-----------------------------------|--------------|--------------|
| OPERATING REVENUES | | | | | | |
| Casino | \$ — | \$ — | \$ 3,934,761 | \$ — | \$ — | \$ 3,934,761 |
| Rooms | — | — | 119,994 | — | (1,935) | 118,059 |
| Food and beverage | — | — | 78,507 | — | (5,789) | 72,718 |
| Entertainment, retail and others | — | — | 104,673 | 997 | (14,881) | 90,789 |
| Gross revenues | — | — | 4,237,935 | 997 | (22,605) | 4,216,327 |
| Less: promotional allowances | — | — | (138,314) | — | — | (138,314) |
| Net revenues | — | — | 4,099,621 | 997 | (22,605) | 4,078,013 |
| OPERATING COSTS AND EXPENSES | | | | | | |
| Casino | — | — | (2,837,176) | — | 2,414 | (2,834,762) |
| Rooms | — | — | (14,989) | — | 292 | (14,697) |
| Food and beverage | — | — | (28,115) | — | 584 | (27,531) |
| Entertainment, retail and others | — | — | (72,184) | — | 9,368 | (62,816) |
| General and administrative | (26,164) | (88) | (231,503) | (68,122) | 98,897 | (226,980) |
| Pre-opening costs | — | — | (3,139) | (2,671) | 25 | (5,785) |
| Development costs | — | — | — | (11,099) | — | (11,099) |
| Amortization of gaming subconcession | — | — | (57,237) | — | — | (57,237) |
| Amortization of land use rights | — | — | (19,653) | (40,258) | — | (59,911) |
| Depreciation and amortization | — | — | (257,650) | (3,799) | — | (261,449) |
| Property charges and others | — | — | (8,654) | — | — | (8,654) |
| Total operating costs and expenses | (26,164) | (88) | (3,530,300) | (125,949) | 111,580 | (3,570,921) |
| OPERATING (LOSS) INCOME | (26,164) | (88) | 569,321 | (124,952) | 88,975 | 507,092 |
| NON-OPERATING INCOME (EXPENSES) | | | | | | |
| Interest (expenses) income, net | (11,090) | 1,438 | (81,254) | (7,747) | — | (98,653) |
| Change in fair value of interest rate swap agreements | — | — | 363 | — | — | 363 |
| Other finance costs | (3,732) | (2,265) | (8,476) | (123) | — | (14,596) |
| Foreign exchange gain (loss), net | 118 | (1) | 4,937 | (369) | — | 4,685 |
| Other income, net | 17,103 | 88 | — | 71,899 | (88,975) | 115 |
| Costs associated with debt modification | — | (3,277) | — | — | — | (3,277) |
| Share of results of subsidiaries | 441,112 | 485,962 | (2) | — | (927,072) | — |
| Total non-operating income (expenses) | 443,511 | 481,945 | (84,432) | 63,660 | (1,016,047) | (111,363) |
| INCOME (LOSS) BEFORE INCOME TAX | 417,347 | 481,857 | 484,889 | (61,292) | (927,072) | 395,729 |
| INCOME TAX (EXPENSE) CREDIT | (144) | — | 392 | 2,695 | — | 2,943 |
| NET INCOME (LOSS) | 417,203 | 481,857 | 485,281 | (58,597) | (927,072) | 398,672 |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | — | — | — | — | 18,531 | 18,531 |
| NET INCOME (LOSS) ATTRIBUTABLE TO MELCO CROWN ENTERTAINMENT LIMITED | \$417,203 | \$481,857 | \$ 485,281 | \$ (58,597) | \$ (908,541) | \$ 417,203 |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the year ended December 31, 2011

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|---|-----------|-----------|--|-----------------------------------|--------------|--------------|
| OPERATING REVENUES | | | | | | |
| Casino | \$ — | \$ — | \$ 3,679,423 | \$ — | \$ — | \$ 3,679,423 |
| Rooms | — | — | 105,565 | — | (2,556) | 103,009 |
| Food and beverage | — | — | 68,409 | — | (6,569) | 61,840 |
| Entertainment, retail and others | — | — | 96,085 | 47 | (9,965) | 86,167 |
| Gross revenues | — | — | 3,949,482 | 47 | (19,090) | 3,930,439 |
| Less: promotional allowances | — | — | (99,592) | — | — | (99,592) |
| Net revenues | — | — | 3,849,890 | 47 | (19,090) | 3,830,847 |
| OPERATING COSTS AND EXPENSES | | | | | | |
| Casino | — | — | (2,701,999) | — | 3,018 | (2,698,981) |
| Rooms | — | — | (18,631) | — | 384 | (18,247) |
| Food and beverage | — | — | (34,699) | — | 505 | (34,194) |
| Entertainment, retail and others | — | — | (71,151) | — | 12,747 | (58,404) |
| General and administrative | (19,474) | (182) | (216,640) | (61,162) | 77,234 | (220,224) |
| Pre-opening costs | — | — | (1,556) | (1,138) | 4 | (2,690) |
| Development costs | — | — | — | (1,110) | — | (1,110) |
| Amortization of gaming subconcession | — | — | (57,237) | — | — | (57,237) |
| Amortization of land use rights | — | — | (19,525) | (14,876) | — | (34,401) |
| Depreciation and amortization | — | — | (257,414) | (1,810) | — | (259,224) |
| Property charges and others | (1,000) | — | (25) | — | — | (1,025) |
| Total operating costs and expenses | (20,474) | (182) | (3,378,877) | (80,096) | 93,892 | (3,385,737) |
| OPERATING (LOSS) INCOME | (20,474) | (182) | 471,013 | (80,049) | 74,802 | 445,110 |
| NON-OPERATING INCOME (EXPENSES) | | | | | | |
| Interest (expenses) income, net | (8,377) | 1,290 | (101,502) | (1,086) | — | (109,675) |
| Reclassification of accumulated losses of interest rate swap agreements from accumulated other comprehensive losses | — | — | (4,310) | — | — | (4,310) |
| Change in fair value of interest rate swap agreements | — | — | 3,947 | — | — | 3,947 |
| Other finance costs | (2,260) | (1,815) | (11,539) | — | — | (15,614) |
| Foreign exchange loss, net | (293) | — | (1,445) | (33) | — | (1,771) |
| Other income, net | 14,812 | 182 | — | 63,472 | (74,802) | 3,664 |
| Listing expenses | (8,950) | — | — | — | — | (8,950) |
| Loss on extinguishment of debt | — | — | (25,193) | — | — | (25,193) |
| Share of results of subsidiaries | 320,809 | 332,536 | (1) | — | (653,344) | — |
| Total non-operating income (expenses) | 315,741 | 332,193 | (140,043) | 62,353 | (728,146) | (157,902) |
| INCOME (LOSS) BEFORE INCOME TAX | 295,267 | 332,011 | 330,970 | (17,696) | (653,344) | 287,208 |
| INCOME TAX (EXPENSE) CREDIT | (611) | — | 915 | 1,332 | — | 1,636 |
| NET INCOME (LOSS) | 294,656 | 332,011 | 331,885 | (16,364) | (653,344) | 288,844 |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | — | — | — | — | 5,812 | 5,812 |
| NET INCOME (LOSS) ATTRIBUTABLE TO MELCO CROWN ENTERTAINMENT LIMITED | \$294,656 | \$332,011 | \$ 331,885 | \$ (16,364) | \$ (647,532) | \$ 294,656 |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the year ended December 31, 2010

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|---|-------------------|------------------|--|-----------------------------------|------------------|--------------------|
| OPERATING REVENUES | | | | | | |
| Casino | \$ — | \$ — | \$ 2,550,542 | \$ — | \$ — | \$ 2,550,542 |
| Rooms | — | — | 86,165 | — | (2,447) | 83,718 |
| Food and beverage | — | — | 61,738 | — | (5,059) | 56,679 |
| Entertainment, retail and others | — | — | 33,692 | 194 | (1,207) | 32,679 |
| Gross revenues | — | — | 2,732,137 | 194 | (8,713) | 2,723,618 |
| Less: promotional allowances | — | — | (81,642) | — | — | (81,642) |
| Net revenues | — | — | 2,650,495 | 194 | (8,713) | 2,641,976 |
| OPERATING COSTS AND EXPENSES | | | | | | |
| Casino | — | — | (1,951,336) | — | 2,312 | (1,949,024) |
| Rooms | — | — | (16,674) | — | 542 | (16,132) |
| Food and beverage | — | — | (33,263) | — | 365 | (32,898) |
| Entertainment, retail and others | — | — | (25,332) | — | 5,556 | (19,776) |
| General and administrative | (14,985) | (19) | (197,478) | (47,268) | 59,920 | (199,830) |
| Pre-opening costs | — | — | (18,972) | — | 324 | (18,648) |
| Amortization of gaming subconcession | — | — | (57,237) | — | — | (57,237) |
| Amortization of land use rights | — | — | (19,522) | — | — | (19,522) |
| Depreciation and amortization | — | — | (234,427) | (1,879) | — | (236,306) |
| Property charges and others | — | — | (91) | — | — | (91) |
| Total operating costs and expenses | (14,985) | (19) | (2,554,332) | (49,147) | 69,019 | (2,549,464) |
| OPERATING (LOSS) INCOME | (14,985) | (19) | 96,163 | (48,953) | 60,306 | 92,512 |
| NON-OPERATING INCOME (EXPENSES) | | | | | | |
| Interest (expenses) income, net | (236) | 759 | (93,499) | 23 | — | (92,953) |
| Other finance costs | — | (1,134) | (9,357) | — | — | (10,491) |
| Foreign exchange (loss) gain, net | (41) | (179) | 2,042 | 1,741 | — | 3,563 |
| Other income, net | 11,257 | 19 | 391 | 49,713 | (60,306) | 1,074 |
| Costs associated with debt modification | — | — | (3,310) | — | — | (3,310) |
| Share of results of subsidiaries | (6,129) | (7,298) | (1) | — | 13,428 | — |
| Total non-operating income (expenses) | 4,851 | (7,833) | (103,734) | 51,477 | (46,878) | (102,117) |
| (LOSS) INCOME BEFORE INCOME TAX | (10,134) | (7,852) | (7,571) | 2,524 | 13,428 | (9,605) |
| INCOME TAX EXPENSES | (391) | — | (166) | (363) | — | (920) |
| NET (LOSS) INCOME | <u>\$(10,525)</u> | <u>\$(7,852)</u> | <u>\$ (7,737)</u> | <u>\$ 2,161</u> | <u>\$ 13,428</u> | <u>\$ (10,525)</u> |

MELCO CROWN ENTERTAINMENT LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued****CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME**
For the year ended December 31, 2012

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|--|------------------|------------------|--|-----------------------------------|---------------------|-------------------|
| Net income (loss) | \$417,203 | \$481,857 | \$ 485,281 | \$ (58,597) | \$ (927,072) | \$ 398,672 |
| Other comprehensive (loss) income: | | | | | | |
| Foreign currency translation adjustment | 16 | — | — | 16 | (16) | 16 |
| Change in fair value of forward exchange rate contracts | 99 | — | — | — | — | 99 |
| Reclassification to earnings upon settlement of forward exchange rate contracts | (138) | — | — | — | — | (138) |
| Other comprehensive (loss) income | (23) | — | — | 16 | (16) | (23) |
| Total comprehensive income (loss) | 417,180 | 481,857 | 485,281 | (58,581) | (927,088) | 398,649 |
| Comprehensive loss attributable to noncontrolling interests | — | — | — | — | 18,540 | 18,540 |
| Comprehensive income (loss) attributable to Melco Crown Entertainment Limited | <u>\$417,180</u> | <u>\$481,857</u> | <u>\$ 485,281</u> | <u>\$ (58,581)</u> | <u>\$ (908,548)</u> | <u>\$ 417,189</u> |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31, 2011

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|---|------------------|------------------|--|-----------------------------------|---------------------|-------------------|
| Net income (loss) | \$294,656 | \$332,011 | \$ 331,885 | \$ (16,364) | \$ (653,344) | \$ 288,844 |
| Other comprehensive income (loss): | | | | | | |
| Foreign currency translation adjustment | (149) | — | — | (149) | 149 | (149) |
| Change in fair value of interest rate swap agreements | 6,111 | 6,111 | 6,111 | — | (12,222) | 6,111 |
| Change in fair value of forward exchange rate contracts | 39 | — | — | — | — | 39 |
| Reclassification to earnings upon discontinuance of hedge accounting | 4,310 | 4,310 | 4,310 | — | (8,620) | 4,310 |
| Other comprehensive income (loss) | 10,311 | 10,421 | 10,421 | (149) | (20,693) | 10,311 |
| Total comprehensive income (loss) | 304,967 | 342,432 | 342,306 | (16,513) | (674,037) | 299,155 |
| Comprehensive loss attributable to noncontrolling interests | — | — | — | — | 5,812 | 5,812 |
| Comprehensive income (loss) attributable to Melco Crown Entertainment Limited | <u>\$304,967</u> | <u>\$342,432</u> | <u>\$ 342,306</u> | <u>\$ (16,513)</u> | <u>\$ (668,225)</u> | <u>\$ 304,967</u> |

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31, 2010

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|---|-----------------|-----------------|--|-----------------------------------|--------------------|-----------------|
| Net (loss) income | \$(10,525) | \$(7,852) | \$(7,737) | \$ 2,161 | \$ 13,428 | \$(10,525) |
| Other comprehensive income: | | | | | | |
| Foreign currency translation adjustment | 32 | — | — | 32 | (32) | 32 |
| Change in fair value of interest rate swap agreements | 17,657 | 17,657 | 17,657 | — | (35,314) | 17,657 |
| Other comprehensive income | 17,689 | 17,657 | 17,657 | 32 | (35,346) | 17,689 |
| Total comprehensive income | <u>\$ 7,164</u> | <u>\$ 9,805</u> | <u>\$ 9,920</u> | <u>\$ 2,193</u> | <u>\$ (21,918)</u> | <u>\$ 7,164</u> |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the year ended December 31, 2012

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|--|------------|------------|--|-----------------------------------|-------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Net cash (used in) provided by operating activities | \$ (9,536) | \$ (2,983) | \$ 874,819 | \$ 87,933 | \$ — | \$ 950,233 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Advances to subsidiaries | (277,945) | — | — | — | 277,945 | — |
| Repayment of advance to a subsidiary | 10,512 | — | — | — | (10,512) | — |
| Amounts due from subsidiaries | (26,975) | — | — | — | 26,975 | — |
| Advance to ultimate holding company | — | — | — | (225,427) | 225,427 | — |
| Advance to intermediate holding company | — | — | — | (17,795) | 17,795 | — |
| Advance to a subsidiary | — | — | (243,222) | — | 243,222 | — |
| Changes in restricted cash | — | — | — | (1,047,019) | — | (1,047,019) |
| Acquisition of property and equipment | — | — | (92,263) | (128,217) | — | (220,480) |
| Payment for land use rights | — | — | (18,402) | (35,428) | — | (53,830) |
| Deposits for acquisition of property and equipment | — | — | (7,708) | — | — | (7,708) |
| Net payment for acquisition of assets and liabilities | — | — | — | (5,315) | — | (5,315) |
| Payment for entertainment production costs | — | — | (1,788) | — | — | (1,788) |
| Proceeds from sale of property and equipment | — | — | 422 | — | — | 422 |
| Net cash used in investing activities | (294,408) | — | (362,961) | (1,459,201) | 780,852 | (1,335,718) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Advance from ultimate holding company | — | — | — | 277,945 | (277,945) | — |
| Repayment of advance from ultimate holding company | — | — | (10,512) | — | 10,512 | — |
| Amount due to ultimate holding company | — | — | 1,831 | 25,144 | (26,975) | — |
| Advance from immediate holding company | — | — | — | 243,222 | (243,222) | — |
| Advance from a subsidiary | 225,427 | 17,795 | — | — | (243,222) | — |
| Payment of deferred financing costs | — | (14,812) | (258) | (15,227) | — | (30,297) |
| Deferred payment for acquisition of assets and liabilities | — | — | — | (25,000) | — | (25,000) |
| Prepayment of deferred financing costs | — | — | — | (18,812) | — | (18,812) |
| Principal payments on long-term debt | — | — | — | (2,755) | — | (2,755) |
| Proceeds from long-term debt | — | — | — | 868,000 | — | 868,000 |
| Capital contribution from noncontrolling interests | — | — | — | 140,000 | — | 140,000 |
| Proceeds from exercise of share options | 3,599 | — | — | — | — | 3,599 |
| Net cash provided by (used in) financing activities | 229,026 | 2,983 | (8,939) | 1,492,517 | (780,852) | 934,735 |
| EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS | | | | | | |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (74,918) | — | 502,919 | 123,184 | — | 551,185 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 77,805 | — | 1,014,033 | 66,186 | — | 1,158,024 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 2,887 | \$ — | \$ 1,516,952 | \$ 189,370 | \$ — | \$ 1,709,209 |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the year ended December 31, 2011

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|--|------------------|-------------|--|-----------------------------------|-------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Net cash (used in) provided by operating activities | \$ (11,098) | \$ 166 | \$ 741,867 | \$ 13,725 | \$ — | \$ 744,660 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Advances to subsidiaries | (330,680) | — | — | — | 330,680 | — |
| Repayment of advance to a subsidiary | 11,126 | — | — | — | (11,126) | — |
| Amounts due from subsidiaries | (1,825) | — | — | — | 1,825 | — |
| Advance to ultimate holding company | — | — | — | (56,140) | 56,140 | — |
| Advance to a subsidiary | — | — | (56,140) | — | 56,140 | — |
| Net payment for acquisition of assets and liabilities | — | — | — | (290,058) | — | (290,058) |
| Changes in restricted cash | (353,278) | — | 167,286 | — | — | (185,992) |
| Acquisition of property and equipment | — | — | (73,791) | (16,477) | — | (90,268) |
| Payment for land use right | — | — | (15,271) | — | — | (15,271) |
| Deposits for acquisition of property and equipment | — | — | (3,962) | — | — | (3,962) |
| Payment for entertainment production costs | — | — | (70) | — | — | (70) |
| Proceeds from sale of property and equipment | — | — | 233 | — | — | 233 |
| Net cash (used in) provided by investing activities | (674,657) | — | 18,285 | (362,675) | 433,659 | (585,388) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Advance from ultimate holding company | — | — | — | 330,680 | (330,680) | — |
| Repayment of advance from ultimate holding company | — | — | (11,126) | — | 11,126 | — |
| Amount due to ultimate holding company | — | — | 386 | 1,439 | (1,825) | — |
| Advance from immediate holding company | — | — | — | 56,140 | (56,140) | — |
| Advance from a subsidiary | 56,140 | — | — | — | (56,140) | — |
| Principal payments on long-term debt | — | — | (117,076) | — | — | (117,076) |
| Payment of deferred financing costs | (6,899) | (166) | (29,070) | — | — | (36,135) |
| Proceeds from long-term debt | 706,556 | — | — | — | — | 706,556 |
| Proceeds from exercise of share options | 4,565 | — | — | — | — | 4,565 |
| Net cash provided by (used in) financing activities | 760,362 | (166) | (156,886) | 388,259 | (433,659) | 557,910 |
| EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS | | | | | | |
| | — | — | — | (1,081) | — | (1,081) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 74,607 | — | 603,266 | 38,228 | — | 716,101 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 3,198 | — | 410,767 | 27,958 | — | 441,923 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 77,805</u> | <u>\$ —</u> | <u>\$ 1,014,033</u> | <u>\$ 66,186</u> | <u>\$ —</u> | <u>\$ 1,158,024</u> |

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION - continued

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the year ended December 31, 2010

| | Parent | Issuer | Guarantor Subsidiaries ⁽¹⁾ | Non- guarantor Subsidiaries | Elimination | Consolidated |
|---|----------|-----------|--|-----------------------------------|-------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Net cash provided by (used in) operating activities | \$ 7,623 | \$ (238) | \$ 383,056 | \$ 11,514 | \$ — | \$ 401,955 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Advances to subsidiaries | (25,777) | (577,441) | — | — | 603,218 | — |
| Amounts due from subsidiaries | (13,006) | — | — | — | 13,006 | — |
| Acquisition of property and equipment | — | — | (196,624) | (761) | — | (197,385) |
| Deposits for acquisition of property and equipment | — | — | (5,224) | — | — | (5,224) |
| Payment for entertainment production costs | — | — | (27,116) | — | — | (27,116) |
| Changes in restricted cash | — | — | 65,799 | 3,338 | — | 69,137 |
| Payment for land use right | — | — | (29,802) | — | — | (29,802) |
| Proceeds from sale of property and equipment | — | — | 80 | — | — | 80 |
| Net cash (used in) provided by investing activities | (38,783) | (577,441) | (192,887) | 2,577 | 616,224 | (190,310) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Payment of deferred financing costs | — | (14,346) | (8,598) | — | — | (22,944) |
| Advance from ultimate holding company | — | — | 25,777 | — | (25,777) | — |
| Amount due to ultimate holding company | — | (1) | 323 | 12,684 | (13,006) | — |
| Advance from intermediate holding company | — | — | 577,441 | — | (577,441) | — |
| Proceeds from long-term debt | — | 592,026 | — | — | — | 592,026 |
| Principal payments on long-term debt | — | — | (551,402) | — | — | (551,402) |
| Net cash provided by financing activities | — | 577,679 | 43,541 | 12,684 | (616,224) | 17,680 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | | | | | |
| | (31,160) | — | 233,710 | 26,775 | — | 229,325 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 34,358 | — | 177,057 | 1,183 | — | 212,598 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 3,198 | \$ — | \$ 410,767 | \$ 27,958 | \$ — | \$ 441,923 |

Note

(1) The guarantor subsidiaries column includes financial information of Melco Crown Macau which is not 100% owned by the Parent.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

24. SUBSEQUENT EVENTS

- (a) During the year ended December 31, 2012, Altira Developments applied for an amendment to the land concession contract, including the increase of the total gross floor area, to reflect the construction plans approved by the Macau Government and to enable final registration of the Taipa Land. In January 2013, Altira Developments accepted the initial terms for the revision of the land lease agreement which require an additional land premium of approximately \$2,449 payable to the Macau Government upon completion of the amendment, and revise the government land use fees to approximately \$186 per annum. Following the publication in the Macau official gazette of such revision, the land grant amendment process will be complete.
- (b) In January 2013, the Taiwanese authorities commenced investigating certain alleged violations of Taiwan banking laws by certain employees of the Taiwan branch office of the Company's subsidiary. In an attempt to prevent the dissipation of any potential personal gains made by these employees from such alleged violations, the Taiwanese authorities have frozen one of the Taiwan branch office's deposit accounts in Taiwan, which had a balance of approximately New Taiwan dollar 2.98 billion (equivalent to \$102,227) at the time the account was frozen. No funds have been confiscated from the account. The Group is taking action to request the Taiwanese authorities to unfreeze the account. As of December 31, 2012, there was no material impact to the financial position and results of operation of the Group. Based on the progress of investigation to date which is in preliminary stage, management is currently unable to determine the probability of the outcome of this matter, the extent of materiality, or the range of reasonably possible loss, if any. As at the date of this report, the deposit account is presented as restricted cash.
- (c) On January 28, 2013, the definitive agreement of the Studio City Project Facility was executed with minor changes to the terms and conditions set out in the Commitment Letter, further details of the Studio City Project Facility was disclosed in Note 11.
- (d) On January 28, 2013, MCE Finance made a cash tender offer to purchase the 2010 Senior Notes at a cash consideration plus accrued interest and also solicited consents to amend the terms of the 2010 Senior Notes to substantially remove the debt incurrence, restricted payment and other restrictive covenants (the "Tender Offer"). Closing of the Tender Offer and consent solicitation were conditioned upon MCE Finance receiving net proceeds from offering of the 2013 Senior Notes (as described below) in an amount sufficient to purchase the tendered 2010 Senior Notes and related fees and expenses and other general conditions. The Tender Offer expired on February 26, 2013 and \$599,135 aggregate principal amount of the 2010 Senior Notes were tendered. On February 27, 2013, MCE Finance elected to redeem the remaining outstanding 2010 Senior Notes in aggregate principal amount of \$865 on March 28, 2013, at a price equal to 100% of the principal amount outstanding plus applicable premium as of, and accrued and unpaid interest to March 28, 2013.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

24. SUBSEQUENT EVENTS - continued

- (e) On February 7, 2013, MCE Finance issued and listed the 5% senior notes due 2021 of \$1,000,000 (the “2013 Senior Notes”) on the SGX-ST. The 2013 Senior Notes are general obligations of MCE Finance, rank equally in right of payment to all existing and future senior indebtedness of MCE Finance and rank senior in right of payment to any existing and future subordinated indebtedness of MCE Finance and effectively subordinated to all of MCE Finance’s existing and future secured indebtedness to the extent of the value of the assets securing such debt. Certain subsidiaries of MCE Finance (the “2013 Senior Notes Guarantors”) jointly, severally and unconditionally guarantee the 2013 Senior Notes on a senior basis. The 2013 Senior Notes were issued at par and mature on February 15, 2021. Interest on the 2013 Senior Notes is accrued at a rate of 5% per annum and is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2013.

The net proceeds from the offering of the 2013 Senior Notes, after deducting the underwriting commissions and other expenses of approximately \$14,500, was approximately \$985,500. The Group used the net proceeds from the offering (i) to repurchase in full the 2010 Senior Notes and fund the related costs as described above, and (ii) the entire remainder of the net proceeds thereafter for the partial repayment of the RMB Bonds as described below.

- (f) Further to an amendment request applied in 2011 by Melco Crown (COD) Developments Limited (“Melco Crown (COD) Developments”), on February 25, 2013, the Macau Government issued a land grant amendment proposal to Melco Crown (COD) Developments, which contemplates the development of additional five-star hotel areas in replacement of the four-star apartment hotel areas currently contemplated in such land grant and to extend the development period of the City of Dreams land grant until the date falling 4 years after publication of the amendment in the Macau official gazette, which require an additional land premium of approximately \$23,344 and revise the government land use fees to approximately \$1,235 per annum. In March 2013, Melco Crown (COD) Developments and Melco Crown Macau accepted the amendments as set forth in the aforesaid land grant amendment proposal. Following the publication in the Macau official gazette of such revision, the land grant amendment process will be complete.
- (g) On March 4, 2013, the Company prepaid in full the Deposit-Linked Loan in aggregate principal amount of HK\$2,748,500,000 (equivalent to \$353,278) with accrued interest and a deposit in an amount of RMB2,300,000,000 (equivalent to \$368,177) from the proceeds of the RMB Bonds, for security of the Deposit-Linked Loan, was released on the same date.
- (h) On March 11, 2013, the Company early redeemed the RMB Bonds in aggregate principal amount of RMB2,300,000,000 (equivalent to \$368,177) together with accrued interest.

MELCO CROWN ENTERTAINMENT LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

24. SUBSEQUENT EVENTS - continued

- (i) On March 13, 2013, MCE Holdings (Philippines) Corporation (“MCE Holdings Philippines”, an indirect subsidiary of the Company), MCE Holdings No.2 (Philippines) Corporation (“MCE Holdings No.2”, a wholly-owned subsidiary of MCE Holdings Philippines) and MCE Leisure Philippines, a wholly-owned subsidiary of MCE Holdings No.2 (collectively, the “MCE Holdings Group”) and the Philippine Parties together became co-licensees (the “Licensees”) under the provisional license (the “Provisional License”) granted by the Philippine Amusement and Gaming Corporation (“PAGCOR”) for the establishment and operation of the Philippines Project. The Provisional License, as well as any regular license to be issued to replace it upon satisfaction of certain conditions, will expire on July 11, 2033. Under the Provisional License, MCE Leisure Philippines will operate the casino business of the Philippines Project.

On March 13, 2013, the cooperation agreement and the lease agreement as mentioned in Note 1 became effective, with minor changes on the original terms. In addition, MCE Leisure Philippines and the Philippine Parties entered into an operating agreement on March 13, 2013, pursuant to which MCE Leisure Philippines has been granted the exclusive right to manage, operate and control the Philippines Project. Under the operating agreement, PLAI has the right to receive monthly payments from MCE Leisure Philippines, based on the performance of gaming operations of the Philippines Project, and MCE Leisure Philippines has the right to retain all revenues from non-gaming operations of the Philippines Project.

The Provisional License specifies that the Licensees must invest \$1,000,000 in the Philippines Project, of which the MCE Holdings Group is responsible for contributing at least \$500,000 and the Philippine Parties are responsible for contributing at least \$500,000, as set forth in the cooperation agreement which became effective on March 13, 2013 as mentioned above. PAGCOR has required \$650,000, or 65.0% of the \$1,000,000 required investment commitment, to be fully utilized and invested in the Philippines Project by its opening, and the remaining \$350,000 to be invested within three years of the casino opening, subject to further discussion with PAGCOR.

The Provisional License requires the Licensees to pay to PAGCOR (i) monthly license fees ranging from 15.0% to 25.0% of casino revenues, (ii) cultural promotion fees of 2.0% of casino revenues, with certain exclusions, and (iii) an additional fee of 5.0% of non-gaming revenues, excluding hotel operations. In addition, the Provisional License sets forth certain terms relating to liquidity, working capital and minimum local purchasing and employment requirements.

MELCO CROWN ENTERTAINMENT LIMITED

ADDITIONAL INFORMATION — FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
BALANCE SHEETS

(In thousands of U.S. dollars, except share and per share data)

| | December 31, | |
|---|---------------------|---------------------|
| | 2012 | 2011 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,887 | \$ 77,805 |
| Restricted cash | 367,645 | — |
| Amounts due from affiliated companies | 1,113 | 1,551 |
| Amounts due from subsidiaries | 77,471 | 49,889 |
| Income tax receivable | 266 | — |
| Prepaid expenses and other current assets | 2,448 | 5,966 |
| Total current assets | <u>451,830</u> | <u>135,211</u> |
| INVESTMENTS IN SUBSIDIARIES ⁽¹⁾ | 4,123,067 | 3,415,113 |
| LONG-TERM PREPAYMENTS | — | 135 |
| RESTRICTED CASH | — | 364,807 |
| DEFERRED FINANCING COST | 1,427 | 5,159 |
| TOTAL ASSETS | <u>\$ 4,576,324</u> | <u>\$ 3,920,425</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accrued expenses and other current liabilities | \$ 6,465 | \$ 8,317 |
| Income tax payable | — | 67 |
| Amounts due to affiliated companies | 59 | 52 |
| Amounts due to subsidiaries | 181,371 | 181,609 |
| Current portion of long-term debt | 720,923 | — |
| Total current liabilities | <u>908,818</u> | <u>190,045</u> |
| LONG-TERM DEBT | — | 718,085 |
| ADVANCE FROM A SUBSIDIARY | 281,567 | 56,140 |
| SHAREHOLDERS' EQUITY | | |
| Ordinary shares at US\$0.01 par value per share (Authorized – 7,300,000,000 shares as of December 31, 2012 and 2011 and issued – 1,658,059,295 and 1,653,101,002 shares as of December 31, 2012 and 2011, respectively) | 16,581 | 16,531 |
| Treasury shares, at US\$0.01 par value per share (11,267,038 and 10,552,328 shares as of December 31, 2012 and 2011, respectively) | (113) | (106) |
| Additional paid-in capital | 3,235,835 | 3,223,274 |
| Accumulated other comprehensive losses | (1,057) | (1,034) |
| Retained earnings (accumulated losses) | 134,693 | (282,510) |
| Total shareholders' equity | <u>3,385,939</u> | <u>2,956,155</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 4,576,324</u> | <u>\$ 3,920,425</u> |

MELCO CROWN ENTERTAINMENT LIMITED

ADDITIONAL INFORMATION — FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
STATEMENTS OF OPERATIONS

(In thousands of U.S. dollars, except share and per share data)

| | Year Ended December 31, | | |
|--|-------------------------|------------------|-------------------|
| | 2012 | 2011 | 2010 |
| REVENUE | \$ — | \$ — | \$ — |
| OPERATING EXPENSES | | | |
| General and administrative | (26,164) | (19,474) | (14,985) |
| Property charges and others | — | (1,000) | — |
| Total operating expenses | (26,164) | (20,474) | (14,985) |
| OPERATING LOSS | (26,164) | (20,474) | (14,985) |
| NON-OPERATING INCOME | | | |
| Interest income | 5,544 | 3,683 | 6 |
| Interest expenses, net of capitalized interest | (16,634) | (12,060) | (242) |
| Amortization of deferred financing cost | (3,732) | (2,260) | — |
| Foreign exchange gain (loss), net | 118 | (293) | (41) |
| Other income, net | 17,103 | 14,812 | 11,257 |
| Listing expenses | — | (8,950) | — |
| Share of results of subsidiaries | 441,112 | 320,809 | (6,129) |
| Total non-operating income | 443,511 | 315,741 | 4,851 |
| INCOME (LOSS) BEFORE INCOME TAX | 417,347 | 295,267 | (10,134) |
| INCOME TAX EXPENSE | (144) | (611) | (391) |
| NET INCOME (LOSS) | <u>\$417,203</u> | <u>\$294,656</u> | <u>\$(10,525)</u> |

MELCO CROWN ENTERTAINMENT LIMITED**ADDITIONAL INFORMATION — FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of U.S. dollars, except share and per share data)**

| | Year Ended December 31, | | |
|---|-------------------------|------------------|-----------------|
| | 2012 | 2011 | 2010 |
| Net income (loss) | \$417,203 | \$294,656 | \$(10,525) |
| Other comprehensive (loss) income: | | | |
| Foreign currency translation adjustment | 16 | (149) | 32 |
| Change in fair value of interest rate swap agreements | — | 6,111 | 17,657 |
| Change in fair value of forward exchange rate contracts | 99 | 39 | — |
| Reclassification to earnings upon discontinuance of hedge accounting | — | 4,310 | — |
| Reclassification to earnings upon settlement of forward exchange rate contracts | (138) | — | — |
| Other comprehensive (loss) income | (23) | 10,311 | 17,689 |
| Total comprehensive income attributable to Parent Company | <u>\$417,180</u> | <u>\$304,967</u> | <u>\$ 7,164</u> |

MELCO CROWN ENTERTAINMENT LIMITED

ADDITIONAL INFORMATION — FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars, except share and per share data)

| | Ordinary Shares | | Treasury Shares | | Additional Paid-in Capital | Accumulated Other Comprehensive Losses | (Accumulated Losses) Retained Earnings | Total Shareholders' Equity |
|---|-----------------|----------|-----------------|----------|----------------------------------|---|---|----------------------------------|
| | Shares | Amount | Shares | Amount | | | | |
| BALANCE AT JANUARY 1, 2010 | 1,595,617,550 | \$15,956 | (471,567) | \$ (5) | \$3,088,768 | \$ (29,034) | \$ (566,641) | \$ 2,509,044 |
| Net loss for the year | — | — | — | — | — | — | (10,525) | (10,525) |
| Foreign currency translation adjustment | — | — | — | — | — | 32 | — | 32 |
| Change in fair value of interest rate swap agreements | — | — | — | — | — | 17,657 | — | 17,657 |
| Share-based compensation | — | — | — | — | 6,045 | — | — | 6,045 |
| Shares issued upon restricted shares vested | 1,254,920 | 12 | — | — | (12) | — | — | — |
| Shares issued for future vesting of restricted shares and exercise of share options | 8,785,641 | 88 | (8,785,641) | (88) | — | — | — | — |
| Issuance of shares for restricted shares vested | — | — | 43,737 | 1 | (1) | — | — | — |
| Exercise of share options | — | — | 804,285 | 8 | 930 | — | — | 938 |
| BALANCE AT DECEMBER 31, 2010 | 1,605,658,111 | 16,056 | (8,409,186) | (84) | 3,095,730 | (11,345) | (577,166) | 2,523,191 |
| Net income for the year | — | — | — | — | — | — | 294,656 | 294,656 |
| Foreign currency translation adjustment | — | — | — | — | — | (149) | — | (149) |
| Change in fair value of interest rate swap agreements | — | — | — | — | — | 6,111 | — | 6,111 |
| Change in fair value of forward exchange rate contracts | — | — | — | — | — | 39 | — | 39 |
| Reclassification to earnings upon discontinuance of hedge accounting | — | — | — | — | — | 4,310 | — | 4,310 |
| Share-based compensation | — | — | — | — | 8,624 | — | — | 8,624 |
| Shares issued upon restricted shares vested | 310,575 | 3 | — | — | (3) | — | — | — |
| Shares issued for future vesting of restricted shares and exercise of share options | 6,920,386 | 69 | (6,920,386) | (69) | — | — | — | — |
| Issuance of shares for restricted shares vested | — | — | 941,648 | 9 | (9) | — | — | — |
| Exercise of share options | — | — | 3,835,596 | 38 | 3,912 | — | — | 3,950 |
| Issuance of shares for conversion of shareholders' loans | 40,211,930 | 403 | — | — | 115,020 | — | — | 115,423 |
| BALANCE AT DECEMBER 31, 2011 | 1,653,101,002 | 16,531 | (10,552,328) | (106) | 3,223,274 | (1,034) | (282,510) | 2,956,155 |
| Net income for the year | — | — | — | — | — | — | 417,203 | 417,203 |
| Foreign currency translation adjustment | — | — | — | — | — | 16 | — | 16 |
| Change in fair value of forward exchange rate contracts | — | — | — | — | — | 99 | — | 99 |
| Reclassification to earnings upon settlement of forward exchange rate contracts | — | — | — | — | — | (138) | — | (138) |
| Share-based compensation | — | — | — | — | 8,973 | — | — | 8,973 |
| Shares issued for future vesting of restricted shares and exercise of share options | 4,958,293 | 50 | (4,958,293) | (50) | — | — | — | — |
| Issuance of shares for restricted shares vested | — | — | 1,276,634 | 13 | (13) | — | — | — |
| Cancellation of vested restricted shares | — | — | — | (6) | — | — | — | — |
| Exercise of share options | — | — | 2,966,955 | 30 | 3,601 | — | — | 3,631 |
| BALANCE AT DECEMBER 31, 2012 | 1,658,059,295 | \$16,581 | (11,267,038) | \$ (113) | \$3,235,835 | \$ (1,057) | \$ 134,693 | \$ 3,385,939 |

MELCO CROWN ENTERTAINMENT LIMITED

ADDITIONAL INFORMATION — FINANCIAL STATEMENT SCHEDULE 1
 FINANCIAL INFORMATION OF PARENT COMPANY
 STATEMENTS OF CASH FLOWS
 (In thousands of U.S. dollars)

| | Year Ended December 31, | | |
|---|-------------------------|------------------|-----------------|
| | 2012 | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | \$ 417,203 | \$ 294,656 | \$ (10,525) |
| Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities: | | | |
| Share-based compensation | 8,973 | 8,624 | 6,043 |
| Amortization of deferred financing cost | 3,732 | 2,260 | — |
| Reclassification of accumulated income of forward exchange rate contracts from accumulated other comprehensive losses | (138) | — | — |
| Share of results of subsidiaries | (441,112) | (320,809) | 6,129 |
| Changes in operating assets and liabilities: | | | |
| Amounts due from affiliated companies | 438 | (200) | (1,351) |
| Income tax receivable | — | 265 | — |
| Prepaid expenses and other current assets | 3,649 | (1,819) | 8,821 |
| Long-term prepayments | 135 | 506 | 537 |
| Accrued expenses and other current liabilities | (1,852) | 5,907 | (1,412) |
| Income tax payable | (333) | — | (585) |
| Amounts due to shareholders | — | (261) | 14 |
| Amounts due to affiliated companies | 7 | (85) | (1,483) |
| Amounts due to subsidiaries | (238) | (142) | 1,435 |
| Net cash (used in) provided by operating activities | <u>(9,536)</u> | <u>(11,098)</u> | <u>7,623</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Amounts due from subsidiaries | (26,975) | (1,825) | (13,006) |
| Advances to subsidiaries | (277,945) | (330,680) | (25,777) |
| Repayment of advance to a subsidiary | 10,512 | 11,126 | — |
| Change in restricted cash | — | (353,278) | — |
| Net cash used in investing activities | <u>(294,408)</u> | <u>(674,657)</u> | <u>(38,783)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advance from a subsidiary | 225,427 | 56,140 | — |
| Proceeds from exercise of share options | 3,599 | 4,565 | — |
| Payment of deferred financing cost | — | (6,899) | — |
| Proceeds from long-term debt | — | 706,556 | — |
| Net cash provided by financing activities | <u>229,026</u> | <u>760,362</u> | <u>—</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | <u>(74,918)</u> | <u>74,607</u> | <u>(31,160)</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>77,805</u> | <u>3,198</u> | <u>34,358</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 2,887</u> | <u>\$ 77,805</u> | <u>\$ 3,198</u> |

MELCO CROWN ENTERTAINMENT LIMITED

**ADDITIONAL INFORMATION — FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
NOTES TO FINANCIAL STATEMENT SCHEDULE 1
(In thousands of U.S. dollars, except share and per share data)**

1. Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to financial position, changes in financial position and results and operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of end of the most recently completed fiscal year. As of December 31, 2012 and 2011, approximately \$2,651,000 and \$2,018,000, respectively of the restricted net assets were not available for distribution, and as such, the condensed financial information of the Company has been presented for the years ended December 31, 2012, 2011 and 2010.
2. **Basis of presentation**
The condensed financial information has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company has used equity method to account for its investments in subsidiaries.
3. **Long-term debt**
The Company issued the RMB Bonds and obtained the Deposit-Linked Loan during the year ended December 31, 2011 as disclosed in Note 11 to the Group's consolidated financial statements. In March 2013, the Company early redeemed the RMB Bonds and repaid the Deposit-Linked Loan, further details is included in Note 24(g) and (h).

Scheduled maturities of the long-term debt of the Company as of December 31, 2012 are as follows:

| | |
|-------------------------------|-------------------|
| Year ending December 31, 2013 | <u>\$ 720,923</u> |
|-------------------------------|-------------------|

STUDIO CITY FINANCE LIMITED,

as Company

THE SUBSIDIARY GUARANTORS PARTIES HERETO,

8.500% SENIOR NOTES DUE 2020

INDENTURE

November 26, 2012

DB TRUSTEES (HONG KONG) LIMITED,

as Trustee and Collateral Agent

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Principal Paying Agent, U.S. Registrar and Transfer Agent

and

DEUTSCHE BANK LUXEMBOURG S.A.

as European Registrar

TABLE OF CONTENTS

| | | <i>Page</i> |
|--------------|--|-------------|
| | ARTICLE 1 DEFINITIONS | |
| Section 1.01 | Definitions | 5 |
| Section 1.02 | Other Definitions | 34 |
| Section 1.03 | Rules of Construction | 34 |
| | ARTICLE 2 THE NOTES | |
| Section 2.01 | Form and Dating | 35 |
| Section 2.02 | Execution and Authentication | 35 |
| Section 2.03 | Registrar and Paying Agent | 36 |
| Section 2.04 | Paying Agent to Hold Money in Trust | 37 |
| Section 2.05 | Holder Lists | 37 |
| Section 2.06 | Transfer and Exchange | 37 |
| Section 2.07 | Replacement Notes | 48 |
| Section 2.08 | Outstanding Notes | 48 |
| Section 2.09 | Treasury Notes | 49 |
| Section 2.10 | Temporary Notes | 49 |
| Section 2.11 | Cancellation | 49 |
| Section 2.12 | Defaulted Interest | 49 |
| Section 2.13 | Additional Amounts | 50 |
| Section 2.14 | Forced Sale or Redemption for Non-QIBs/QPs | 51 |
| | ARTICLE 3 REDEMPTION AND PREPAYMENT | |
| Section 3.01 | Notices to Trustee | 52 |
| Section 3.02 | Selection of Notes to Be Redeemed or Purchased | 52 |
| Section 3.03 | Notice of Redemption | 53 |
| Section 3.04 | Effect of Notice of Redemption | 53 |
| Section 3.05 | Deposit of Redemption or Purchase Price | 53 |
| Section 3.06 | Notes Redeemed or Purchased in Part | 54 |
| Section 3.07 | Optional Redemption | 54 |
| Section 3.08 | Mandatory Redemption | 55 |
| Section 3.09 | Offer to Purchase by Application of Excess Proceeds | 55 |
| Section 3.10 | Redemption for Taxation Reasons | 57 |
| Section 3.11 | Gaming Redemption | 58 |
| Section 3.12 | Escrow of Proceeds and Special Mandatory Escrow Redemption | 58 |
| Section 3.13 | Special Mandatory Note Proceeds Redemption | 59 |
| | ARTICLE 4 COVENANTS | |
| Section 4.01 | Payment of Notes | 59 |
| Section 4.02 | Maintenance of Office or Agency | 59 |
| Section 4.03 | Reports | 60 |
| Section 4.04 | Compliance Certificate | 61 |
| Section 4.05 | Taxes | 62 |
| Section 4.06 | Stay, Extension and Usury Laws | 62 |

| | | |
|--------------|---|----|
| Section 4.07 | Limitation on Restricted Payments | 62 |
| Section 4.08 | Dividend and Other Payment Restrictions Affecting Subsidiaries | 67 |
| Section 4.09 | Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock | 69 |
| Section 4.10 | Asset Sales | 72 |
| Section 4.11 | Transactions with Affiliates | 74 |
| Section 4.12 | Liens | 76 |
| Section 4.13 | Business Activities | 76 |
| Section 4.14 | Corporate Existence | 77 |
| Section 4.15 | Offer to Repurchase upon Change of Control | 77 |
| Section 4.16 | Payments for Consents | 79 |
| Section 4.17 | Future Subsidiary Guarantors | 79 |
| Section 4.18 | Designation of Restricted and Unrestricted Subsidiaries | 80 |
| Section 4.19 | Listing | 80 |
| Section 4.20 | Creation of New Intermediate Holding Companies | 80 |
| Section 4.21 | Escrow of Proceeds | 81 |
| Section 4.22 | Limitations on Use of Proceeds | 81 |
| Section 4.23 | Note Debt Service Reserve Account | 81 |
| Section 4.24 | Operation of Revenue Account | 81 |
| Section 4.25 | Construction | 82 |
| Section 4.26 | Suspension of Covenants | 83 |

ARTICLE 5
SUCCESSORS

| | | |
|--------------|--|----|
| Section 5.01 | Merger, Consolidation, or Sale of Assets | 83 |
| Section 5.02 | Successor Corporation Substituted | 85 |

ARTICLE 6
DEFAULTS AND REMEDIES

| | | |
|--------------|--------------------------------------|----|
| Section 6.01 | Events of Default | 85 |
| Section 6.02 | Acceleration | 87 |
| Section 6.03 | Other Remedies | 88 |
| Section 6.04 | Waiver of Past Defaults | 88 |
| Section 6.05 | Control by Majority | 88 |
| Section 6.06 | Limitation on Suits | 88 |
| Section 6.07 | Rights of Holders to Receive Payment | 89 |
| Section 6.08 | Collection Suit by Trustee | 89 |
| Section 6.09 | Trustee May File Proofs of Claim | 89 |
| Section 6.10 | Priorities | 90 |
| Section 6.11 | Undertaking for Costs | 90 |

ARTICLE 7
TRUSTEE

| | | |
|--------------|--|----|
| Section 7.01 | Duties of Trustee | 90 |
| Section 7.02 | Rights of Trustee | 91 |
| Section 7.03 | Limitation on Duty of Trustee and Collateral Agent in Respect of Collateral; Indemnification | 93 |
| Section 7.04 | Individual Rights of Trustee | 93 |
| Section 7.05 | Trustee's Disclaimer | 94 |
| Section 7.06 | Notice of Defaults | 94 |
| Section 7.07 | [Intentionally Omitted.] | 94 |

| | | |
|--------------|--|----|
| Section 7.08 | Compensation and Indemnity | 94 |
| Section 7.09 | Replacement of Trustee | 95 |
| Section 7.10 | Successor Trustee by Merger, etc. | 96 |
| Section 7.11 | Eligibility; Disqualification | 96 |
| Section 7.12 | Appointment of Co-Trustee | 96 |
| Section 7.13 | [Intentionally Omitted] | 97 |
| Section 7.14 | Rights of Trustee in Other Roles; Collateral Agent | 97 |

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

| | | |
|--------------|---|-----|
| Section 8.01 | Option to Effect Legal Defeasance or Covenant Defeasance | 97 |
| Section 8.02 | Legal Defeasance and Discharge | 97 |
| Section 8.03 | Covenant Defeasance | 98 |
| Section 8.04 | Conditions to Legal or Covenant Defeasance | 98 |
| Section 8.05 | Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions | 100 |
| Section 8.06 | Repayment to Company | 100 |
| Section 8.07 | Reinstatement | 100 |

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

| | | |
|--------------|-------------------------------------|-----|
| Section 9.01 | Without Consent of Holders of Notes | 101 |
| Section 9.02 | With Consent of Holders of Notes | 102 |
| Section 9.03 | Supplemental Indenture | 103 |
| Section 9.04 | Revocation and Effect of Consents | 103 |
| Section 9.05 | Notation on or Exchange of Notes | 103 |
| Section 9.06 | Trustee to Sign Amendments, etc. | 104 |

ARTICLE 10
COLLATERAL AND SECURITY

| | | |
|---------------|---|-----|
| Section 10.01 | Pledge of Collateral | 104 |
| Section 10.02 | Collateral Agent | 105 |
| Section 10.03 | Release of Collateral and Certain Matters with Respect to Collateral | 105 |
| Section 10.04 | Authorization of Actions to Be Taken by the Trustee and the Collateral Agent | 105 |
| Section 10.05 | Authorization of Receipt of Funds by the Trustee under the Security Documents | 106 |
| Section 10.06 | Termination of Security Interest | 106 |
| Section 10.07 | Defaults | 106 |
| Section 10.08 | Protections | 106 |
| Section 10.09 | Own Participation | 107 |
| Section 10.10 | Indemnity | 107 |
| Section 10.11 | Resignation | 107 |
| Section 10.12 | Removal | 108 |
| Section 10.13 | Enforcement Costs | 108 |
| Section 10.14 | Further Action | 108 |

ARTICLE 11

| | | |
|---------------|-------------------------|-----|
| Section 11.01 | Guarantee | 109 |
| Section 11.02 | Limitation on Liability | 110 |
| Section 11.03 | Successors and Assigns | 111 |
| Section 11.04 | No Waiver | 111 |
| Section 11.05 | Modification | 111 |

| | | |
|---------------|---|-----|
| Section 11.06 | Execution of Supplemental Indenture for Future Guarantors | 111 |
| Section 11.07 | Non-Impairment | 111 |
| Section 11.08 | Release of Guarantees | 111 |

ARTICLE 12
SATISFACTION AND DISCHARGE

| | | |
|---------------|----------------------------|-----|
| Section 12.01 | Satisfaction and Discharge | 113 |
| Section 12.02 | Application of Trust Money | 114 |

ARTICLE 13
MISCELLANEOUS

| | | |
|---------------|--|-----|
| Section 13.01 | [Intentionally Omitted] | 115 |
| Section 13.02 | Notices | 115 |
| Section 13.03 | Communication by Holders of Notes with Other Holders of Notes | 116 |
| Section 13.04 | Certificate and Opinion as to Conditions Precedent | 116 |
| Section 13.05 | Statements Required in Certificate or Opinion | 116 |
| Section 13.06 | Rules by Trustee and Agents | 117 |
| Section 13.07 | No Personal Liability of Directors, Officers, Employees and Stockholders | 117 |
| Section 13.08 | Governing Law | 117 |
| Section 13.09 | No Adverse Interpretation of Other Agreements | 117 |
| Section 13.10 | Successors | 117 |
| Section 13.11 | Severability | 117 |
| Section 13.12 | Counterpart Originals | 118 |
| Section 13.13 | Table of Contents, Headings, etc. | 118 |
| Section 13.14 | Patriot Act | 118 |
| Section 13.15 | Submission to Jurisdiction; Waiver of Jury Trial | 119 |

EXHIBITS

| | | |
|-----------|---------------------------------|-----|
| Exhibit A | FORM OF NOTE | A-1 |
| Exhibit B | FORM OF CERTIFICATE OF TRANSFER | B-1 |
| Exhibit C | FORM OF CERTIFICATE OF EXCHANGE | C-1 |
| Exhibit D | FORM OF SUPPLEMENTAL INDENTURE | D-1 |

INDENTURE dated as of November 26, 2012 among Studio City Finance Limited, a BVI business company with limited liability incorporated under the laws of the British Virgin Islands (the “Company”), certain subsidiaries of the Company from time to time parties hereto, DB Trustees (Hong Kong) Limited, as Trustee and Collateral Agent, Deutsche Bank Trust Company Americas, as Principal Paying Agent, U.S. Registrar and Transfer Agent, and Deutsche Bank Luxembourg S.A., as European Registrar.

Each party agrees as follows for the benefit of each other and for the other parties and for the equal and ratable benefit of the Holders (as defined herein) of the 8.500% Senior Notes due 2020 (the “Notes”):

ARTICLE 1 DEFINITIONS

Section 1.01 *Definitions.*

“144A Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

“Account Bank” means Bank of China Limited, Macau Branch and any successor and assignee named pursuant to any document evidencing the Collateral.

“Acquired Indebtedness” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Notes” means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof, as part of the same series as the Initial Notes; *provided that* any Additional Notes that are not fungible with the Notes for U.S. federal income tax purposes shall have a separate CUSIP number than any previously issued Notes, unless the Notes and the Additional Notes are issued with no more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes, but shall otherwise be treated as a single class with all other Notes issued under this Indenture.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided that* beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Agent” means any Registrar, co-registrar, Paying Agent, Transfer Agent or additional paying agents or transfer agents.

“Applicable Premium” means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of: (a) the present value at such redemption date of (i) the redemption price of the Note at December 1, 2015 (such redemption price being set forth in the table appearing in Section 3.07 hereof) plus (ii) all required interest payments due on the Note through December 1, 2015 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the principal amount of the Note, if greater.

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear and Clearstream, Luxembourg that apply to such transfer or exchange.

“Asset Sale” means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; *provided that* the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of this Indenture described in Section 4.15 hereof and/or the provisions described in Section 5.01 hereof and not by the provisions of Section 4.10 hereof;

(2) the issuance of Equity Interests in any of the Company’s Restricted Subsidiaries or the sale of Equity Interests in any of its Subsidiaries; and

(3) any Event of Loss.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(4) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US\$5.0 million;

(5) a transfer of assets between or among the Company and its Restricted Subsidiaries;

(6) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;

(7) the sale, license, transfer, lease (including the right to use) or other disposal of products, services, accounts receivable or other current assets in the ordinary course of business (including the construction and development activities) and any sale or other disposition of damaged, worn-out, surplus or obsolete assets in the ordinary course of business;

(8) the sale or other disposition of cash or Cash Equivalents;

(9) any transfer, termination or unwinding or other disposition of Hedging Obligations in the ordinary course of business;

(10) a transaction covered under Section 5.01 or Section 4.15;

(11) the lease of, right to use or equivalent interest under Macau law of that portion of real property granted to Studio City Developments pursuant to the applicable land concession granted by the government of the Macau SAR in connection with the development of the Phase II Project in accordance with such applicable land concession;

(12) a Restricted Payment that does not violate the provisions of Section 4.07 hereof or a Permitted Investment, and any other payment under the CMA or the Reinvestment Agreement and any transactions or arrangements involving contractual rights under, pursuant to or in connection with the CMA or the Reinvestment Agreement or any services agreement and related agreements or arrangements with Excluded Projects, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals thereof;

(13) the (i) lease, sublease, license or right to use of any portion of the Project to persons who, either directly or through Affiliates of such persons, intend to develop, operate or manage gaming, hotel, nightclubs, bars, restaurants, malls, amusements, attractions, recreation, spa, pool, exercise or gym facilities, or entertainment facilities or venues or retail shops or venues or similar or related establishments or facilities within the Project and (ii) the grant of declarations of covenants, conditions and restrictions and/or easements or other rights to use with respect to common area spaces and similar instruments benefiting such tenants of such lease, subleases licenses and rights to use generally and/or entered into connection with the Project (collectively, the "Venue Easements"); *provided that* no Venue Easements or operations conducted pursuant thereto would reasonably be expected to materially interfere with, or materially impair or detract from, the operation of the Project;

(14) the dedication of space or other dispositions of property in connection with and in furtherance of constructing structures or improvements reasonably related to the development, construction and operation of the Project; *provided*, that in each case such dedication or other disposition is in furtherance of, and does not materially impair or interfere with the use or operations (or intended use or operations) of, the Project;

(15) the granting of easements, rights of way, rights of access and/or similar rights to any governmental authority, utility providers, cable or other communication providers and/or other parties providing services or benefits to the Project, the real property held by the Company, a Restricted Subsidiary or the public at large that would not reasonably be expected to interfere in any material respect with the construction, development or operation of the Project;

(16) the granting of a lease, right to use or equivalent interest to Melco Crown Gaming for purposes of operating a gaming facility under the CMA or any transactions or arrangements contemplated thereunder;

(17) the grant of licenses to intellectual property rights to third Persons (other than Affiliates of the Company or any Restricted Subsidiary) on an arm's length basis in the ordinary course of business or to Melco Crown Gaming and its Affiliates in the ordinary course of business;

(18) any sale of Capital Stock of an Excluded Project Subsidiary;

(19) transfers, assignments or dispositions constituting an Incurrence of a Permitted Lien (but not the actual sale or other disposition of the property subject to such Lien); and

(20) any surrender or waiver of contractual rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business.

“*Attributable Debt*” in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

“*Bankruptcy Law*” means (i) the United States Bankruptcy Code of 1978 or any similar U.S. federal or state law for the relief of debtors, (ii) the provisions of the Code of Civil Procedure of Macau that deal with the placement of a debtor into liquidation, the administration and disposal of its assets, the distribution of the proceeds thereof and the alternatives to such liquidation, or any laws of similar effect, and (iii) those laws included, principally within (but not limited to) the BVI Business Companies Act, 2004 (as amended) and the Insolvency Act, 2007 (as amended) concerning the solvency and insolvency of BVI companies.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Best Price Auction*” means an auction intended to achieve the best price for an asset, *provided that* if the only bidder in such auction is a representative of the Senior Secured Credit Facilities Lenders, the auction will not constitute a Best Price Auction (and subject to, where applicable, the rules and regulations for any such auction set forth under Macau law or by the Macau government).

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Business Day*” means any day other than a Legal Holiday.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock or shares;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided that* the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;
- (2) demand deposits, certificates of deposit, time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any commercial bank organized under the laws of Macau, Hong Kong, a member state of the European Union or of the United States of America or any state thereof having capital and surplus in excess of US\$500.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated “A-3” or higher by Moody’s or “A-” or higher by S&P or the equivalent rating category or another internationally recognized rating agency or, with respect to any Notes Account or the Note Debt Service Reserve Account, any bank with which the Company maintains any of the Notes Accounts or the Note Debt Service Reserve Account, including but not limited to Bank of China Limited, Macau Branch and/or any successor thereto appointed pursuant to, the terms of the applicable agreements governing such Notes Account or the Note Debt Service Reserve Account;
- (3) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;
- (4) commercial paper having one of the two highest ratings obtainable from Moody’s or S&P and, in each case, maturing within 12 months after the date of acquisition; and
- (5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

“*Casualty*” means any casualty, loss, damage, destruction or other similar loss with respect to real or personal property or improvements.

“*Change of Control*” means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d) of the Exchange Act) (other than a Sponsor or a Related Party of a Sponsor);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the first day on which MCE ceases to own, directly or indirectly (through a subsidiary), a majority of the outstanding Equity Interests and/or Voting Stock of both the Company and Melco Crown Gaming.

“*Clearstream, Luxembourg*” means Clearstream Banking société anonyme.

“*CMA*” means the services and right to use agreement originally dated May 11, 2007 and as amended and restated on June 15, 2012, executed with Studio City Entertainment Limited (formerly named MSC Diversões, Limitada and New Cotai Entertainment (Macau) Limited), a wholly owned indirect subsidiary of the Senior Secured Credit Facilities Borrower, as amended, modified, supplemented, extended, replaced or renewed from time to time, including pursuant to any direct agreement entered into with any agent or security agent of the Senior Secured Credit Facilities Lenders or the analogous parties under any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities in connection therewith.

“*Collateral*” means all property and assets, whether now owned or hereafter acquired, in which Liens are, from time to time, purported to be granted to secure the Notes pursuant to the Security Documents and which on the Issue Date shall consist of the Note Accounts and any amounts contained therein and the Intercompany Note Proceeds Loan.

“*Collateral Agent*” means DB Trustees (Hong Kong) Limited.

“*Company*” means Studio City Finance Limited, and any and all successors thereto.

“*Condemnation*” means any taking by a Governmental Authority of assets or property, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, by reason of any public improvement or condemnation or in any other manner.

“*Consolidated Net Income*” means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided that*:

(1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person, *provided that* all Excluded Project Revenues shall be excluded from Net Income;

(2) the Net Income of any Restricted Subsidiary that is not a Subsidiary Guarantor will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders *provided, however*, that Consolidated Net Income of the specified Person will be increased by the amount of dividends or similar contributions actually paid in cash (or to the extent converted into cash) to the specified Person or any of its Restricted Subsidiaries that is a Subsidiary Guarantor, to the extent not already included therein;

(3) the cumulative effect of a change in accounting principles will be excluded; and

(4) charges or expenses related to deferred financing fees and Indebtedness issuance costs, including related commissions, fees and expenses, premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off, extinguishment, repurchase, cancellation or forgiveness of Indebtedness will be excluded.

“*Construction Completion Date*” means the date upon which the Phase I Project has been substantially completed and is open for business (to include the issuance of occupancy certificates for the relevant portions of the Phase I Project and receipt of all necessary operating permits), as determined in accordance with the Senior Secured Credit Facilities and as confirmed in an Officer’s Certificate addressed to the Trustee attaching a certification from the agent under the Senior Secured Credit Facilities that such Construction Completion Date has occurred.

“*Construction Completion Long Stop Date*” means December 31, 2016, as subsequently amended or extended pursuant to the Senior Secured Credit Facilities.

“*Construction Consultant*” means Franklin & Andrews (Hong Kong) Limited and its successors and assignees, or such other construction consultant of recognized international standing retained pursuant to the Senior Secured Credit Facilities.

“*Construction Opening Long Stop Date*” means October 1, 2016, as subsequently amended or extended pursuant to the Senior Secured Credit Facilities.

“*Corporate Trust Office of the Trustee*” will be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

“*Credit Facilities*” means one or more debt facilities (including, without limitation, the Senior Secured Credit Facilities) or commercial paper facilities, in each case, with banks or other lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to investors) in whole or in part from time to time.

“*Credit Facilities Documents*” means the collective reference to any Credit Facilities, any notes issued pursuant thereto and the guarantees thereof, and the collateral or other documents relating thereto, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified, in whole or in part, from time to time.

“*Custodian*” means Deutsche Bank Trust Company Americas, as custodian with respect to the Notes in global form, or any successor entity thereto.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Definitive Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Depository*” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

“*Designated Credit Facilities*” means (a) the Senior Secured Credit Facilities, as amended from time to time, and (b) any other secured Credit Facility (or refinancing or replacement of the Senior Secured Credit Facilities) entered into to finance the Phase II Project, *provided that* such Credit Facility provides for borrowings in excess of US\$100.0 million and is designated by the Company as a Designated Credit Facility (with notification of such designation to the Trustee).

“*Disbursement Agreements*” means the Note Disbursement and Account Agreement and the Senior Disbursement Agreement.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“*EBITDA*” means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period *plus*, without duplication:

- (1) an amount equal to any extraordinary loss *plus* any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*
- (2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

- (3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*
- (4) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period), of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*
- (5) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards; *plus*
- (6) any goodwill or other intangible asset impairment charge; *plus*
- (7) Pre-Opening Expenses, to the extent such expenses were deducted in computing Consolidated Net Income; *minus*
- (8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Company will be added to Consolidated Net Income to compute EBITDA of the Company only to the extent that a corresponding amount was included in the calculation of Consolidated Net Income.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means any public sale or private issuance of Capital Stock (other than Disqualified Stock) of (1) the Company or (2) a direct or indirect parent of the Company to the extent the net proceeds from such issuance are contributed in cash to the common equity capital of the Company (in each case other than pursuant to a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Company).

“*Escrow Agent*” means Bank of China Limited, Macau Branch.

“*Escrow Agreement*” means the escrow agreement among the Company, the Collateral Agent, the Trustee and the Escrow Agent.

“*Escrow Account*” means a U.S. dollar-denominated escrow account (together with any sub-accounts or related accounts, including for term deposits, established in connection therewith) established by, and in the name of, the Company with the Account Bank in accordance with the Escrow Agreement.

“*Euroclear*” means Euroclear Bank SA/NV.

“*Event of Loss*” means, with respect to the Company, any Subsidiary Guarantor or any Restricted Subsidiary of the Company that is a Significant Subsidiary, any (1) Casualty, (2) Condemnation or seizure (other than pursuant to foreclosure) or (3) settlement in lieu of clause (2) above, in each case having a fair market value in excess of US\$10.0 million.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Excluded Contributions” means the net cash proceeds received by the Company subsequent to the Issue Date from:

- (1) contributions to its common equity capital; and
- (2) the issuance or sale (other than to a Subsidiary of the Company or to any Company or Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) by the Company of shares of its Capital Stock (other than Disqualified Stock) or a share capital increase;

in each case, designated as Excluded Contributions on the date on which such Excluded Contributions were received pursuant to an Officer’s Certificate, and excluded from the calculation set forth in Section 4.07(a)(D)(ii) hereof.

“Excluded Project Revenues” means an amount equal to the net cash proceeds of any payments received by the Company or a Restricted Subsidiary subsequent to the Issue Date from revenues and receipts, distributions or sale proceeds generated or derived from an Excluded Project.

“Excluded Project Subsidiary” means an Unrestricted Subsidiary established for the purposes of developing, operating or financing an Excluded Project; provided the Indebtedness of such Excluded Project Subsidiary may be guaranteed by the Company or a Restricted Subsidiary to the extent such guarantee would be permitted to be incurred under Section 4.09 hereof.

“Excluded Projects” means projects designated as excluded projects by the Company or a Restricted Subsidiary in accordance with the Senior Secured Credit Facilities or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company (unless otherwise provided in this Indenture).

“Fixed Charge Coverage Ratio” means with respect to any specified Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect (in accordance with Regulation S-X under the Securities Act) as if they had occurred on the first day of the four-quarter reference period;

(2) the EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the Obligations giving rise to such Fixed Charges will not be Obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges Incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (other than Indebtedness secured by a Lien of the type specified in clause (22) of the definition of “Permitted Liens”), whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Preferred Stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary of the Company, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

“Gaming Authorities” means, in any jurisdiction in which Melco Crown Gaming (or any other operator of the casino including the Sponsors or any of their Affiliates) or the Company or any of its Subsidiaries manages or conducts any casino, gaming business or activities, the applicable gaming board, commission, or other governmental gaming regulatory body or agency which (a) has, or may at any time after issuance of the Notes have, jurisdiction over the gaming activities of Melco Crown Gaming (or any other operator of the casino including the Sponsors or any of their Affiliates) or the Company or any of its Subsidiaries, or any successor to such authority or (b) is, or may at any time after the issuance of the Notes be, responsible for interpreting, administering and enforcing the Gaming Laws.

“Gaming Laws” means all applicable constitutions, treatises, resolutions, laws, regulations, instructions and statutes pursuant to which any Gaming Authority possesses regulatory, licensing or permit authority over gaming, gambling or casino activities, and all rules, rulings, orders, ordinances, regulations of any Gaming Authority applicable to the gambling, casino, gaming businesses or activities of Melco Crown Gaming (or any other operator of the casino including the Sponsors or any of their Affiliates) or the Company or any of its Subsidiaries in any jurisdiction, as in effect from time to time, including the policies, interpretations and administration thereof by the Gaming Authorities.

“Gaming Licenses” means any concession, subconcession, license, permit, franchise or other authorization at any time required under any Gaming Laws to own, lease, operate or otherwise conduct the gaming business of Melco Crown Gaming (or any other operator of the casino including the Sponsors or any of their Affiliates) or the Company and its Restricted Subsidiaries.

“Global Note Legend” means the legend set forth in Section 2.06(f)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“Global Notes” means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4), and with Section 2.06(d)(2) or 2.06(f) hereof.

“Governmental Authority” means the government of the Macau SAR or any other territory, nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“*Guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“*Holder*” means a Person in whose name a Note is registered.

“*Incur*” means, with respect to any Indebtedness, Capital Stock or other Obligation of any Person, to create, issue, assume, guarantee, incur (by conversion, exchange, or otherwise) or otherwise become liable in respect of such Indebtedness, Capital Stock or other Obligation or the recording, as required pursuant to GAAP or otherwise, of any such Indebtedness or other Obligation on the balance sheet of such Person. Indebtedness or Capital Stock otherwise Incurred by a Person before it becomes a Restricted Subsidiary of the Company shall be deemed to be Incurred at the time at which such Person becomes a Restricted Subsidiary of the Company. The accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock shall not be considered an Incurrence of Indebtedness.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; or
- (6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

Notwithstanding the foregoing, “Indebtedness” will not include (i) any capital commitments, deposits or advances from customers or any contingent obligations to refund payments (including deposits) to customers (or any guarantee thereof), or (ii) obligations of the Company or a Restricted Subsidiary to pay the deferred and unpaid purchase price of property or services due to suppliers of equipment or other assets (including parts thereof) not more than one year after such property is acquired or such services are completed and the amount of unpaid purchase price retained by the Company or any Restricted Subsidiary in the ordinary course of business in connection with an acquisition of equipment or other assets (including parts thereof) pending full operation or contingent on certain conditions during a warranty period of such equipment or assets in accordance with the terms of the acquisition; *provided that*, in each case, such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any time shall be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided that*:

(A) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and

(C) that the amount of or the principal amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if such Hedging Obligation terminated at or prior to that time due to a default by such Person.

“*Indenture*” means this Indenture, as amended or supplemented from time to time.

“*Indirect Participant*” means a Person who holds a beneficial interest in a Global Note through a Participant.

“*Initial Notes*” means the first US\$825,000,000 aggregate principal amount of Notes issued under this Indenture on the date hereof.

“*Initial Purchasers*” means Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, BOCI Asia Limited, Citigroup Global Markets Inc., Credit Agricole Corporate and Investment Bank, Merrill Lynch International or UBS AG, Hong Kong Branch and any of their respective subsidiaries or Affiliates.

“*Intercompany Note Proceeds Loan*” means the loan or loans in an amount up to the gross proceeds from the issuance of the Notes made from time to time by the Company, as lender, to Studio City Investments Limited, as borrower, pursuant to the intercompany note executed on the Issue Date.

“*Investment Company Act*” means the U.S. Investment Company Act of 1940, and the rules and regulations of the SEC promulgated thereunder.

“*Investment Grade Status*” shall apply at any time the Notes receive (i) a rating equal to or higher than BBB- (or the equivalent) from S&P and (ii) a rating equal to or higher than Baa3 (or the equivalent) from Moody’s.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition (except in the case of a Designated Subsidiary Guarantor Enforcement Sale), such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company’s Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.07 hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“*Issue Date*” means the date on which the Notes (other than any Additional Notes) are originally issued.

“*Legal Holiday*” means a Saturday, a Sunday or a day on which banking institutions in the City of New York, Hong Kong, Macau or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

“*MCE*” means Melco Crown Entertainment Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands.

“*Melco Crown Gaming*” means Melco Crown Gaming (Macau) Limited, a Macau company.

“Moody’s” means Moody’s Investors Service, Inc. or any successor to the rating agency business thereof.

“Net Income” means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with:

(A) any Asset Sale; or

(B) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment, repurchase or cancellation of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

“Net Proceeds” means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

“Non-Recourse Debt” means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender, other than, in the case of (a) and (b), Indebtedness incurred pursuant to Section 4.09(b)(15) hereof; and

(2) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries (other than to the Equity Interests of any Unrestricted Subsidiary).

“Non-U.S. Person” means a Person who is not a U.S. Person.

“Notes Accounts” means the Escrow Account, the Note Disbursement Account, the Note Proceeds Account, the Note Interest Accrual Account and the Note Interest Reserve Account.

“Note Debt Service Reserve Account” means a U.S. dollar-denominated note debt service reserve account established by, and in the name of, the Senior Secured Credit Facilities Borrower or the analogous party under any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities.

“Note Disbursement Account” means a U.S. dollar-denominated and a Hong Kong dollar-denominated note disbursement account (together with any sub-accounts or related accounts, including for term deposits, established in connection therewith) established by, and in the name of, the Company with the Account Bank in accordance with the Note Disbursement and Account Agreement.

“Note Disbursement Agent” means Bank of China Limited, Macau Branch, in its capacity as Note Disbursement Agent under the Note Disbursement and Account Agreement, and any successor Note Disbursement Agent appointed pursuant to the terms of the Note Disbursement and Account Agreement.

“Note Disbursement and Account Agreement” means that certain Note Disbursement and Account Agreement, to be entered into on the Issue Date, among the Company, the Senior Secured Credit Facilities Borrower, the Collateral Agent, the Trustee and the Note Disbursement Agent.

“Note Guarantee” means the Guarantee by each Subsidiary Guarantor of the Company’s Obligations under this Indenture and the Notes.

“Note Interest Accrual Account” means a U.S. dollar-denominated note interest accrual account (together with any sub-accounts or related accounts, including for term deposits, established in connection therewith) established by, and in the name of, the Company with the Account Bank in accordance with the Note Disbursement and Account Agreement.

“Note Interest Reserve Account” means a U.S. dollar-denominated note interest reserve account (together with any sub-accounts or related accounts, including for term deposits, established in connection therewith) established by, and in the name of, the Company with the Account Bank in accordance with the Note Disbursement and Account Agreement.

“Note Proceeds Account” means a U.S. dollar-denominated note proceeds account (together with any sub-accounts or related accounts, including for term deposits, established in connection therewith) established by, and in the name of, the Company with the Account Bank in accordance with the Note Disbursement and Account Agreement and holding the net proceeds of the Notes issued on the Issue Date upon the release of such net proceeds from the Escrow Account (less amounts used to fund the Note Interest Reserve Account), to be disbursed for the payment of construction and development costs and other Project Costs, including licensing fees and pre-opening costs, of the Phase I Project.

“Notes” has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“Offering Memorandum” means the offering memorandum dated November 16, 2012 in respect of the Notes.

“Officer” means the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, Treasurer or Secretary of the Company or any Directors of the Board or any Person acting in that capacity.

“Officer’s Certificate” means a certificate signed on behalf of the Company by an Officer of the Company which meets the requirements of Section 13.05 hereof.

“*Opening Date*” means the date upon which occupancy certificates for the Phase I Project have been issued and an agreed part of the Phase I Project (including an agreed number of gaming tables) is open for business, as determined in accordance with the Senior Secured Credit Facilities and as confirmed in an Officer’s Certificate addressed to the Trustee attaching a certification from the agent under the Senior Secured Credit Facilities that such Opening Date has occurred.

“*Opinion of Counsel*” means a written opinion from legal counsel who is acceptable to the Trustee that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company or the Trustee.

“*Participant*” means, with respect to the Depository, Euroclear or Clearstream, Luxembourg, a Person who has an account with the Depository, Euroclear or Clearstream, Luxembourg, respectively (and, with respect to DTC, shall include Euroclear and Clearstream, Luxembourg).

“*Permitted Business*” means (1) any businesses, services or activities engaged in by the Company or any Restricted Subsidiaries on the Issue Date, including, without limitation, the construction, development and operation of the Project, (2) any gaming, hotel, food and beverage, entertainment or resort related business, development, project, undertaking or venture of any kind in the Macau SAR, and (3) any other businesses, services, activities or undertaking that are necessary for, supportive of, or connected, related, complementary, incidental, ancillary or similar to, any of the foregoing or are extensions or developments of any thereof.

“*Permitted Investments*” means:

- (1) any Investment in the Company or in a Restricted Subsidiary of the Company;
- (2) any Investment in cash or Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
 - (A) such Person becomes a Restricted Subsidiary of the Company; or
 - (B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;
- (5) any acquisition of assets or Capital Stock in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;
- (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;
- (7) Investments represented by Hedging Obligations;

(8) loans or advances to employees, officers, or directors made in the ordinary course of business of the Company or any Restricted Subsidiary of the Company in an aggregate principal amount not to exceed US\$1.0 million at any one time outstanding;

(9) repurchases of the Notes;

(10) any Investments consisting of gaming credit extended to customers and junket operators in the ordinary course of business and consistent with applicable law and any Investments made or deemed to be made in connection with or through any transactions or arrangements involving contractual rights under, pursuant to or in connection with (i) the CMA or the Reinvestment Agreement or any services agreement and related agreements or arrangements with Excluded Projects and (ii) any transaction or arrangements made pursuant to clause (10) of the definition of "Asset Sale", including any amendments, modifications, supplements, extensions, replacements, terminations or renewals;

(11) advances to contractors and suppliers and accounts and notes receivables created or acquired in the ordinary course of business;

(12) receivables owing to the Company or any of its Restricted Subsidiaries if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(13) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; *provided that* the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the Issue Date of this Indenture or (y) as otherwise permitted under this Indenture;

(14) Investments in prepaid expenses, negotiable instruments held for collection, deposits made in connection with self-insurance, and performance and other similar deposits and prepayments made in connection with an acquisition of assets or property in the ordinary course of business by the Company or any Restricted Subsidiary;

(15) deposits made by the Company or any Restricted Subsidiary in the ordinary course of business to comply with statutory or regulatory obligations (including land grants) to maintain deposits for the purposes specified by the applicable statute or regulation (including land grants) from time to time;

(16) any Investment consisting of a Guarantee permitted by Section 4.09 hereof and performance guarantees that do not constitute Indebtedness entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(17) to the extent constituting an Investment, licenses of intellectual property rights granted by the Company or a Restricted Subsidiary of the Company in the ordinary course of business; *provided*, that such grant does not interfere in any material respect with the ordinary conduct of the business of such Person;

(18) Investments consisting of purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights or licenses or leases of intellectual property, in each case, in the ordinary course of business;

(19) Investments held by a Person that becomes a Restricted Subsidiary; *provided, however*, that such Investments were not acquired in contemplation of the acquisition of such Person;

(20) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(21) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens";

(22) Investments (other than Permitted Investments) made with Excluded Contributions; *provided, however*, that any amount of Excluded Contributions made will not be included in the calculation of Section 4.07(a)(D)(ii) hereof;

(23) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons; and

(24) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (24) that are at the time outstanding, not to exceed US\$5.0 million.

"Permitted Liens" means:

(1) Liens securing Indebtedness Incurred pursuant to of Section 4.09(b)(1)(i)(x) hereof;

(2) Liens created for the benefit of (or to secure) the Notes (including any Additional Notes) or the Note Guarantees;

(3) Liens in favor of the Company or the Subsidiary Guarantors;

(4) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company; *provided that* such Liens were not created in connection with, or in contemplation of, such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary;

(5) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided that* such Liens were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition;

(6) Liens incurred or deposits made in the ordinary course of business in connection with workmen's compensation or unemployment obligations or other obligations of a like nature, including any Lien securing letters of credit issued in the ordinary course of business in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(7) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(4) covering only the assets acquired with or financed by such Indebtedness and directly related assets such as proceeds (including insurance proceeds), improvements, replacements and substitutions thereto;

(8) Liens existing on the Issue Date;

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided that* any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(10) Liens imposed by law, such as carriers, warehousemen's, landlord's, suppliers' and mechanics' Liens, in each case, incurred in the ordinary course of business;

(11) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(12) Liens to secure any Permitted Refinancing Indebtedness permitted to be Incurred under this Indenture; *provided, however,* that:

(A) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (*plus* improvements and accessions to, such property or proceeds or distributions thereof); and

(B) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(13) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under this Indenture, secured by a Lien on the same assets or property securing such Hedging Obligations;

(14) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the money borrowed, (ii) relating to pooled deposit or sweep accounts of the Company or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(15) Liens arising out of judgments against such Person not giving rise to an Event of Default, with respect to which such Person shall then be proceeding with an appeal or other proceedings for review, *provided that* any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

- (16) Liens granted to the Trustee for its compensation and indemnities pursuant to this Indenture;
- (17) Liens arising out of or in connection with licenses, sublicenses, leases (other than capital leases) and subleases (including rights to use) of assets (including, without limitation, intellectual property) entered into in the ordinary course of business;
- (18) Liens upon specific items of inventory or other goods and proceeds of the Company or any Restricted Subsidiary securing obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;
- (19) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangement for the sale of goods in the ordinary course of business;
- (20) Liens arising under customary provisions limiting the disposition or distribution of assets or property or any related restrictions thereon in operating agreements, joint venture agreements, partnership agreements, contracts for sale and other agreements arising in the ordinary course of business; *provided, that* such Liens do not extend to any assets of the Company or any Restricted Subsidiary other than the assets subject to such agreements or contracts;
- (21) Liens on deposits made in the ordinary course of business to secure liability to insurance carriers;
- (22) Liens on the Equity Interests of Unrestricted Subsidiaries;
- (23) Liens created or Incurred under, pursuant to or in connection with the CMA or the Reinvestment Agreement, including Liens on any revenues or receipts thereunder or any accounts created or maintained thereunder;
- (24) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;
- (25) Liens securing Indebtedness Incurred pursuant to Section 4.09(b)(1)(i)(y) hereof, in each case in connection with Indebtedness incurred to finance the Phase II Project following the Opening Date, *provided that* the amount of Indebtedness secured by such Lien does not exceed the greater of (x) 75% of the EBITDA of the Company for the last twelve months (which figure shall be based on audited financial information, if for an annual period) and (y) US\$350.0 million; and
- (26) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to Obligations that do not exceed US\$5.0 million at any one time outstanding.

Notwithstanding the foregoing, no Liens on any Notes Account or the Intercompany Note Proceeds Loan other than Liens of the type described in paragraphs (2), (9), (10), (14)(i), (14)(ii) and (21) of this definition shall constitute Permitted Liens.

“*Permitted Refinancing Indebtedness*” means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided that*:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, Incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes and the Note Guarantees on with terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is Incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“*Phase I Project*” means the approximate 463,000 gross square meter project to be constructed on the Site and which is currently envisioned to contain retail, hotel, gaming, entertainment, food and beverage outlets and entertainment studios and other facilities.

“*Phase II Project*” the development of the remainder of the Site, which is expected to include one or more hotels, entertainment facilities, expanded gaming capacity, food and beverage, and retail.

“*Plans and Specifications*” means the plans and specifications for the Phase I Project as approved by the Board of Directors of the Company, as subsequently amended in accordance with the Senior Secured Credit Facilities.

“*Preferred Stock*” means any Equity Interest with preferential right of payment of dividends or upon liquidation, dissolution, or winding up.

“*Pre-Opening Expenses*” means, with respect to any fiscal period, the amount of expenses (other than interest expense) incurred with respect to capital projects that are classified as “pre-opening expenses” on the applicable financial statements of the Company and its Restricted Subsidiaries for such period, prepared in accordance with GAAP.

“*Private Placement Legend*” means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“*Project*” means the Phase I Project and the Phase II Project.

“*Project Costs*” means the construction and development costs and other project costs, including licensing, financing, interest, fees and pre-opening costs, of the Phase I Project.

“*QIB*” means a “qualified institutional buyer” as defined in Rule 144A.

“*QP*” means a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act.

“*Regulation S*” means Regulation S promulgated under the Securities Act.

“*Regulation S Global Note*” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

“*Reinvestment Agreement*” means the reimbursement agreement dated June 15, 2012, between Melco Crown Gaming and Studio City Entertainment Limited, as amended, modified, supplemented, extended, replaced or renewed from time to time, including pursuant to any direct agreement entered into in connection therewith.

“*Related Party*” means:

(1) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Sponsor; or

(2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Sponsor and/or such other Persons referred to in the immediately preceding clause (1).

“*Responsible Officer*,” when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“*Restricted Definitive Note*” means a Definitive Note bearing the Private Placement Legend.

“*Restricted Global Note*” means a Global Note bearing the Private Placement Legend.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Period*” means the 40-day distribution compliance period as defined in Regulation S.

“*Restricted Subsidiary*” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“*Revenue Sharing Agreement*” means any joint venture, development, management, operating or similar agreement or arrangement for the sharing of revenues, profits, losses, costs or expenses entered into in connection with developments or services complementary or ancillary to the Project in the ordinary course of business and on arms’ length terms.

“*Rule 144*” means Rule 144 promulgated under the Securities Act.

“*Rule 144A*” means Rule 144A promulgated under the Securities Act.

“*Rule 903*” means Rule 903 promulgated under the Securities Act.

“*Rule 904*” means Rule 904 promulgated under the Securities Act.

“*S&P*” means Standard & Poor’s Ratings Group or any successor to the rating agency business thereof.

“*SEC*” means the Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Security Documents*” means the security agreements, pledge agreements and related agreements, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified from time to time, creating the security interests in the Collateral for the benefit of the Trustee and the Holders as contemplated by this Indenture.

“*Senior Debt Service Accrual Account*” means the debt service accrual account established pursuant to the Senior Secured Credit Facilities.

“*Senior Disbursement Account*” means any construction disbursement account or accounts or other accounts established under the Senior Secured Credit Facilities.

“*Senior Disbursement Agreement*” means the applicable agreement or agreements governing disbursements from the Senior Disbursement Account under the Senior Secured Credit Facilities.

“*Senior Secured Credit Facilities*” means the US\$1.4 billion (equivalent) senior secured credit facilities described in the section entitled “Description of Other Material Indebtedness—Senior Secured Credit Facilities” of the Offering Memorandum, among the Senior Secured Credit Facilities Borrower, the Subsidiary Guarantors, the financial institutions named therein as lenders, and the agent for the lenders, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith.

“*Senior Secured Credit Facilities Borrower*” means Studio City Company Limited, a special purpose entity incorporated in the British Virgin Islands.

“*Senior Secured Credit Facilities Finance Parties*” means the Senior Secured Credit Facilities Lenders, the counterparties of any secured Hedging Obligations, and any other administrative parties that benefit from the collateral securing the Senior Secured Credit Facilities.

“Senior Secured Credit Facilities Lenders” means the Lenders under the Senior Secured Credit Facilities.

“Shareholder Subordinated Debt” means, collectively, any debt provided to the Company by any direct or indirect parent holding company of the Company (or any Sponsor), in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Shareholder Subordinated Debt; *provided that* such Shareholder Subordinated Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confer on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes and this Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

“Site” means an approximately 130,789 square meter parcel of land in the reclaimed area between Taipa and Coloane Island (Cotai), Lotes G300, G310 and G400, registered with the Macau Real Estate Registry under no. 23059.

“*Six-Month Interest Reserve*” means the amount equal to six months of interest due on the Notes paid into the Note Debt Service Reserve Account pursuant to Section 4.23 hereof.

“*Sponsor Project Contributions*” means the US\$825.0 million contributed or to be contributed by the Sponsors to the Company and its Subsidiaries (as described in the Offering Memorandum under the caption “Use of Proceeds”) for the purpose of financing construction and development costs and other Project Costs, plus all other amounts contributed by the Sponsors to the Company or its Subsidiaries subsequent to the Issue Date for the purpose of financing construction and development costs and other Project Costs.

“*Sponsor Purchase Right*” means the purchase right (in form and substance to be agreed pursuant to the Senior Secured Credit Facilities) to be exercised by an agreed person or persons in respect of certain agreed assets which are the subject of security in favor of the security agent under the Senior Secured Credit Facilities or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities.

“*Sponsors*” means (i) Melco Crown Entertainment Limited, (ii) Silver Point Capital L.P. and (iii) Oaktree Capital Management LLC.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Studio City Developments*” refers to Studio City Developments Limited, the Company’s wholly-owned indirect subsidiary (formerly known as MSC Desenvolvimentos, Limitada and as East Asia Satellite Television Limited), a Macau company with company number 14311.

“*Subordinated Indebtedness*” means (a) with respect to the Company, any Indebtedness of the Company which is by its terms subordinated in right of payment to the Notes, and (b) with respect to any Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor which is by its terms subordinated in right of payment to such Subsidiary Guarantor’s Obligations in respect of its Note Guarantee.

“*Subsidiary*” means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“*Subsidiary Guarantor*” means each of (1) Studio City Investments Limited, Studio City Company Limited, Studio City Holdings Two Limited, Studio City Entertainment Limited, Studio City Services Limited, Studio City Hotels Limited, SCP Holdings Limited, Studio City Hospitality and Services Limited, SCP One Limited, SCP Two Limited, and Studio City Developments Limited and (2) any other Subsidiary of the Company that provides a Note Guarantee in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“*Total Assets*” means, as of any date, the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person.

“*Transactions*” means the offering of the Notes and the application of the proceeds received therefrom as described under “Use of Proceeds” in the Offering Memorandum.

“*Treasury Rate*” means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to December 1, 2015; *provided, however*, that if the period from the redemption date to December 1, 2015 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“*Trustee*” means DB Trustees (Hong Kong) Limited until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“*Unrestricted Definitive Note*” means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Global Note*” means a Global Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11 hereof, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

“U.S. Government Obligations” means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depository receipt; *provided that* (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depository receipt.

“U.S. Person” means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

“Wholly-Owned Restricted Subsidiary” is any Wholly-Owned Subsidiary that is a Restricted Subsidiary.

“Wholly-Owned Subsidiary” of any Person means a Subsidiary of such Person 100% of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

Section 1.02 *Other Definitions.*

| <u>Term</u> | <u>Defined in Section</u> |
|--|---------------------------|
| “Additional Amounts” | 2.13 |
| “Affiliate Transaction” | 4.11 |
| “Asset Sale Offer” | 3.09 |
| “Authentication Order” | 2.02 |
| “Change of Control Offer” | 4.15 |
| “Change of Control Payment” | 4.15 |
| “Change of Control Payment Date” | 4.15 |
| “Covenant Defeasance” | 8.03 |
| “Designated Subsidiary Guarantor Enforcement Sale” | 11.08 |
| “direct parent companies” | 4.20 |
| “DTC” | 2.03 |
| “Event of Default” | 6.01 |
| “Excess Proceeds” | 4.10 |
| “Guaranteed Obligations” | 11.01 |
| “Legal Defeasance” | 8.02 |
| “New Intermediate Holding Companies” | 4.20 |
| “Offer Amount” | 3.09 |
| “Offer Period” | 3.09 |
| “Paying Agent” | 2.03 |
| “Permitted Debt” | 4.09 |
| “Payment Default” | 6.01 |
| “Purchase Date” | 3.09 |
| “Redemption Date” | 3.07 |
| “Registrar” | 2.03 |
| “Relevant Jurisdiction” | 2.13 |
| “Restricted Payments” | 4.07 |
| “Revenue Account” | 4.23 |
| “Reversion Date” | 4.26 |
| “Special Mandatory Escrow Redemption” | 3.12 |
| “Special Mandatory Escrow Redemption Event” | 3.12 |
| “Special Mandatory Note Proceeds Redemption” | 3.13 |
| “Special Mandatory Note Proceeds Redemption Event” | 3.13 |
| “Suspended Covenants” | 4.26 |
| “Suspension Period” | 4.26 |
| “Taxes” | 2.13 |

Section 1.03 *Rules of Construction.*

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) “or” is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) “will” shall be interpreted to express a command;
- (6) provisions apply to successive events and transactions; and

(7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2 THE NOTES

Section 2.01 *Form and Dating.*

(a) *General.* The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of US\$250,000 and integral multiples of US\$1,000 in excess thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Subsidiary Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes.* Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Registrar, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) *Euroclear and Clearstream, Luxembourg Procedures Applicable.* The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions—Clearstream Banking, Luxembourg" and "Customer Handbook" of Clearstream, Luxembourg will be applicable to transfers of beneficial interests in the Regulation S Global Note that are held by Participants through Euroclear or Clearstream, Luxembourg.

Section 2.02 *Execution and Authentication.*

At least one Officer must sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

As a condition precedent to authenticating the Notes, the Trustee shall be entitled to receive an Officer's Certificate complying with Sections 13.04 and 13.05 hereof and covering subparagraphs (1) and (2) below, and an Opinion of Counsel which shall state:

(1) that the form of such Notes has been established by a supplemental indenture or by or pursuant to a resolution of the Board of Directors and in conformity with the provisions of this Indenture;

(2) that the terms of such Notes have been established in accordance with Section 2.01 and in conformity with the other provisions of this Indenture;

(3) that such Notes, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles; and

(4) that all laws, requirements and conditions in respect of the execution and delivery by the Company by such Notes and authentication by the Trustee have been complied with.

The Trustee will, upon receipt of a written order of the Company signed by an Officer or a director (an "*Authentication Order*"), authenticate Notes for original issue that may be validly issued under this Indenture, including any Additional Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 Registrar and Paying Agent.

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "*Registrar*" includes any co-registrar and the term "*Paying Agent*" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder and shall so notify the Trustee and each Paying Agent thereof in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("*DTC*") to act as Depository with respect to the Global Notes.

The Company initially appoints Deutsche Bank Trust Company Americas to act as the U.S. Registrar and Paying Agent and to act as Custodian, and Deutsche Bank Luxembourg S.A. to act as European Registrar, with respect to the Global Notes.

Section 2.04 Paying Agent to Hold Money in Trust.

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Additional Amounts, if any, or interest on the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 Holder Lists.

The Trustee, through the Registrars, will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.06 Transfer and Exchange.

(a) *Transfer and Exchange of Global Notes.* A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

- (1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary;
- (2) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or
- (3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in (1) or (2) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes.* The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however,* that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any Holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to the paragraph above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to the paragraph above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes.*

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any Holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

- (A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;
- (B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;
- (C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;
- (D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;
- (E) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or
- (F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A Holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(i) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any Holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest requests through instructions to the Registrar from or through the Depository and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of the appropriate Restricted Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (1)(B), (1)(D) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications and certificates required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(A) Except as permitted by subparagraph (C) below, each 144A Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THE NOTES MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF US\$250,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF. IF AT ANY TIME THE ISSUER DETERMINES IN GOOD FAITH THAT A HOLDER OR BENEFICIAL OWNER OF THIS SECURITY OR BENEFICIAL INTERESTS HEREIN IS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE, THE ISSUER SHALL REQUIRE SUCH HOLDER TO TRANSFER THIS SECURITY (OR INTEREST HEREIN) TO A TRANSFEREE ACCEPTABLE TO THE ISSUER WHO IS ABLE TO AND WHO DOES SATISFY ALL OF THE REQUIREMENTS SET FORTH HEREIN AND IN THE INDENTURE. PENDING SUCH TRANSFER, SUCH HOLDER WILL BE DEEMED NOT TO BE THE HOLDER OF THIS SECURITY (OR INTEREST HEREIN) FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO RECEIPT OF PRINCIPAL AND INTEREST PAYMENTS ON THE SECURITY, AND SUCH HOLDER WILL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN THE SECURITY EXCEPT AS OTHERWISE REQUIRED TO SELL ITS INTEREST THEREIN AS DESCRIBED HEREIN.

THE NOTES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAW. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). ACCORDINGLY, OFFERS AND SALES OF THE NOTES MAY BE MADE ONLY IN COMPLIANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS IN THE UNITED STATES OR THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION AND IN A TRANSACTION THAT DOES NOT CAUSE THE ISSUER TO BE REQUIRED TO REGISTER UNDER THE INVESTMENT COMPANY ACT. BY ITS ACCEPTANCE OF A NOTE, THE PURCHASER WILL BE DEEMED TO REPRESENT THAT (I) IT HAS BEEN AFFORDED AN OPPORTUNITY TO INVESTIGATE MATTERS RELATING TO THE ISSUER, THE SUBSIDIARY GUARANTORS AND THE NOTES, (II) IT IS NOT ACQUIRING SUCH NOTE WITH A VIEW TO ANY DISTRIBUTION THEREOF, (III) IT IS A QUALIFIED INSTITUTIONAL BUYER ("QIB") (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND A QUALIFIED PURCHASER ("QP") (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT AND RELATED RULES), IN EACH CASE PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QIB WHO IS ALSO A QP AS TO WHICH THE PURCHASER EXERCISES SOLE INVESTMENT DISCRETION, IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, (IV) IT IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT ITS AFFILIATED PERSONS, EITHER (V) IT IS NOT AND IS NOT USING THE ASSETS OF ANY (I) "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) WHICH IS SUBJECT TO TITLE I OF ERISA OR "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR ENTITY WHOSE UNDERLYING ASSETS ARE TREATED AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN PURSUANT TO THE U.S. DEPARTMENT OF LABOR PLAN ASSETS REGULATION CODIFIED AT 29 C.F.R. SECTION 2510.3-101 OR (II) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN OR (B) ITS PURCHASE AND HOLDING OF A NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW, (VI) IT IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER, (VII) IT, AND EACH ACCOUNT FOR WHICH IT IS PURCHASING, WILL HOLD AND TRANSFER AT LEAST THE MINIMUM DENOMINATION OF SECURITIES, (VIII) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THIS SECURITY FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES, (IX) IF IT IS A SECTION 3(C)(1) OR SECTION 3(C)(7) INVESTMENT COMPANY, OR A SECTION 7(D) FOREIGN INVESTMENT COMPANY RELYING ON SECTION 3(C)(1) OR SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT WITH RESPECT TO ITS U.S. HOLDERS AND WAS FORMED ON OR BEFORE APRIL 30, 1996, IT HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS AS REQUIRED BY THE INVESTMENT COMPANY ACT, AND (X) IT MUST BE ABLE TO AND WILL BE DEEMED TO REPRESENT THAT IT AGREES TO COMPLY WITH THE APPLICABLE TRANSFER RESTRICTIONS, AND WILL NOT TRANSFER THIS SECURITY OR ANY BENEFICIAL INTERESTS HEREIN EXCEPT TO A PURCHASER WHO CAN MAKE THE SAME REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING OR IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT, AND IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM THE HOLDER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. AS A CONDITION TO THE REGISTRATION OF THE TRANSFER HEREOF, THE ISSUER OR THE TRUSTEE MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS, INCLUDING AN OPINION OF COUNSEL, THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT AND THE INVESTMENT COMPANY ACT.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ONLY ON THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN.”

(B) Except as permitted by subparagraph (C) below, each Regulation S Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THE NOTES MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF US\$250,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF.

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. THE ISSUER OF THIS SECURITY HAS AGREED THAT THIS LEGEND SHALL BE DEEMED TO HAVE BEEN REMOVED ON THE 41ST DAY FOLLOWING THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE FINAL DELIVERY DATE WITH RESPECT THERETO.”

(C) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(2), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend.* Each Global Note will bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(g) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Registrar at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Registrar at the direction of the Trustee to reflect such increase.

(h) *General Provisions Relating to Transfers and Exchanges.*

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.06, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Subsidiary Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Subsidiary Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes.*

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation.*

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest.*

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner *plus*, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided that* no such special record date may be less than ten (10) days prior to the related payment date for such defaulted interest. At least fifteen (15) days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 *Additional Amounts*.

(a) All payments of principal of, premium, if any, and interest on the Notes and all payments under the Note Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever (“*Taxes*”) nature imposed or levied by or within any jurisdiction in which the Company or any applicable Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) or any jurisdiction from or through which payment is made by or on behalf of the Company or any Subsidiary Guarantor (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “*Relevant Jurisdiction*”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In such event, the Company or the applicable Subsidiary Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts (“*Additional Amounts*”) as will result in receipt by the Holder of such amounts as would have been received by such holder had no such withholding or deduction been required, *provided that* no Additional Amounts will be payable for or on account of:

(1) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Note Guarantee, as the case may be, and the Relevant Jurisdiction including, without limitation, such holder or beneficial owner being or having been a citizen or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note or the receipt of payments thereunder or under the Note Guarantee;

(B) the presentation of such Note (where presentation is required) more than thirty (30) days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the holder or beneficial owner to comply with a timely request of the Company or any Subsidiary Guarantor addressed to the holder or beneficial owner, as the case may be, to provide information concerning such holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such holder; or

(D) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(2) any estate, inheritance, gift, sale, transfer, excise or personal property or similar tax, assessment or other governmental charge;

(3) any withholding or deduction in respect of any tax, duty, assessment or other governmental charge where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives;

(4) any tax, duty, assessment or other governmental charge which is payable other than (i) by deduction or withholding from payments of principal of or interest on the Note or payments under the Note Guarantees, or (ii) by direct payment by the Company or applicable Subsidiary Guarantor in respect of claims made against the Company or the applicable Subsidiary Guarantor; or

(5) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (1), (2), (3) and (4); or

(b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note or any payment under any Note Guarantee to such holder, if the holder is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the holder thereof.

In addition to the foregoing, the Company and the Subsidiary Guarantors will also pay and indemnify the holder of a Note for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and other reasonable expenses related thereto) which are levied by any Relevant Jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Note Guarantee.

(c) Whenever there is mentioned in any context the payment of principal of, and any premium or interest, on any Note or under any Note Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Section 2.14 Forced Sale or Redemption for Non-QIBs/QPs.

(a) The Company has the right to require any Holder of a Note (or beneficial interest therein) that is a U.S. Person and is determined not to have been both (i) a QIB and (ii) a QP at the time of acquisition of such Note or is otherwise determined to be in breach, at the time given, of any of the representations and agreements required to be made pursuant to the transfer restrictions set forth herein, to transfer such Security (or beneficial interest therein) to a transferee acceptable to the Company who is able to and who does make all of the representations and agreements required to be made pursuant to the transfer restrictions set forth herein, or to redeem such Note (or beneficial interest therein) within 30 days of receipt of notice of the Company's election to so redeem such Holder's Notes on the terms set forth in paragraph (b) below. Pending such transfer or redemption, such Holder will be deemed not to be the Holder of such Note for any purpose, including but not limited to receipt of interest and principal payments on such Note, and such Holder will be deemed to have no interest whatsoever in such Note except as otherwise required to sell or redeem its interest therein.

(b) Any such redemption occurring pursuant to paragraph (a) above shall be at a redemption price equal to the lesser of (i) the person's cost, plus accrued and unpaid interest, if any, to the redemption date and (ii) 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. The Company shall notify the Trustee in writing of any such redemption as soon as practicable.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.01 *Notices to Trustee.*

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, the Registrars and the Paying Agent, at least 45 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth:

- (1) the clause of this Indenture pursuant to which the redemption shall occur;
- (2) the redemption date;
- (3) the principal amount of Notes to be redeemed; and
- (4) the redemption price.

Section 3.02 *Selection of Notes to Be Redeemed or Purchased.*

If fewer than all of the Notes are to be redeemed or purchased at any time, the Registrar will select Notes for redemption or purchase (i) in compliance with the requirements of the principal national securities exchange, if any, on which Notes are listed and any applicable depository procedures, (ii) by lot or such other similar method in accordance with the applicable procedures of the Depository or any other applicable clearing system (if the Notes are Global Notes), or (iii) if there are no such requirements of such exchange or the Notes are not then listed on a national securities exchange or cleared through the Depository or any other applicable clearing system, on a *pro rata* basis or by such other method the Trustee deems fair and reasonable. No Notes of a principal amount of US\$250,000 or less may be redeemed or purchased in part, and if Notes are redeemed or purchased in part, the remaining outstanding amount must be at least equal to US\$250,000 and integral multiples of US\$1,000 in excess thereof.

In the event of partial redemption or purchase by lot, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption or purchase date by the Registrar from the outstanding Notes not previously called for redemption or purchase.

The Registrar will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of US\$250,000 or integral multiples of US\$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of US\$1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date (with prior notice to the Trustee) if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 11 hereof.

The notice will identify the Notes to be redeemed and will state:

- (1) the redemption date;
- (2) the redemption price;
- (3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note, *provided that* the unredeemed portion has a minimum denomination of US\$250,000;
- (4) the name and address of the Paying Agent;
- (5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and
- (8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company has delivered to the Trustee, at least 45 days prior to the redemption date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.05 *Deposit of Redemption or Purchase Price.*

No later than 10 a.m. New York time two Business Days prior to the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest and Additional Amounts, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest and Additional Amounts, if any, on all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 Notes Redeemed or Purchased in Part.

Upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 Optional Redemption.

(a) At any time prior to December 1, 2015, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture at a redemption price of 108.500% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the rights of the Holders on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings; *provided that*:

(1) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 45 days of the date of the closing of such Equity Offering.

(b) At any time prior to December 1, 2015, the Company may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed *plus* the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

(c) Except pursuant to the two preceding paragraphs, the Notes will not be redeemable at the Company's option prior to December 1, 2015.

(d) On or after December 1, 2015, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on December 1 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

| <u>Year</u> | <u>Percentage</u> |
|---------------------|-------------------|
| 2015 | 106.375% |
| 2016 | 104.250% |
| 2017 | 102.125% |
| 2018 and thereafter | 100.000% |

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(e) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.08 Mandatory Redemption.

Other than pursuant to Sections 3.12 and 3.13, the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09 Offer to Purchase by Application of Excess Proceeds.

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an offer to all Holders to purchase Notes (an "Asset Sale Offer"), it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company will apply all Excess Proceeds (the "Offer Amount") to the purchase of Notes and such other *pari passu* Indebtedness (on a *pro rata* basis, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest and Additional Amounts, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in integral multiples of US\$250,000 and integral multiples of US\$1,000 in excess thereof only;

(6) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, if the aggregate principal amount of Notes and other *pari passu* Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Company will select the Notes and other *pari passu* Indebtedness to be purchased in accordance with Section 3.02 based on the principal amount of Notes and such other *pari passu* Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of US\$250,000, or integral multiples of US\$1,000 in excess thereof, will be purchased); and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer), *provided* that the unpurchased portion has a minimum denomination of US\$250,000.

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary (but subject to Section 3.02), the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company will promptly issue a new Note, and the Trustee, upon written request from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered, *provided* that the unpurchased portion has a minimum denomination of US\$250,000. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.10 *Redemption for Taxation Reasons.*

The Notes may be redeemed, at the option of the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company for redemption (the "*Tax Redemption Date*") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective on or after the date of this Indenture with respect to any payment due or to become due under the Notes, this Indenture or a Note Guarantee, the Company or a Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the Company or a Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; *provided that* for the avoidance of doubt, changing the jurisdiction of the Company or a Subsidiary Guarantor is not a reasonable measure for the purposes of this Section 3.10; *provided, further*, that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee:

- (1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Company or such Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant of recognized international standing stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Section 3.11 *Gaming Redemption.*

Each Holder, by accepting a Note, shall be deemed to have agreed that if the Gaming Authority of any jurisdiction in which the Company or any of its Affiliates (including Melco Crown Gaming) conducts or proposes to conduct gaming requires that a person who is a holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable Gaming Laws, such holder or beneficial owner, as the case may be, shall apply for a license, qualification or a finding of suitability within the required time period. If such Person fails to apply or become licensed or qualified or is found unsuitable, the Company shall have the right, at its option:

(1) to require such Person to dispose of its Notes or beneficial interest therein within 30 days of receipt of notice of the Company's election or such earlier date as may be requested or prescribed by such Gaming Authority; or

(2) to redeem such Notes, which redemption may be less than 30 days following the notice of redemption if so requested or prescribed by the applicable gaming authority, at a redemption price equal to:

(A) the lesser of:

- (1) the person's cost, plus accrued and unpaid interest, if any, to the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; and
- (2) 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; or

(B) such other amount as may be required by applicable law or order of the applicable Gaming Authority.

The Company shall notify the Trustee in writing of any such redemption as soon as practicable. Neither the Company nor the Trustee shall be responsible for any costs or expenses any Holder may incur in connection with such Holder's application for a license, qualification or a finding of suitability.

Section 3.12 *Escrow of Proceeds and Special Mandatory Escrow Redemption.*

(a) Pursuant to the Escrow Agreement, in the event the Senior Secured Credit Facilities are not executed on or before March 31, 2013 (the "*Special Mandatory Escrow Redemption Event*"), the Notes will be subject to a special mandatory redemption (the "*Special Mandatory Escrow Redemption*") at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon from and including the Issue Date through the date of redemption. If a Special Mandatory Redemption Event occurs, the Company will cause a notice of Special Mandatory Escrow Redemption to be delivered to the Trustee and each of the Holders (with a copy to the Escrow Agent and the Collateral Agent) within five Business Days following the date of the occurrence of the Special Mandatory Escrow Redemption Event and will redeem the Notes, in whole and not in part, no later than ten (10) Business Days following the date of such notice of redemption. If the amount of funds in the Escrow Account is insufficient to pay the redemption price, plus accrued and unpaid interest, the Company will provide such amounts to the Trustee directly, as provided in the Escrow Agreement.

Section 3.13 *Special Mandatory Note Proceeds Redemption.*

(a) Pursuant to the Note Disbursement and Account Agreement, in the event that no funds have been released from the Note Proceeds Account by prior to the date that is one year from the date of the execution of the Senior Secured Credit Facilities due to the failure of all conditions precedent to first utilization of the Senior Secured Credit Facilities to be satisfied or waived (other than with respect to (a) the utilization or disbursement of the proceeds of the Notes, (b) any provision for future land premium payments to be made from the proceeds of the Notes and (c) funding of the Note Debt Service Reserve Account) by such date (the “*Special Mandatory Note Proceeds Redemption Event*”), the Notes will be subject to a special mandatory redemption (the “*Special Mandatory Note Proceeds Redemption*”) at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon through the date of redemption. If a Special Mandatory Note Proceeds Redemption Event occurs, the Company will cause a notice of Special Mandatory Note Proceeds Redemption to be delivered to the Trustee and each of the Holders (with a copy to the Note Disbursement Agent and the Collateral Agent) within five Business Days following the date of the occurrence of the Special Mandatory Note Proceeds Redemption Event and will redeem the Notes, in whole and not in part, no later than ten (10) Business Days following the date of such notice of redemption. If the amount of funds in the Note Proceeds Account is insufficient to pay the redemption price, plus accrued and unpaid interest, the Company will provide such amounts to the Trustee directly, as provided in the Note Disbursement and Account Agreement.

ARTICLE 4
COVENANTS

Section 4.01 *Payment of Notes.*

The Company will pay or cause to be paid the principal of, premium, if any, and interest and Additional Amounts, if any, on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest and Additional Amounts, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. New York Time two Business Days prior to the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02 *Maintenance of Office or Agency.*

The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates Deutsche Bank Trust Company Americas as one such office or agency of the Company in accordance with Section 2.03 hereof.

Section 4.03 Reports.

(a) The Company will provide to the Trustee and the Holders and make available to potential investors:

(1) within 120 days after the end of the Company's fiscal year, annual reports of the Company containing: (a) information with a level of detail that is substantially comparable to the sections in the Offering Memorandum entitled "Selected Consolidated Financial Information", "Business", "Management", "Related Party Transactions" and "Description of Other Indebtedness"; (b) the Company's audited consolidated (i) balance sheet as of the end of the two most recent fiscal years (or such shorter period as the Company has been in existence) and (ii) income statement and statement of cash flow for the two most recent fiscal years (or such shorter period as the Company has been in existence), in each case prepared in accordance with U.S. GAAP and including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (c) an operating and financial review of the two most recent fiscal years (or such shorter period as the Company has been in existence) for the Company and its Restricted Subsidiaries, including a discussion of (i) the financial condition and results of operations of the Company on a consolidated basis and any material changes between such two fiscal years (or such shorter period as the Company has been in existence) and (ii) any material developments in the business of the Company and its Restricted Subsidiaries; and (d) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any Change of Control or material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year, unless *pro forma* information has been provided in a previous report pursuant to paragraph (2)(c) below, *provided that* no *pro forma* information shall be required to be provided for any material acquisitions or dispositions relating solely to the Project;

(2) within 60 days after the end of each day of the first three fiscal quarters in each fiscal year of the Company, quarterly reports containing: (a) the Company's unaudited condensed consolidated (i) balance sheet as of the end of such quarter and (ii) statement of income and cash flow for the quarterly and year to date periods ending on the most recent balance sheet date, and the comparable prior year periods, in each case prepared in accordance with U.S. GAAP; (b) an operating and financial review of such periods for the Company and its Restricted Subsidiaries including a discussion of (i) the financial condition and results of operations of the Company on a consolidated basis and material changes between the current period and the period of the prior year and (ii) any material developments in the business of the Company and its Restricted Subsidiaries; (c) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any Change of Control or material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter, *provided that* no *pro forma* information shall be required to be provided for any material acquisitions or dispositions relating solely to the Project, and *provided further* that the Company may provide any such *pro forma* information relating to a material acquisition within 75 days following such quarterly report in the form of a report provided pursuant to clause (3) below; and

(3) promptly from time to time after the occurrence of any of the events listed in (a) to (e) of this clause (3) information with respect to (a) any change in the independent accountants of the Company or any of its Significant Subsidiaries, (b) resignation of any member of the Board of Director or management of the Company, (c) any material acquisition or disposition, (d) any material event that the Company or any Restricted Subsidiary announces publicly and (e) any information that the Company is required to make publicly available under the requirements of the Singapore Exchange Securities Trading Limited or such other exchanges on which the securities of the Company or its Subsidiaries are then listed.

(b) If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Company, then the annual and quarterly information required by the paragraphs (a)(1) and (a)(2) hereof shall include a reasonably detailed presentation of the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries of the Company.

(c) In addition, so long as the Notes are “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and in any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the holders of the Notes, securities analysts and prospective investors, upon their request, any information that Rule 144A(d)(4) under the Securities Act would require the Company to provide to such parties.

(d) All financial statement information required under this covenant shall be prepared on a consistent basis in accordance with U.S. GAAP. In addition, all financial statement information and all reports required under this covenant shall be presented in the English language.

(e) Contemporaneously with the provision of each report discussed above, the Company will also post such report on the Company’s website.

Section 4.04 *Compliance Certificate.*

(a) The Company shall deliver to the Trustee, (x) within 120 days after the end of each fiscal year and (y) within five (5) Business Days of receipt of a written request from the Trustee, an Officer’s Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and the Security Documents, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture, and the Security Documents and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture or any Security Document (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) [Intentionally Omitted].

(c) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, as soon as possible and in any event within five (5) days after the Company becomes aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto. The Trustee shall not be deemed to have a duty to monitor compliance by the Company, nor to have knowledge of a Default or an Event of Default (other than a payment default on a scheduled interest payment date) unless a Responsible Officer of the Trustee receives written notice thereof, stating that it is a notice of default and referencing the applicable section of this Indenture.

Section 4.05 *Taxes*.

The Company will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies required to be paid by the Company or such Subsidiaries except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders.

Section 4.06 *Stay, Extension and Usury Laws*.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Limitation on Restricted Payments*.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness of the Company or any Subsidiary Guarantor (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except a payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as “*Restricted Payments*”),

unless, at the time of and after giving effect to such Restricted Payment:

(A) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(B) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof;

(C) the Opening Date has occurred; and

(D) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2) through (12) of Section 4.07(b), is less than the sum, without duplication, of:

(i) 75% of the EBITDA of the Company *less* 2.25 times Fixed Charges for the period (taken as one accounting period) from the beginning of the fiscal quarter during which the Opening Date occurs to the end of the Company’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such EBITDA for such period is a deficit, *minus* 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Company (in each case, other than in connection with any Excluded Contribution or Sponsor Project Contribution) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date (x) is reduced as a result of payments of dividends to the Company or a Restricted Subsidiary or (y) is sold for cash or otherwise liquidated or repaid for cash, (in the case of sub-clauses (x) and (y)) the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment or (z) is reduced upon the release of a Guarantee granted by the Company or a Restricted Subsidiary that constituted a Restricted Investment, to the extent that the initial granting of such Guarantee reduced the restricted payments capacity under Section 4.07(a)(D); *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is re-designated as a Restricted Subsidiary after the Issue Date, the lesser of (i) the Fair Market Value of the Company's Restricted Investment in such Subsidiary as of the date of such re-designation or (ii) the Fair Market Value of the net aggregate Investments made by the Company or a Restricted Subsidiary in such Unrestricted Subsidiary from the date such entity was originally designated as an Unrestricted Subsidiary through the date of such re-designation; *plus*

(v) 100% of the aggregate amount received from the sale of the stock of any Unrestricted Subsidiary of the Company after the Issue Date or 100% of any dividends received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary of the Company.

(b) The provisions of Section 4.07(a) hereof will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company (in each case, other than in connection with any Excluded Contribution or Sponsor Project Contribution); *provided that* the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.07(a)(D)(ii) hereof;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the net cash proceeds from a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a *pro rata* basis;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided that* the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed US\$1.0 million in any twelve-month period;

(6) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary of the Company issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described in Section 4.09(a) hereof;

(8) any Restricted Payment made or deemed to be made by the Company or a Restricted Subsidiary under, pursuant to or in connection with the CMA or the Reinvestment Agreement;

(9) to the extent constituting Restricted Payments, the payment of Project Costs as permitted pursuant to the Disbursement Agreements;

(10) Restricted Payments that are made with Excluded Contributions;

(11) Restricted Payments made or deemed to be made with Excluded Project Revenues; provided the amount of such Restricted Payment will be excluded from Section 4.07(a)(D)(v);

(12) the making of Restricted Payments, if applicable:

(A) in amounts required for any direct or indirect parent of the Company to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any direct or indirect parent of the Company and general corporate operating and overhead expenses of any direct or indirect parent of the Company in each case to the extent such fees and expenses are attributable to the ownership or operation of the Company, if applicable, and its Subsidiaries, in an aggregate amount not to exceed US\$1.0 million per annum;

(B) in amounts required for any direct or indirect parent of the Company, if applicable, to pay interest and/or principal on Indebtedness the proceeds of which have been contributed to the Company or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Company Incurred in accordance with Section 4.09; *provided that* the amount of any such proceeds will be excluded from Section 4.07(a)(D)(ii);

(C) in amounts required for any direct or indirect parent of the Company to pay fees and expenses, other than to Affiliates of the Company, related to any unsuccessful equity or debt offering of such parent; and

(D) payments for services under any Revenue Sharing Agreement that would constitute or be deemed to constitute a Restricted Payment;

(13) any Restricted Payment used to fund the Transactions and the payment of fees and expenses incurred in connection with the Transactions or owed by the Company or any direct or indirect parent of the Company or Restricted Subsidiaries of the Company to Affiliates, and any other payments made, including any such payments made to any direct or indirect parent of the Company to enable it to make payments, in connection with the consummation of the Transactions, whether payable on the Issue Date or thereafter, in each case on terms described in the Offering Memorandum under "Use of Proceeds" and to the extent permitted by Section 4.11;

(14) payments to a direct or indirect parent company of the Company to reimburse such parent entity for reasonably documented costs and expenses associated with the development and construction of the Phase I Project incurred in the event the Company or any Restricted Subsidiary of the Company is unable to satisfy certain conditions to disbursement from the Note Proceeds Account (other than the condition that the funding of the Sponsors in an aggregate amount of US\$825.0 million must be exhausted prior to any disbursement from the Note Proceeds Account) in accordance with the Note Disbursement and Account Agreement or under the Senior Secured Credit Facilities or from the Senior Disbursement Account in accordance with the Senior Disbursement Agreement; *provided*, the amount of any such payment does not exceed the net cash proceeds received by the Company since the Issue Date for the purposes described in this clause (14) either (a) as a contribution to its common equity or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Company (and the amount of any such proceeds will be excluded from Section 4.07(a)(D)(ii) or (b) from the proceeds of the issuance of Subordinated Shareholder Debt; *provided*, any such payments made in accordance with this clause (b) shall be made through repayment of such Subordinated Shareholder Debt (including, for the avoidance of doubt, through voluntary prepayment thereof);

(15) any Restricted Payments, to the extent required to be made by any Gaming Authority having jurisdiction over the Company or any of its Restricted Subsidiaries or Melco Crown Gaming;

(16) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company or any Restricted Subsidiary; *provided, however*, that any such cash payment shall not be for the purpose of evading the limitation of this Section 4.07;

(17) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company or any Subsidiary Guarantor pursuant to provisions similar to those described under Section 4.15, *provided that* all Notes tendered by holders of the Notes in connection with a Change of Control Offer have been repurchased, redeemed or acquired for value;

(18) payments or distributions to dissenting stockholders of Capital Stock of the Company pursuant to applicable law in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, that complies with Section 5.01; *provided that* as a result of such consolidation, merger or transfer of assets, the Company shall have made a Change of Control Offer (if required by this Indenture) and that all Notes tendered by holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value; and

(19) other Restricted Payments in an aggregate amount not to exceed US\$10.0 million since the Issue Date; *provided that* the Opening Date has occurred,

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (12), (13), (14) and (19) of this Section 4.07(b), no Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.07 will be determined by the Board of Directors of the Company whose resolution with respect thereto will be delivered to the Trustee as set forth in an Officer's Certificate. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of international standing if the Fair Market Value exceeds US\$30.0 million.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Subsidiaries.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause, permit or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;
- (2) make loans or advances to the Company or any of its Restricted Subsidiaries; or
- (3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness or any other agreements in existence on the Issue Date as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided that* the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in those agreements on the Issue Date;

(2) the Credit Facilities Documents (including the Senior Secured Credit Facilities), and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided that* the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in the Senior Secured Credit Facilities on the original execution date thereof;

(3) the Indenture, the Notes, the Note Guarantees and the Security Documents;

(4) applicable law, rule, regulation or order, or governmental license, permit or concession;

(5) any agreement or instrument governing Indebtedness or Capital Stock of a Person or assets acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was Incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired (and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements or instruments; *provided that* the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in those agreements or instruments at the time of such acquisition); *provided further, that*, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be Incurred;

(6) customary non-assignment provisions in contracts and licenses including, without limitation, with respect to any intellectual property, entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in Section 4.08(a)(3);

(8) any agreement for the sale or other disposition of Equity Interests or property or assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided that* the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of Section 4.12 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting dividends or the disposition or distribution of assets, property or Equity Interests in joint venture or operating agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements, merger agreements and other similar agreements entered into with the approval of the Company's Board of Directors, which limitation is applicable only to the assets, property or Equity Interests that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers under contracts entered into in the ordinary course of business; and

(13) any agreement or instrument with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals, supplements or amendments or replacements thereof; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced.

Section 4.09 *Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) and the Company will not issue any shares of Disqualified Stock and the Company will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; *provided, however*, that the Company may Incur Indebtedness (including Acquired Indebtedness) or issue Disqualified Stock, and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) or issue Preferred Stock, if (1) the Opening Date has occurred and (2) the Fixed Charge Coverage Ratio of the Company for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued, as the case may be, would have been at least 2.25 to 1.00 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

(b) The provisions of Section 4.09(a) hereof do not apply to any of the following (collectively, "*Permitted Debt*"):

(1) the Incurrence by the Company and the Subsidiary Guarantors of Indebtedness under Credit Facilities up to an aggregate principal amount of (i) (x) US\$1.400 billion *plus*, after the occurrence of the Opening Date, (y) US\$100.0 million incurred in respect of the Phase II Project *less* (ii) the aggregate amount of all Net Proceeds of Asset Sales applied since the Issue Date to repay any term Indebtedness Incurred pursuant to this clause (1) or to repay any revolving credit indebtedness Incurred under this clause (1) and effect a corresponding commitment reduction thereunder pursuant to Section 4.10 hereof;

(2) the Incurrence of Indebtedness represented by the Notes (other than Additional Notes), the Note Guarantees and the Intercompany Note Proceeds Loan, and, to the extent those obligations would represent Indebtedness, the Security Documents;

(3) Indebtedness existing on the Issue Date (other than Indebtedness described in clauses (1) and (2));

(4) Indebtedness of the Company or any of its Restricted Subsidiaries represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or other assets (including through the acquisition of Capital Stock of any person that owns property, plant or other assets which will, upon acquisition, become a Restricted Subsidiary) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (4), not to exceed the greater of (x) US\$50.0 million and (y) 2.0% of Total Assets at any time outstanding;

(5) the Incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be Incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5) or (15) of this Section 4.09(b);

(6) (a) Obligations in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, bid, appeal and surety bonds and completion or performance guarantees (including the guarantee of any land grant) provided by the Company or any Restricted Subsidiary in connection with the Project or in the ordinary course of business and (b) Indebtedness constituting reimbursement obligations with respect to letters of credit or trade or bank guarantees (including for land grants) issued in the ordinary course of business to the extent that such letters of credit, trade or bank guarantees (including for land grants) are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than thirty (30) days following receipt of a demand for reimbursement;

(7) the Incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:

(A) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Subsidiary Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company, will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or another Restricted Subsidiary; *provided that*

(A) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(B) any sale or other transfer of any such Preferred Stock to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (8).

(9) the Incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(10) the guarantee by the Company or any Restricted Subsidiary of the Company of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be Incurred by another provision of this Section 4.09; *provided that* if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is extinguished within five (5) Business Days of its Incurrence;

(12) to the extent constituting Indebtedness, agreements to pay service fees to professionals (including architects, engineers, contractors and designers) in furtherance of and/or in connection with the Project or agreements to pay fees and expenses or other amounts pursuant to the CMA or otherwise arising under the CMA in the ordinary course of business (*provided, that* no such agreements shall give rise to Indebtedness for borrowed money);

(13) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds, or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary of the Company, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided, that* the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received in connection with such disposition;

(14) Obligations in respect of Shareholder Subordinated Debt;

(15) any guarantees made solely in connection with (and limited in scope to) the giving of a Lien of the type specified in clause (22) of "Permitted Liens" to secure Indebtedness of an Unrestricted Subsidiary, the only recourse of which to the Company and its Restricted Subsidiaries is to the Equity Interests subject to the Liens; and

(16) after the Opening Date, the Incurrence by the Company or the Subsidiary Guarantors of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (16), not to exceed US\$30.0 million.

The Company will not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its Incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.09. Indebtedness incurred under the Senior Secured Credit Facilities will be deemed to have been incurred in reliance on the exception provided by clause (1) of the definition of Permitted Debt. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of the Company as accrued. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (a) the Fair Market Value of such assets at the date of determination; and
 - (b) the face amount of the Indebtedness of the other Person.

Section 4.10 *Asset Sales*.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale (other than an Event of Loss), unless:

- (1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and
- (2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash. For purposes of this provision, each of the following will be deemed to be cash:
 - (A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;
 - (B) any securities, notes or other Obligations received by the Company or any such Restricted Subsidiary from such transferee that are, within 30 days of the receipt thereof, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion; and
 - (C) any stock or assets of the kind referred to in Section 4.10(b)(2) or Section 4.10(b)(4).

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale (including an Event of Loss), the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

- (1) to repay (a) Indebtedness Incurred under Section 4.09 (b)(1) and Indebtedness that is secured under clause (25) of the definition of "Permitted Liens", (b) other Indebtedness of the Company or a Subsidiary Guarantor secured by the asset that is the subject of such Asset Sale, and, in each case, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, or (c) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor;

(2) to acquire all or substantially all of the assets of another Permitted Business, or any Capital Stock of, a Person undertaking another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Company (*provided that* (a) such acquisition funded with any proceeds from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that a binding agreement to acquire such assets or Capital Stock is entered into on or prior to the date that is 360 days after receipt of the Net Proceeds from the relevant Event of Loss, and (b) if such acquisition is not consummated within the period set forth in clause (a), the Net Proceeds not so applied will be deemed to be Excess Proceeds);

(3) to make a capital expenditure (*provided that* any such capital expenditure funded with any proceeds from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss); or

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business (*provided that* (a) such acquisition funded from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that a binding agreement to acquire such assets is entered into on or prior to the date that is 360 days after receipt of the Net Proceeds from the relevant Event of Loss, and (b) if such acquisition is not consummated within the period set forth in clause (a), the Net Proceeds not so applied will be deemed to be Excess Proceeds);

or enter into a binding commitment regarding clauses (2), (3) or (4) above (in addition to the binding commitments expressly referenced in those clauses), *provided that* such binding commitment shall be treated as a permitted application of Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 360 day period. To the extent such acquisition or expenditure is not consummated on or before such 180th day and the Company or such Restricted Subsidiary shall not have applied such Net Proceeds pursuant to clauses (2), (3) or (4) above on or before such 180th day, such commitment shall be deemed not to have been a permitted application of Net Proceeds, and such Net Proceeds will constitute Excess Proceeds, provided further that, if such Asset Sale is an Event of Loss, the time periods set forth for the applications of the Net Proceeds therefrom shall be extended to any date set forth in the Senior Secured Credit Facilities for the application of the Net Proceeds therefrom towards mandatory prepayment of the Senior Secured Credit Facilities or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities, if later.

(c) Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(d) Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this Section 4.10 will constitute “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds US\$5.0 million, within ten (10) days thereof, the Company shall make an Asset Sale Offer to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Company will purchase all tendered Notes and such other *pari passu* Indebtedness on a *pro rata* basis unless otherwise required under Section 3.02. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(e) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of Section 3.09 hereof or this Section 4.10, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under Section 3.09 hereof or this Section 4.10 by virtue thereof.

Section 4.11 *Transactions with Affiliates.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an “*Affiliate Transaction*”), unless:

(1) the *Affiliate Transaction* is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

(A) with respect to any *Affiliate Transaction* or series of related *Affiliate Transactions* involving aggregate consideration in excess of US\$15.0 million, a resolution of the Board of Directors of the Company set forth in an Officer’s Certificate certifying that such *Affiliate Transaction* complies with clause (1) of this Section 4.11(a) and that such *Affiliate Transaction* has been approved by a majority of the disinterested members of the Board of Directors of the Company or, prior to the Opening Date only, in the event the Board of Directors of the Company has no disinterested directors, a majority of the members of the Board of Directors; and

(B) with respect to any *Affiliate Transaction* or series of related *Affiliate Transactions* involving aggregate consideration in excess of US\$30.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such *Affiliate Transaction* from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of national standing with experience appraising the terms and conditions of the type of transaction or series of related transactions.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

(1) any employment agreement, employee benefit plan (including compensation, retirement, disability, severance and other similar plan), officer or director indemnification, stock option or incentive plan or agreement, employee equity subscription agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable officers' and directors' fees and reimbursement of expenses (including the provision of indemnity to officers and directors) to Persons who are not otherwise Affiliates of the Company;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company or contribution to the common equity capital of the Company;

(6) Restricted Payments (including any payments made under, pursuant to or in connection with the CMA or the Reinvestment Agreement) that do not violate Section 4.07 hereof or any other payment or investment made or deemed to be made with Excluded Project Revenues;

(7) any agreement or arrangement existing on the Issue Date, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals (so long as any such agreement or arrangement together with all such amendments, modifications, supplements, extensions, replacements, terminations and renewals, taken as a whole, is not materially more disadvantageous to the Company and its Restricted Subsidiaries, taken as a whole, than the original agreement or arrangement as in effect on the Issue Date, unless any such amendments, modifications, supplements, extensions, replacements, terminations or renewals are imposed by any Gaming Authority or any other public authority having jurisdiction over the Company, Melco Crown Gaming or any of its Restricted Subsidiaries, including, but not limited to, the government of the Macau SAR);

(8) loans or advances to employees in the ordinary course of business not to exceed US\$1.0 million in the aggregate at any one time outstanding;

(9) the payment of Project Costs and the reimbursement of Affiliates of the Company or a Restricted Subsidiary, in each case, as permitted pursuant to the Disbursement Agreements as in effect as of the Issue Date and any amendments thereto (so long as such agreement together with all amendments thereto, taken as a whole, is not more disadvantageous in any material respect to the Company and its Restricted Subsidiaries, taken as a whole, than the original agreement as in effect on the Issue Date);

(10) (a) transactions or arrangements under, pursuant to or in connection with the CMA or the Reinvestment Agreement, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals thereof (so long as the CMA and the Reinvestment Agreement, taken as a whole, together with all such amendments, modifications, supplements, extensions, replacements, terminations and renewals, taken as a whole, is not materially more disadvantageous to the Company and its Restricted Subsidiaries, taken as a whole, than the CMA and the Reinvestment Agreement, taken as a whole, as in effect on the Issue Date or, as determined in good faith by the Board of Directors of the Company, would not materially and adversely affect the Company's ability to make payments of principal of and interest on the Notes) and (b) other than with respect to transactions or arrangements subject to clause (a) above, transactions or arrangements with customers, clients, suppliers or sellers of goods or services in the ordinary course of business and otherwise in compliance with the terms of this Indenture, on terms that are fair to the Company or any of its Restricted Subsidiaries, as applicable, or are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arms-length basis from a Person that is not an Affiliate of the Company, in the case of each of (a) and (b), unless any such amendments, modifications, supplements, extensions, replacements, terminations or renewals are imposed by any Gaming Authority or any other public authority having jurisdiction over the Company, Melco Crown Gaming or any of its Restricted Subsidiaries, including, but not limited to, the government of the Macau SAR;

(11) the execution of the Transactions, and the payment of all fees and expenses relating to the Transactions described in the Offering Memorandum;

(12) with respect to compliance with Section 4.11(a)(2)(B) hereof, transactions or arrangements to be entered into in connection with the Project in the ordinary course of business including any amendments, modifications, supplements, extensions, replacements, terminations or renewals thereof; and

(13) with respect to compliance with Section 4.11(a)(2)(B) hereof, transactions with Excluded Project Subsidiaries in the ordinary course of business and otherwise in compliance with the terms of this Indenture, on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arms-length basis from a Person that is not an Affiliate of the Company.

Section 4.12 *Liens*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind on any asset now owned or hereafter acquired or any proceeds, income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens, or, if such Lien is not a Permitted Lien, unless the Notes and the Note Guarantees are secured on a *pari passu* basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Section 4.13 *Business Activities*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Section 4.14 *Corporate Existence.*

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

- (1) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and
- (2) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

Section 4.15 *Offer to Repurchase upon Change of Control.*

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require the Company to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Company has previously or concurrently elected to redeem the Notes pursuant to Section 3.07 hereof. Within ten (10) days following any Change of Control, except to the extent that the Company has exercised its right to redeem the Notes by delivery of a notice of redemption pursuant to Section 3.03 hereof, the Company shall mail a notice (a "*Change of Control Offer*") to each Holder with a copy to the Trustee stating:

(1) that a Change of Control has occurred and that such Holder has the right to require the Company to repurchase such Holder's Notes at a repurchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date (the "*Change of Control Payment*"));

(2) the circumstances and relevant facts and financial information regarding such Change of Control;

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(4) that any Note not tendered will continue to accrue interest;

(5) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(6) the Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(7) the Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased, and

(8) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, *provided* that the unpurchased portion has a minimum denomination of US\$250,000.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes properly tendered and being purchased by the Company.

The Paying Agent will promptly mail (but in any case not later than five (5) days after the Change of Control Payment Date) to each Holder properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any, *provided* that the unpurchased portion has a minimum denomination of US\$250,000. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 hereof and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 3.03 hereof, unless and until there is a default in payment of the applicable redemption price.

(d) A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

(e) Notes repurchased by the Company pursuant to a Change of Control Offer will have the status of Notes issued but not outstanding or will be retired and cancelled at the option of the Company. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

(f) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of the Notes pursuant to this Section 4.15. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

Section 4.16 *Payments for Consents.*

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes, the Note Guarantees or the Security Documents unless such consideration is (1) offered to be paid; and (2) is paid to all Holders that consent, waive or agree to amend within the time frame and on the terms set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.17 *Future Subsidiary Guarantors.*

(a) If the Company or any of its Restricted Subsidiaries acquires or creates another Subsidiary after the Issue Date, then the Company shall cause such newly acquired or created Subsidiary to become a Subsidiary Guarantor (in the event that such Subsidiary provides a guarantee of any other Indebtedness of the Company or a Subsidiary Guarantor of the type specified under clauses (1) or (2) of the definition of "Indebtedness"), at which time such Subsidiary shall:

(1) execute a supplemental indenture in the form attached as Exhibit D hereto pursuant to which such Subsidiary shall unconditionally guarantee, on a senior basis, all of the Company's Obligations under this Indenture and the Notes on the terms set forth in this Indenture;

(2) execute and deliver to the Collateral Agent such amendments or supplements to the Security Documents necessary in order to grant to the Collateral Agent, for the benefit of the Trustee and the holders of the Notes, a perfected security interest (subject to Permitted Liens and to the extent permitted under applicable law) in the Collateral owned by such Subsidiary Guarantor required to be pledged pursuant to the Security Documents;

(3) take such further action and execute and deliver such other documents as otherwise may be reasonably requested by the Trustee or the Collateral Agent to give effect to the foregoing; and

(4) deliver to the Trustee and the Collateral Agent an Opinion of Counsel that (i) such supplemental indenture and any other documents required to be delivered have been duly authorized, executed and delivered by such Subsidiary and constitute legal, valid, binding and enforceable Obligations of such Subsidiary and (ii) the Security Documents to which such Subsidiary is a party create a valid perfected Lien on the Collateral covered thereby to the extent permitted under applicable law.

(b) Notwithstanding Section 4.17(a), the Company shall not be obligated to cause any such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (i) any liability for the officers, directors or shareholders of such Restricted Subsidiary or (ii) any significant cost, expense, liability or obligation (including with respect of any Taxes, but excluding any reasonable guarantee or similar fee payable to the Company or a Restricted Subsidiary) other than reasonable out of pocket expenses.

Section 4.18 *Designation of Restricted and Unrestricted Subsidiaries.*

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default; *provided that* in no event will the business currently operated by Studio City Company Limited, Studio City Developments Limited, Studio City Entertainment Limited or Studio City Hotels Limited be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.07 hereof or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary (or, with respect to Excluded Project Subsidiaries, they meet the definition thereof). The Board of Directors of the Company may re-designate any Unrestricted Subsidiary to be a Restricted Subsidiary if that re-designation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary (or, with respect to an Excluded Project Subsidiary, it would fail to meet the requirements set forth in the definition thereof), it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be Incurred as of such date under Section 4.09 hereof, the Company will be in Default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided that* such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the reference period; and (2) no Default or Event of Default would be in existence following such designation. On such designation, the Company shall deliver an Officer's Certificate to the Trustee regarding such designation and certifying that such designation complies with the preceding conditions and the relevant covenants under this Indenture.

Section 4.19 *Listing.*

The Company will use its commercially reasonable efforts to list and maintain the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited or another comparable exchange.

Section 4.20 *Creation of New Intermediate Holding Companies.*

(a) Prior to any funding under the Senior Secured Credit Facilities, the Company shall create holding companies that are direct parent companies of Studio City Entertainment Limited and Studio City Hotels Limited (and together holding 100% of the Voting Stock thereof) and direct subsidiaries of Studio City Holdings Two Limited (the "*New Intermediate Holding Companies*"). The New Intermediate Holding Companies shall constitute "direct parent companies" for purposes of Section 11.08(c) of this Indenture.

(b) Promptly upon the incorporation of the New Intermediate Holding Companies, the Company shall procure that each New Intermediate Holding Company shall provide a Note Guarantee on a senior basis as provided in this Indenture (including pursuant to Section 4.17 hereof).

Section 4.21 *Escrow of Proceeds.*

The Company shall deposit, or cause to be deposited, the net proceeds of the offering of the Notes issued on the Issue Date into the Escrow Account on the Issue Date and shall comply with the terms of the Escrow Agreement.

Section 4.22 *Limitations on Use of Proceeds*

Upon release from the Escrow Account in accordance with the Escrow Agreement, the Company will deposit all of the net proceeds of the offering of the Notes issued on the Issue Date into the Note Proceeds Account after the funding of the Note Interest Reserve Account. The funds in the Note Proceeds Account will be invested as set forth in the Indenture and the Note Disbursement and Account Agreement and will be disbursed only in accordance with the Note Disbursement and Account Agreement.

Section 4.23 *Note Debt Service Reserve Account.*

(a) On the date of or immediately prior to the submission of the first utilization request under the Senior Secured Credit Facilities, and upon release from the Note Interest Reserve Account pursuant to the Note Disbursement and Account Agreement, the Company shall cause the Six-Month Interest Reserve to be deposited into a U.S. dollar-denominated note debt service reserve account established by, and in the name of, the Senior Secured Credit Facilities Borrower.

(b) At all times the obligations of the Company to deposit monthly payments into the Note Interest Accrual Account shall be substantially identical in priority to any obligations to make periodic payments into the Senior Debt Service Accrual Account or any similar account established for the benefit of the Senior Secured Credit Facilities Finance Parties (or the analogous parties under any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) with respect to principal and interest due thereunder for the applicable periods in accordance with the terms of the Note Disbursement and Account Agreement, subject to the rights of secured creditors of the Company and its subsidiaries on enforcement, although the failure to fund the Note Interest Accrual Account (to the extent the Senior Debt Service Accrual Account or its equivalent is also not funded as specified above) will not constitute a Default or Event of Default under this Indenture.

Section 4.24 *Operation of Revenue Account.*

All of the revenues of Studio City Investments Limited and its Restricted Subsidiaries derived directly from the operation of the Phase I Project from the Opening Date shall be paid into an agreed account or accounts (collectively, the "*Revenue Account*") secured in favor of the security agent under the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) and not in favor of the Trustee or the holders of the Notes). Funds shall be paid out of the Revenue Account in support of the Company's and the Senior Secured Credit Facilities Borrower's obligations under the Notes and the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities), respectively, in accordance with the following sequence towards:

(a) payment of construction costs, budgeted operating expenditure, budgeted capital expenditure and taxes;

(b) payment of any fees and expenses owing to the agents and the other administrative parties appointed in connection with the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) and the Trustee, the Collateral Agent, the Paying and Transfer Agent, the Registrar, and any other administrative parties appointed in connection with the Notes;

(c) payments (on a *pari passu* and *pro rata* basis as among (i), (ii) and (iii)) to (i) the Senior Debt Service Accrual Account (or its equivalent under any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) up to the required balance of scheduled interest (and additional amounts in the nature of interest) due under the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) on the next interest payment date (crediting any amounts receivable under relevant interest rate swap agreements); (ii) the Senior Debt Service Accrual Account (or its equivalent under any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) up to the required balance of scheduled principal due under the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) on the next repayment date (other than the amount of scheduled principal due on the final repayment date); and (iii) the Note Interest Accrual Account up to the required balance of interest due on the next interest payment date (and additional amounts in the nature of interest), which amounts will be applied in making such payment provided that the amount standing to the credit of the Note Interest Accrual Account shall not accrue at a rate higher than one sixth of interest due under the Notes on the next interest payment date multiplied by the number of months that have passed in each six-month interest period under the Notes (adjusted, in the case of the first interest payment date after the Opening Date, for any amount credited to the Note Interest Accrual Account from the Note Interest Reserve Account and any part month);

(d) payment to the debt service reserve account (or its equivalent) established pursuant to the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities) up to the required balance;

(e) to the extent not paid pursuant to paragraphs (b) and (c) above, payment of any unpaid amounts then due to any of the Senior Secured Credit Facilities Finance Parties (or the analogous parties under any Credit Facility that replaces the Senior Secured Credit Facilities) and the holders of the Notes, the Trustee, the Collateral Agent, the Paying and Transfer Agent, the Registrar, and any other administrative parties appointed in connection with the Notes (excluding those amounts payable as set forth in paragraph (g) below);

(f) to the extent not paid pursuant to paragraph (a) above, payment of the unpaid amount of taxes, contributions, other premia, capital expenditure and operating costs and expenses then due and payable by the obligors under the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities);

(g) payment to a reserve account to meet any payments required under certain mandatory prepayment provisions of the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities); and

(h) payment to an account from which dividends, distributions and any other payments are permitted to be made by the Senior Secured Credit Facilities (or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities).

Section 4.25 *Construction.*

The Company will, and will cause its Restricted Subsidiaries to, construct the Phase I Project, including the furnishing, fixturing and equipping thereof, with diligence and continuity in a good and workman-like manner substantially in accordance with the Plans and Specifications.

Section 4.26 *Suspension of Covenants*

(a) The following covenants (the “*Suspended Covenants*”) will not apply during any period during which the Notes have an Investment Grade Status (a “*Suspension Period*”): Section 4.07, Section 4.08, Section 4.09, Section 4.10, Section 4.11, Section 5.01(a)(3), and Section 4.17. Additionally, during any Suspension Period, the Company will no longer be permitted to designate any Restricted Subsidiary as an Unrestricted Subsidiary.

(b) In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the “*Reversion Date*”) the Notes cease to have Investment Grade Status, then the Suspended Covenants will apply with respect to events occurring following the Reversion Date (unless and until the Notes subsequently attain an Investment Grade Status, in which case the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Status); *provided, however*, that no Default or Event of Default will be deemed to exist under the Indenture with respect to the Suspended Covenants, and none of the Company or any of its Subsidiaries will bear any liability for any actions taken or events occurring during a Suspension Period and before any related Reversion Date, or any actions taken at any time pursuant to any contractual obligation or binding commitment arising prior to such Reversion Date, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period.

(c) On each Reversion Date, all Indebtedness Incurred during the Suspension Period prior to such Reversion Date will be deemed to be Indebtedness existing on the Issue Date. For purposes of calculating the amount available to be made as Restricted Payments under Section 4.07(a)(D) on or after the Reversion Date, calculations under such covenant shall be made as though such covenant had been in effect during the entire period of time after the Issue Date (including the Suspension Period). Restricted Payments made during the Suspension Period not otherwise permitted pursuant to any of clauses (2) through (6) or (19) under Section 4.07(b) will reduce the amount available to be made as Restricted Payments under Section 4.07(a)(D); *provided*, that the amount available to be made as Restricted Payments on the Reversion Date shall not be reduced to below zero solely as a result of such Restricted Payments. In addition, for purposes of the other Suspended Covenants, all agreements entered into and all actions taken during the Suspension Period, including, without limitation, the Incurrence of Indebtedness shall be deemed to have been taken or to have existed prior to the Issue Date.

ARTICLE 5 SUCCESSORS

Section 5.01 *Merger, Consolidation, or Sale of Assets.*

(a) The Company will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(1) either:

(A) if the transaction or series of transactions is a consolidation of the Company with or a merger of the Company with or into any other Person, the Company shall be the surviving corporation of such merger or consolidation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made shall be a corporation organized and existing under the laws of the British Virgin Islands, Cayman Islands, Hong Kong, Macau, Singapore, United States, any state of the United States or the District of Columbia, and such Person shall expressly assume all the Obligations of the Company under the Notes, this Indenture and the Security Documents pursuant to supplemental indentures or other documents or agreements reasonably satisfactory to the Trustee and the Collateral Agent, and in connection therewith shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may be required by applicable law to perfect or continue the perfection of the Lien created under the Security Documents on the Collateral owned by or transferred to the surviving Person;

(2) immediately after such transaction, no Default or Event of Default exists; and

(3) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made, would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof.

(b) No Subsidiary Guarantor will, and the Company will not permit any Subsidiary Guarantor to, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor in one or more related transactions, to another Person, unless:

(1) either:

(A) if the transaction or series of transactions is a consolidation of such Subsidiary Guarantor with or a merger of such Subsidiary Guarantor with or into any other Person, such Subsidiary Guarantor shall be the surviving corporation of such consolidation or merger; or

(B) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, conveyance or other disposition has been made shall be a corporation organized and existing under the laws of the British Virgin Islands, Cayman Islands, Hong Kong, Macau, Singapore, United States, any state of the United States or the District of Columbia, and such Person shall expressly assume all the Obligations of such Subsidiary Guarantor under its Note Guarantee, this Indenture and the Security Documents pursuant to supplemental indentures or other documents or agreements reasonably satisfactory to the Trustee and the Collateral Agent, and in connection therewith shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may be required by applicable law to perfect or continue the perfection of the Lien created under the Security Documents on the Collateral owned by or transferred to the surviving Person; and

(2) immediately after such transaction, no Default or Event of Default exists;

provided, however, that the provisions of this Section 5.01(b) shall not apply if such Subsidiary Guarantor is released from its Note Guarantee as a result of such consolidation, merger, sale or other disposition pursuant to Section 11.08 hereof.

(c) This Section 5.01 will not apply to:

(1) a merger of the Company or a Subsidiary Guarantor, as the case may be, with an Affiliate solely for the purpose of reincorporating the Company or a Subsidiary Guarantor, as the case may be, in another jurisdiction; or

(2) any consolidation or merger, or any sale, assignment, transfer, conveyance, or other disposition of assets between or among the Company and the Subsidiary Guarantors or between or among the Subsidiary Guarantors.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6 DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

(a) Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, on the Notes;

(2) default in the payment when due (at maturity, upon redemption, upon required repurchase, or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with its obligations under the provisions of Sections 3.09, 3.12, 3.13, 4.10, 4.15, 4.22 or 5.01 hereof;

(4) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture or the Security Documents;

(5) default under any mortgage, indenture or instrument (other than a Designated Credit Facility) under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$10.0 million or more at any time outstanding;

(6) default under any Designated Credit Facility that results in the acceleration thereof prior to the final maturity thereof;

(7) failure by the Company or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction (other than any judgment as to which a reputable third party insurer has accepted full responsibility and coverage) aggregating in excess of US\$10.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(8) the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case or is the subject of a petition by a creditor to have it declared bankrupt,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due;

(9) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Company or of any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or of any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary;

(10) the repudiation by the Company or any Subsidiary Guarantor of any of their Obligations under the Security Documents or the unenforceability of the Security Documents against the Company or any Subsidiary Guarantor for any reason;

(11) except as permitted by this Indenture, (a) any Note Guarantee is held in any judicial proceeding in a competent jurisdiction to be unenforceable or invalid or ceases for any reason to be in full force and effect, or (b) any Person acting on behalf of any Subsidiary Guarantor, denies or disaffirms its Obligations under its Note Guarantee;

(12) except in accordance with this Indenture or as a result of a repayment in full, the Intercompany Note Proceeds Loan ceases to be in full force and effect or is declared fully or partially void in a judicial proceeding or the Company or any other Restricted Subsidiary asserts that the Intercompany Note Proceeds Loan is fully or partially invalid;

(13) the termination or rescission of any Gaming License or the Macau government takes any formal measure to do so;

(14) the abandonment or loss or destruction of all or substantially all of the Phase I Project; and

(15) the failure of the Phase I Project to achieve the Opening Date by the Construction Opening Long Stop Date or the Construction Completion Date not occurring by the Construction Completion Long Stop Date.

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in Section 6.01(a)(8) or 6.01(a)(9) hereof, with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration and its consequences, if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest, premium or Additional Amounts, if any, that has become due solely because of the acceleration) have been cured or waived.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium and Additional Amounts, if any, and interest on the Notes or to enforce the performance of any provision of the Notes, this Indenture or the Security Documents.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium, Additional Amounts, if any, or interest on, the Notes (including in connection with an offer to purchase); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

(a) Subject to the provisions of this Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee reasonable indemnity or security to its satisfaction against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts, if any, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have made a written request to the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security or indemnity to its satisfaction against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity to its satisfaction; and

(5) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request.

(b) A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07 Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal, premium, Additional Amounts, if any, and interest on the Notes, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; *provided that* a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

Section 6.08 Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(a)(1) or (a)(2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, Additional Amounts, if any, and interest remaining unpaid on, the Notes and interest on overdue principal and premium, if any and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.08 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.08 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, the Collateral Agent, the Agents, and their respective agents and attorneys for amounts due under Section 7.08 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee, the Collateral Agent or any Agent, and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, Additional Amounts, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, Additional Amounts, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(3) other than with respect to a payment default, the Trustee shall not be charged with knowledge of any Default or Event of Default unless written notice has been delivered to a Responsible Officer at the Corporate Trust Office of the Trustee referencing the applicable provision of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may engage and consult with professional advisors and counsel selected by it at the reasonable expense of the Company and the Trustee may rely conclusively upon advice of such professional advisors and counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon by the Trustee and any of its directors, officers, employees or agents duly appointed.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care. The Trustee shall have no duty to monitor the performance of such agents.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture. The Trustee shall not be required to take action at the direction of the Company or Holders which conflicts with the requirements of this Indenture, or for which it is not indemnified to its satisfaction, or which involves undue risk or would be contrary to applicable law or regulation.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer or a director of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee in its sole discretion against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(h) The recitals contained herein and in the Notes are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Indenture, the Notes, the Intercompany Note Proceeds Loan or Security Document.

(i) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(j) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(k) The rights, privileges, indemnity, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and the Collateral Agent, and each agent, custodian and other Person employed to act hereunder and shall be incorporated by reference and made a part of the Security Documents, *provided, however* the Collateral Agent and any such agent or custodian shall not be deemed to be a fiduciary;

(l) The Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture;

(m) In the event that the Trustee and Agents shall be uncertain as to their respective duties or rights hereunder or shall receive instructions, claims or demands from the Company, which in their opinion, conflict with any of the provisions of this Indenture, they shall be entitled to refrain from taking action until directed in writing by a final order or judgment of a court of competent jurisdiction; and

(n) So long as any of the Notes remains outstanding, the Company shall provide the Agents with a sufficient number of copies of this Indenture and each of the documents sent to the Trustee or which are required to be made available by stock exchange regulations or stated in the Offering Memorandum relating to the Notes, to be available and, subject to being provided with such copies, each of the Agents will procure that such copies shall be available at its specified office during normal office hours for examination by the Holders and that copies thereof will be furnished to the Holders upon written request at their own expense.

Section 7.03 Limitation on Duty of Trustee and Collateral Agent in Respect of Collateral; Indemnification

(a) Beyond the exercise of reasonable care in the custody thereof, the Trustee and Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Trustee and Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Trustee and Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords other collateral and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Trustee or Collateral Agent in good faith.

(b) The Trustee and Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Trustee and Collateral Agent, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Company to the Collateral, for insuring the Collateral or otherwise as to the maintenance of the Collateral. The Trustee and Collateral Agent shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Indenture or the Security Documents, by the Company or the Subsidiary Guarantors.

Section 7.04 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. The Trustee is also subject to Section 7.11 hereof.

Section 7.05 Trustee's Disclaimer.

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Security Documents or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication. The Trustee shall not be deemed to be required to calculate any Fixed Charges, Treasury Rates, Additional Amounts, any make-whole amount, any Fixed Charge Coverage Ratio or other coverage ratio, or otherwise.

Section 7.06 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee will mail to Holders a notice of the Default or Event of Default within ninety (90) days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, Additional Amounts, if any, or interest on, any Note, the Trustee shall not be deemed to have such actual knowledge and may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Section 7.07 [Intentionally Omitted.]

Section 7.08 Compensation and Indemnity.

(a) The Company will pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder pursuant to a written fee agreement executed by the Trustee and the Company. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses properly incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Subsidiary Guarantors will indemnify the Trustee (which for purposes of this Section 7.08, shall be deemed to include its officers, directors, employees and agents) against any and all losses, liabilities or expenses (including the fees and expenses of counsel) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Subsidiary Guarantors (including this Section 7.08) and defending itself against any claim (whether asserted by the Company, the Subsidiary Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable solely to its negligence or willful default or fraud by a court of competent jurisdiction in a final non-appealable order. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Subsidiary Guarantors of their obligations hereunder. The Company or such Subsidiary Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. Neither the Company nor any Subsidiary Guarantor need to pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Subsidiary Guarantors under this Section 7.08 will survive the satisfaction and discharge of this Indenture, and the resignation or removal of the Trustee, the Collateral Agent and/or any Agent.

(d) To secure the Company's and the Subsidiary Guarantors' payment obligations in this Section 7.08, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(a)(8) or Section 6.01(a)(9) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(f) The Collateral Agent shall have the same rights to compensation and indemnity as the Trustee hereunder. For purposes of this Section 7.08 "hereunder" shall be deemed to include this Indenture, the Notes and the Security Documents.

Section 7.09 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.09.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.11 hereof;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one (1) year after the successor Trustee takes office, the holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee at the sole expense of the Company.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.11 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.08 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.09, the Company's obligations under Section 7.08 hereof will continue for the benefit of the retiring Trustee.

Section 7.10 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.11 Eligibility; Disqualification.

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof, the United Kingdom or Hong Kong that is authorized under such laws to exercise corporate trustee power and that has a combined capital and surplus of at least US\$100.0 million as set forth in its most recent published annual report of condition.

Section 7.12 Appointment of Co-Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction or otherwise, the Trustee shall have the power and may execute and deliver all instruments necessary to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustees, of all or any part of this Indenture, and to vest in such Person or Persons, in such capacity and for the benefit of the Holders, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 7.09 and no notice to the Holders of the appointment of any co-trustee or separate trustee shall be required.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(1) All rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee.

(2) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(3) The Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Section 7.12. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies, and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 7.13 [*Intentionally Omitted*].

Section 7.14 *Rights of Trustee in Other Roles; Collateral Agent*.

All rights, powers and indemnities contained in this Article 7 shall apply to the Trustee in its other roles hereunder and to the Collateral Agent (including, for the avoidance of doubt, in relation to the Security Documents) and the Agents, *provided, however*, that each of the Collateral Agent and the Agents is an agent and not a fiduciary.

ARTICLE 8 LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance*.

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 *Legal Defeasance and Discharge*.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their Obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Company and the Subsidiary Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium and Additional Amounts, if any, on, such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(2) the Company's Obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and the Subsidiary Guarantors' Obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19 and hereof and Section 5.01(a)(3) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, *Covenant Defeasance* means that, with respect to the outstanding Notes and Note Guarantees, the Company and the Subsidiary Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(a)(3) through 6.01(a)(5) hereof will not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, and Additional Amounts, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of an election under Section 8.02 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that:

(A) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(B) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

(8) The Trustee shall be entitled to its usual fees and, in addition, any fees and expenses incurred or charged by the Trustee and its counsel in connection with defeasance, satisfaction and discharge, and investment or custody services provided hereunder.

Section 8.05 *Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all money and non-callable U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the “Trustee”) pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the holders of such Notes of all sums due and to become due thereon in respect of principal, premium, and Additional Amounts, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable U.S. Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 *Repayment to Company.*

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium or Additional Amounts, if any, or interest on, any Note and remaining unclaimed for two (2) years after such principal, premium, or Additional Amounts, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than thirty (30) days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable U.S. Government Obligations in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company’s and the Subsidiary Guarantors’ obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium or Additional Amounts, if any, or interest on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

Notwithstanding Section 9.02 of this Indenture, the Company, the Subsidiary Guarantors, the Trustee, the Collateral Agent and each Agent, as the case may be, may amend or supplement this Indenture, the Notes, the Note Guarantees, the Security Documents, the Escrow Agreement, the Note Disbursement and Account Agreement or the Intercompany Note Proceeds Loan without the consent of any Holder:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of the Company's or a Subsidiary Guarantor's Obligations under the Notes or the Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable;
- (4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any such Holder;
- (5) to conform the text of the Notes, this Indenture, the Note Guarantees, the Security Documents or the Intercompany Note Proceeds Loan to any provision of the "Description of Notes" section of the Offering Memorandum, to the extent that such provision in that "Description of Notes" section of the Offering Memorandum was intended to be a verbatim recitation of a provision of the Notes, this Indenture, the Note Guarantees, the Security Documents or the Intercompany Note Proceeds Loan, which intent shall be evidenced by an Officer's Certificate to that effect;
- (6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date of this Indenture;
- (7) to make, complete or confirm any grant of Collateral permitted or required by this Indenture or the Security Documents; or
- (8) to allow any Subsidiary Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes or to release any Subsidiary Guarantor from its Note Guarantee in accordance with the terms of this Indenture.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee, the Collateral Agent and each Agent will join with the Company and the Subsidiary Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but neither the Trustee, the Collateral Agent nor any Agent will be obligated to (although they may at their discretion) enter into such amended or supplemental indenture that affects their own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders of Notes.*

Except as provided below in this Section 9.02, the Company, the Trustee, the Collateral Agent and each Agent may amend or supplement this Indenture (including, without limitation, Section 3.09, 4.10 and 4.15 hereof) and the Notes, and the Company, the Subsidiary Guarantors, the Trustee and the Collateral Agent, as the case may be, may amend or supplement the Note Guarantees, the Security Documents, the Escrow Agreement, the Note Disbursement and Account Agreement, or the Intercompany Note Proceeds Loan with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium or Additional Amounts, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Notes, the Note Guarantees, the Security Documents or the Intercompany Note Proceeds Loan may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes).

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02, 9.06, 13.04 and 13.05 hereof, the Trustee, the Collateral Agent and each Agent will join with the Company and the Subsidiary Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects either the Trustee's, the Collateral Agent's or any Agent's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee, the Collateral Agent and each Agent (as the case may be) may in their discretion, but will not be obligated to, enter into such amended or supplemental indenture.

It is not necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder (including the Additional Notes) affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes (including the Additional Notes) held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of, premium, if any, or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (except as provided above with respect to Sections 3.09, 4.10 and 4.15 hereof);

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest, premium or Additional Amounts, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest, premium or Additional Amounts, if any, on, the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by Sections 3.09, 4.10 or 4.15 hereof);

(8) release any Subsidiary Guarantor from any of its Obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture;

(9) release the Collateral from the Liens securing the Notes or making any changes to the priority of the Liens under the Security Documents that would adversely affect the Holders, except in accordance with the terms of this Indenture and the applicable Security Documents; or

(10) make any change in the preceding amendment and waiver provisions.

Section 9.03 *Supplemental Indenture.*

Every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture.

Section 9.04 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amended or supplemental indenture until the Board of Directors of the Company approves it. In executing any amended or supplemental indenture, the Trustee will be entitled to receive security and/or indemnity to its reasonable satisfaction and (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture, that the supplemental indenture is legal, valid, binding and enforceable against the Company in accordance with its terms and such other matters as the Trustee may request. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE 10
COLLATERAL AND SECURITY

Section 10.01 *Pledge of Collateral.*

The due and punctual payment of the principal of, and premium, interest and Additional Amounts, if any, on the Notes when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of and interest and Additional Amounts (to the extent permitted by law), if any, on the Notes and performance of all other obligations of the Company to the Holders of Notes or the Trustee, the Collateral Agent and the Agents under this Indenture and the Notes according to the terms hereunder or thereunder, are secured as provided in the Security Documents. Each Holder of Notes, by its acceptance thereof, consents and agrees to the terms of the Security Documents in effect or may be amended from time to time in accordance with its terms and authorizes and directs the Collateral Agent to enter into the Security Documents and to perform its obligations and exercise its rights thereunder in accordance therewith. The Company will deliver to the Trustee copies of all documents delivered to the Collateral Agent pursuant to the Security Documents, and the Company will, and the Company will cause each of its Restricted Subsidiaries to, do or cause to be done all such acts and things as may be required, to assure and confirm to the Trustee that the Collateral Agent holds, for the benefit of the Holders and the Trustee, duly created, enforceable and perfected Liens as contemplated hereby and by the Security Documents, so as to render the same available for the security and benefit of this Indenture and of the Notes secured hereby, according to the intent and purposes herein expressed. The Company will take, and will cause its Restricted Subsidiaries to take, upon request of the Trustee or Collateral Agent, any and all actions reasonably required to cause the Security Documents to create and maintain, as security for the Obligations of the Company hereunder, in respect of the Collateral, valid and enforceable perfected first priority Liens on all such Collateral, superior to and prior to the rights of all third parties and subject to no Liens other than the Permitted Liens described in paragraphs (2), (9), (10), (14)(i), (14)(ii) and (21) of the definition thereof.

Certain provisions with respect to enforcement of security interests are set out in each of the Security Documents.

Section 10.02 *Collateral Agent.*

(a) By its acceptance thereof, the Trustee, also in the name and on behalf of each Holder of Notes, irrevocably appoints the Collateral Agent to act as its agent in connection with this Indenture and the Security Documents and for such purposes irrevocably authorizes the Collateral Agent to take such action and to exercise and carry out all the discretions, authorities, rights, powers and duties as are specifically delegated to the Collateral Agent under this Indenture and the Security Documents, together with such powers and discretions as are incidental thereto.

(b) The Collateral Agent agrees that it will hold the security interests in Collateral created under any Security Documents to which it is a party as contemplated by this Indenture, and any and all proceeds thereof, for the benefit of, among others, itself, the Trustee and the Holders, without limiting the Collateral Agent's rights including under Section 10.04, to act in preservation of the security interest in the Collateral. The Collateral Agent will take action or refrain from taking action in connection therewith only as directed by the Trustee.

Section 10.03 *Release of Collateral and Certain Matters with Respect to Collateral.*

(a) Collateral may be released from the Liens and security interests created by the Security Documents at any time or from time to time in accordance with the provisions of the Security Documents and Section 10.06 of this Indenture. In connection therewith, and subject to the terms and conditions of the relevant Security Documents, upon the request of the Company pursuant to an Officer's Certificate certifying that all conditions precedent hereunder have been met, the Collateral Agent shall, at the expense of the Company, execute, deliver or acknowledge any necessary or proper instruments of termination, satisfaction or release to evidence the release of any Collateral permitted to be released pursuant to this Indenture or the Security Documents.

(b) So long as no Default or Event of Default has occurred and is continuing, and subject to certain terms and conditions set forth in the Security Documents, the Note Disbursement and Account Agreement and the Escrow Agreement, the Company will be entitled to receive all payments made upon or with respect to the Collateral and to exercise any rights pertaining to the Collateral.

(c) Upon the occurrence and during the continuance of a Default or Event of Default:

(1) all rights of the Company to exercise such rights will cease, and all such rights will become vested in the Collateral Agent, which, to the extent permitted by law, will have the sole right to exercise such rights on behalf of the Trustee and the holders of the Notes; and

(2) all rights of the Company to receive all interest and other payments made upon or with respect to the Collateral will cease and such interest and other payments will be paid to the Collateral Agent for the benefit of the Trustee and the holders of the Notes.

Section 10.04 *Authorization of Actions to Be Taken by the Trustee and the Collateral Agent.*

Subject to the provisions of Section 6.05, 7.01 and 7.02 and the terms of the Security Documents, the Collateral Agent may, in its sole discretion and shall if so directed by the Trustee (acting on the instruction of Holders holding at least 25% of the aggregate principal amount of the Notes), take all actions it deems necessary or appropriate in order to:

(a) enforce any of the terms of the Security Documents; and

(b) collect and receive any and all amounts payable in respect of the Obligations of the Company hereunder.

The Trustee and/or the Collateral Agent will have power to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings as the Trustee and/or the Collateral Agent may deem expedient to preserve or protect its interests and the interests of the Holders of Notes in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders of Notes or of the Trustee and/or the Security Collateral).

Section 10.05 Authorization of Receipt of Funds by the Trustee under the Security Documents.

The Trustee and/or the Collateral Agent is authorized to receive any funds for the benefit of the Holders of Notes distributed under the Security Documents, and to make further distributions of such funds to the Holders of Notes according to the provisions of this Indenture.

Section 10.06 Termination of Security Interest.

The Trustee shall, at the request and expense of the Company upon having provided the Trustee an Officer's Certificate (which shall certify, among other things, that all action under the relevant Security Document(s) with respect to the release of the security thereunder has been taken and the release of the Collateral complies with the terms of the relevant Security Document(s)) and Opinion of Counsel certifying compliance with this Section 10.06, execute and deliver a certificate to the Collateral Agent releasing the relevant Collateral or other appropriate instrument evidencing such release (in the form provided by the Company):

(a) upon the full and final payment and performance of all Obligations of the Company under the Indenture and the Notes;

(b) upon the Legal Defeasance or satisfaction and discharge of the Notes as provided in Sections 8.02 and Article 12 hereof; and

(c) once all amounts in the Notes Accounts have been released or disbursed, as the case may be, in accordance with the terms of the Indenture and the Note Disbursement and Account Agreement and the Escrow Agreement.

Section 10.07 Defaults.

The Collateral Agent shall not be obliged to take any steps to ascertain whether any Default or Event of Default has happened or exists and, until the Collateral Agent shall have received express notice to the contrary from the Trustee, the Collateral Agent shall be entitled to assume that no Default or Event of Default has happened or exists.

Section 10.08 Protections.

The Collateral Agent shall have the protections accorded to it pursuant to Section 7.14.

Section 10.09 *Own Participation.*

With respect to its own participations in Notes, the Collateral Agent shall have the same rights and powers under and in respect of this Indenture and the Security Documents as though it was not also acting as agent for the Holders of the Notes. The Collateral Agent may, without liability to account, accept deposits from, lend money to and generally engage in any kind of banking or trust business with or for the Company and any Affiliate of the Company as if it were not the agent and trustee for the Holders of the Notes.

Section 10.10 *Indemnity.*

(a) The Company shall pay to the Collateral Agent from time to time reasonable compensation for its acceptance of this Indenture, the Security Documents and services hereunder and thereunder pursuant to a written fee agreement executed by the Collateral Agent and the Company. The Company shall reimburse the Collateral Agent promptly upon request for all reasonable disbursements, advances and expenses properly incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Collateral Agent's agents and counsel.

(b) The Company shall indemnify the Collateral Agent against any and all losses, liabilities or expenses incurred by it arising out of, or in connection with, the acceptance or administration of its duties under this Indenture and the Security Documents, including the costs and expenses of enforcing this Indenture against the Company and any Subsidiary Guarantor (including this Section 10.10) and defending itself against any claim (whether asserted by the Company or any Subsidiary Guarantor or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its willful misconduct, negligence or bad faith. The Collateral Agent shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Collateral Agent to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Collateral Agent shall cooperate in the defense. The Collateral Agent may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

Section 10.11 *Resignation.*

Subject to the appointment and acceptance of a successor Collateral Agent as provided below, the Collateral Agent may resign at any time by giving to the Trustee not less than 30 days' notice of its intention to do so. After giving such notice of resignation to the Trustee, the Collateral Agent shall, after consultation with the Company, appoint any internationally reputable bank or financial institution selected by the Collateral Agent and acceptable to the Company and the Trustee as successor Collateral Agent which is willing and able to act as such agent for the Holders of the Notes. If no such successor Collateral Agent selected by the Collateral Agent shall have accepted such appointment within 30 days after such Collateral Agent's giving of notice of resignation then the Trustee shall, after consultation with the Company, have the right to appoint such a successor Collateral Agent. Any such appointment shall take effect upon (a) notice thereof being given to the Trustee and the Company and (b) the resigning Collateral Agent having assigned to the successor Collateral Agent any independent rights of the resigning Collateral Agent in its individual capacity under any of this Indenture, the Notes or the Security Documents by an assignment not constituting a novation of debt and to the extent legally possible not having any negative effect on the Security Documents executed in favor of the resigning Collateral Agent, the benefit of which shall be explicitly reserved to the successor Collateral Agent. Thereafter, the resigning Collateral Agent shall be discharged from any further obligation under this Indenture and the Security Documents and its successor and each of the other parties hereto and thereto shall have the same rights and obligations *inter se* as they would have had if such successor had been a party to this Indenture and the Security Documents in place of the resigning Collateral Agent. The resigning Collateral Agent shall make over to its successor all such records as its successor requires to carry out its duties.

Section 10.12 *Removal*.

The Company may remove the Collateral Agent if it is adjudged a bankrupt or an insolvent or an order for relief is entered into with respect to the Collateral Agent under any Bankruptcy Law. In this case, a successor Collateral Agent shall be appointed by the Trustee (in consultation with the Company).

Section 10.13 *Enforcement Costs*.

On the enforcement (whether successful or not) of all or any of the Security Documents, the Collateral Agent shall be entitled to deduct from the proceeds of each enforcement its costs, charges and expenses incurred in connection with such enforcement together with an amount equal to all sums due to the Collateral Agent from the Company.

Section 10.14 *Further Action*.

The Company shall use its best efforts to take, or cause to be taken, all appropriate action, and to do or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the security over the Collateral as contemplated by the Security Documents, including, without limitation, (i) cooperating in the preparation of any required filings under the Security Documents, (ii) using best efforts to make all required filings, notifications, releases and applications and to obtain licenses, permits, consents, approvals, authorizations, qualifications and orders of governmental authorities and parties to contracts with the Company as are necessary for the grants of security contemplated by this Indenture and the Security Documents and to fulfill the conditions of the Security Documents including, without limitation, delivery of title deeds and all other documents of title relating to the Collateral secured by the Security Documents in the manner as provided for therein, (iii) taking any and all action to perfect the security over the Collateral as contemplated by this Indenture and the Security Documents, (iv) cooperating in all respects with each other in connection with any investigation or other inquiry, including any proceeding initiated by any Person, in connection with the granting of security over the Collateral, (v) keeping the Trustee and Collateral Agent informed in all material respects of any material communication received by the Company from, or given by them to, any governmental authority or any other Person regarding any matters contemplated by the Security Documents or with respect to the Collateral, and (vi) permitting the Trustee and Collateral Agent to review any material communication given by the Company to any such governmental authority or any other Person.

Notwithstanding any other provision of this Indenture, neither the Trustee nor the Collateral Agent has any responsibility for the validity, perfection, priority or enforceability of any lien, Collateral, Security Documents or other security interest.

ARTICLE 11
NOTE GUARANTEES

Section 11.01 *Guarantee*.

(a) Each Subsidiary Guarantor hereby jointly and severally, irrevocably and unconditionally guarantees to each Holder and to the Trustee, successors and assigns (1) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Company under this Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, interest, premium or Additional Amounts, if any, on the Notes and all other monetary obligations of the Company under this Indenture and the Notes and (2) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for fees, expenses, indemnification or otherwise under this Indenture and the Notes (all the foregoing being hereinafter collectively called the “*Guaranteed Obligations*”). Each Subsidiary Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Subsidiary Guarantor, and that each such Subsidiary Guarantor shall remain bound under this Article 11 notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Subsidiary Guarantor waives presentation to, demand of payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Subsidiary Guarantor waives notice of any default under the Notes or the Guaranteed Obligations. The obligations of each Subsidiary Guarantor hereunder shall not be affected by (1) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Notes or any other agreement or otherwise; (2) any extension or renewal of any thereof; (3) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (4) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (5) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (6) any change in the ownership of such Subsidiary.

(c) Each Subsidiary Guarantor hereby waives any right to which it may be entitled to have its obligations hereunder divided among the Subsidiary Guarantors, such that such Subsidiary Guarantor’s obligations would be less than the full amount claimed. Each Subsidiary Guarantor hereby waives any right to which it may be entitled to have the assets of the Company first be used and depleted as payment of the Company’s or such Subsidiary Guarantor’s obligations hereunder prior to any amounts being claimed from or paid by such Subsidiary Guarantor hereunder. Each Subsidiary Guarantor hereby waives any right to which it may be entitled to require that the Company be sued prior to an action being initiated against such Subsidiary Guarantor.

(d) Each Subsidiary Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(e) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, the obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or would otherwise operate as a discharge of any Subsidiary Guarantor as a matter of law or equity.

(f) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, each Subsidiary Guarantor agrees that its Note Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Each Subsidiary Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

(g) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Subsidiary Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (1) the unpaid principal amount of such Guaranteed Obligations, (2) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (3) all other monetary obligations of the Company to the Holders and the Trustee.

(h) Each Subsidiary Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of any Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Subsidiary Guarantor for the purposes of Section 11.01.

(i) Each Guarantor also agrees to pay any and all costs and expenses (including attorneys' fees and expenses) incurred by the Trustee in enforcing any rights under Section 11.01.

(j) Upon request of the Trustee, each Subsidiary Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 11.02 *Limitation on Liability.*

Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Subsidiary Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the applicable Subsidiary Guarantor without rendering the Note Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to ultra vires, fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally or other considerations under applicable law.

Section 11.03 *Successors and Assigns.*

This Article 11 shall be binding upon each Subsidiary Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

Section 11.04 *No Waiver.*

Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 11 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 11 at law, in equity, by statute or otherwise.

Section 11.05 *Modification.*

No modification, amendment or waiver of any provision of this Article 11, nor the consent to any departure by any Subsidiary Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in the same, similar or other circumstances.

Section 11.06 *Execution of Supplemental Indenture for Future Guarantors.*

Each Restricted Subsidiary which is required to become a Subsidiary Guarantor pursuant to Section 4.17 shall promptly execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary shall become a Subsidiary Guarantor under this Article 11 and shall guarantee the Guaranteed Obligations. Concurrently with the execution and delivery of such supplemental indenture, the Company shall deliver to the Trustee an Opinion of Counsel and an Officer's Certificate to the effect that such supplemental indenture has been duly authorized, executed and delivered by such Restricted Subsidiary and that, subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Note Guarantee of such Subsidiary Guarantor is a legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms and or to such other matters as the Trustee may reasonably request.

Section 11.07 *Non-Impairment.*

The failure to endorse a Note Guarantee on any Note shall not affect or impair the validity thereof.

Section 11.08 *Release of Guarantees.*

(a) Subject to paragraphs (b), (c) and (d), each Note Guarantee, once it becomes due, is a continuing guarantee and shall (i) remain in full force and effect until payment in full of all the Guaranteed Obligations, (ii) be binding upon each Subsidiary Guarantor and its successors and (iii) inure to the benefit of, and be enforceable by, the Trustee, the Holders and their successors, transferees and assigns.

(b) Each Note Guarantee by a Subsidiary Guarantor shall be automatically and unconditionally released and discharged, and each Subsidiary Guarantor and its obligations under the Note Guarantee, this Indenture and the Security Documents shall be released and discharged:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Sections 3.09 or 4.15 hereof;

(2) in connection with any sale or other disposition of the Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Sections 3.09 or 4.15 hereof and such Subsidiary Guarantor ceases to be a Restricted Subsidiary of the Company as a result of such sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with Section 4.18 hereof;

(4) upon Legal Defeasance or satisfaction and discharge of the Indenture as provided by Articles 8 and 12 of this Indenture;

(5) upon payment in full of the principal of, premium, if any, and accrued and unpaid interest on, the Notes and all other Obligations that are then due and payable thereunder;

(6) upon the merger or consolidation of any Subsidiary Guarantor with and into the Company or a Wholly-Owned Subsidiary Guarantor (or a Wholly-Owned Restricted Subsidiary that becomes a Subsidiary Guarantor concurrently with the transaction) that is the surviving Person in such merger or consolidation, or upon the liquidation of such Subsidiary Guarantor following the transfer of all or substantially all of its assets to the Company or a Wholly-Owned Subsidiary Guarantor (or a Wholly-Owned Restricted Subsidiary that becomes a Subsidiary Guarantor concurrently with the transaction); or

(7) as provided in Sections 9.01 or 9.02 hereof.

(c) In addition, upon an enforcement action under the Senior Secured Credit Facilities or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities resulting in the sale or disposal, directly or indirectly, (a "*Designated Subsidiary Guarantor Enforcement Sale*") of (x) all of the shares of Capital Stock of Studio City Entertainment Limited or Studio City Hotels Limited or (y) more than 50% of the voting power of the Capital Stock of (and at least 50% of the economic interests comprised in the Capital Stock of) Studio City Developments (each of Studio City Entertainment Limited, Studio City Hotels Limited and Studio City Developments, the "*Designated Subsidiary Guarantors*"), the Note Guarantees provided by the applicable Designated Subsidiary Guarantor (and the Note Guarantees provided by the direct parent company or companies of such Designated Subsidiary Guarantor, to the extent such disposal is of the shares of such parent company or companies, as well as the Note Guarantees provided by any Restricted Subsidiary of such Designated Subsidiary Guarantor) will be released by the Collateral Agent at the expense of the Company upon the written instruction of the security agent under the Senior Secured Credit Facilities or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities with no further action or consent provided by or required from the Trustee or the Holders of the Notes if such sale or disposal is conducted:

(1) in accordance with applicable law and for a consideration all or substantially all of which is in the form of cash or Cash Equivalents;

(2) other than where the Sponsor Purchase Right is exercised, pursuant to a Best Price Auction (to the extent possible under applicable law) or a fair value opinion obtained from an internationally recognized investment bank or accounting firm selected by the security agent under the Senior Secured Credit Facilities or any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities that the amount received in connection with such sale is fair from a financial point of view; and

(3) such that concurrently with the completion of such sale or disposal of the Capital Stock of any of the Designated Subsidiary Guarantors (or any direct parent company or companies thereof or any subsidiary of such Designated Subsidiary Guarantors), all Obligations of the relevant company to the Senior Secured Credit Facilities Finance Parties or the analogous parties under any Credit Facility that refinances in whole or in part the Senior Secured Credit Facilities are discharged or released.

All cash and Cash Equivalents not applied to the repayment and discharge of the Senior Secured Credit Facilities (and the payment of related costs) will be treated as "Excess Proceeds" for purposes of Sections 3.09 and 4.10 hereof.

(d) Each Holder hereby authorizes the Trustee to take all actions to effectuate any release in accordance with the provisions of this Section 11.08, subject to customary and reasonably satisfactory protections and indemnifications provided by the Company to the Trustee.

ARTICLE 12 SATISFACTION AND DISCHARGE

Section 12.01 *Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(A) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(B) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one (1) year and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(3) the Company or any Subsidiary Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section 12.01, the provisions of Sections 12.02 and 8.06 hereof will survive.

Section 12.02 Application of Trust Money.

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium and Additional Amounts, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any cash in U.S. dollars or non-callable U.S. Government Obligations in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; *provided that* if the Company has made any payment of principal of, premium or Additional Amounts, if any, or interest on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the cash in U.S. dollars or non-callable U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 13
MISCELLANEOUS

Section 13.01 [*Intentionally Omitted*].

Section 13.02 *Notices*.

Any notice or communication by the Company or the Trustee to the others is duly given if in writing, in the English language, and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Subsidiary Guarantor:

c/o Melco Crown Entertainment Limited
36th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong
Facsimile No.: +852 2230 9438
Attention: Company Secretary

With a copy to:

Shearman & Sterling
12/F Gloucester Tower
15 Queen's Road
Central, Hong Kong
Facsimile No.: +852 2978 8000
Attention: Kyungwon Lee

If to the Trustee or Collateral Agent:

DB Trustees (Hong Kong) Limited
Level 52, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Facsimile No.: +852 2203 7320
Attention: The Managing Director

If to the European Registrar:

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

Facsimile No.: +352 437 136
Attention: Coupon Paying Department

If to the Principal Paying Agent and U.S. Registrar:

Deutsche Bank Trust Company Americas
60 Wall Street
MSNYC 60-2710
New York, New York 10005

Facsimile No.: +1 732 578 4635
Attention: Trust and Agency Services

The Company, any Subsidiary Guarantor, the Trustee, the Collateral Agent and any Agent, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee and each Agent at the same time.

Section 13.03 *Communication by Holders of Notes with Other Holders of Notes.*

Holders may communicate with other Holders with respect to their rights under this Indenture or the Notes.

Section 13.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.06 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.07 No Personal Liability of Directors, Officers, Employees and Stockholders.

No past, present or future director, officer, employee, incorporator or stockholder of the Company or any Subsidiary Guarantor, as such, will have any liability for any obligations of the Company or the Subsidiary Guarantors under the Notes, this Indenture, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 13.08 Governing Law.

THE LAWS OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 13.09 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.10 Successors.

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee, the Collateral Agent and each Agent in this Indenture will bind their respective successors. All agreements of each Subsidiary Guarantor in this Indenture will bind their respective successors, except as otherwise provided in Section 11.05 hereof.

Section 13.11 Severability.

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.12 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

Section 13.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 13.14 *Patriot Act*

The parties hereto acknowledge that in accordance with Section 326 of the USA Patriot Act, DB Trustees (Hong Kong) Limited, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with DB Trustees (Hong Kong) Limited or any of its Affiliates. The parties to this Agreement agree that they will provide DB Trustees (Hong Kong) Limited with such information as it may request in order for DB Trustees (Hong Kong) Limited or any of its Affiliates to satisfy the requirements of the USA Patriot Act. The parties agree that DB Trustees (Hong Kong) Limited may take and instruct any delegate to take any action which in their sole discretion considers appropriate so as to comply with any applicable law, regulation, request of a public or regulatory authority or any policy of DB Trustees (Hong Kong) Limited which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities. Such action may include but is not limited to the interception and investigation of transactions on the Company's accounts (particularly those involving the international transfer of funds) including the source of the intended recipient of funds paid into or out of the Company's accounts. In certain circumstances, such action may delay or prevent the processing of the Company's instructions, the settlement of transactions over the Company's accounts or DB Trustees (Hong Kong) Limited's performance of its obligations under this Agreement, the Notes and the Security Agreements. Where possible, DB Trustees (Hong Kong) Limited will endeavor to notify the Company of the existence of such circumstances. Neither DB Trustees (Hong Kong) Limited nor any delegate will be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) caused in whole or in part by any actions which are taken by DB Trustees (Hong Kong) Limited or any delegate pursuant to this Section 13.14.

THE COMPANY AND EACH SUBSIDIARY GUARANTOR HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTE GUARANTEES, THE NOTES AND ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN FEDERAL AND STATE COURTS IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT OR PROCEEDING IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE TRUSTEE OR ANY HOLDER OF THE NOTES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION. THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY APPOINTS LAW DEBENTURE CORPORATE SERVICES INC., 4TH FLOOR, 400 MADISON AVENUE, NEW YORK, NEW YORK, 10017, AS ITS AUTHORIZED AGENT IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK UPON WHICH PROCESS MAY BE SERVED IN ANY SUCH SUIT OR PROCEEDING, AND AGREES THAT SERVICE OF PROCESS UPON SUCH AGENT, AND WRITTEN NOTICE OF SAID SERVICE TO THE COMPANY BY THE PERSON SERVING THE SAME TO THE ADDRESS PROVIDED IN SECTION 13.02, SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON THE COMPANY OR ANY SUBSIDIARY GUARANTOR, AS THE CASE MAY BE, IN ANY SUCH SUIT OR PROCEEDING. THE COMPANY AND EACH SUBSIDIARY GUARANTOR FURTHER AGREES TO TAKE ANY AND ALL ACTION AS MAY BE NECESSARY TO MAINTAIN SUCH DESIGNATION AND APPOINTMENT OF SUCH AGENT IN FULL FORCE AND EFFECT FOR A PERIOD OF NINE YEARS FROM THE DATE OF THIS INDENTURE.

EACH PARTY HERETO HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS INDENTURE, THE NOTES, THE NOTE GUARANTEES, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION 13.15 HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, SUPPLEMENTS OR MODIFICATIONS TO (OR ASSIGNMENTS OF) THIS INDENTURE. IN THE EVENT OF LITIGATION, THIS INDENTURE MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL (WITHOUT A JURY) BY THE COURT.

[Signatures on following page]

SIGNATURES

Dated as of _____, 2012

STUDIO CITY FINANCE LIMITED

By: _____
Name:
Title:

STUDIO CITY INVESTMENTS LIMITED

By: _____
Name:
Title:

STUDIO CITY COMPANY LIMITED

By: _____
Name:
Title:

STUDIO CITY HOLDING TWO LIMITED

By: _____
Name:
Title:

STUDIO CITY ENTERTAINMENT LIMITED

By: _____
Name:
Title:

STUDIO CITY SERVICES LIMITED

By: _____
Name:
Title:

STUDIO CITY HOTELS LIMITED

By: _____
Name:
Title:

SCP HOLDINGS LIMITED

By: _____
Name:
Title:

STUDIO CITY HOSPITALITY AND SERVICES LIMITED

By: _____
Name:
Title:

SCP ONE LIMITED

By: _____
Name:
Title:

SCP TWO LIMITED

By: _____
Name:
Title:

STUDIO CITY DEVELOPMENTS LIMITED

By: _____
Name:
Title:

DB TRUSTEES (HONG KONG) LIMITED,
as Trustee and Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Principal Paying Agent, U.S. Registrar and Transfer Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

DEUTSCHE BANK LUXEMBOURG S.A.,
as European Registrar

By: _____
Name:
Title:

By: _____
Name:
Title:

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

CUSIP:
ISIN:
COMMON CODE:

8.500% Senior Notes due 2020

No. _____

US\$_____

STUDIO CITY FINANCE LIMITED

Promises to pay to Cede & Co. or its registered assigns, the principal sum of [NUMBER IN WORDS] U.S. DOLLARS on December 1, 2020.

Interest Payment Dates: June 1 and December 1

Record Dates: May 15 and November 15

Dated: _____, 20

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by the duly authorized officers referred to below.

Dated: , 20

STUDIO CITY FINANCE LIMITED, as Company

By: _____
Name:
Title:

Certificate of Authentication

This is one of the Notes referred to in the within-mentioned Indenture.

Dated: _____, 20

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Authentication Agent for the Trustee

By: _____
Name:
Title:

[Back of Note]
STUDIO CITY FINANCE LIMITED
8.500% Senior Notes due 2020

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST.* Studio City Finance Limited, a BVI business company with limited liability incorporated under the laws of the British Virgin Islands (the “Company”), promises to pay interest on the principal amount of this Note at 8.500% per annum from _____, 20____ until maturity. The Company will pay interest and Additional Amounts, if any, semi-annually in arrears on June 1 and December 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an “Interest Payment Date”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided that* if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be _____, 20____. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace period) at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

(2) *METHOD OF PAYMENT.* The Company will pay interest on the Notes (except defaulted interest) and Additional Amounts, if any, to the Persons who are registered Holders of Notes at the close of business on the May 15 or November 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, and Additional Amounts, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Additional Amounts, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided that* payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Additional Amounts, if any, on, all Global Notes and all other Notes, the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent, and shall so notify the Trustee and each Paying Agent thereof. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *PAYING AGENT AND REGISTRAR.* Initially, Deutsche Bank Trust Company Americas will act as Paying Agent and U.S. Registrar and Deutsche Bank Luxembourg S.A. will act as European Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

(4) *INDENTURE AND SECURITY DOCUMENTS*. The Company issued the Notes under an Indenture dated as of November 26, 2012 (the “*Indenture*”) among the Company, each Subsidiary Guarantor, the Trustee, the Collateral Agent, the Paying Agent and U.S. Registrar and the European Registrar. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are secured by the Notes Accounts and the Intercompany Note Proceeds Loan pursuant to the Security Documents referred to in the Indenture. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) *OPTIONAL REDEMPTION*.

(a) Except as set forth in subparagraphs (b) and (c) of this Paragraph 5, the Company will not have the option to redeem the Notes prior to December 1, 2015. On or after December 1, 2015, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on December 1 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

| <u>Year</u> | <u>Percentage</u> |
|---------------------|-------------------|
| 2015 | 106.375% |
| 2016 | 104.250% |
| 2017 | 102.125% |
| 2018 and thereafter | 100.000% |

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(b) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to December 1, 2015, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture at a redemption price equal to 108.500% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the rights of the Holders on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings; *provided that* at least 65% in aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption and that such redemption occurs within 45 days of the date of the closing of such Equity Offering.

(c) At any time prior to December 1, 2015, the Company may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days’ prior notice mailed by first-class mail to each Holder’s registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed *plus* the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

(d) The Notes may also be redeemed in the circumstances described in Section 3.10 and 3.11 of the Indenture.

(6) *MANDATORY REDEMPTION*. Other than the Special Mandatory Note Proceeds Redemption and the Special Mandatory Escrow Redemption (each described in the Indenture), the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) *REPURCHASE AT THE OPTION OF HOLDER*. The Notes may be subject to a Change of Control Offer or an Asset Sale Offer, as further described in Sections 3.09, 4.10 and 4.15 of the Indenture.

(8) *NOTICE OF REDEMPTION*. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than US\$250,000 may be redeemed in part but only in integral multiples of US\$1,000 provided that the unredeemed part has a minimum denomination of US\$250,000, unless all of the Notes held by a Holder are to be redeemed.

(9) *DENOMINATIONS, TRANSFER, EXCHANGE*. The Notes are in registered form without coupons in denominations of US\$250,000 and integral multiples of US\$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

(10) *PERSONS DEEMED OWNERS*. The registered Holder may be treated as its owner for all purposes.

(11) *AMENDMENT, SUPPLEMENT AND WAIVER*. The Indenture, the Notes, the Note Guarantees, the Security Documents or the Intercompany Note Proceeds Loan may be amended as set forth in the Indenture.

(12) *DEFAULTS AND REMEDIES*. The events listed in Section 6.01 of the Indenture shall constitute “*Events of Default*” for the purpose of this Note.

(13) *TRUSTEE DEALINGS WITH COMPANY*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(14) *NO RECOURSE AGAINST OTHERS*. A director, officer, employee, incorporator or stockholder of the Company, as such, will not have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

(15) *AUTHENTICATION*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) *ABBREVIATIONS*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) *CUSIP NUMBERS*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(18) *GOVERNING LAW*. THE LAWS OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE AND THIS NOTE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Studio City Finance Limited
36th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong
Attention: Company Secretary

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

_____ (Insert assignee's legal name)

_____ (Insert assignee's soc. sec. or tax I.D. no.)

_____ (Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

Section 4.10

Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

US\$ _____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

| <u>Date of Exchange</u> | Amount of decrease in Principal Amount of <u>this Global Note</u> | Amount of increase in Principal Amount of <u>this Global Note</u> | Principal Amount of this Global Note following such decrease (or increase) | Signature of authorized officer of Trustee or Custodian |
|-------------------------|---|---|--|--|
|-------------------------|---|---|--|--|

FORM OF CERTIFICATE OF TRANSFER

[Company address block]

[Registrar address block]

Re: 8.500% Senior Notes due 2020 of Studio City Finance Limited

Reference is hereby made to the Indenture, dated as of November 26, 2012 (the “*Indenture*”), among Studio City Finance Limited, as issuer (the “*Company*”), each Subsidiary Guarantor and DB Trustees (Hong Kong) Limited, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of US\$ _____ in such Note[s] or interests (the “*Transfer*”), to _____ (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “*Securities Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A that is also a “qualified purchaser” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “*Investment Company Act*”), and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Restricted Definitive Note pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. **Check and complete if Transferee will take delivery of a beneficial interest in a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.**

(a) **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act or the Company's exemption under Section 3(c)(7) of the Investment Company Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act or the Company's exemption under Section 3(c)(7) of the Investment Company Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act or the Company's exemption under Section 3(c)(7) of the Investment Company Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) a beneficial interest in the:

(i) 144A Global Note (CUSIP _____), or

(ii) Regulation S Global Note (CUSIP _____); or

(b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) a beneficial interest in the:

(i) 144A Global Note (CUSIP _____), or

(ii) Regulation S Global Note (CUSIP _____), or

(iii) Unrestricted Global Note (CUSIP _____); or

(b) a Restricted Definitive Note; or

(c) an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

FORM OF CERTIFICATE OF EXCHANGE

[Company address block]

[Registrar address block]

Re: 8.500% Senior Notes due 2020 of Studio City Finance Limited

(CUSIP)

Reference is hereby made to the Indenture, dated as of November 26, 2020 (the “*Indenture*”), among Studio City Finance Limited, as issuer (the “*Company*”), each Subsidiary Guarantor and DB Trustees (Hong Kong) Limited, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of US\$ _____ in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act or the Company’s exemption under Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “*Investment Company Act*”) and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act or the Company’s exemption under Section 3(c)(7) of the Investment Company Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act or the Company's exemption under Section 3(c)(7) of the Investment Company Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act or the Company's exemption under Section 3(c)(7) of the Investment Company Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture, the Securities Act and the Investment Company Act.

(b) **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] 144A Global Note, Regulation S Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture, the Securities Act and the Investment Company Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this “*Supplemental Indenture*”) dated as of _____, among [name of New Guarantor[s]] (the “*New Guarantor*”), Studio City Finance Limited, a BVI business company with limited liability incorporated under the laws of British Virgin Islands (the “*Company*”), DB Trustees (Hong Kong) Limited, as Trustee (in such role, the “*Trustee*”) and Collateral Agent, Deutsche Bank Trust Company Americas, as Principal Paying Agent, U.S. Registrar and Transfer Agent, and Deutsche Bank Luxembourg S.A., as European Registrar.

WITNESSETH:

WHEREAS the Company, the Trustee and each of the parties described above are parties to an Indenture, dated as of November 26, 2012, as amended (as amended, supplemented, waived or otherwise modified, the “*Indenture*”), providing for the issuance of the Company’s 8.500% Senior Secured Notes due 2020;

WHEREAS, pursuant to Section 9.03 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Company, the Trustee and the other parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article 11 of the Indenture, [each][the] New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Subsidiary Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Company under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the “Guaranteed Obligations”). [Each][The] New Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor[s] will remain bound under Article 11 of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of [each][the] New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Note Guarantee.

[*Relevant limitations imposed by local law analogous to Section 11.02 of the Indenture to be inserted, if and as applicable*].

3. Ratification of Indenture: Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; *provided, however*, that [the][each] New Guarantor and each Subsidiary Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article 8 of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

6. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[NAME OF NEW GUARANTOR], as New Guarantor,

By: _____
Name:
Title:

STUDIO CITY FINANCE LIMITED, as Company

By: _____
Name:
Title:

DB TRUSTEES (HONG KONG) LIMITED,
as Trustee and Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Principal Paying Agent, U.S. Registrar and Transfer Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

PLEDGE AGREEMENT

By

STUDIO CITY FINANCE LIMITED

in favor of

DB TRUSTEES (HONG KONG) LIMITED

as Collateral Agent

Dated as of November 26, 2012

Table of Contents

| | <u>Page</u> | |
|-------------|---|---|
| Section 1. | Pledge | 1 |
| Section 2. | Delivery of Pledged Collateral | 1 |
| Section 3. | Representations and Warranties | 2 |
| Section 4. | Further Assurances | 2 |
| Section 5. | Exercise of Rights, Payments on Pledged Debt | 3 |
| Section 6. | Covenants | 4 |
| Section 7. | Power of Attorney | 4 |
| Section 8. | Reasonable Care | 5 |
| Section 9. | Remedies upon Default | 5 |
| Section 10. | Legal Names; Type of Organization Jurisdiction of Organization; Chief Executive Office; Organizational Identification Numbers; Changes Thereto; Etc | 6 |
| Section 11. | Collateral Agent Compensation and Indemnity | 6 |
| Section 12. | Replacement of Collateral Agent | 7 |
| Section 13. | Successor Collateral Agent by Merger, etc | 7 |
| Section 14. | Notices, etc | 8 |
| Section 15. | Amendments, Etc | 8 |
| Section 16. | Assignment | 8 |
| Section 17. | Continuing Agreement | 8 |
| Section 18. | Governing Law | 9 |
| Section 19. | Waiver of Jury Trial | 9 |
| Section 20. | Consent to Jurisdiction | 9 |
| ANNEX A | Schedule of Legal Names, Type of Organization (and Whether a Registered Organization), Jurisdiction of Organization, Chief Executive Office and Organizational Identification Numbers | |
| EXHIBIT A | Non-Negotiable Intercompany Note | |

PLEDGE AGREEMENT

PLEDGE AGREEMENT, dated as of November 26, 2012 (the "Agreement"), made by STUDIO CITY FINANCE LIMITED, a British Virgin Islands limited liability company (the "Company"), in favor of DB Trustees (Hong Kong) Limited, as collateral agent (the "Collateral Agent") for DB Trustees (Hong Kong) Limited, as trustee (the "Trustee") for the noteholders under the Indenture, dated as of November 26, 2012 (the "Indenture"), between the Company, the Trustee, the Collateral Agent and the other parties thereof.

The Company has entered into the Indenture pursuant to which it is issuing \$825,000,000 aggregate principal amount of its 8.500% Senior Notes due 2020 (the "Senior Notes"). In connection therewith, the Company has entered into a Note Disbursement and Account Agreement dated as of November 26, 2012 (the "NDAA") with the Trustee, the Collateral Agent and the other parties as described therein. As the proceeds from the issuance of the Senior Notes are disbursed in accordance with the NDAA, each such disbursement shall constitute an advance in the same amount made to Studio City Investments Limited (the "Borrower") or to another party at the Borrower's direction in accordance with the Intercompany Note attached hereto as Exhibit A. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Indenture or if not defined in the Indenture, have the meanings given them in Article 9 of the Uniform Commercial Code in the State of New York (the "Code").

In connection with issuance of the Senior Notes, the Company hereby agrees as follows:

SECTION 1. PLEDGE. As security for the due and punctual payment and performance by the Company of its obligations under this Agreement, the Senior Notes and the Indenture (collectively, the "Secured Obligations"), the Company hereby pledges and grants to the Collateral Agent for its benefit and the benefit of the Trustee and all holders of the Senior Notes, a continuing first priority security interest in the Intercompany Note and all interest, cash, Instruments and other Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for the Intercompany Note (collectively, the "Pledged Collateral").

SECTION 2. DELIVERY OF PLEDGED COLLATERAL. The Intercompany Note (i) shall be delivered to or to the order of the Collateral Agent in New York, New York, prior to the issuance of the Senior Notes and held in the State of New York by or on behalf of the Collateral Agent pursuant hereto and (ii) shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank. Any other certificates or instruments representing or evidencing the Pledged Collateral from time to time (i) shall also be delivered to or to the order of the Collateral Agent in New York, New York and held in the State of New York by or on behalf of the Collateral Agent pursuant hereto and (ii) shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank. Prior to delivery to the Collateral Agent, all such other certificates or instruments evidencing Pledged Collateral shall be held in trust by the Company for the benefit of the Collateral Agent.

SECTION 3. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Collateral Agent, for the benefit of the Collateral Agent, the Trustee and all holders of the Senior Notes, that:

(a) it is the legal, beneficial and record owner of, and has good and marketable title to, all of the Pledged Collateral and that it has sufficient interest in all of the Pledged Collateral in which a security interest is purported to be created hereunder for such security interest to attach (subject, in each case, to no Lien whatsoever, except the liens and security interests created by this Agreement and Permitted Liens). There exists no "adverse claim" within the meaning of Section 8-102 of the Code with respect to the Pledged Collateral;

(b) the pledge of the Pledged Collateral pursuant to this Agreement creates a legal, valid and binding obligation of the Company and, upon delivery of the Pledged Collateral to the Collateral Agent in New York, a perfected security interest in favor of the Collateral Agent in such Pledged Collateral, securing the payment of the Secured Obligations subject only to Permitted Liens. Except as set forth in this Section 3(b), no action is necessary to perfect the Collateral Agent's security interest;

(c) the Intercompany Note has been duly authorized by Studio City Investments and is the legal, valid and binding obligation thereof. No authorization, approval or action by, and no notice of filing with any governmental authority or third party is required for the issuance by Studio City Investments of the Intercompany Note and the issuance of the Intercompany Note did not violate any law or governmental regulation or any contractual restriction binding on or affecting Studio City Investments or any of its property which could reasonably be expected to have a material adverse effect on the business, property or assets of Studio City Investments and its subsidiaries taken as a whole or on the ability of Studio City Investments to perform its obligations under the Intercompany Note;

(d) "control" (as defined in Section 8-106 of the UCC) has been obtained by the Collateral Agent over the Pledged Collateral with respect to which such "control" may be obtained pursuant to Section 8-106 of the UCC;

(e) neither the entry into this Agreement by the Company nor the exercise by the Collateral Agent of its rights and remedies hereunder will violate any law or governmental regulation or any contractual restriction binding on or affecting the Company or any of its property which could reasonably be expected to have a material adverse effect on the business, property or assets of the Company and its subsidiaries taken as a whole or on the ability of the Company to perform its obligations hereunder; and

(f) no authorization, approval or action by, and, no notice or filing with any governmental authority by Studio City Investments or a third party is required either (i) for the granting of the security interest by the Company pursuant to this Agreement or (ii) for the exercise by the Collateral Agent or the other Secured Parties of their rights and remedies hereunder, except as required in connection with judicial enforcement of remedies.

SECTION 4. FURTHER ASSURANCES.

(a) The Company agrees that at any time and from time to time, at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby (including any action to ensure that "control" of the Pledged Collateral (as defined in Section 8-106 of the Code) is at all times maintained by the Collateral Agent) or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral.

(b) The Company shall from time to time cause appropriate financing statements (on appropriate forms) under the Uniform Commercial Code as in effect in the District of Columbia, covering all Pledged Collateral hereunder (with the form of such financing statements to be satisfactory to the Collateral Agent), to be filed in the relevant filing offices so that at all times the Collateral Agent's security interest in all Pledged Collateral which can be perfected by the filing of such financing statements (in each case to the maximum extent perfection by filing may be obtained under the laws of the relevant States, including without limitation, Section 9-312(a) of the Code) is so perfected.

SECTION 5. EXERCISE OF RIGHTS. PAYMENTS ON PLEDGED DEBT.

(a) Except as provided herein or in the Indenture, so long as neither a Default nor an Event of Default under the Indenture and of which notice has been given to the Company shall have occurred and be continuing, the Company shall be entitled to (i) exclusively exercise all of the rights of a holder of the Intercompany Note with respect to demands for repayment of the principal thereof, (ii) exclusively exercise any and all voting and other consensual rights pertaining to the Intercompany Note and to give consents, waivers or ratifications in respect thereof and (iii) receive and retain any and all payments made in respect of the Intercompany Note. The Collateral Agent shall execute and deliver (or cause to be executed and delivered) to the Company all such instruments as the Company may reasonably request, at the expense of the Company, for the purpose of enabling the Company to receive principal and interest payments which it is authorized to receive and retain pursuant to this Section 5(a).

(b) Upon the occurrence and during the continuance of a Default or an Event of Default under the Indenture and of which notice has been given to the Company:

(i) All rights of the Company to exercise rights with respect to the Pledged Collateral which it would otherwise be entitled to exercise pursuant to Section 5(a) and to receive the principal and interest payments which it would otherwise be authorized to receive and retain pursuant to Section 5(a) shall cease, and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such rights and to receive and hold as Pledged Collateral such principal and interest payments.

(ii) All principal and interest payments that are received by the Company contrary to the provisions of paragraph (i) of this Section 5(b) shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Company and shall be forthwith paid over to the Collateral Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

Without prejudicing the right of the Company to contest the Trustee's determination that a Default or Event of Default has occurred and is continuing, for purposes of this Agreement, the Collateral Agent will be entitled to treat a notice by the Trustee to it to the effect that a Default or Event of Default has occurred and is continuing as sufficient evidence of such Default or Event of Default.

SECTION 6. COVENANTS. The Company hereby covenants, that so long as any of the Secured Obligations remain outstanding, the Company shall:

(a) not (i) sell or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral, or (ii) create or permit to exist any Lien upon or with respect to any of the Pledged Collateral, except for Permitted Liens;

(b) warrant and defend title to and ownership of the Pledged Collateral of the Company at its own expense against the claims and demands of all other parties claiming an interest therein; and

(c) not make or consent to any amendment or other modification or waiver with respect to the Intercompany Note or any instrument or agreement that is part of the Pledged Collateral other than in accordance with the terms of the Indenture.

SECTION 7. POWER OF ATTORNEY. In addition to other powers of attorney contained herein, the Company hereby designates and appoints the Collateral Agent, on behalf of itself, the Trustee and the holders of the Senior Notes, and each of its designees or agents as attorney-in-fact of the Company, irrevocably and with power of substitution, with authority to take any or all of the following actions when permitted by Section 5(b) or Section 9 of this Agreement upon the occurrence and during the continuation of a Default or an Event of Default:

(a) to demand, collect, settle, compromise, adjust and give discharges and releases concerning the Pledged Collateral, all as the Collateral Agent may reasonably determine in respect of such Pledged Collateral;

(b) to commence and prosecute any actions at any court for the purposes of collecting any of the Pledged Collateral and enforcing any other right in respect thereof;

(c) to defend, settle, adjust or compromise any action, suit or proceeding brought with respect to the Pledged Collateral and, in connection therewith, give such discharge or release as the Collateral Agent may deem reasonably appropriate;

(d) to pay or discharge taxes, Liens, security interests, or other encumbrances levied or placed on or threatened against the Pledged Collateral;

(e) to direct any parties liable for any payment under any of the Pledged Collateral to make payment of any and all monies due and to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct;

(f) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Pledged Collateral;

(g) to sign and endorse any drafts, assignments, proxies, stock powers, verifications, notices and other documents relating to the Pledged Collateral;

(h) to execute and deliver and/or file all assignments, conveyances, statements, financing statements, continuation statements, pledge agreements, affidavits, notices and other agreements, instruments and documents that the Collateral Agent may reasonably determine necessary in order to perfect and maintain the security interests and Liens granted in this Pledge Agreement and in order to fully consummate all of the transactions contemplated herein; and

(i) to do and perform all such other acts and things as the Collateral Agent may reasonably deem to be necessary, proper or convenient in connection with the Pledged Collateral.

This power of attorney is a power coupled with an interest and shall be irrevocable for so long as any of the Secured Obligations remain outstanding. The Collateral Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Collateral Agent in this Pledge Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Collateral Agent shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or wilful misconduct. This power of attorney is conferred on the Collateral Agent solely to protect, preserve and realize upon its security interest in the Pledged Collateral.

SECTION 8. REASONABLE CARE. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which the Collateral Agent accords other pledged collateral of the same type.

SECTION 9. REMEDIES UPON DEFAULT. If any Event of Default shall have occurred and be continuing and the obligation to repay the Senior Notes has been accelerated in accordance with the Indenture, as notified to the Company, and provided that the Company is not contesting that a Default or an Event of Default has occurred and is continuing, the Collateral Agent may:

(a) transfer all or any part of the Pledged Collateral into the Collateral Agent's name or the name of its nominee or nominees;

(b) accelerate the obligation of Studio City Investments to repay the Intercompany Note in accordance with its terms, and take any other lawful action to collect upon the Intercompany Note (including, without limitation, to make any demand for payment thereon);

(c) exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon a default under the Code at that time, and the Collateral Agent may also, without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. The Company agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Collateral Agent of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned;

(d) hold all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Pledged Collateral as collateral for, and then or at any time thereafter transfer such amounts to the Trustee to be applied in whole or in part against, all or any part of the Secured Obligations as provided in the Indenture. In the event that the proceeds of any sale, collection or realization are insufficient to pay all amounts to which the Collateral Agent, Trustee or holders of the Senior Notes are legally entitled, the Company shall be liable for the deficiency, together with the costs of collection and the reasonable fees of any attorneys employed by the Collateral Agent to collect such deficiency, until such time as such amounts are repaid by the Company. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to receive such surplus.

SECTION 10. LEGAL NAMES: TYPE OF ORGANIZATION JURISDICTION OF ORGANIZATION: CHIEF EXECUTIVE OFFICE: ORGANIZATIONAL IDENTIFICATION NUMBERS: CHANGES THERETO: ETC. The exact legal name of the Company as of the date hereof, the type of organization, whether or not it is a Registered Organization, its jurisdiction of organization, its chief executive office, and the organizational identification number (if any) of the Company, is listed on Annex A hereto. The Company shall not change its legal name, its type of organization, its status as a Registered Organization (in the case of a Registered Organization), its jurisdiction of organization, its chief executive office, or its organizational identification number (if any), except that any such changes shall be permitted (so long as not in violation of the applicable requirements of the Indenture) if (i) it shall have given to the Collateral Agent not less than 10 Business Days' prior written notice of each change to the information listed on Annex A, together with a supplement to Annex A which shall correct all information contained therein, and (ii) in connection with any such change or changes, it shall have taken all action reasonably requested by the Collateral Agent to maintain the security interests of the Collateral Agent in the Pledged Collateral at all times fully perfected and in full force and effect.

SECTION 11. COLLATERAL AGENT COMPENSATION AND INDEMNITY.

(a) The Company will pay to the Collateral Agent from time to time reasonable compensation pursuant to a written fee agreement executed between the Collateral Agent and the Company for its acceptance of the Pledged Collateral and services hereunder. The Company will reimburse the Collateral Agent promptly upon request for all reasonable disbursements, advances and expenses properly incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Collateral Agent's agents and counsel.

(b) The Company will indemnify the Collateral Agent against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Agreement, including the costs and expenses of enforcing this Agreement against the Company (including this Section 11) and defending itself against any claim (whether asserted by the Company, the Trustee, any holder of the Senior Notes or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its gross negligence or bad faith. The Collateral Agent will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Collateral Agent to so notify the Company will not relieve the Company of its obligations hereunder. The Company will defend the claim and the Collateral Agent will cooperate in the defense. The Collateral Agent may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent will not be unreasonably withheld. All fees and all expenses incurred by the Collateral Agent pursuant to this Agreement shall constitute Secured Obligations.

(c) The obligations of the Company under this Section 11 will survive the termination of this Agreement.

(d) When the Collateral Agent incurs expenses or renders services after an Event of Default specified in Section 6.01(8) or (9) of the Indenture occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(e) The terms of Section 7 of the Indenture are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms as if they were included herein.

SECTION 12. REPLACEMENT OF COLLATERAL AGENT.

(a) Subject to the appointment and acceptance of a successor Collateral Agent as provided below, the Collateral Agent may resign at any time by giving to the Company not less than 30 days' notice of its intention to do so. After giving such notice of resignation to the Company, the Collateral Agent shall, after consultation with the Company, appoint a successor Collateral Agent in accordance with the Indenture. Any such appointment shall take effect upon (a) notice thereof being given to the Company and (b) the resigning Collateral Agent having assigned to the successor Collateral Agent any independent rights of the resigning Collateral Agent in its individual capacity under any of this Agreement or the Senior Notes by an assignment not constituting a novation of debt and to the extent legally possible not having any negative effect on this Agreement executed in favor of the resigning Collateral Agent, the benefit of which shall be explicitly reserved to the successor Collateral Agent. Thereafter, the resigning Collateral Agent shall be discharged from any further obligation under this Agreement and its successor and each of the other parties hereto and thereto shall have the same rights and obligations *inter se* as they would have had if such successor had been a party to this Agreement in place of the resigning Collateral Agent. The resigning Collateral Agent shall make over to its successor all such records as its successor requires to carry out its duties.

(b) The Company may remove the Collateral Agent if it is adjudged a bankrupt or an insolvent or an order for relief is entered into with respect to the Collateral Agent under any Bankruptcy Law (as defined in the Indenture). In this case, a successor Collateral Agent shall be appointed in accordance with the Indenture.

SECTION 13. SUCCESSOR COLLATERAL AGENT BY MERGER, ETC. If the Collateral Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Collateral Agent.

SECTION 14. NOTICES, ETC. Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be in writing in the English language sent or delivered by mail, teletype or courier service and all such notices and communications shall not be effective until received. All notices and other communications shall be in writing and addressed as follows:

- (a) if to the Company, at:
c/o Melco Crown Entertainment Limited
36th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong
Facsimile No.: +852 2537 3618
Attention: Company Secretary

- (b) if to the Collateral Agent, at:
DB Trustees (Hong Kong) Limited
Level 52, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Facsimile No.: +852 2203 7320
Attention: The Managing Director

or at such other address or addressed to such other individual as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

SECTION 15. AMENDMENTS, ETC. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Company therefrom shall in any event be effective unless the same shall be (a) in accordance with the terms of the Indenture and (b) in writing and signed by or on behalf of the Collateral Agent.

SECTION 16. ASSIGNMENT. Upon notice to the Company, the acting Collateral Agent may at any time assign all of its rights, duties and obligations hereunder to any other Person appointed to replace it as Collateral Agent pursuant to the Indenture effective upon such notice such holder shall succeed to all of the rights, duties and obligations of Collateral Agent hereunder.

SECTION 17. CONTINUING AGREEMENT. This Agreement shall create a continuing security interest in the Pledged Collateral and shall remain in full force and effect until full and final payment and performance of the Secured Obligations (for purposes of this Section 17, payment in full will include the legal defeasance or other satisfaction and discharge of the Senior Notes under the Indenture) and payment in full of all unpaid fees, expenses, and indemnity obligations due and owing to the Trustee and the Collateral Agent under the Indenture and hereunder. Upon the payment in full of the Secured Obligations, the Company shall be entitled to the return, upon its request and at its expense, of such of the Pledged Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof. Following such payment in full, the Collateral Agent, at the request and sole expense of the Company, will execute and deliver to the Company a proper instrument or instruments (including UCC termination statements) acknowledging the satisfaction and termination of this Agreement (including, without limitation, UCC termination statements and instruments of satisfaction and discharge).

This Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Secured Obligations is rescinded or must otherwise be restored or returned by the Collateral Agent, the Trustee or the holders of the Senior Notes as a preference, fraudulent conveyance or otherwise under any bankruptcy, insolvency or similar law, all as though such payment had not been made; *provided that* in the event payment of all or any part of the Secured Obligations is rescinded or must be restored or returned, all reasonable costs and expenses (including without limitation any reasonable legal fees and disbursements) properly incurred by the Collateral Agent or the Trustee in defending and enforcing such reinstatement shall be deemed to be included as a part of the Secured Obligations.

SECTION 18. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules are not mandatorily applicable by statute and would require or permit the application of the laws of another jurisdiction.

SECTION 19. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 20. CONSENT TO JURISDICTION. The Company hereby irrevocably submits to the non-exclusive jurisdiction of any United States Federal or New York State court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to this Agreement or any transaction contemplated thereby. The Company irrevocably designates and appoints Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017, as its authorized agent for receipt of service of process in any such suit, action or proceeding. In the event that such agent for service of process appointed pursuant to this Section 20 is unable to act as agent for service of process or no longer maintains an office in the State of New York, each Debtor and Creditor shall forthwith appoint a successor agent located in the State of New York that will promptly provide to the Collateral Agent a letter affirming such appointment.

(Signature page follows)

IN WITNESS WHEREOF, the Company and the Collateral Agent have caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

STUDIO CITY FINANCE LIMITED

By: /s/ GEOFFREY DAVIS

Name: GEOFFREY DAVIS

Title: Authorized Signatory

Signature Page to the Pledge Agreement

IN WITNESS WHEREOF, the Company and the Collateral Agent have caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

STUDIO CITY FINANCE LIMITED

By: _____
Name:
Title:

DB TRUSTEES (HONG KONG) LIMITED, as
Collateral Agent

By: /s/ Stuart Harding
Name: Stuart Harding
Title: Authorised Signatory

By: /s/ Hui Nga Man
Name: Hui Nga Man
Title: Authorised Signatory

Signature Page to the Pledge Agreement

ANNEX A

SCHEDULE OF LEGAL NAMES, TYPE OF ORGANIZATION
(AND WHETHER A REGISTERED ORGANIZATION),
JURISDICTION OF ORGANIZATION,
CHIEF EXECUTIVE OFFICE AND
ORGANIZATIONAL IDENTIFICATION NUMBERS

| <u>Exact Legal Name of the Company</u> | <u>Registered Organization (Yes/No)?</u> | <u>Jurisdiction of Organization</u> | <u>Chief Executive Office</u> | <u>New Pledgor's Organization Identification Number (or, if it has none, so indicate)</u> |
|--|--|---|---|---|
| Studio City Finance Limited | No | British Virgin Islands | Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands | 1673307 |

Non-Negotiable Intercompany Note

Studio City Investments Limited

Up to US\$825,000,000

Studio City Finance

Limited Hong Kong, China

November 26, 2012

Studio City Finance Limited (the "Company") has issued 8.500% Senior Notes (the "Senior Notes") in the aggregate principal amount of US\$825,000,000 pursuant to an Indenture dated as of November 26, 2012 (the "Indenture") among itself, certain guarantors, DB Trustees (Hong Kong) Limited, as trustee (the "Trustee") and as collateral agent (the "Collateral Agent"), and the other parties as described therein. In connection therewith, the Company has entered into a Note Disbursement and Account Agreement dated as of November 26, 2012 (the "NDAA") with the Trustee, the Collateral Agent and the other parties as described therein. As the proceeds from the issuance of the Senior Notes are disbursed in accordance with the NDAA, each such disbursement shall constitute an advance in the same amount made to Studio City Investments Limited (the "Borrower") or to another party at the Borrower's direction (each an "Advance"). On the date hereof, the outstanding amount advanced under this Intercompany Note is US\$13,200,000.

The Borrower promises to repay to the Company, or order, on December 1, 2020 the aggregate of all the Advances, which shall be an amount not exceeding US\$825,000,000, or so much thereof as may remain unpaid, and to pay to the Company on the date hereof an upfront fee in the amount of US\$13,200,000 (receipt of which by the Company is hereby acknowledged) and:

(a) a commitment fee on the undisbursed amount of Senior Note proceeds (which, subject to the satisfaction of any conditions precedent specified in the NDAA, are available to be disbursed); and

(b) interest on the unpaid balance of the outstanding aggregate principal amount of the Advances;

at the rate of eight and a half per cent (8.500%) per annum (computed on the basis of a 360 day year of twelve 30 day months) payable in arrears on each of the dates below:

(i) on each interest payment date for the Senior Notes until the Opening Date (as defined in the NDAA);

(ii) on the Opening Date; and

(iii) thereafter monthly on the first day of each month,

(each, an "Interest Payment Date"),

until such unpaid balance shall be paid in full. Any Interest Payment Date that would otherwise fall on a date that is not a Business Day (as defined in the Indenture referred to below) shall be postponed to the next succeeding Business Day. If the Borrower fails to pay when due all or any portion of the principal, interest or commitment fee, under this Note, such unpaid principal and (to the extent permitted by law) unpaid interest or fees shall bear interest from each day from the date it became so due until paid in full, payable on demand, at the rate of one per cent (1%) per annum in excess of the otherwise applicable interest rate. The Borrower shall, on demand by the Company, also pay to the Company an amount up to an amount equal to (i) any amounts required to be paid by the Company to the Trustee under the Indenture or to the Collateral Agent under the Note Pledge Agreement (as both such terms are defined below) and (ii) Additional Amounts (as defined in the Indenture), if any. All payments of principal, interest and other amounts shall be made in lawful money of the United States of America at the office of the Company, or at such other place as the holder hereof shall have designated to the Borrower in writing.

This Note may be prepaid, in whole or in part, at any time. Any such prepayment shall be made together with accrued and unpaid interest hereon plus, on demand by the Company, to the extent applicable, the Borrower shall also pay premium in an amount up to an amount equal to any premium paid or then required to be paid by the terms of the Senior Notes in connection with any like prepayment of the Senior Notes. In addition, should the Company elect to prepay, or be required by the terms of the Senior Notes to prepay, all or a portion of such Senior Notes on any day, the Borrower shall on demand by the Company, prepay a like principal amount of the principal of this Note, together with accrued and unpaid interest (and, if all, any accrued and unpaid commitment fee), plus an amount up to an amount equal to any premium paid or then due by the Company under the Senior Notes. Should the Company be required at any time to pay any Additional Amounts (as defined in the Indenture) in connection with any withholding or deduction for or on account of taxes, duties, assessments or governmental charges of whatever nature under the terms of the Senior Notes, the Borrower shall also pay on demand by the Company as additional interest hereunder, an amount up to the amount of such Additional Amounts then due under the Senior Notes.

Upon any exercise of remedies pursuant to Section 9(b) of the Note Pledge Agreement, the unpaid principal amount hereof shall become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Borrower.

No failure to exercise and no delay in exercising, on the part of the Company of this Note, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privilege herein provided are cumulative and not exclusive of any rights, remedies, power and privileges provided by law.

This Note shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules are not mandatorily applicable by statute and would require or permit the application of the laws of another jurisdiction.

This Note may be executed manually or by facsimile or electronically transmitted signature, and any such signature shall be for all purposes as an original.

This Note is being pledged to DB Trustees (Hong Kong) Limited as collateral agent (the "Collateral Agent") for the benefit of the Trustee and the Holders pursuant to that certain Pledge Agreement (the "Note Pledge Agreement") dated as of November 26, 2012 between the Company and the Collateral Agent to secure the Company's obligations under the Indenture and the Senior Notes. Except pursuant to, in accordance with or otherwise in connection with the Note Pledge Agreement, this Note cannot be pledged, sold, assigned or otherwise transferred. The Borrower agrees not to take any actions, make any payments or accept any instructions from the Company after any exercise of remedies pursuant to Section 9 of the Note Pledge Agreement that conflict with the Collateral Agent's rights under the Note Pledge Agreement until the Secured Obligations (as defined in the Note Pledge Agreement) have been performed and paid in full.

This Note is a not a negotiable instrument.

IN WITNESS WHEREOF, the Borrower has caused its duly authorized officer to execute and deliver this Note as of the day and year first above written.

(Signature page follows)

By _____
Name:
Title:

DATED 26 NOVEMBER 2012

STUDIO CITY FINANCE LIMITED
as Company

DB TRUSTEES (HONG KONG) LIMITED
as Collateral Agent

BANK OF CHINA LIMITED, MACAU BRANCH
as Escrow Agent

and

BANK OF CHINA LIMITED, MACAU BRANCH
as Note Disbursement Agent

PLEDGE OVER ACCOUNTS

CONTENTS

| Clause | Page |
|---|------|
| 1. Definitions And Interpretation | 1 |
| 2. Pledge | 3 |
| 3. Perfection Of Security | 4 |
| 4. Operation Of The Accounts | 5 |
| 5. Further Assurance | 6 |
| 6. Company's Representations And Warranties | 6 |
| 7. Negative Pledge And Disposals | 7 |
| 8. Enforcement Of Pledge | 7 |
| 9. Application Of Moneys | 9 |
| 10. Effectiveness Of Collateral | 9 |
| 11. Currency Conversion And Indemnity | 9 |
| 12. Closure Of Accounts | 10 |
| 13. Payments Free Of Deduction | 10 |
| 14. Severability | 10 |
| 15. Discretion And Delegation | 11 |
| 16. Changes To Parties | 11 |
| 17. Notices | 12 |
| 18. Governing Law | 12 |
| 19. Jurisdiction | 12 |
| 20. Exercise Of Rights | 13 |
| Schedule 1 FORM OF NOTICE OF PLEDGE | 14 |
| Schedule 2 FORM OF ACKNOWLEDGMENT OF PLEDGE | 15 |
| Schedule 3 ACCOUNTS | 16 |

AN AGREEMENT made on 26 November 2012 between:

- (1) **STUDIO CITY FINANCE LIMITED**, a company incorporated in the British Virgin Islands with limited liability (registered number 1673307), with its registered office at Jayla Place, Wickhams Cay I, Road Tow, Tortola, British Virgin Islands (the “**Company**”), herein represented by Chung, Yuk Man;
- (2) **DB TRUSTEES (HONG KONG) LIMITED**, with its registered office at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, as collateral agent for and on behalf of the DB Trustee (Hong Kong) Limited as Trustee (the “**Collateral Agent**”), herein represented by Bernardo Paiva Morão and Hermâni Rouxinol;
- (3) **BANK OF CHINA LIMITED**, Macau Branch, with registered office in Macau at Avenida Dr. Mário Soares, n.º 323, Edifício Banco da China, (the “**Escrow Agent**”) herein represented by Wong, Iao Kun; and
- (4) **BANK OF CHINA LIMITED**, Macau Branch, with registered office in Macau at Avenida Dr. Mário Soares, n.º 323, Edifício Banco da China, (the “**Note Disbursement Agent**”) herein represented by Wong, Iao Kun.

WHEREAS:

- (A) On the date of this Agreement the Company has offered US\$825 million aggregate principal amount of senior secured notes due 2020 (the “**Notes**”) pursuant to the Indenture.
- (B) The Indenture requires the net proceeds of the Offering to be deposited in the Escrow Accounts and released in accordance with the terms of the Escrow Agreement and deposited into the Note Proceeds Accounts and the Note Interest Reserve Accounts and be further disbursed in accordance with the Note Disbursement and Account Agreement.
- (C) The Indenture, the Escrow Agreement and the Note Disbursement and Account Agreement require the Accounts to be pledged as security in favour of the Collateral Agent for the benefit of the Trustee and the Noteholders.

NOW, IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless otherwise defined herein, all terms defined in or by reference in the Indenture shall bear the same meaning when used in this Agreement and, in addition:

“**Accounts**” means:

- (a) the Escrow Accounts;
- (b) the Note Proceeds Accounts;

- (c) the Note Disbursement Accounts;
- (d) the Note Interest Reserve Accounts; and
- (e) the Note Interest Accrual Accounts,

as further detailed in Schedule 3 hereto, all of which are or shall be established with the Escrow Agent and the Note Disbursement Agent, as the case may be, as set forth in the Escrow Agreement and the Note Disbursement and Account Agreement, including, in each case, any replacement, renewal, redesignation or sub-accounts thereof or any such account designated as an Account by the Company;

“Charged Property” means all the assets and undertaking of the Company which from time to time are the subject of the security created or expressed to be created in favour of the Collateral Agent pursuant to this Agreement;

“Company’s Macau Counsel” means Manuela António – Lawyers and Notaries, with address at Av. Dr. Mário Soares, no. 25, Edif. Montepio, 1.o andar, comp.13, Macau or any other counsel designated by the Company from time to time;

“Collateral Agent’s Rights” means all rights, powers and remedies of the Collateral Agent provided by this Agreement or by law;

“Deposit” means, in relation to an Account, the credit balance from time to time on such Account and all rights, benefits, accrued interest and proceeds in respect thereof;

“Enforcement Notice” means an enforcement notice given to the Company by the Collateral Agent after the occurrence of an Event of Default which is continuing, in accordance with the terms of the Indenture, pursuant to which the Collateral Agent (as instructed by the Trustee) enforces the Collateral Agent’s Rights in accordance with the terms of this Agreement;

“Escrow Agreement” means the escrow agreement dated 26 November 2012 and made between the Company, the Escrow Agent, the Trustee and the Collateral Agent, as amended, varied, novated and/or supplemented from time to time;

“Indenture” means the indenture dated as of the date of this Agreement and made between the Company, the Subsidiary Guarantors (as defined therein), the Trustee and the Collateral Agent;

“Note Disbursement and Account Agreement” means the notes disbursement and account agreement dated as of the date of this Agreement and made between the Company, Studio City Company Limited (as Borrower), the Collateral Agent, the Trustee and the Note Disbursement Agent, as amended, varied, novated and/or supplemented from time to time;

“Noteholders” means the holders of the Notes from time to time;

“Operative” means a shareholder, officer, employee, controlling person, executive, director, agent, authorized representative or affiliate of the Company, the Borrower or any Subsidiary Guarantor;

“**Opinion of Counsel**” means an opinion of the Company’s Macau Counsel stating that the pledge over a Designated Account granted pursuant to Sections 3.2 to 3.4 hereof has created a valid and perfected first priority security interest in such Designated Account in favour of the Collateral Agent;

“**Secured Obligations**” means all Obligations (as defined in the Indenture) at any time due, owing or incurred by the Company with respect to the Notes (including any Additional Notes) and the Indenture;

“**Transaction Documents**” means the Indenture, the Notes, the Escrow Agreement, the Note Disbursement and Account Agreement and any other documents which, from time to time, shall govern the Notes, including any notes, guarantees, collateral documents, instruments and agreements executed in connection therewith as in effect on the date it is executed; and

“**Trustee**” means DB Trustees (Hong Kong) Limited and its successors and assigns.

1.2 Interpretation

In this Agreement:

- (a) the principles of construction and interpretation set out or referred to in the Note Indenture shall apply to the construction and interpretation of this Agreement; and
- (b) any reference to any or all of the Company, the Borrower or any of the Subsidiary Guarantors, the Trustee the Collateral Agent or any Noteholder shall be construed so as to include its or their (and any subsequent) successors and any permitted transferees in accordance with their respective interests.

1.3 Non-recourse Liability

Notwithstanding any provision in the Transaction Documents to the contrary, no Operative shall be personally liable for payments due hereunder or under the Transaction Documents or for the performance of any obligation hereunder or thereunder, save, in relation to any Operative, pursuant to any Transaction Document to which such Operative is a party. The sole recourse of the Trustee for satisfaction of any of the obligations of the Company hereunder and any obligations of the Company and any of the Subsidiary Guarantors under the Transaction Documents shall be against the Company or the Subsidiary Guarantors, and not against any assets or property of any Operative save to the extent such Operative is party to a Transaction Document and is expressed to be liable for such obligation thereunder.

2. PLEDGE

- 2.1 The Company hereby pledges the Accounts and the Deposit in each Account in favour of the Collateral Agent by way of first pledge, for the payment and discharge of all of the Secured Obligations.
- 2.2 Each of the Escrow Agent and the Note Disbursement Agent hereby acknowledges and consents to the pledge over the Accounts created by this Agreement and consents to the pledge in accordance with the terms of this Agreement over any Accounts to be opened or established by the Company in accordance with the Escrow Agreement and the Notes Disbursement and Accounts Agreement.

- 2.3 Each of the Escrow Agent and the Note Disbursement Agent hereby acknowledges and confirms to the Collateral Agent (for and on behalf of the Trustee and the benefit of the Noteholders) that it has not received notice of any previous pledges, assignments or charges of or over any of the Accounts or the respective Deposits.
- 2.4 Each of the Escrow Agent and the Note Disbursement Agent hereby further agrees that it is not entitled to, and shall undertake not to, claim or exercise any lien, right of set-off, combination of accounts or other right, remedy or security with regard to:
- (a) moneys standing to the credit of the Accounts or in the course of being credited to such Accounts or any earnings; or
 - (b) any securities, deposits, funds or other investments concerned with any of the Accounts, except as provided for in Clause 2.1.
- 2.5 The Company consents that each of the Escrow Agent and the Note Disbursement Agent shall, at the request of the Collateral Agent, disclose to the Collateral Agent and its appointed representatives the books and records concerning the Accounts and other information and particulars in relation to the Accounts and the Company hereby irrevocably waives any right of confidentiality which may exist in respect of such books, records and other information to the extent necessary to allow disclosure of such books, records and other information to the Collateral Agent and its appointed representatives.
- 2.6 Neither this Agreement nor the obligations of the Company under this Agreement will be affected by any act, omission, matter or thing which, but for this Clause 2, would reduce, release or prejudice this Agreement or any of the Company's obligations under this Agreement including (without limitation) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Transaction Document or any security.
3. **PERFECTION OF SECURITY**
- 3.1 The pledge over the Accounts detailed in Schedule 2 of this Agreement is perfected with the execution of this Agreement.
- 3.2 The pledge over each Account which has not been opened or established by the Company on or prior to the date of this Agreement (a "**Designated Account**" for the purposes of Clause 3) is a promissory pledge and the Company hereby notifies the Escrow Agent or the Note Disbursement Agent, as the case may be, that such Designated Account shall, as of the date of its opening or establishment, be pledged in favour of the Collateral Agent in accordance with the terms of this Agreement.
- 3.3 The Company shall, in respect of such Designated Account, give the Escrow Agent or the Note Disbursement Agent, as the case may be, no less than two (2) Business Days notice for the opening or establishment of such Designated Account in substantially the form of Schedule 1 (*Form of Notice of Opening of Account and Pledge*). The Escrow Agent or the Note Disbursement Agent, as the case may be, shall, on the day such Designated Account is opened or the Business Day immediately following the date of opening or establishment of such Designated Account, acknowledge that such Designated Account is pledged to the Collateral Agent under this Agreement, in substantially the form of Schedule 2 (*Form of Acknowledgment of Pledge*) with a copy to be provided to the Company on the same date.

- 3.4 If the Escrow Agent or the Note Disbursement Agent should fail to comply with Clause 3.3, the Collateral Agent may request from the courts in the Macau S.A.R. a judgment for specific performance for the conversion of any such promissory pledge into a definitive pledge.
- 3.5 In the event that the Company requests the opening or establishment of a Designated Account and does not provide the Escrow Agent or the Note Disbursement Agent, as the case may be, the notice in substantially the form of Schedule 1 (*Form of Notice of Opening of Account and Pledge*) the Escrow Agent or the Note Disbursement Agent, as the case may be, shall not proceed to open or establish such Designated Account until the Company has provided the notice in substantially the form of Schedule 1 (*Form of Notice of Opening of Account and Pledge*).
- 3.6 In addition, the Company shall deliver to the Collateral Agent an Opinion of Counsel ten (10) Business Days after (i) the Escrow Agent or the Note Disbursement Agent, as the case may be, has delivered to the Company and the Company's Macau Counsel a Form of Acknowledgment of Pledge, as set out in Schedule 2 hereof or (ii) the Collateral Agent has notified the Company and the Company's Macau Counsel that it has obtained from a Macau SAR court a definitive judgment in respect of the conversion of a promissory pledge into a definitive pledge.

4. OPERATION OF THE ACCOUNTS

- 4.1 Prior to the delivery of an Enforcement Notice, the Accounts shall be operated in accordance with the Escrow Agreement and the Note Disbursement and Account Agreement.
- 4.2 In addition, without prejudice to the Company's right to, pursuant to the Escrow Agreement and the Note Disbursement and Account Agreement, (i) transfer funds (a) between an Escrow Account and each other account designated as an Escrow Account, (b) between a Notes Proceeds Account and each other account designated as a Note Proceeds Account, (c) between a Note Interest Reserve Account and each other account designated as a Note Interest Reserve Account, and (d) between a Note Interest Accrual Account and each other account designated as a Note Interest Accrual Account; (ii) give instructions in respect of such transfers, (iii) open new Accounts or (iv) otherwise, to the extent so permitted by the Escrow Agreement or the Note Disbursement Account Agreement, open, operate or deal with any Accounts our Accounts balances or require any other person (including the Collateral Agent, the Escrow Agent and the Note Disbursement Agent) to do so., the Company hereby appoints the Collateral Agent as the sole person authorized to operate and give instructions to the Escrow Agent in respect of the operation (but not closure) of the Escrow Accounts or the Note Disbursement Agent in respect of the operation (but not closure) of the Note Proceeds Accounts, the Note Interest Reserve Accounts and the Note Interest Accrual Accounts, whether currently existing or to be opened or established after the date of this Agreement, in accordance with the Escrow Agreement and the Note Disbursement and Account Agreement until such time as the pledge granted under this Agreement is either enforced in accordance with Clause 8 or released in accordance with Clause 10.4 in respect of each of the Escrow Accounts, the Note Proceeds Accounts, the Note Interest Reserve Accounts or the Note Interest Accrual Accounts.

4.3 The appointment of the Collateral Agent to operate and give instructions to the Escrow Agent or the Note Disbursement Agent, as the case may be, in respect of the operation (but not closure) of the Escrow Accounts, the Note Disbursement Accounts, the Note Interest Reserve Accounts and the Note Interest Accrual Accounts under Clause 4.2, may not be revoked, amended, varied or waived without either the prior written consent of the Collateral Agent or a final conclusive judgement to same effect from a competent court.

5. **FURTHER ASSURANCE**

The Company hereby undertakes with the Collateral Agent that at all times during the subsistence of this Agreement, it will do and execute all things and documents as the Collateral Agent shall require it do or execute for the purpose of exercising the Collateral Agent's Rights and/or enforcing the pledge over the Accounts, provided that any such requirement shall, prior to the delivery of an Enforcement Notice, be reasonable.

6. **COMPANY'S REPRESENTATIONS AND WARRANTIES**

6.1 The Company hereby makes the following representations and warranties to the Collateral Agent (for and on behalf of the Trustee and the benefit of the Noteholders) and acknowledges that the Collateral Agent has relied upon those representations and warranties:

- (a) the Charged Property is held in the sole name of the Company;
- (b) save as expressly permitted or contemplated by the Transaction Documents, the Company has not assigned or otherwise disposed or purported to assign or otherwise dispose of any of its right, title or interest in relation to the Charged Property or any part thereof except for the creation of the pledge hereunder;
- (c) this Agreement constitutes an effective first priority pledge over the Accounts which is subject to perfection only with respect to future Accounts as set forth in Clause 3, and the appointment of the Collateral Agent to operate and give instructions to the Escrow Agent or the Note Disbursement Agent, as the case may be, in respect of the operation (but not closure) of the Escrow Accounts, the Note Disbursement Accounts, the Note Interest Reserve Accounts and the Note Interest Accrual Accounts in accordance with the terms of Clause of 4.2 and 4.3 is legally valid and binding;
- (d) the Company is the sole and absolute owner of all of the Charged Property free from any charges or encumbrances (other than as permitted or contemplated by the Transaction Documents);

- (e) all acts, conditions and things required to be done, fulfilled and performed in order (i) to enable the Company lawfully to enter into, and perform and comply with the obligations expressed to be assumed by it in this Agreement, (ii) to ensure that the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable and (iii) to make this Agreement admissible in evidence in the Macau S.A.R., have been done, fulfilled and performed; and
 - (f) under the laws of the Macau S.A.R. in force at the date hereof, it is not necessary that this Agreement be filed, recorded or enrolled with any court or other authority in the Macau S.A.R. or that any stamp, registration or similar tax be paid on or in relation to this Agreement other than a stamp duty of MOP 20.00 on this Agreement and a stamp duty of MOP 5.00 on any of its counterparts.
- 6.2 The representations and warranties contained in Clause 6.1 (other than Clause 6.1 (e) and 6.1(f)) shall be deemed to be repeated (by reference to the facts and circumstances then existing) by the Company with respect to future Accounts upon the opening or establishment of such Accounts.

7. NEGATIVE PLEDGE AND DISPOSALS

7.1 Negative Pledge

The Company undertakes that it will not, at any time during the subsistence of this Agreement, create or permit to subsist any charge or encumbrance (other than as expressly permitted or contemplated by the Transaction Documents) over all or any part of the Charged Property.

7.2 No Disposal of Interests

The Company undertakes that it will not (and will not agree to) at any time during the subsistence of this Agreement, except as expressly permitted under the Transaction Documents, make any assignment, transfer or other disposal of all or any part of the Charged Property.

8. ENFORCEMENT OF PLEDGE

8.1 Instructions to Escrow Agent and Note Disbursement Agent

After the Collateral Agent shall have given an Enforcement Notice to the Company, the pledge over the Accounts will become immediately enforceable and the Collateral Agent shall be entitled, without any further notice to the Company or prior authorisation from the Company or any court, to enforce all or any part of such pledge, including without limitation:

- (a) give written notice to the Escrow Agent or the Note Disbursement Agent (as the case may be) and the Company instructing the Escrow Agent or the Note Disbursement Agent (as the case may be) not to act on the instructions or requests of the Company in relation to any sums at any such time standing to the credit of any of the Accounts and the Company shall not be entitled to give or make any further such instructions or requests;

- (b) give written notice to the Escrow Agent or the Note Disbursement Agent (as the case may be) (with a copy to the Company) that the Collateral Agent shall be the sole signatory in relation to the Accounts maintained at the Escrow Agent or the Note Disbursement Agent (as the case may be);
 - (c) apply the credit balances in the Accounts in or towards repayment of the Secured Obligations in accordance with Clause 9 provided that any amounts so applied in respect of the Secured Obligations shall satisfy *pro tanto* the obligations in respect of such indebtedness owed to the Trustee and/or the Noteholders to the extent of the amounts so applied;
 - (d) generally use amounts standing to the credit of the Accounts at its discretion in order to discharge the obligations of any of the Company and the Subsidiary Guarantors under the Transaction Documents;
 - (e) give any other notice or instructions to the Escrow Agent or the Note Disbursement Agent (as the case may be) relating to all or any of the Accounts to be acted upon by the Escrow Agent or the Note Disbursement Agent (as the case may be) without enquiry and without further authority from the Company; and
 - (f) exercise all or any of the powers, authorities and discretions conferred by this Agreement or otherwise conferred by law on pledgees.
- 8.2 In making any disposal of all or any part of the Charged Property or any acquisition in the exercise of its powers, the Collateral Agent may do so for such consideration, in such manner, and generally on such terms and conditions as it thinks fit. Any contract for such disposal or acquisition by the Collateral Agent may contain conditions excluding or restricting the personal liability of the Collateral Agent.
- 8.3 For the Escrow Agent or the Note Disbursement Agent, as the case may be, to comply with the instructions of the Collateral Agent pursuant to Clause 8.1, it shall suffice that the Collateral Agent notifies the Escrow Agent or the Note Disbursement Agent, as the case may be, that it has given an Enforcement Notice to the Company, no inquiries or investigation on the cause or circumstances thereof or any other matter being required from the Escrow Agent or the Note Disbursement Agent, as the case may be. Save for its failure to verify that the notice received from the Collateral Agent states that the Collateral Agent has given an Enforcement Notice to the Company or act, upon receiving such notice, in strict accordance with the instructions of the Collateral Agent, the Escrow Agent or the Note Disbursement Agent, as the case may be, shall have no liability to any of the other parties to this Agreement as a consequence of performance by it hereunder other than as a result of its bad faith, gross negligence or wilful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction.

9. APPLICATION OF MONEYS

All moneys received or recovered by the Collateral Agent pursuant to this Agreement or the powers conferred by it shall (subject to (a) the claims of any person having prior rights thereto, and (b) Clause 8.2) be applied by the Collateral Agent (notwithstanding any purported appropriation by the Company) in accordance with section 6.10 of the Indenture for the payment of the Secured Obligations.

10. EFFECTIVENESS OF COLLATERAL

- 10.1 No failure on the part of the Collateral Agent to exercise, or delay on its part in exercising, any Collateral Agent's Right shall operate as a waiver thereof, nor shall any single or partial exercise of a Collateral Agent's Right preclude any further or other exercise of that or any other Collateral Agent's Right. The Collateral Agent's Rights hereunder are cumulative to those provided by any other security in respect of the Secured Obligations and not exclusive of any remedies provided by law.
- 10.2 The Collateral Agent shall not be obliged, before exercising any Collateral Agent's Right as against the Company (a) to make any demand of any Subsidiary Guarantor or any other person, (b) to take any action or obtain judgment in any court against the Company, any Subsidiary Guarantor or any other person, (c) to make or file any proof or claim in a liquidation, bankruptcy or insolvency of the Company, any Subsidiary Guarantor or any other person or (d) to enforce or seek to enforce any other security in respect of the Secured Obligations.
- 10.3 Until the satisfaction of the requirements set out in sections 10.03 and 10.06 of the Indenture in respect of the release of security, any payment, settlement or discharge hereunder shall be conditional upon no security or payment to the Collateral Agent by or on behalf of the Company and/or any other Subsidiary Guarantor being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws and such payment, settlement or discharge shall in those circumstances be void and the security constituted by this Agreement and the obligations of the Company hereunder shall continue.
- 10.4 Notwithstanding any provision herein stipulating otherwise, the Collateral Agent shall as soon as reasonably practicable release the pledge over the Accounts once the requirements set out in clause 4.10 of the Escrow Agreement and clause 5.10 of the Note Disbursement and Account Agreement and sections 10.03 and 10.06 of the Indenture in respect of the release of security have been satisfied.

11. CURRENCY CONVERSION AND INDEMNITY

- 11.1 For the purpose of or pending the discharge of any or all of the Secured Obligations, the Collateral Agent may convert any moneys received, recovered or realised or subject to application by the Collateral Agent pursuant to this Agreement from the currency of such moneys to another for such purpose and any such conversion shall be made at the Collateral Agent's spot rate of exchange for the time being (or such other rate as may be available to the Collateral Agent from time to time in the ordinary course of business) for obtaining such other currency with the first currency and the Secured Obligations shall be discharged only to the extent of the net proceeds of such conversion received by the Collateral Agent.

11.2 If any sum (a “**Sum**”) due from the Company under this Agreement or any order or judgment given or made in relation thereto has to be converted from the currency (the “**First Currency**”) in which such Sum is payable into another currency (the “**Second Currency**”) for the purpose of:

- (a) making or filing a claim or proof against the Company;
- (b) obtaining or enforcing an order or judgment in any court or other tribunal; or
- (c) applying the Sum in satisfaction of any of the Secured Obligations,

the Company shall (through the Collateral Agent) within five (5) Business Days of demand indemnify each person to whom such Sum is due from and against any loss suffered or incurred as a result of any discrepancy between (a) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange at which such person may in the ordinary course of business purchase the First Currency with the Second Currency at the time of receipt of such Sum.

12. **CLOSURE OF ACCOUNTS**

The Company may direct the Collateral Agent to close (i) the Escrow Accounts when the entire Deposit therein has been transferred to the Note Proceeds Accounts and the Note Interest Reserve Accounts and, (ii) on or after Opening Date, the Note Proceeds Accounts, the Note Disbursement Accounts, the Note Interest Reserve Accounts and the Note Interest Accrual Accounts when the entire Deposit in each such Accounts has been transferred to the Revenue Account.

13. **PAYMENTS FREE OF DEDUCTION**

All payments to be made by the Company under this Agreement shall be made free and clear of and without deduction for or on account of tax unless the Company is required to make such payment subject to the deduction or withholding of tax, in which case the sum payable by the Company in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

14. **SEVERABILITY**

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the security intended to be created by or pursuant to this Agreement is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of the security.

15. DISCRETION AND DELEGATION

- 15.1 Any liberty or power which may be exercised or any determination which may be made hereunder by the Collateral Agent may, subject to the terms and conditions of the Transaction Documents, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons save that the Collateral Agent shall act in a reasonable manner if expressly required hereunder.
- 15.2 The Collateral Agent shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Agreement on such terms and conditions as it shall see fit which delegation shall not preclude either the subsequent exercise of such power, authority or discretion by the Collateral Agent itself or any subsequent delegation or revocation thereof.

16. CHANGES TO PARTIES

- 16.1 The Company may not assign or transfer any or all of its rights (if any) and/or obligations under this Agreement.
- 16.2 The Collateral Agent may:
- (a) assign all or any of its rights under this Agreement; and
 - (b) transfer all or any of its obligations (if any) under this Agreement,
- to any successor Collateral Agent in accordance with the provisions of the Indenture, provided that it is acknowledged that such assignment or transfer shall not in any way prejudice the priority of the security constituted by this Agreement (which shall be assigned to such successor Collateral Agent pursuant to the terms of the Indenture). Upon such assignment or transfer taking effect, the successor Collateral Agent shall be and be deemed to be acting as agent of the Trustee for the purposes of this Agreement and in place of the former Collateral Agent.
- 16.3 Subject to the relevant provisions of the Transaction Documents, each Noteholder may assign all or any of its rights under this Agreement (whether direct or indirect) in accordance with the provisions of the Transaction Documents. It is acknowledged that none of the Noteholders has or shall have any obligation under this Agreement.
- 16.4 The Company irrevocably and unconditionally confirms that:
- (a) it consents to any assignment or transfer by any Noteholder of its rights and/or obligations made in accordance with the provisions of the Transaction Documents;
 - (b) it shall continue to be bound by the terms of this Agreement, notwithstanding any such assignment or transfer; and
 - (c) the assignee or transferee of such Noteholder shall acquire an interest in this Agreement upon such assignment or transfer taking effect.

17. NOTICES

- 17.1 Any communication to be made under or in connection with this Agreement shall be made in writing but, unless otherwise stated, may be made by fax or letter.
- 17.2 The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this Agreement is identified with its signature below, or any substitute address, fax number or department or officer as the party may notify to the other party by not less than ten (10) Business Days' notice.
- 17.3 Any communication or document made or delivered by one person to another under or in connection with this Agreement shall only be effective:
- (a) if delivered personally or by overnight courier, when left at the relevant address;
 - (b) if by way of fax, when a transmission report is received by the person sending the fax; or
 - (c) if by way of letter, when it has been left at the relevant address or ten (10) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 17.2, if addressed to that department or officer.

Any communication or document to be made or delivered to the Collateral Agent shall be effective only when actually received by the Collateral Agent and then only if it is expressly marked for the attention of the department or officer identified with the Collateral Agent's signature below (or any substitute department or officer as the Collateral Agent shall specify for this purpose).

18. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Macau S.A.R.

19. JURISDICTION

- 19.1 The Company irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of Macau to settle any disputes (a "**Dispute**") arising out of, or in connection with this Agreement (including without limitation a dispute regarding the existence, validity or termination of this Agreement or the consequences of its nullity).
- 19.2 Each of the Collateral Agent, the Escrow Agent, the Note Disbursement Agent and, subject to Clause 20, the Trustee may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, each of the Collateral Agent, the Escrow Agent and the Note Disbursement Agent and, subject to Clause 20, the Trustee may take concurrent Proceedings in any number of jurisdictions.
- 19.3 The Company waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:
- (a) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and

- (b) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its assets and revenues.

20. EXERCISE OF RIGHTS

Notwithstanding anything contained in Clause 19.2 to the contrary, the Trustee will only exercise its rights under this Agreement through the Collateral Agent unless and until the appointment of the Collateral Agent ceases and no successor Collateral Agent is appointed under sections 10.11 and 10.12 of the Indenture.

IN WITNESS WHEREOF this Agreement has been executed on the date first above written.

SCHEDULE 1
FORM OF NOTICE OF OPENING OF ACCOUNT AND PLEDGE

To: [insert name of Escrow Agent and/ Note Disbursement Agent] (the “**Escrow Agent**” / “**Note Disbursement Agent**”)

To: [insert name of Collateral Agent] (the “**Collateral Agent**”)

Date: []

Dear Sirs,

1. We refer to the agreement designated Pledge over Accounts, dated [insert date] entered into between ourselves with the Escrow Agent, the Note Disbursement Agent and the Collateral Agent (as agent for and on behalf of [insert name of Trustee] as trustee and the persons defined therein as Noteholders) (“**Pledge over Accounts**”).
2. We hereby notify you, for the purposes of clause 3.3 of the Pledge over Accounts, that we intend to establish an account to be designated as [insert account designation] (“**Designated Account**”) with [the Escrow Agent / the Note Disbursement Agent]¹ which will be pledged in favour of the Collateral Agent pursuant to the Pledge over Accounts.
3. We note that [the Escrow Agent / the Note Disbursement Agent]² is required to acknowledge the pledge of the Designated Account in favour of the Collateral Agent upon the establishment of the Designated Account.
4. This notice is governed by the law of the Macau S.A.R.

Yours faithfully,

for and on behalf of
Studio City Finance Limited

¹ Fill in as appropriate.

² Fill in as appropriate.

SCHEDULE 2
FORM OF ACKNOWLEDGMENT OF PLEDGE

To: [insert name of Collateral Agent] (the “Collateral Agent”)

cc. Company

Company’s Macau Counsel

Date: []

Dear Sirs,

5. We refer to the agreement designated Pledge over Accounts, dated [insert date] entered into between ourselves as [Escrow Agent and Note Disbursement Agent]³, the Collateral Agent (as agent for and on behalf of [insert name of Trustee] as trustee and the persons defined therein as Noteholders) and Studio City Finance Limited (the “Company”) (the “Pledge over Accounts”).
6. We hereby acknowledge, for the purposes of clause 3.3 of the Pledge over Accounts, that the Company has established account no. [account number] which has been designated as [insert account designation] (“Designated Account”) and that the Designated Account is pledged in favour of the Collateral Agent pursuant to the Pledge over Accounts.
7. We hereby acknowledge and confirm to the Collateral Agent (for and on behalf of the Trustee and the benefit of the Noteholders) that we have not received notice of any previous pledges, assignments or charges of or over the Designated Account.
8. We hereby further agree that we are not entitled to, and shall undertake not to, claim or exercise any lien, right of set-off, combination of accounts or other right, remedy or security with regard to:
 - (a) moneys standing to the credit of the Designated Account or in the course of being credited to such Designated Account or any earnings; or
 - (b) any securities, deposits, funds or other investments concerned with the Designated Account.
9. It is noted at the Company shall have to provide to the Collateral Agent an Opinion of Counsel ten (10) Business Days after delivery of this acknowledgement to the Company and the Company’s Macau Counsel.
10. This acknowledgment is governed by the law of the Macau S.A.R.

Yours faithfully,

for and on behalf of
Bank of China Limited, Macau Branch

³ Fill in as appropriate.

SCHEDULE 3
ACCOUNTS

| | |
|---------------------------------|-----------------|
| Escrow Account | 29-88-10-019694 |
| | 29-88-30-007080 |
| Notes Proceeds Accounts | 29-88-10-019678 |
| | 29-88-30-007098 |
| Notes Interest Accrual Accounts | 29-88-10-019652 |
| | 29-88-30-007111 |
| Notes Interest Reserve Accounts | 29-88-10-019660 |
| | 29-88-30-007103 |
| Notes Disbursement Accounts | 29-88-10-019644 |
| | 29-11-20-000606 |
| | 29-88-30-007129 |

IN WITNESS WHEREOF this Agreement has been executed on the date first above written.

For and on behalf of **Studio City Finance Limited**

Chung, Yuk Man

Address: c/o 36/F, The Centrium,
60 Wyndham Street,
Central,
Hong Kong

Fax: +852 2537 3618

Telephone: +852 2598 3600

Attention: Company Secretary

Bernardo Paiva Morão

Hernâni Rouxinol

Address: Level 52, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Attention: Managing Director

Fax: +852 2203 7320

(as Escrow Agent and as Note Disbursement Agent)

Wong, Iao Kun

Address: Avenida Dr. Mário Soares, n.º 323
Edifício Banco da China
Macau

Attention: Mr. James Wong / Ms. Amy Cheong

Fax: +853 8792 1659

ESCROW AGREEMENT

among

STUDIO CITY FINANCE LIMITED
as the Company

DB TRUSTEES (HONG KONG) LIMITED
as Collateral Agent

DB TRUSTEES (HONG KONG) LIMITED
as Trustee

and

BANK OF CHINA LIMITED, MACAU BRANCH
as Escrow Agent

Table of Contents

| | Page |
|--|------|
| ARTICLE 1 - DEFINITIONS | 1 |
| 1.1 Definitions | 1 |
| 1.2 Rules of Interpretation | 2 |
| ARTICLE 2 - ACCOUNTS. APPLICATION OF FUNDS | 2 |
| 2.1 Escrow Accounts | 2 |
| 2.2 Special Mandatory Escrow Redemption | 3 |
| ARTICLE 3 - ESCROW AGENT | 4 |
| 3.1 Appointment of Escrow Agent | 4 |
| 3.2 Replacement and Retirement of the Escrow Agent | 4 |
| 3.3 Statements | 4 |
| ARTICLE 4 - MISCELLANEOUS PROVISIONS | 5 |
| 4.1 Addresses | 5 |
| 4.2 Benefit of Agreement | 5 |
| 4.3 Entire Agreement | 5 |
| 4.4 Severability | 5 |
| 4.5 Headings | 6 |
| 4.6 Successors or Assigns | 6 |
| 4.7 No Waiver; Cumulative Remedies | 6 |
| 4.8 Assignment | 6 |
| 4.9 Binding Effect | 6 |
| 4.10 Termination | 6 |
| 4.11 Language | 6 |
| 4.12 Time of Day | 6 |
| 4.13 Governing Law; Consent to Jurisdiction; Venue; Waiver of Jury Trial | 7 |
| 4.14 Counterparts | 8 |
| Exhibit A Account Information | A-1 |

This **ESCROW AGREEMENT** (this "Agreement"), dated as of November 26, 2012, is by and among **STUDIO CITY FINANCE LIMITED**, an exempted company with limited liability incorporated under the laws of the British Virgin Islands (the "Company"), **DB TRUSTEES (HONG KONG) LIMITED**, as collateral agent (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), **DB TRUSTEES (HONG KONG) LIMITED**, as trustee (together with its successors and assignors in such capacity, the "Trustee"); and **BANK OF CHINA LIMITED, MACAU BRANCH**, as escrow agent (in such capacity, together with its successors and assigns in such capacity, the "Escrow Agent").

In consideration of the agreements herein and in the Indenture, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Definitions.

1.1.1 Capitalized Terms. Except as otherwise expressly provided herein, capitalized terms used (but not defined) in this Agreement shall have the meanings given to them in the Indenture.

1.1.2 Additional Terms. The following terms shall have the following meanings:

"Certificate of Redemption Calculations" has the meaning given to it in Section 2.2.1.

"Dollar" and "\$" means the lawful currency of the United States of America.

"Indenture" means the indenture dated as of the Issue Date between, among others, the Company, as issuer, the guarantors named therein, the Trustee and the Collateral Agent.

"Issue Date" means November 26, 2012.

"Notes" means \$825.0 million aggregate principal amount of senior secured notes due 2020.

"Note Deposit Amount" means \$811,800,000.00 (constituting the net proceeds of the Offering).

"Note Interest Reserve Account" means the Dollar-denominated deposit accounts in Macau in the name of the Company, each designated the "Note Interest Reserve Account" and having the account numbers set forth in Exhibit A hereto.

"Note Interest Amount" means \$239,593,750.00 (representing an amount equal to 41 months of interest expected to accrue on the Notes).

"Note Proceeds Account" means the Dollar-denominated deposit accounts in Macau in the name of the Company, each designated the "Note Proceeds Account" and having the account numbers set forth in Exhibit A hereto.

"Offering" means the issue by the Company of the Notes pursuant to the Indenture.

"Offering Memorandum" means the final offering memorandum dated November 16, 2012 prepared in connection with the Offering of the Notes.

“Other Amounts” means all dividends, cash, instruments, Cash Equivalents and other property now or hereafter placed or deposited in or credited to, or delivered to the Collateral Agent for placement or deposit in or credit to the Escrow Accounts.

“Secured Obligations” has the meaning given to it in the Security Document.

“Secured Parties” means the Holders and the Trustee.

“Security Document” means the pledge over accounts among the Company, the Collateral Agent, the Escrow Agent and Bank of China Limited, Macau Branch, as Note Disbursement Agent dated as of the Issue Date.

“Senior Secured Credit Facilities” means the agreement governing the \$1.4 billion (equivalent) senior secured credit facilities described in the section entitled “Description of Other Material Indebtedness—Senior Secured Credit Facilities” of the Offering Memorandum, between, among others, the Senior Secured Credit Facilities Borrower, certain of its subsidiaries as guarantors, the financial institutions named therein as lenders, and the agent for the lenders, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith as in effect on the date it is executed (as amended, novated or supplemented from time to time).

“Signing Date” means the date of the Senior Secured Credit Facilities.

“Special Mandatory Escrow Redemption” shall mean the special mandatory redemption of the Notes required by Section 3.12 of the Indenture upon the occurrence of a Special Mandatory Escrow Redemption Event.

“Special Mandatory Escrow Redemption Date” means the date so described in a redemption notice delivered in connection with a Special Mandatory Escrow Redemption Event pursuant to Section 3.12 of the Indenture but in any event not more than five (5) Hong Kong Business Days from the date of such redemption notice.

“Special Mandatory Escrow Redemption Event” shall occur if the Signing Date has not occurred by March 31, 2013.

“Special Mandatory Escrow Redemption Price” means 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest thereon from and including the Issue Date through the Special Mandatory Escrow Redemption Date.

1.2 Rules of Interpretation. Except as otherwise expressly provided herein, the rules of interpretation set forth in the Indenture shall apply to this Agreement.

ARTICLE 2 - ACCOUNTS. APPLICATION OF FUNDS

2.1 Escrow Accounts

2.1.1 On or prior to the Issue Date, the Company shall cause to be established with the Escrow Agent one or more Dollar-denominated deposit accounts in Macau in the name of the Company, designated the “Escrow Account” with the account numbers set forth in Exhibit A hereto and may thereafter open further term deposit accounts with the Escrow Agent bearing the same designation (together, the “Escrow Accounts”). The Escrow Accounts shall be used to hold the Note Deposit Amount as set forth in Section 2.1.2 and the Collateral Agent shall have a perfected security interest in the Escrow Accounts, the Note Deposit Amount and any Other Amounts on deposit in each such account on an exclusive basis for the benefit of the Trustee and the holders of the Notes pursuant to the Security Document. The Company shall maintain such Escrow Accounts until they may be closed pursuant to the terms of the Security Document.

2.1.2 The Escrow Accounts shall be used for depositing the Note Deposit Amount on the Issue Date. The Company shall not have any rights to withdraw any amounts from the Escrow Accounts (other than to transfer funds between Escrow Accounts). In addition, as long as the funds are deposited with the Escrow Agent, they will be invested by the Escrow Agent, at the instruction of the Company, in cash or Cash Equivalents. Accrued interest and Other Amounts earned on any amounts in the Escrow Accounts or such investments shall be credited to, and remain in, the Escrow Accounts (or be reinvested therein) and can be transferred among Escrow Accounts and otherwise applied like other Escrow Account balances (or such investments) in accordance with this Agreement. Amounts on deposit in the Escrow Accounts shall be released by the Escrow Agent on the Signing Date as follows (provided that no Special Mandatory Escrow Redemption Event has occurred as described in Section 2.2 hereof):

(a) The Note Interest Amount shall be transferred to the account or accounts designated the “Note Interest Reserve Account” with the account numbers set forth in Exhibit A hereof (the distribution among Note Interest Reserve Accounts being at the direction of the Company); and

(b) The remaining funds in the Escrow Accounts, after deducting the Note Interest Amount so transferred, shall be transferred to the Note Proceeds Accounts with the account numbers set forth in Exhibit A hereof (the distribution among Note Proceeds Accounts being at the direction of the Company).

2.2 Special Mandatory Escrow Redemption.

2.2.1 If the Notes become subject to the Special Mandatory Escrow Redemption, the Company shall deliver a notice of Special Mandatory Escrow Redemption to the Trustee and the Holders as required by the Indenture no later than the fifth Hong Kong Business Day following the occurrence of the Special Mandatory Escrow Redemption Event, with a copy to the Escrow Agent and the Collateral Agent. The Company shall also deliver to the Escrow Agent, the Trustee and the Collateral Agent a certificate signed by an authorized officer of the Company setting forth (i) the calculation of the amount of cash, including interest and proceeds from sale of Cash Equivalents, that will be available to the Collateral Agent, based on the Note Deposit Amount and Other Amounts then held in the Escrow Accounts or otherwise invested in cash or Cash Equivalents pursuant to Section 2.1.2 above on the third Hong Kong Business Day prior to the Special Mandatory Escrow Redemption Date and (ii) the calculation of the Special Mandatory Escrow Redemption Price payable on the Special Mandatory Escrow Redemption Date (the “Certificate of Redemption Calculations”). If such Certificate of Redemption Calculations reveals that the amount of cash that is so available will be insufficient to pay the Special Mandatory Escrow Redemption Price, then the Company shall, within one Hong Kong Business Day after delivery of such certificate to the Escrow Agent, the Trustee and the Collateral Agent, provide to the Trustee directly an amount of cash that, without reinvestment, equals the amount of such shortfall (the “Shortfall Amounts”). To the extent that the proceeds realized by the Collateral Agent from liquidating any Cash Equivalents are less than the market value thereof as assumed in the Certificate of Redemption Calculations and this gives rise to a shortfall, the Collateral Agent shall so notify the Company, and the Company shall promptly, but in any event within one Hong Kong Business Day after receiving such notice, deposit cash in an amount that, without reinvestment, equals the amount of such shortfall.

2.2.2 If the Collateral Agent receives a copy of the notice from the Company and/or the Trustee that a Special Mandatory Escrow Redemption is to occur as provided in Section 2.2.1 above, the Escrow Agent will, on or before the Hong Kong Business Day prior to the Special Mandatory Escrow Redemption Date, transfer to the Trustee an aggregate amount of all Note Proceeds Amounts, Other Amounts and any Shortfall Amounts equal to the Special Mandatory Escrow Redemption Price as specified in the Certificate of Redemption Calculations delivered pursuant to Section 2.2.1. Concurrently with such release to the Trustee, the Escrow Agent shall release any excess of the aggregate of the Note Proceeds Amounts and Other Amounts that is more than the Special Mandatory Escrow Redemption Price to the Company, which shall be permitted to use such funds at its discretion.

ARTICLE 3 - ESCROW AGENT

3.1 Appointment of Escrow Agent. Subject to and on the terms and conditions of this Agreement, the Collateral Agent irrevocably appoints and authorizes Bank of China Limited, Macau Branch to act on its behalf and on behalf of the Trustee and the Holders as Escrow Agent hereunder. Bank of China Limited, Macau Branch accepts such appointment and agrees to perform its duties hereunder. The Escrow Agent is authorized to take such actions and to exercise such power and rights solely under this Agreement as are specifically delegated or granted to it by the terms hereof, together with such other powers and rights as are reasonably incidental thereto. The Escrow Agent shall be liable to the Collateral Agent, the Trustee and the Company for any disbursement which it makes which is not made in strict accordance with the terms of this Agreement. The Escrow Agent shall not be required to be aware of and shall have no obligation to investigate or observe the applicable laws and regulations of any jurisdiction in which it is not domiciled. The Escrow Agent shall have no liability to any parties as a consequence of its performance hereunder other than as a direct result of its bad faith, gross negligence or willful misconduct.

3.2 Replacement and Retirement of the Escrow Agent.

3.2.1 The Collateral Agent shall have the right, should it reasonably determine that the Escrow Agent has breached its obligations hereunder or has engaged in willful misconduct or gross negligence, with the consent of the Company (such consent not to be unreasonably withheld, delayed or conditioned), upon the expiration of thirty (30) days' written notice of substitution to the other parties hereto, to cause the Escrow Agent to be relieved of its duties hereunder and to select and appoint a successor Escrow Agent (which successor Escrow Agent shall be reasonably acceptable to the Company, such acceptance not to be unreasonably withheld, delayed or conditioned).

3.2.2 The Escrow Agent may resign at any time upon thirty (30) days' written notice to the other parties hereto, in which event the Collateral Agent shall have the right to select a successor Escrow Agent (which successor Escrow Agent shall be reasonably acceptable to the Company, such acceptance not to be unreasonably withheld, delayed or conditioned).

3.2.3 In each of the cases mentioned above, the retiring Escrow Agent shall (at its own cost) make available to the successor Escrow Agent such documents and records and provide such assistance as the successor Escrow Agent may reasonably request for the purposes of performing its functions as Escrow Agent under this Agreement.

3.2.4 The appointment of the successor Escrow Agent shall take effect on the date the successor Escrow Agent becomes a party to this Agreement. As from this date, the retiring Escrow Agent shall be discharged from any further obligation in respect of this Agreement (other than its obligations under Section 3.2.3 above).

3.2.5 Any successor Escrow Agent and each of the other parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original party to this Agreement.

3.3 Statements.

3.3.1 In addition to the original account statements for the Escrow Accounts which are provided to the Company, the Escrow Agent shall send a duplicate set of account statements for such Escrow Account to the Collateral Agent. The Company hereby authorizes the Escrow Agent to provide any additional information relating to the Escrow Accounts to the Collateral Agent upon the Collateral Agent's request without the Company's further consent (subject always to receiving prior written notice of the request and a copy of the information provided).

ARTICLE 4 - MISCELLANEOUS PROVISIONS

4.1 Addresses. Any notices or consents required or permitted by this Agreement shall be in writing and shall be deemed delivered if delivered in person or if sent by certified mail, postage prepaid, return receipt requested, or by email with attachments in portable document format or PDF, as follows, unless such address is changed by written notice hereunder:

If to the Company

Attn.: Company Secretary
Address: c/o Melco Crown Entertainment Limited
36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

If to the Trustee or the Collateral Agent:

Attn.: The Managing Director
Address: Level 52, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

If to the Escrow Agent:

Attn.: Credit Administration Department – Corporate Loans Division:
James Wong / Amy Cheong
Address: Avenida Doutor Mário Soares
no. 323, 13/F, Bank of China Building
Macau

4.2 Benefit of Agreement. Nothing in this Agreement, expressed or implied, shall give or be construed to give to any person, other than the parties hereto and the Secured Parties, any legal or equitable right, remedy of claim under this Agreement, or under any covenants and provisions being for the sole benefit of the parties hereto and the Secured Parties.

4.3 Entire Agreement. This Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail. This Agreement may only be amended or modified in accordance with the terms of this Agreement and by an instrument in writing signed by the parties hereto.

4.4 Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the parties hereto shall enter into good faith negotiations to replace the invalid, illegal or unenforceable provision.

4.5 Headings. Paragraph headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

4.6 Successors or Assigns. Subject to the provisions of Section 3.2, whenever in this Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, stipulations, promises and agreements in this Agreement contained by or on behalf of the Company, the Collateral Agent, the Trustee or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not provided however that nothing in this Section 4.6 shall be deemed to allow the Company to assign its rights or novate its obligations under this Agreement, other than pursuant to Section 4.8.

4.7 No Waiver; Cumulative Remedies. No failure to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power of privilege hereunder preclude or require any other or future exercise thereof or the exercise of any other right, power or privilege. All rights, powers and remedies granted to any party hereto and all other agreements, instruments and documents executed in connection with this Agreement shall be cumulative, may be exercised singly or concurrently and shall not be exclusive of any rights or remedies provided by law.

4.8 Assignment. No assignment of this Agreement may be made by the Company without the prior written consent of the Collateral Agent, acting on the written instructions of the Trustee.

4.9 Binding Effect. All of the covenants, warranties, undertakings and agreements of the Company hereunder shall bind the Company and shall inure to the benefit of each of the Trustee, the Collateral Agent (for itself, the Trustee and for the Holders) and the Escrow Agent and their respective successors and assigns, as the case may be, whether so expressed or not.

4.10 Termination; Satisfaction and Discharge. (a) The Company shall not be entitled to terminate this Agreement before the release of all funds in the Escrow Accounts pursuant to either Section 2.1 or Section 2.2 hereof. Upon the release of all funds in the Escrow Accounts, this Agreement shall terminate; provided, however, that it is expressly agreed that the provisions of Section 3.1 and Section 4.13 will survive such termination. (b) If at any time the Collateral Agent and the Escrow Agent shall have received a notice from or on behalf of each of the Secured Parties that all Secured Obligations owing to such Secured Parties have been paid in full, then this Agreement shall cease to be of further effect and the Collateral Agent, the Trustee and the Escrow Agent on written demand of and in the name and at the cost and expense of the Company and upon delivery to the Collateral Agent and the Escrow Agent of a certificate signed by two authorized officers of the Company stating that all conditions precedent to the satisfaction and discharge of this Agreement and the Security Document have been complied with, shall execute instruments reasonably specified in such written demand acknowledging the satisfaction and discharge of this Agreement and the Escrow Agent thereafter shall transfer all funds, if any, in the Escrow Accounts to the Company at such place and in such manner to be specified in writing by the Company. Upon the written request of the Company and/or the Borrower, each of the Secured Parties agrees to give or to procure the giving of the notices provided for in this Section 4.10 promptly after satisfaction of the obligations owed to it.

4.11 Language. This Agreement is made in the English language.

4.12 Time of Day. All references herein to any time of day shall be deemed to be references to Hong Kong time.

4.13 Governing Law; Consent to Jurisdiction; Venue; Waiver of Jury Trial.

4.13.1 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY LEGAL ACTION OR PROCEEDING AGAINST THE COMPANY WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE COMPANY HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE COMPANY AGREES THAT A JUDGMENT, AFTER EXHAUSTION OF ALL AVAILABLE APPEALS, IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND BINDING UPON IT, AND MAY BE ENFORCED IN ANY OTHER JURISDICTION, INCLUDING BY A SUIT UPON SUCH JUDGMENT (UNLESS RECOGNITION AND ENFORCEMENT OF SUCH JUDGMENT IS REQUIRED IN SUCH JURISDICTION), A CERTIFIED COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE JUDGMENT. THE COMPANY HEREBY IRREVOCABLY DESIGNATES, APPOINTS AND EMPOWERS LAW DEBENTURE CORPORATE SERVICES INC., WITH OFFICES ON THE DATE HEREOF AT 400 MADISON AVENUE, FOURTH FLOOR, NEW YORK, NY, 10017, AS ITS DESIGNEE, APPOINTEE AND AGENT WITH RESPECT TO ANY ACTION OR PROCEEDING IN NEW YORK TO RECEIVE, ACCEPT AND ACKNOWLEDGE FOR AND ON ITS BEHALF, AND IN RESPECT OF ITS PROPERTY, SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING AND AGREES THAT THE FAILURE OF SUCH AGENT TO GIVE ANY ADVICE OF ANY SUCH SERVICE OF PROCESS TO THE COMPANY SHALL NOT IMPAIR OR AFFECT THE VALIDITY OF SUCH SERVICE OR OF ANY BASED THEREON. IF FOR ANY REASON SUCH DESIGNEE, APPOINTEE AND AGENT SHALL CEASE TO BE AVAILABLE TO ACT AS SUCH, THE COMPANY AGREES TO DESIGNATE A NEW DESIGNEE, APPOINTEE AND AGENT IN NEW YORK CITY ON THE TERMS AND FOR THE PURPOSES OF THIS PROVISION ACCEPTABLE TO THE COLLATERAL AGENT FOR THE BENEFIT OF THE HOLDERS, THE TRUSTEE, THE COLLATERAL AGENT AND THE ESCROW AGENT. THE COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE COMPANY AND LAW DEBENTURE CORPORATE SERVICES INC., AT THEIR RESPECTIVE ADDRESSES SET FORTH HEREIN, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY COLLATERAL AGENT OR ANY OTHER PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ITS JURISDICTION OF INCORPORATION OR IN ANY OTHER COURT OR TRIBUNAL HAVING JURISDICTION.

4.13.2 THE COMPANY HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN THE COURTS REFERRED TO IN SECTION 4.13.1 ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

4.13.3 EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY.

4.14 Counterparts. This Agreement may be executed in one or more duplicate counterparts and when signed by all of the parties listed below shall constitute a single binding agreement. Any party hereto may execute this agreement by signing any such counterpart (including by facsimile). Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signatures are physically attached to the same counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and acknowledged by their respective officers or representatives hereunto duly authorized, all as of the day and year first above written.

STUDIO CITY FINANCE LIMITED,
as the Company

By: /s/ GEOFFREY DAVIS
Name: GEOFFREY DAVIS
Title: Authorized Signatory

(Signature Page to Escrow Agreement)

DB TRUSTEES (HONG KONG) LIMITED,
as the Collateral Agent

By /s/ Stuart Harding
Name: Stuart Harding
Title: Authorised Signatory

By /s/ Hui Nga Man
Name: Hui Nga Man
Title: Authorised Signatory

(Signature Page to Escrow Agreement)

DB TRUSTEES (HONG KONG) LIMITED,
as the Trustee

By /s/ Stuart Harding
Name: Stuart Harding
Title: Authorised Signatory

By /s/ Hui Nga Man
Name: Hui Nga Man
Title: Authorised Signatory

(Signature Page to Escrow Agreement)

| <u>Account</u> | <u>Account Information</u> | <u>Account Number</u> |
|-------------------------------|----------------------------|-----------------------|
| Note Proceeds Account | (USD Savings) | 29-88-10-019678 |
| Note Interest Reserve Account | (USD Savings) | 29-88-10-019660 |
| Escrow Account | (USD Savings) | 29-88-10-019694 |
| Note Proceeds Account | (Term Deposit) | 29-88-30-007098 |
| Note Interest Reserve Account | (Term Deposit) | 29-88-30-007103 |
| Escrow Account | (Term Deposit) | 29-88-30-007080 |

Non-Negotiable Intercompany Note

Studio City Investments Limited

Up to US\$825,000,000

Studio City Finance Limited

Hong Kong, China

November 26, 2012

Studio City Finance Limited (the "Company") has issued 8.500% Senior Notes (the "Senior Notes") in the aggregate principal amount of US\$825,000,000 pursuant to an Indenture dated as of November 26, 2012 (the "Indenture") among itself, certain guarantors, DB Trustees (Hong Kong) Limited, as trustee (the "Trustee") and as collateral agent (the "Collateral Agent"), and the other parties as described therein. In connection therewith, the Company has entered into a Note Disbursement and Account Agreement dated as of November 26, 2012 (the "NDAA") with the Trustee, the Collateral Agent and the other parties as described therein. As the proceeds from the issuance of the Senior Notes are disbursed in accordance with the NDAA, each such disbursement shall constitute an advance in the same amount made to Studio City Investments Limited (the "Borrower") or to another party at the Borrower's direction (each an "Advance"). On the date hereof, the outstanding amount advanced under this Intercompany Note is US\$13,200,000.

The Borrower promises to repay to the Company, or order, on December 1, 2020 the aggregate of all the Advances, which shall be an amount not exceeding US\$825,000,000, or so much thereof as may remain unpaid, and to pay to the Company on the date hereof an upfront fee in the amount of US\$13,200,000 (receipt of which by the Company is hereby acknowledged) and:

- (a) a commitment fee on the undisbursed amount of Senior Note proceeds (which, subject to the satisfaction of any conditions precedent specified in the NDAA, are available to be disbursed); and
- (b) interest on the unpaid balance of the outstanding aggregate principal amount of the Advances;

at the rate of eight and a half per cent (8.500%) per annum (computed on the basis of a 360 day year of twelve 30 day months) payable in arrears on each of the dates below:

- (i) on each interest payment date for the Senior Notes until the Opening Date (as defined in the NDAA);
 - (ii) on the Opening Date; and
 - (iii) thereafter monthly on the first day of each month,
- (each, an "Interest Payment Date"),

until such unpaid balance shall be paid in full. Any Interest Payment Date that would otherwise fall on a date that is not a Business Day (as defined in the Indenture referred to below) shall be postponed to the next succeeding Business Day. If the Borrower fails to pay when due all or any portion of the principal, interest or commitment fee, under this Note, such unpaid principal and (to the extent permitted by law) unpaid interest or fees shall bear interest from each day from the date it became so due until paid in full, payable on demand, at the rate of one per cent (1%) per annum in excess of the otherwise applicable interest rate. The Borrower shall, on demand by the Company, also pay to the Company an amount up to an amount equal to (i) any amounts required to be paid by the Company to the Trustee under the Indenture or to the Collateral Agent under the Note Pledge Agreement (as both such terms are defined below) and (ii) Additional Amounts (as defined in the Indenture), if any. All payments of principal, interest and other amounts shall be made in lawful money of the United States of America at the office of the Company, or at such other place as the holder hereof shall have designated to the Borrower in writing.

This Note may be prepaid, in whole or in part, at any time. Any such prepayment shall be made together with accrued and unpaid interest hereon plus, on demand by the Company, to the extent applicable, the Borrower shall also pay premium in an amount up to an amount equal to any premium paid or then required to be paid by the terms of the Senior Notes in connection with any like prepayment of the Senior Notes. In addition, should the Company elect to prepay, or be required by the terms of the Senior Notes to prepay, all or a portion of such Senior Notes on any day, the Borrower shall on demand by the Company, prepay a like principal amount of the principal of this Note, together with accrued and unpaid interest (and, if all, any accrued and unpaid commitment fee), plus an amount up to an amount equal to any premium paid or then due by the Company under the Senior Notes. Should the Company be required at any time to pay any Additional Amounts (as defined in the Indenture) in connection with any withholding or deduction for or on account of taxes, duties, assessments or governmental charges of whatever nature under the terms of the Senior Notes, the Borrower shall also pay on demand by the Company as additional interest hereunder, an amount up to the amount of such Additional Amounts then due under the Senior Notes..

Upon any exercise of remedies pursuant to Section 9(b) of the Note Pledge Agreement, the unpaid principal amount hereof shall become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Borrower.

No failure to exercise and no delay in exercising, on the part of the Company of this Note, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privilege herein provided are cumulative and not exclusive of any rights, remedies, power and privileges provided by law.

This Note shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules are not mandatorily applicable by statute and would require or permit the application of the laws of another jurisdiction.

This Note may be executed manually or by facsimile or electronically transmitted signature, and any such signature shall be for all purposes as an original.

This Note is being pledged to DB Trustees (Hong Kong) Limited as collateral agent (the "Collateral Agent") for the benefit of the Trustee and the Holders pursuant to that certain Pledge Agreement (the "Note Pledge Agreement") dated as of November 26, 2012 between the Company and the Collateral Agent to secure the Company's obligations under the Indenture and the Senior Notes. Except pursuant to, in accordance with or otherwise in connection with the Note Pledge Agreement, this Note cannot be pledged, sold, assigned or otherwise transferred. The Borrower agrees not to take any actions, make any payments or accept any instructions from the Company after any exercise of remedies pursuant to Section 9 of the Note Pledge Agreement that conflict with the Collateral Agent's rights under the Note Pledge Agreement until the Secured Obligations (as defined in the Note Pledge Agreement) have been performed and paid in full.

This Note is a not a negotiable instrument.

IN WITNESS WHEREOF, the Borrower has caused its duly authorized officer to execute and deliver this Note as of the day and year first above written.

(Signature page follows)

By: /s/ GEOFFREY DAVIS

Name: GEOFFREY DAVIS

Title: Authorized Signatory

Signature Page to the Intercompany Note

NOTE DISBURSEMENT AND ACCOUNT AGREEMENT

among

STUDIO CITY FINANCE LIMITED
as the Company

STUDIO CITY COMPANY LIMITED
as the Borrower

DB TRUSTEES (HONG KONG) LIMITED
as Collateral Agent

DB TRUSTEES (HONG KONG) LIMITED
as Trustee

and

BANK OF CHINA LIMITED, MACAU BRANCH
as Note Disbursement Agent

Table of Contents

| | Page |
|--|------|
| ARTICLE 1 - DEFINITIONS | 1 |
| 1.1 Definitions | 1 |
| 1.2 Rules of Interpretation | 4 |
| ARTICLE 2 - ACCOUNTS. APPLICATION OF FUNDS | 4 |
| 2.1 Note Proceeds Accounts | 4 |
| 2.2 Note Disbursement Accounts | 5 |
| 2.3 Order of Funding | 5 |
| 2.4 Note Interest Reserve Accounts | 5 |
| 2.5 Release of Note Interest Amount | 6 |
| 2.6 Note Interest Accrual Accounts | 7 |
| 2.7 Release of Amounts in Note Interest Accrual Accounts | 7 |
| ARTICLE 3 - DISBURSEMENT FROM THE NOTE PROCEEDS ACCOUNTS | 7 |
| 3.1 Disbursement Request | 7 |
| 3.2 Disbursements | 8 |
| 3.3 Special Mandatory Note Proceeds Redemption | 8 |
| ARTICLE 4 - NOTE DISBURSEMENT AGENT | 9 |
| 4.1 Appointment of Note Disbursement Agent | 9 |
| 4.2 Replacement and Retirement of the Note Disbursement Agent | 9 |
| 4.3 Statements | 10 |
| ARTICLE 5 - MISCELLANEOUS PROVISIONS | 10 |
| 5.1 Addresses | 10 |
| 5.2 Benefit of Agreement | 10 |
| 5.3 Entire Agreement | 10 |
| 5.4 Severability | 11 |
| 5.5 Headings | 11 |
| 5.6 Successors or Assigns | 11 |
| 5.7 No Waiver; Cumulative Remedies | 11 |
| 5.8 Assignment | 11 |
| 5.9 Binding Effect | 11 |
| 5.10 Satisfaction and Discharge | 11 |
| 5.11 Language | 11 |
| 5.12 Time of Day | 12 |
| 5.13 Governing Law; Consent to Jurisdiction; Venue; Waiver of Jury Trial | 12 |
| 5.14 Counterparts | 13 |
| Exhibit A Disbursement Request | A-1 |
| Exhibit B Certificate of Construction Consultant | B-1 |
| Exhibit C Account Information | C-1 |

This **NOTE DISBURSEMENT AND ACCOUNT AGREEMENT** (this "Agreement"), dated as of November 26, 2012, is by and among **STUDIO CITY FINANCE LIMITED**, an exempted company with limited liability incorporated under the laws of the British Virgin Islands (the "Company"), **STUDIO CITY COMPANY LIMITED**, an exempted company with limited liability incorporated under the laws of the British Virgin Islands (the "Borrower"), **DB TRUSTEES (HONG KONG) LIMITED**, as collateral agent (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), **DB TRUSTEES (HONG KONG) LIMITED**, as trustee (together with its successors and assignors in such capacity, the "Trustee"); and **BANK OF CHINA LIMITED, MACAU BRANCH**, as note disbursement agent (in such capacity, together with its successors and assigns in such capacity, the "Note Disbursement Agent").

In consideration of the agreements herein and in the Indenture, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Definitions.

1.1.1 Capitalized Terms. Except as otherwise expressly provided herein, capitalized terms used (but not defined) in this Agreement shall have the meanings given to them in the Indenture.

1.1.2 Additional Terms. The following terms shall have the following meanings:

"Accounts" means the Note Proceeds Accounts, the Note Interest Reserve Accounts, the Note Interest Accrual Accounts and the Note Disbursement Accounts.

"Available Funding" has the meaning given to it in the Senior Secured Credit Facilities.

"Completion Support" has the meaning given to it in the Senior Secured Credit Facilities.

"Construction Completion Date" means the date upon which the Phase I Project has been substantially completed and is open for business (to include the issuance of occupancy certificates for the relevant portion of the Phase I Project and receipt of all necessary operating permits), as determined in accordance with the Senior Secured Credit Facilities and as confirmed in a certificate addressed to the other parties to this Agreement (other than the Borrower) from an Officer of the Company attaching a certification from the agent under the Senior Secured Credit Facilities that such Construction Completion Date has occurred.

"Construction Completion Long Stop Date" means December 31, 2016, as subsequently amended or extended in accordance with the Senior Secured Credit Facilities.

"Construction Consultant" means Franklin & Andrews (Hong Kong) Limited and its successors and assignees, or such other construction consultant of recognized international standing retained pursuant to the Senior Secured Credit Facilities.

"Certificate of Redemption Calculations" has the meaning given to it in Section 3.3.1.

"Disbursement" means a disbursement made pursuant to Section 3.1.

"Disbursement Date" means the date of a Disbursement, being the date on which the relevant Disbursement is to be made pursuant to Section 3.1.

"Disbursement Request" shall have the meaning set forth in Section 3.1.

“Dollar” and “\$” means the lawful currency of the United States of America.

“Equity Contribution” means the funding of the Sponsors in the aggregate amount of \$825.0 million.

“Group Budget” has the meaning given to it in the Senior Secured Credit Facilities.

“In-Balance Test” means, at any time, that Available Funding (which for the purposes of the first application of the In-Balance Test pursuant to Article 3 only shall be computed excluding the amount of the Completion Support) exceeds Remaining Project Costs.

“Indenture” means the indenture dated as of the Issue Date between, among others, the Company, as issuer, the guarantors named therein and the Trustee.

“Interest Payment Amount” means the aggregate amount of interest accrued on the Notes which is due for payment on an Interest Payment Date.

“Interest Payment Date” means an interest payment date in respect of the interest payable on the Notes which falls during the period from and including the Issue Date to and including the Opening Date.

“Issue Date” means November 26, 2012.

“Notes” means \$825.0 million aggregate principal amount of senior secured notes due 2020.

“Note Deposit Amount” means \$572,206,250.00 (constituting the net proceeds of the Offering less the Note Interest Amount).

“Note Debt Service Reserve Account” has the meaning given to it in the Senior Secured Credit Facilities.

“Note Disbursement Accounts” has the meaning given to it in Section 2.2.1.

“Note Interest Amount” means \$239,593,750.00 (representing an amount equal to 41 months of interest expected to accrue on the Notes).

“Note Interest Accrual Accounts” has the meaning given to it in Section 2.6.1.

“Note Interest Reserve Accounts” has the meaning given to it in Section 2.4.1.

“Note Proceeds Accounts” has the meaning given to it in Section 2.1.1.

“Offering” means the issue by the Company of the Notes pursuant to the Indenture.

“Offering Memorandum” means the final offering memorandum dated November 16, 2012 prepared in connection with the Offering of the Notes.

“Opening Date” means the date upon which occupancy certificates for the relevant portion of the Phase I Project have been issued and an agreed part of the Phase I Project (including an agreed number of gaming tables) is open for business, as determined in accordance with the Senior Secured Credit Facilities and as confirmed in a certificate from an Officer of the Company addressed to the other parties to this Agreement (other than the Borrower) attaching a certification from the agent under the Senior Secured Credit Facilities that such Opening Date has occurred.

“Opening Long Stop Date” means October 1, 2016, as subsequently amended or extended in accordance with the Senior Secured Credit Facilities.

“Other Amounts” means all dividends, cash, instruments, Cash Equivalents and other property now or hereafter placed or deposited in or credited to, or delivered to the Collateral Agent for placement or deposit in or credit to, the Note Proceeds Accounts, the Note Interest Reserve Accounts, the Note Interest Accrual Accounts or the Note Disbursement Accounts, as the context requires.

“Phase I Project” means an approximate 463,000 gross square meter project to be constructed on an approximately 130,789 square meter parcel of land in the reclaimed area between Taipa and Coloane Island (Cotai), Lotes G300, G310 and G400, registered with the Macau Real Estate Registry under no. 23059 and which is currently envisioned to contain retail, hotel, gaming, entertainment, food and beverage outlets and entertainment studios and other facilities.

“Plans and Specifications” means the plans and specifications for the Phase I Project as approved by the Board of Directors of the Company, as subsequently amended in accordance with the Senior Secured Credit Facilities.

“Project Costs” means the construction and development costs and other related project costs, including licensing and financing fees, interest and pre-opening costs, of the Phase I Project through the Construction Completion Date.

“Project Schedule” has the meaning given to it in the Senior Secured Credit Facilities.

“Remaining Project Costs” has the meaning given to it in the Senior Secured Credit Facilities.

“Revenue Account” means the agreed account or accounts into which the revenues of Studio City Investments Limited and its Restricted Subsidiaries derived directly from the operation of the Phase I Project are or will be paid pursuant to the Senior Secured Credit Facilities, as confirmed in a certificate from an Officer of the Company addressed to the other parties to this Agreement (other than the Borrower).

“Schedule of Interest Payments” means the schedule delivered by the Company to the Note Disbursement Agent (with a copy delivered to the Collateral Agent) in accordance with Section 2.5.1 or Section 2.7.1 setting forth (i) the Interest Payment Dates through until at least the first Interest Payment Date after the Opening Date projected by the Company, (ii) the Interest Payment Amount and (iii) the name and the bank account details of the Paying Agent to which the interest payments in respect of the Notes should be made.

“Security Document” means the pledge over accounts among the Company, the Collateral Agent, the Note Disbursement Agent and Bank of China Limited, Macau Branch, as escrow agent, dated as of the Issue Date.

“Secured Obligations” has the meaning given to it in the Security Document.

“Secured Parties” means the Holders and the Trustee.

“Senior Secured Credit Facilities” means the agreement governing the \$1.4 billion (equivalent) senior secured credit facilities described in the section entitled “Description of Other Material Indebtedness—Senior Secured Credit Facilities” of the Offering Memorandum, between, among others, the Borrower, certain of its subsidiaries as guarantors, the financial institutions named therein as lenders, and the agent for the lenders, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith as in effect on the date it is executed (as amended, novated or supplemented from time to time).

“Signing Date” means the date of the Senior Secured Credit Facilities.

“Six-Month Interest Reserve” means \$35,062,500.00 (representing an amount equal to six months’ interest due on the Notes).

“Special Mandatory Note Proceeds Redemption” shall mean the special mandatory redemption of the Notes required by Section 3.13 of the Indenture upon the occurrence of a Special Mandatory Note Proceeds Redemption Event.

“Special Mandatory Note Proceeds Redemption Date” means the date so described in a redemption notice delivered in connection with a Special Mandatory Note Proceeds Redemption Event pursuant to Section 3.13 of the Indenture but in any event not more than five (5) Hong Kong Business Days from the date of such redemption notice.

“Special Mandatory Note Proceeds Redemption Event” shall occur if no funds have been released from the Note Proceeds Accounts prior to the date that is one year from the Signing Date due to the failure of all conditions precedent to the first utilization of the Senior Secured Credit Facilities to be satisfied or waived by such date other than with respect to (a) the utilization or disbursement of the proceeds of the Notes, (b) any provision for future land premium payments to be made from the proceeds of the Notes and (c) funding of the Note Debt Service Reserve Account.

“Special Mandatory Note Proceeds Redemption Price” means 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest thereon from and including the Issue Date through the Special Mandatory Note Proceeds Redemption Date.

1.2 Rules of Interpretation. Except as otherwise expressly provided herein, the rules of interpretation set forth in the Indenture shall apply to this Agreement.

ARTICLE 2 - ACCOUNTS. APPLICATION OF FUNDS

2.1 Note Proceeds Accounts

2.1.1 On or prior to the Issue Date, the Company shall cause to be established with the Note Disbursement Agent a Dollar-denominated deposit account in Macau in the name of the Company, designated the “Note Proceeds Account” with the account number set forth in Exhibit C hereto and may thereafter open further term deposit accounts with the Note Disbursement Agent bearing the same designation, with any such further term deposit accounts opened prior to the Issue Date having the account number set forth in Exhibit C (together, the “Note Proceeds Accounts”). The Note Proceeds Accounts shall be used to hold the Note Deposit Amount as set forth in Section 2.1.2 and the Collateral Agent shall have a perfected security interest in each Note Proceeds Account, the Note Deposit Amount and any Other Amounts on deposit in each such account on an exclusive basis for the benefit of the Trustee and the holders of the Notes pursuant to the Security Document. The Company shall maintain the Note Proceeds Accounts until they may be closed pursuant to the terms of the Security Document.

2.1.2 The Note Proceeds Accounts shall be used for depositing the Note Deposit Amount released from the Escrow Account in accordance with the terms of the Escrow Agreement on the Signing Date. Neither the Company nor the Borrower shall have any rights to withdraw any amounts from the Note Proceeds Accounts (other than to transfer funds between Note Proceeds Accounts) or to require any amounts to be transferred from the Note Proceeds Accounts to the Note Disbursement Accounts or the Revenue Account otherwise than in accordance with this Agreement. Accrued interest earned on any amounts in the Note Proceeds Accounts shall be credited to, and remain in, the Note Proceeds Accounts and can be transferred among Note Proceeds Accounts and otherwise applied like other Note Proceeds Account balances in accordance with this Agreement. Amounts on deposit in the Note Proceeds Accounts shall, subject to Sections 3.1, 3.2 and 3.3 hereof, be disbursed by the Note Disbursement Agent for deposit into the Note Disbursement Accounts established pursuant to Section 2.2 to the extent necessary to pay (or, as the case may be, reimburse or refinance) Project Costs, provided that no Special Mandatory Note Proceeds Redemption Event has occurred as described in Section 3.3 hereof.

2.1.3 On the Opening Date, any amounts standing to the credit of the Note Proceeds Accounts shall be transferred by the Note Disbursement Agent to the Revenue Account.

2.2 Note Disbursement Accounts

2.2.1 On or prior to the Issue Date, the Company shall cause to be established with the Note Disbursement Agent a Hong Kong dollar deposit account and a U.S. dollar deposit account in Macau in the name of the Company, each designated the “Note Disbursement Account” with the account numbers set forth in Exhibit C hereto, with any such further term deposit accounts opened prior to the Issue Date having the account number set forth in Exhibit C (and together, the “Note Disbursement Accounts”). The Note Disbursement Accounts shall be used for depositing all funds disbursed from the Note Proceeds Accounts pursuant to Section 3.2 hereof and the Collateral Agent shall have a perfected security interest in the Note Disbursement Accounts and any Other Amounts on deposit in each such account on an exclusive basis for the benefit of the Trustee and the holders of the Notes pursuant to the Security Document. The Company shall maintain the Note Disbursement Accounts until they may be closed pursuant to the terms of the Security Document. The Company shall be free to withdraw and convert Hong Kong dollars standing to the credit of one account into U.S. dollars and re-deposit them to the other account or otherwise apply them in accordance with article 3 and vice versa and shall at all times be free to make transfers between the Note Disbursement Accounts. Accrued interest earned on any amounts in the Note Disbursement Accounts shall be credited to, and remain in, the Note Disbursement Accounts and can be transferred among Note Disbursement Accounts and otherwise applied like other Note Disbursement Account balances in accordance with this Agreement.

2.2.2 On the Opening Date, any amounts remaining in the Note Disbursement Accounts shall be transferred by the Note Disbursement Agent to the Revenue Account.

2.3 Order of Funding

2.3.1 The Equity Contribution will first be used to finance Project Costs until it has been (or will, within 35 days of the first proposed Disbursement Date, be) exhausted prior to any amount of Note Deposit Amount standing to the credit of the Note Proceeds Account being so used pursuant to Section 2.1.2.

2.4 Note Interest Reserve Accounts

2.4.1 On or prior to the Issue Date, the Company shall cause to be established with the Note Disbursement Agent a Dollar-denominated deposit account in Macau in the name of the Company, designated the “Note Interest Reserve Account” with the account number set forth in Exhibit C hereto and may thereafter open further term deposit accounts with the Note Disbursement Agent bearing the same designation, with any such further term deposit accounts opened prior to the Issue Date having the account number set forth in Exhibit C (together, the “Note Interest Reserve Accounts”). The Note Interest Reserve Accounts shall be used for depositing the Note Interest Amount released from the Escrow Account in accordance with the terms of the Escrow Agreement on the Signing Date. The Collateral Agent shall have a perfected security interest in the Note Interest Reserve Accounts, the Note Interest Amount and any Other Amounts on deposit in such accounts on an exclusive basis for the benefit of the Trustee and the holders of the Notes pursuant to the Security Document. The Company shall maintain the Note Interest Reserve Accounts until they may be closed pursuant to the terms of the Security Document. Accrued interest earned on any amounts in the Note Interest Reserve Accounts shall be credited to and remain in the Note Interest Reserve Accounts and may be transferred among Note Interest Reserve Accounts and otherwise applied like other Note Interest Reserve Account balances in accordance with this Agreement.

2.4.2 Neither the Company nor the Borrower shall have any right to withdraw any amounts from the Note Interest Reserve Accounts (other than to transfer funds between Note Interest Reserve Accounts). Unless otherwise instructed by the Collateral Agent, all amounts deposited in the Note Interest Reserve Accounts shall be applied by the Note Disbursement Agent to the payment of the interest due on the Notes and as otherwise set out in Section 2.5.

2.5 Release of Note Interest Amount

2.5.1 The Company hereby irrevocably instructs the Note Disbursement Agent to apply the funds deposited in the Note Interest Reserve Accounts to pay in its name and on its behalf, on each Interest Payment Date, the Interest Payment Amount in accordance with the Schedule of Interest Payments. The Company undertakes to deliver the Schedule of Interest Payments to the Note Disbursement Agent (with a copy to be delivered to the Collateral Agent) no later than thirty (30) days prior to the first Interest Payment Date. The Company acknowledges and agrees that if it shall fail to deliver the Schedule of Interest Payments to the Note Disbursement Agent on such date, the Note Disbursement Agent shall make the required payments of interest due on the Notes according to the instructions received from the Collateral Agent upon the instructions of the Trustee. Nothing contained in this Section shall, or will be deemed, to discharge the Company from any of its obligations under the Indenture, including without limitation to ensure that the interest accrued on the Notes is duly paid when due.

2.5.2 The Note Disbursement Agent shall apply the amounts deposited in the Note Interest Reserve Accounts as follows:

(a) on each Interest Payment Date falling on or prior to the Opening Date, an amount equal to the relevant Interest Payment Amount shall be remitted by the Note Disbursement Agent to the Paying Agent in settling the Company's obligation to make such payment in respect of the interest then accrued on the Notes;

(b) on the date of, or immediately prior to the submission of, the first utilization request under the Senior Secured Credit Facilities (as notified by the Company to the Note Disbursement Agent, with a copy of such notice delivered to the Collateral Agent) an amount equal to Six-Month Interest Reserve shall be transferred by the Note Disbursement Agent from the Note Interest Reserve Accounts to the Note Debt Service Reserve Account; and

(c) on the Opening Date, any amount remaining in the Note Interest Reserve Accounts after the transfers made pursuant to paragraphs (a) and (b) immediately above (other than, to the extent available, an amount equal to the interest due on the next interest payment date, pro rated for that part of the then-current semi-annual interest period which has elapsed, which the Note Disbursement Agent shall transfer to the Note Interest Accrual Accounts), shall be transferred by the Note Disbursement Agent to the Revenue Account.

2.6 Note Interest Accrual Accounts

2.6.1 On or prior to the Issue Date, the Company shall cause to be established with the Note Disbursement Agent a Dollar-denominated deposit account in Macau in the name of the Company, designated the "Note Interest Accrual Account" with the account number set forth in Exhibit C hereto and may thereafter open further term deposit accounts with the Note Disbursement Agent bearing the same designation, with any such further term deposit accounts opened prior to the Issue Date having the account number set forth in Exhibit C (together, the "Note Interest Accrual Accounts"). The Note Interest Accrual Accounts shall be used, following the Opening Date, for the receipt of monthly deposits of amounts of not less than one-sixth of the aggregate amount of interest due on the next interest payment date for the Notes (adjusted, for the first interest payment date following the Opening Date only, for any part month and any amounts that have been transferred to the Note Interest Accrual Accounts from the Note Interest Reserve Accounts). The Collateral Agent shall have a perfected security interest in the Note Interest Accrual Accounts, any Interest Payment Amount and any Other Amounts on deposit in such account on an exclusive basis for the benefit of the Trustee and the holders of the Notes pursuant to the Security Document. The Company shall maintain the Note Interest Accrual Accounts until they may be closed pursuant to the terms of the Security Document. Accrued interest earned on any amounts in the Note Interest Accrual Accounts shall be credited to, and remain in, the Note Interest Accrual Accounts and may be transferred among Note Interest Accrual Accounts and otherwise applied like other Note Interest Accrual Account balances in accordance with this Agreement.

2.6.2 Neither the Company nor the Borrower shall have any right to withdraw any amounts from the Note Interest Accrual Accounts (other than to transfer funds between Note Interest Accrual Accounts). Unless otherwise instructed by the Collateral Agent, all amounts deposited in the Note Interest Reserve Accounts shall be applied by the Note Disbursement Agent to the payment of the interest due on the Notes and as otherwise set out in Section 2.7.

2.7 Release of Amounts in Note Interest Accrual Accounts

2.7.1 The Company hereby irrevocably instructs the Note Disbursement Agent to apply the funds deposited in the Note Interest Accrual Accounts to pay in its name and on its behalf, on each Interest Payment Date following the Opening Date, the Interest Payment Amount in accordance with the Schedule of Interest Payments. Nothing contained in this Section shall, or will be deemed, to discharge the Company from any of its obligations under the Indenture, including without limitation to ensure that the interest accrued on the Notes is duly paid when due.

2.7.2 The Note Disbursement Agent shall apply the amounts deposited in the Note Interest Accrual Accounts so that on each Interest Payment Date, an amount equal to the relevant Interest Payment Amount shall be remitted by the Note Disbursement Agent to the Paying Agent in settling the Company's obligation to make such payment in respect of the interest then accrued on the Notes. The Company's obligation to fund the Note Interest Accrual Accounts shall cease after the last interest payment date prior to December 1, 2020.

ARTICLE 3 - DISBURSEMENT FROM THE NOTE PROCEEDS ACCOUNTS

3.1 Disbursement Request

3.1.1 The Company may request a Disbursement from the Note Proceeds Accounts to the Note Disbursement Accounts by submitting a duly completed request in the form of Exhibit A (together with a copy of the attachments mentioned therein) to the Collateral Agent (a "Disbursement Request"). The Company shall also provide a copy of the request (without attachments) to the Note Disbursement Agent.

3.1.2 Each Disbursement Request shall be delivered to the Collateral Agent at or prior to 5.00pm (Hong Kong time) at least five Hong Kong Business Days prior to the proposed Disbursement Date.

3.1.3 The Collateral Agent shall, by no later than 3:00pm (Hong Kong time) one Hong Kong Business Day prior to the Disbursement Date, direct the Note Disbursement Agent to make the Disbursement as requested by countersigning the Disbursement Request if, on or prior to the date of the duly completed Disbursement Request, the following conditions precedent have been satisfied:

(a) in the case of the first Disbursement Request, the Company has delivered to the Collateral Agent a certificate confirming that the conditions precedent to first utilization under the Senior Credit Facilities (other than with respect to (i) the utilization or disbursement of the proceeds of the Notes, (ii) any provision for future land premium payments to be made from the proceeds of the Notes and (iii) funding of the Note Debt Service Reserve Account) have been satisfied or, where applicable, permanently waived and which attaches a copy of confirmation from the agent to the Borrower under the Senior Secured Credit Facilities to the same effect;

(b) the Company has delivered to the Collateral Agent a copy of the certificate from the Construction Consultant in the form set forth in Exhibit B hereto; and

(c) as at the date of the Disbursement Request, neither the Trustee nor the Collateral Agent has received notice of a Default or Event of Default which has occurred and is continuing.

3.2 Disbursements. The Note Disbursement Agent shall, upon receipt of the Collateral Agent's direction, make the Disbursement to the Note Disbursement Accounts as requested in the Disbursement Request, and the Company shall be free to transfer moneys from the Note Disbursement Accounts for the purposes set out in the Disbursement Request.

3.3 Special Mandatory Note Proceeds Redemption.

3.3.1 If the Notes become subject to the Special Mandatory Note Proceeds Redemption, the Company shall deliver a notice of Special Mandatory Note Proceeds Redemption to the Trustee and the Holders as required by the Indenture no later than the fifth Hong Kong Business Day following the occurrence of the Special Mandatory Note Proceeds Redemption Event, with a copy to the Note Disbursement Agent and the Collateral Agent. The Company shall also deliver to the Note Disbursement Agent, the Trustee and the Collateral Agent a certificate signed by an authorized officer of the Company setting forth (i) the calculation of the amount of cash, including interest and proceeds from sale of Cash Equivalents, that will be available to the Collateral Agent, based on the Note Deposit Amount and Other Amounts then held in the Note Proceeds Accounts and the Note Interest Reserve Accounts, on the third Hong Kong Business Day prior to the Special Mandatory Note Proceeds Redemption Date and (ii) the calculation of the Special Mandatory Note Proceeds Redemption Price payable on the Special Mandatory Note Proceeds Redemption Date (the "Certificate of Redemption Calculations"). If such Certificate of Redemption Calculations reveals that the amount of cash that is so available will be insufficient to pay the Special Mandatory Note Proceeds Redemption Price, then the Company shall, within one Hong Kong Business Day after delivery of such certificate to the Note Disbursement Agent, the Trustee and the Collateral Agent, provide to the Trustee directly an amount of cash that, without reinvestment, equals the amount of such shortfall (the "Shortfall Amounts"). To the extent that the proceeds realized by the Collateral Agent from liquidating any Cash Equivalents are less than the market value thereof as assumed in the Certificate of Redemption Calculations, the Collateral Agent shall so notify the Company, and the Company shall promptly, but in any event within one Hong Kong Business Day after receiving such notice, deposit cash in an amount that, without reinvestment, equals the amount of such shortfall.

3.3.2 If the Collateral Agent receives a copy of the notice from the Company and/or the Trustee that a Special Mandatory Note Proceeds Redemption is to occur as provided in Section 3.3.1 above, the Note Disbursement Agent will, on or before the Hong Kong Business Day prior to the Special Mandatory Note Proceeds Redemption Date, transfer to the Trustee an aggregate amount of all Note Proceeds Amounts, Other Amounts, all amounts in the Note Interest Reserve Accounts, and any Shortfall Amounts equal to the Special Mandatory Notes Proceeds Redemption Price as specified in the Certificate of Redemption Calculations delivered pursuant to Section 3.5.1. Concurrently with such release to the Trustee, the Note Disbursement Agent shall release any excess of the aggregate of the Note Proceeds Amounts, Other Amounts, and amounts contained in the Note Interest Reserve Accounts that is more than the Special Mandatory Note Proceeds Redemption Price to the Company.

ARTICLE 4 - NOTE DISBURSEMENT AGENT

4.1 Appointment of Note Disbursement Agent. Subject to and on the terms and conditions of this Agreement, the Collateral Agent irrevocably appoints and authorizes Bank of China Limited, Macau Branch to act on its behalf and on behalf of the Trustee and the Holders as Note Disbursement Agent hereunder. Bank of China Limited, Macau Branch accepts such appointment and agrees to perform its duties hereunder. The Note Disbursement Agent is authorized to take such actions and to exercise such power and rights solely under this Agreement as are specifically delegated or granted to it by the terms hereof, together with such other powers and rights as are reasonably incidental thereto. The Note Disbursement Agent shall be liable to the Collateral Agent, the Trustee and the Company for any Disbursement which it makes which is not made in strict accordance with the terms of this Agreement. The Note Disbursement Agent shall not be required to be aware of and shall have no obligation to investigate or observe the applicable laws and regulations of any jurisdiction in which it is not domiciled. The Note Disbursement Agent shall have no liability to any parties as a consequence of its performance hereunder other than as a direct result of its bad faith, gross negligence or willful misconduct.

4.2 Replacement and Retirement of the Note Disbursement Agent.

4.2.1 The Collateral Agent shall have the right, should it reasonably determine that the Note Disbursement Agent has breached its obligations hereunder or has engaged in willful misconduct or gross negligence, with the consent of the Company (such consent not to be unreasonably withheld, delayed or conditioned), upon the expiration of thirty (30) days' written notice of substitution to the other parties hereto, to cause the Note Disbursement Agent to be relieved of its duties hereunder and to select and appoint a successor Note Disbursement Agent (which successor Note Disbursement Agent shall be reasonably acceptable to the Company, such acceptance not to be unreasonably withheld, delayed or conditioned).

4.2.2 The Note Disbursement Agent may resign at any time upon thirty (30) days' written notice to the other parties hereto, in which event the Collateral Agent shall have the right to select a successor Note Disbursement Agent (which successor Note Disbursement Agent shall be reasonably acceptable to the Company, such acceptance not to be unreasonably withheld, delayed or conditioned).

4.2.3 In each of the cases mentioned above, the retiring Note Disbursement Agent shall (at its own cost) make available to the successor Note Disbursement Agent such documents and records and provide such assistance as the successor Note Disbursement Agent may reasonably request for the purposes of performing its functions as Note Disbursement Agent under this Agreement.

4.2.4 The appointment of the successor Note Disbursement Agent shall take effect on the date the successor Note Disbursement Agent becomes a party to this Agreement. As from this date, the retiring Note Disbursement Agent shall be discharged from any further obligation in respect of this Agreement (other than its obligations under Section 4.2.3 above).

4.2.5 Any successor Note Disbursement Agent and each of the other parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original party to this Agreement.

4.3 Statements.

4.3.1 In addition to the original account statements for the Accounts which are provided to the Company, the Note Disbursement Agent shall send a duplicate set of account statements for such Accounts to the Collateral Agent. The Company hereby authorizes the Note Disbursement Agent to provide any additional information relating to the Accounts to the Collateral Agent upon the Collateral Agent's request without the Company's further consent (subject always to receiving prior written notice of the request and a copy of the information provided).

ARTICLE 5 - MISCELLANEOUS PROVISIONS

5.1 Addresses. Any notices or consents required or permitted by this Agreement shall be in writing and shall be deemed delivered if delivered in person or if sent by certified mail, postage prepaid, return receipt requested, or by email with attachments in portable document format or PDF, as follows, unless such address is changed by written notice hereunder:

If to the Company or the Borrower:

Attn.: Company Secretary
Address: c/o Melco Crown Entertainment Limited
36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

If to the Trustee or the Collateral Agent:

Attn.: The Managing Director
Address: Level 52, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

If to the Note Disbursement Agent:

Attn.: Credit Administration Department – Corporate Loans Division:
James Wong / Amy Cheong
Address: Avenida Doutor Mário Soares
no. 323, 13/F, Bank of China Building
Macau

5.2 Benefit of Agreement. Nothing in this Agreement, expressed or implied, shall give or be construed to give to any person, other than the parties hereto and the Secured Parties, any legal or equitable right, remedy of claim under this Agreement, or under any covenants and provisions being for the sole benefit of the parties hereto and the Secured Parties.

5.3 Entire Agreement. This Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail. This Agreement may only be amended or modified in accordance with the terms of this Agreement and by an instrument in writing signed by the parties hereto.

5.4 Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the parties hereto shall enter into good faith negotiations to replace the invalid, illegal or unenforceable provision.

5.5 Headings. Paragraph headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

5.6 Successors or Assigns. Subject to the provisions of Section 4.2, whenever in this Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, stipulations, promises and agreements in this Agreement contained by or on behalf of the Company, the Borrower, the Collateral Agent, the Trustee or the Note Disbursement Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not provided however that nothing in this Section 5.6 shall be deemed to allow the Company or the Borrower to assign its rights or novate its obligations under this Agreement, other than pursuant to Section 5.8.

5.7 No Waiver; Cumulative Remedies. No failure to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude or require any other or future exercise thereof or the exercise of any other right, power or privilege. All rights, powers and remedies granted to any party hereto and all other agreements, instruments and documents executed in connection with this Agreement shall be cumulative, may be exercised singly or concurrently and shall not be exclusive of any rights or remedies provided by law.

5.8 Assignment. No assignment of this Agreement may be made by the Company or Borrower without the prior written consent of the Collateral Agent, acting on the written instructions of the Trustee.

5.9 Binding Effect. All of the covenants, warranties, undertakings and agreements of the Company and the Borrower hereunder shall bind the Company and the Borrower and shall inure to the benefit of each of the Trustee, the Collateral Agent (for itself, the Trustee and for the Holders) and the Note Disbursement Agent and their respective successors and assigns, as the case may be, whether so expressed or not.

5.10 Satisfaction and Discharge. If at any time the Collateral Agent and the Note Disbursement Agent shall have received a notice from or on behalf of each of the Secured Parties that all Secured Obligations owing to such Secured Parties have been paid in full, then this Agreement shall cease to be of further effect and the Collateral Agent, the Trustee and the Note Disbursement Agent on written demand of and in the name and at the cost and expense of the Company and upon delivery to the Collateral Agent and the Note Disbursement Agent of a certificate signed by two authorized officers of the Company stating that all conditions precedent to the satisfaction and discharge of this Agreement and the Security Document have been complied with, shall execute instruments reasonably specified in such written demand acknowledging the satisfaction and discharge of this Agreement and the Note Disbursement Agent thereafter shall transfer all funds, if any, in the Accounts to the Company at such place and in such manner to be specified in writing by the Company. Upon the written request of the Company and/or the Borrower, each of the Secured Parties agrees to give or to procure the giving of the notices provided for in this Section 5.10 promptly after satisfaction of the obligations owed to it.

5.11 Language. This Agreement is made in the English language.

5.12 Time of Day. All references herein to any time of day shall be deemed to be references to Hong Kong time.

5.13 Governing Law; Consent to Jurisdiction; Venue; Waiver of Jury Trial.

5.13.1 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY LEGAL ACTION OR PROCEEDING AGAINST THE COMPANY AND /OR THE BORROWER WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY AND BORROWER HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH OF THE COMPANY AND THE BORROWER AGREES THAT A JUDGMENT, AFTER EXHAUSTION OF ALL AVAILABLE APPEALS, IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND BINDING UPON IT, AND MAY BE ENFORCED IN ANY OTHER JURISDICTION, INCLUDING BY A SUIT UPON SUCH JUDGMENT (UNLESS RECOGNITION AND ENFORCEMENT OF SUCH JUDGMENT IS REQUIRED IN SUCH JURISDICTION), A CERTIFIED COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE JUDGMENT. EACH OF THE COMPANY AND THE BORROWER HEREBY IRREVOCABLY DESIGNATES, APPOINTS AND EMPOWERS LAW DEBENTURE CORPORATE SERVICES INC., WITH OFFICES ON THE DATE HEREOF AT 400 MADISON AVENUE, FOURTH FLOOR, NEW YORK, NY, 10017, AS ITS DESIGNEE, APPOINTEE AND AGENT WITH RESPECT TO ANY ACTION OR PROCEEDING IN NEW YORK TO RECEIVE, ACCEPT AND ACKNOWLEDGE FOR AND ON ITS BEHALF, AND IN RESPECT OF ITS PROPERTY, SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING AND AGREES THAT THE FAILURE OF SUCH AGENT TO GIVE ANY ADVICE OF ANY SUCH SERVICE OF PROCESS TO THE COMPANY OR THE BORROWER SHALL NOT IMPAIR OR AFFECT THE VALIDITY OF SUCH SERVICE OR OF ANY BASED THEREON. IF FOR ANY REASON SUCH DESIGNEE, APPOINTEE AND AGENT SHALL CEASE TO BE AVAILABLE TO ACT AS SUCH, EACH OF THE COMPANY AND THE BORROWER AGREES TO DESIGNATE A NEW DESIGNEE, APPOINTEE AND AGENT IN NEW YORK CITY ON THE TERMS AND FOR THE PURPOSES OF THIS PROVISION ACCEPTABLE TO THE COLLATERAL AGENT FOR THE BENEFIT OF THE HOLDERS, THE TRUSTEE, THE COLLATERAL AGENT AND THE NOTE DISBURSEMENT AGENT. EACH OF THE COMPANY AND THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE COMPANY AND/OR BORROWER, AS APPLICABLE AND LAW DEBENTURE CORPORATE SERVICES INC., AT THEIR RESPECTIVE ADDRESSES SET FORTH HEREIN, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY COLLATERAL AGENT OR ANY OTHER PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY AND/OR THE BORROWER IN THEIR JURISDICTION OF INCORPORATION OR IN ANY OTHER COURT OR TRIBUNAL HAVING JURISDICTION.

5.13.2 EACH OF THE COMPANY AND THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN THE COURTS REFERRED TO IN SECTION 5.13.1 ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

5.13.3 EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY.

5.14 Counterparts. This Agreement may be executed in one or more duplicate counterparts and when signed by all of the parties listed below shall constitute a single binding agreement. Any party hereto may execute this agreement by signing any such counterpart (including by facsimile). Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signatures are physically attached to the same counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and acknowledged by their respective officers or representatives hereunto duly authorized, all as of the day and year first above written.

STUDIO CITY FINANCE LIMITED,
as the Company

By /s/ GEOFFREY DAVIS
Name: GEOFFREY DAVIS
Title: Authorized Signatory

(Signature Page to Note Disbursement and Account Agreement)

DB TRUSTEES (HONG KONG) LIMITED,
as the Collateral Agent

By /s/ Stuart Harding
Name: Stuart Harding
Title: Authorised Signatory

By /s/ Hui Nga Man
Name: Hui Nga Man
Title: Authorised Signatory

(Signature Page to Note Disbursement and Account Agreement)

DB TRUSTEES (HONG KONG) LIMITED,
as the Trustee

By /s/ Stuart Harding
Name: Stuart Harding
Title: Authorised Signatory

By /s/ Hui Nga Man
Name: Hui Nga Man
Title: Authorised Signatory

(Signature Page to Note Disbursement and Account Agreement)

BANK OF CHINA LIMITED, MACAU BRANCH,
as the Note Disbursement Agent

By /s/ Wong Iao Kun, James

Name: Wong Iao Kun, James

Title: Deputy Director of Credit Admin. Dept.

(Signature Page to Note Disbursement and Account Agreement)

Disbursement Request

From: Studio City Finance Limited as the Company
 To: DB Trustees (Hong Kong) Limited, as the Collateral Agent
 cc: Bank of China Limited, Macau Branch, as the Note Disbursement Agent (without attachments)
 Date:

Dear Sirs

Re: Note Disbursement and Account Agreement dated November 26, 2012**Disbursement Request Number: []**

1. We refer to the Note Disbursement and Account Agreement. This is a Disbursement Request. Terms defined in the Note Disbursement and Account Agreement have the same meaning in this Disbursement Request unless given a different meaning in this Disbursement Request.
2. We wish to request a Disbursement on the following terms:
 - (a) Proposed Disbursement Date: [—] (or, if that is not a Hong Kong Business Day, the next Hong Kong Business Day)
 - (b) Amount: [—]
 - (c) Purpose: [—]¹
3. We confirm, in relation to the proposed Disbursement above, that:
 - (a) the Disbursement is required for the purpose specified, the Project Costs to be paid (or reimbursed or refinanced) from the proceeds of the Disbursement have been incurred and are due and payable, or will be incurred and be due and payable, on or prior to the date falling 35 days after the proposed Disbursement Date;
 - (b) the full amount of the Equity Contribution has been paid or advanced to the Borrower, the Equity Contribution has been (or within 35 days of the first proposed Disbursement Date will be) used in full to pay Project Costs and there is no amount of Equity Contribution available to meet such Project Costs referred to in paragraph (a) above;
 - (c) where proceeds of the above Disbursement are to be applied in the amounts specified towards the reimbursement or refinancing of Project Costs, such proceeds shall be applied to so reimburse or refinance such Project Costs;

¹ Specify purpose and break down application according to Line Items of Project Costs proposed to be financed and/or refinanced or reimbursed.

- (d) the amount of the above Disbursement requested, when aggregated with the amounts of all other Disbursements requested, is no greater than the aggregate amount of all Project Costs incurred and paid or which will be incurred and be due and payable on or before the date falling 35 days after the proposed Disbursement Date;
- (e) each condition relevant to the above Disbursement specified or referred to in the Note Disbursement and Account Agreement and the Indenture is satisfied on the date of this Disbursement Request;
- (f) the In-Balance Test is satisfied and could not reasonably be expected to be breached as a result of the making of the above Disbursement;
- (g) we have no reason to believe that the Group Budget is not accurate in all material respects or that the Project Schedule is not accurate in all material respects;
- (h) neither the Group Budget nor the Project Schedule indicate:
 - (a) the In-Balance Test is not satisfied;
 - (b) the Opening Date will not be achieved by the Opening Long Stop Date; or
 - (c) the Construction Completion Date will not be achieved by the Construction Completion Long Stop Date;
- (i) no Default or Event of Default has occurred which is continuing or will result from the above Disbursement;
- (j) the following payments have been made in respect of Project Costs since the date of the last Disbursement Request: *[break down according to Line Item and attach supporting documents]*; and
- (k) since the last Disbursement Request, the following amounts have been paid in respect of payments for which a Disbursement has previously been requested but which were not yet payable at the time of its Disbursement Date:

| Disbursement Request No. | Payment Description | Amount |
|-------------------------------------|----------------------------|---------------|
|-------------------------------------|----------------------------|---------------|

4. We attach documents substantiating the Project Costs and payments referred to in paragraph 2 and sub-paragraph 3(j) and 3(k) above.
5. [We attach an updated [Group Budget] [and] [Project Schedule].]²
6. We attach a signed but undated receipt for the Disbursement requested above and authorize the Note Disbursement Agent to date such receipt on the date such Disbursement is made.

Yours faithfully

Name:
authorized signatory
for and on behalf of
Studio City Finance Limited

Disbursement approved by the Collateral Agent

**DB Trustees (Hong Kong) Limited
as Collateral Agent**

Name:
Title:

² As required.

Certificate of Construction Consultant³**[On the headed paper of the Construction Consultant]**

Date: []

To: [] (acting as agent for the Finance Parties as defined in the Financiers Technical Advisory Services Agreement between Studio City Company Limited as Company, Studio City Finance Limited as Issuer and Franklin & Andrews (Hong Kong) Limited as Consultant dated 19th October 2012)

cc: Studio City Finance Limited (as Company) and Studio City Company Limited (as Borrower)

Re: Note Disbursement and Account Agreement dated November 26, 2012

We refer to the Note Disbursement and Account Agreement, as amended, varied and/or supplemented from time to time.

In this certificate, unless otherwise defined herein, all terms defined in or by reference in the Note Disbursement and Account Agreement shall bear the same meaning as when used in this certificate.

We hereby certify that:

1. we have no reason to believe:
 - 1.1 the current Group Budget is not accurate in all material respects or that it does not fairly represent the Remaining Project Costs; or
 - 1.2 the current Project Schedule is not accurate in all material respects;
2. to the best of our knowledge or belief:
 - 2.1 the current Group Budget and the current Project Schedule demonstrate that the Opening Date will be achieved by the Opening Long Stop Date and the Construction Completion Date will be achieved by the Construction Completion Long Stop Date;
 - 2.2 (x) the Project Costs specified in the Disbursement Request towards which the Disbursement proceeds are proposed to be applied (in payment, reimbursement or refinancing) have been paid or are (or will within the 35 day period following the proposed Disbursement Date be) due and payable, and (y) the Disbursement requested in the Disbursement Request is required in order to make payments in accordance with the Group Budget or to reimburse or refinance such payments previously made; and
 - 2.3 the In-Balance Test (assuming that the sources and amounts of Available Funding as set out in the current Group Budget are correct) is satisfied.

³ To be delivered by the Company along with its Disbursement Request.

[]

Authorized signatory for

Franklin & Andrews (Hong Kong) Limited

B-2

| <u>Account</u> | <u>Account Information</u> | <u>Account Number</u> |
|-------------------------------|----------------------------|-----------------------|
| Note Proceeds Account | (USD Savings) | 29-88-10-019678 |
| Note Interest Reserve Account | (USD Savings) | 29-88-10-019660 |
| Note Interest Accrual Account | (USD Savings) | 29-88-10-019652 |
| Note Disbursement Account | (USD Savings) | 29-88-10-019644 |
| Note Disbursement Account | (HKD Current) | 29-11-20-000606 |
| Note Proceeds Account | (Term Deposit) | 29-88-30-007098 |
| Note Interest Reserve Account | (Term Deposit) | 29-88-30-007103 |
| Note Interest Accrual Account | (Term Deposit) | 29-88-30-007111 |
| Note Disbursement Account | (Term Deposit) | 29-88-30-007129 |

DATED 28 JANUARY 2013

STUDIO CITY COMPANY LIMITED
AS THE BORROWER

ARRANGED BY

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
BANK OF AMERICA, N.A.
BANK OF CHINA LIMITED, MACAU BRANCH
CITIGROUP GLOBAL MARKETS ASIA LIMITED
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
DEUTSCHE BANK AG, HONG KONG BRANCH
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED
AND
UBS AG HONG KONG BRANCH
AS BOOKRUNNER MANDATED LEAD ARRANGERS

WITH

BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH
AS MANDATED LEAD ARRANGER

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.
BANCO NACIONAL ULTRAMARINO, S.A.
NATIONAL AUSTRALIA BANK LIMITED, HONG KONG BRANCH
TAI FUNG BANK LIMITED
THE BANK OF EAST ASIA, LIMITED, MACAU BRANCH
THE BANK OF NOVA SCOTIA
WING LUNG BANK LIMITED, MACAU BRANCH
AS LEAD ARRANGERS

CHINA CITIC BANK INTERNATIONAL LIMITED
AS ARRANGER

CATHAY UNITED BANK COMPANY, LIMITED, HONG KONG BRANCH
CREDIT INDUSTRIEL ET COMMERCIAL, SINGAPORE BRANCH
AS SENIOR MANAGERS

BANCO WENG HANG, S.A.
CHANG HWA COMMERCIAL BANK LTD., OFFSHORE BANKING BRANCH
CHONG HING BANK LIMITED, MACAU BRANCH
DAH SING BANK, LIMITED
FIRST COMMERCIAL BANK MACAU BRANCH
AS MANAGERS

DEUTSCHE BANK AG, HONG KONG BRANCH
AS AGENT

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED
AS SECURITY AGENT, DISBURSEMENT AGENT AND POA AGENT

AND

BANK OF CHINA LIMITED, MACAU BRANCH
AS ISSUING BANK

SENIOR HK\$10,855,880,000 TERM LOAN
AND REVOLVING FACILITIES AGREEMENT

CONTENTS

| Clause | Page |
|---|------|
| 1. Definitions and Interpretation | 5 |
| 2. The Facilities | 79 |
| 3. Purpose | 82 |
| 4. Conditions of Utilisation | 84 |
| 5. Utilisation Requests and Lender Participation | 86 |
| 6. Utilisation – Letters of Credit | 88 |
| 7. Letters of Credit | 92 |
| 8. Repayment | 98 |
| 9. Illegality, Voluntary Prepayment and Cancellation | 100 |
| 10. Mandatory Prepayment and Cancellation | 102 |
| 11. Restrictions | 102 |
| 12. Interest | 105 |
| 13. Interest Periods | 106 |
| 14. Changes to the Calculation of Interest | 108 |
| 15. Fees | 109 |
| 16. Tax Gross-Up and Indemnities | 112 |
| 17. Increased Costs | 115 |
| 18. Other Indemnities | 118 |
| 19. Mitigation by the Lenders | 121 |
| 20. Costs and Expenses | 122 |
| 21. Guarantee and Indemnity | 124 |
| 22. Representations | 128 |
| 23. Covenants | 129 |
| 24. Events of Default and Review Events | 129 |
| 25. Changes to the Lenders | 132 |
| 26. Restriction on Debt Purchase Transactions | 139 |
| 27. Changes to the Obligors | 140 |
| 28. Role of the Agent, the Arranging Banks, the Issuing Bank and Others | 142 |
| 29. The Security Agent | 155 |
| 30. Role of the Disbursement Agent | 169 |
| 31. Conduct of Business by the Finance Parties | 177 |
| 32. Sharing among the Finance Parties | 177 |
| 33. The POA Agent | 179 |
| 34. Enforcement of Security | 181 |

| | |
|---|-----|
| 35. Payment Mechanics | 183 |
| 36. Set-Off | 189 |
| 37. Application of Proceeds | 189 |
| 38. SCIH Purchase Option | 191 |
| 39. Notices | 194 |
| 40. Calculations and Certificates | 198 |
| 41. Partial Invalidity | 198 |
| 42. Remedies and Waivers | 198 |
| 43. Amendments and Waivers | 199 |
| 44. Confidentiality | 206 |
| 45. Counterparts | 211 |
| 46. USA Patriot Act | 211 |
| 47. Governing Law | 212 |
| 48. Enforcement | 212 |
| Schedule 1 Original Parties | 214 |
| Part I Original Lenders | 214 |
| Part II Original Guarantors | 216 |
| Schedule 2 Conditions Precedent | 217 |
| Part I Conditions Precedent to First Utilisation | 217 |
| Part II Conditions Precedent to all Project Utilisations | 232 |
| Part III Conditions Precedent Required to be Delivered by an Additional Guarantor | 234 |
| Schedule 3 Requests | 236 |
| Part I Utilisation Request Term Loan Facility | 236 |
| Part II Utilisation Request Revolving Facility | 239 |
| Part III Utilisation Request – Letters of Credit | 241 |
| Part IV Selection Notice | 244 |
| Schedule 4 Mandatory Prepayment | 245 |
| Schedule 5 Representations and Warranties | 262 |
| Schedule 6 Covenants | 275 |
| Schedule 7 Accounts | 322 |
| Schedule 8 Insurance | 339 |
| Schedule 9 Events of Default and Review Events | 379 |
| Part I Events of Default | 379 |
| Part II Review Events | 392 |
| Schedule 10 Form of Transfer Certificate and Finance Party Accession Undertaking | 393 |
| Schedule 11 Form of Assignment Agreement and Finance Party Accession Undertaking | 396 |

| | |
|--|-----|
| Schedule 12 Form of Accession Letter | 399 |
| Schedule 13 Form of Compliance Certificate | 400 |
| Schedule 14 Timetables | 402 |
| Part I Loans | 402 |
| Part II Letters of Credit | 403 |
| Schedule 15 Hedging Arrangements | 404 |
| Part I Hedging Arrangements | 404 |
| Part II Form of Hedge Counterparty Accession Undertaking | 407 |
| Schedule 16 Permits | 408 |
| Part I Permits required before First Utilisation | 408 |
| Part II Permits required after First Utilisation | 409 |
| Schedule 17 Form of Group Budget | 410 |
| Schedule 18 Form of Letter of Credit | 415 |
| Schedule 19 Monthly Construction Period Report | 419 |
| Schedule 20 Forms of Opening Conditions Certificates | 422 |
| Part I Form of Parent's Opening Conditions Certificate | 422 |
| Part II Form of Technical Adviser's Opening Conditions Certificate | 424 |
| Schedule 21 Corporate Structure Chart | 426 |
| Schedule 22 Forms of Notifiable Debt Purchase Transaction Notice | 427 |
| Part I Form of Notice on Entering into Notifiable Debt Purchase Transaction | 427 |
| Part II Form of Notice on Termination of Notifiable Debt Purchase Transaction/Notifiable Debt Purchase Transaction Ceasing to be with Sponsor Affiliate | 428 |
| Schedule 23 Form of Technical Advisor's Certificate | 429 |
| Schedule 24 Form of Increase Confirmation | 431 |
| Schedule 25 Form of Confidentiality Undertaking | 434 |
| Schedule 26 Major Construction Contracts | 442 |

BETWEEN:

- (1) **STUDIO CITY INVESTMENTS LIMITED**, a company incorporated under the laws of The British Virgin Islands (registered number 1673083), whose registered office is at Appleby Corporate Services (BVI) Limited, Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands (the “**Parent**”);
- (2) **STUDIO CITY COMPANY LIMITED**, a company incorporated under the laws of The British Virgin Islands (registered number 1673603), whose registered office is at Appleby Corporate Services (BVI) Limited, Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands (the “**Borrower**”);
- (3) **THE PERSONS** listed in Part II of Schedule 1 (*Original Parties*) as guarantors (together with the Parent, the “**Original Guarantors**”);
- (4) **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, BANK OF AMERICA, N.A., BANK OF CHINA LIMITED, MACAU BRANCH, CITIGROUP GLOBAL MARKETS ASIA LIMITED, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, DEUTSCHE BANK AG, HONG KONG BRANCH, INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED and UBS AG HONG KONG BRANCH** as bookrunner mandated lead arrangers (the “**Bookrunner Mandated Lead Arrangers**”);
- (5) **BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH** as mandated lead arranger (the “**Mandated Lead Arranger**”);
- (6) **BANCO ESPÍRITO SANTO DO ORIENTE, S.A., BANCO NACIONAL ULTRAMARINO, S.A., NATIONAL AUSTRALIA BANK LIMITED, HONG KONG BRANCH, TAI FUNG BANK LIMITED, THE BANK OF EAST ASIA, LIMITED, MACAU BRANCH, THE BANK OF NOVA SCOTIA, AND WING LUNG BANK LIMITED, MACAU BRANCH** as lead arrangers (the “**Lead Arrangers**”);
- (7) **CHINA CITIC BANK INTERNATIONAL LIMITED** as arranger (the “**Arranger**”);
- (8) **CATHAY UNITED BANK COMPANY, LIMITED, HONG KONG BRANCH AND CREDIT INDUSTRIEL ET COMMERCIAL, SINGAPORE BRANCH** as senior managers (the “**Senior Managers**”);
- (9) **BANCO WENG HANG, S.A., CHANG HWA COMMERCIAL BANK LTD., OFFSHORE BANKING BRANCH, CHONG HING BANK LIMITED, MACAU BRANCH, DAH SING BANK, LIMITED AND FIRST COMMERCIAL BANK MACAU BRANCH** as managers (the “**Managers**”);
- (10) **THE FINANCIAL INSTITUTIONS** listed in Part I of Schedule 1 (*Original Parties*) as lenders (the “**Original Lenders**”);
- (11) **DEUTSCHE BANK AG, HONG KONG BRANCH**, as facility agent of the other Finance Parties (the “**Agent**”);

- (12) **INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED**, as agent and security trustee for the Secured Parties (the “**Security Agent**”);
- (13) **INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED**, in its capacity as disbursement agent for the Agent under the Term Loan Facility Disbursement Agreement (the “**Disbursement Agent**”);
- (14) **INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED**, in its capacity as agent for the Security Agent under the Power of Attorney (the “**POA Agent**”); and
- (15) **BANK OF CHINA LIMITED, MACAU BRANCH** as an “**Issuing Bank**”.

IT IS AGREED as follows:

SECTION 1 INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Acceptable Bank**” means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor’s or Fitch Ratings Ltd or A3 or higher by Moody’s or a comparable rating from an internationally recognised credit rating agency; or
- (b) Bank of China Limited, Macau Branch, Banco Nacional Ultramarino, S.A., China Construction Bank (Macau) Corporation Limited, Banco Comercial Português, S.A., Macau Branch, Banco Comercial de Macau, S.A., Tai Fung Bank Limited, Wing Lung Bank Limited, Macau Branch, The Bank of East Asia Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch, First Commercial Bank, Macau, Ta Chong Bank; or
- (c) an Original Lender; or
- (d) any other bank or financial institution approved by the Agent.

“**Accession Letter**” means a document substantially in the form set out in Schedule 12 (*Form of Accession Letter*).

“**Account**” means each of the accounts specified in or permitted by paragraph 1 of Schedule 7 (*Accounts*).

“**Account Bank**” means any Acceptable Bank with whom an Account is, or is proposed to be, held (and each of its permitted successors and assigns).

“Additional Equity Contributions” means any Equity in an amount in excess of the Equity Contributions (and, for the avoidance of doubt, in excess of any Pre-Acquisition Funding).

“Additional Equity Purpose” means the payment of Project Costs but excludes (save to the extent any of these items might have been funded, had the Facilities been available, from Facility proceeds) the purpose of funding any of the following:

- (a) an Equity Cure; or
- (b) to cure any breach of the In-Balance Test; or
- (c) to fund changes in the scope of the Project; or
- (d) to finance amounts applied (or to be applied) by way of cash collateral in respect of the Completion Support Agreement.

“Additional Guarantor” means a company which becomes a Guarantor in accordance with Clause 27 (*Changes to the Obligors*).

“Advisers” means the Technical Adviser, the Insurance Adviser and the Project Valuer.

“Affiliate” means, in relation to any person, any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such person. For purposes of this definition, **“control”** means, in relation to a person, the power, directly or indirectly, to (a) vote 20 per cent. or more of the shares or other securities having ordinary voting power for the election of the board of directors (or persons performing similar functions) of such person or (b) direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

“Affiliate Agreement” means, other than the Services and Right to Use Agreement, the Reimbursement Agreement and the Shareholders’ Agreement, any agreement entered into by an Obligor with an Affiliate which is not an Obligor in connection with the supply of goods or services to such Obligor by such Affiliate (or by such Obligor to such Affiliate) involving the payment or expenditure by any party thereto or any other flow of funds **provided that** any such payment or expenditure is not in excess of the actual cost for such goods and services paid by the Affiliate (or the Obligor) plus a margin of not more than five per cent. or where any applicable Legal Requirement requires that a margin higher than five per cent. must be charged pursuant to such Service Agreement or Affiliate Agreement in such circumstances, the required margin, and shall include any Service Agreement.

“Agent’s Spot Rate of Exchange” means the Agent’s spot rate of exchange for the purchase of the relevant currency with HK Dollars, US Dollars or other applicable currency in the Hong Kong foreign exchange market at or about 11:00 a.m. on a particular day.

“Agreed Cure Plan” has the meaning given to that term in Clause 24.3(d) (*Effect of Review Event*).

“**Agreed Final Accounts**” means the agreement between Propco or other relevant Obligor and a Contractor in respect of a Construction Contract, of an amount which, when paid to that Contractor, will operate (on such payment being made) to fully and finally settle all amounts due and payable, and all claims, disputes and other actions arising under or in connection with such Construction Contract (other than any which arise after the date that final account is agreed).

“**Allocated Pro Rata Share**” means:

- (a) in respect of the Lenders, the proportion which the amount of the undrawn, uncanceled Total Commitments bears to the aggregate of (i) the amount of the undrawn, uncanceled Total Commitments, (ii) the amount of the Equity Contribution and (iii) the principal amount of the High Yield Notes (such aggregate amount being, the “**Project Capital Structure Amount**”);
- (b) in respect of the High Yield Noteholders, the proportion which the principal amount of the High Yield Notes bears to the Project Capital Structure Amount; and
- (c) in respect of the Sponsors, the proportion which the amount of the Equity Contribution bears to the Project Capital Structure Amount.

“**Amended Land Concession**” means the land concession of a plot of land with an area of 130,789 sq. meters located in the reclaimed land zone between Taipa and Coloane Island, designated as Lotes G300, G310 and G400 registered with the Macau Real Estate Registry under no. 23059, granted by way of lease by the Macau SAR to Propco pursuant to Dispatch no. 100/2001 of the Secretary for Transport and Public Works and published in the Macau Official Gazette no. 42, II Series on 17 October 2001, as amended in accordance with Dispatch no. 31/2012 of the Secretary for Public Works published on the Macau Official Gazette No. 30. II Series dated on 25 July 2012, to, amongst other things, extend the development period in respect of the Site to 24 July 2018 (and as may be further amended and supplemented from time to time).

“**Annual Financial Statements**” has the meaning given to it in paragraph 1.1 of Schedule 6 (*Covenants*).

“**Anti-Terrorism Law**” means each of:

- (a) the Executive Order;
- (b) the USA Patriot Act;
- (c) the U.S. Money Laundering Control Act of 1986, Public Law 99-570 and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency;
- (d) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq, the Trading with the Enemy Act, 50 U.S.C. App. §§ 1 et seq, any executive order or regulation promulgated thereunder and administered by OFAC;
- (e) the U.S. Foreign Corrupt Practices Act of 1977;

- (f) the Iran Sanctions Act of 1996 and the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010; and
- (g) any similar sanctions, restrictions or embargoes enacted or imposed by the Australian Department of Foreign Affairs and Trade, Reserve Bank of Australia, the United Nations, the European Union, the State Secretariat for Economic Affairs of Switzerland, OFAC, HM Treasury of the United Kingdom, the Hong Kong Monetary Authority, the Monetary Authority of Singapore, the Macau Monetary Authority or any other body notified in writing by the Agent (acting on behalf of any Lender) to the Borrower from time to time.

“**Arranging Bank**” means each of the Bookrunner Mandated Lead Arrangers, the Mandated Lead Arranger, the Lead Arrangers, the Arranger, the Senior Managers and the Managers.

“**Assignment Agreement and Finance Party Accession Undertaking**” means an agreement substantially in the form set out in Schedule 11 (*Form of Assignment Agreement and Finance Party Accession Undertaking*) or any other form agreed between the relevant assignor and assignee.

“**Auditors**” means, at any time, the Group’s auditors at that time.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Availability Period**” means:

- (a) in relation to the Term Loan Facility, the period from and including the date of this Agreement up to and including the date falling 18 months thereafter;
- (b) in relation to the Letters of Credit under the Revolving Facility, the period from and including the date of this Agreement up to and including one month prior to the Final Repayment Date for the Revolving Facility; and
- (c) in relation to the Loans under the Revolving Facility, the period from and including the date of this Agreement up to and including one month prior to the Final Repayment Date for the Revolving Facility.

“**Available Commitment**” means, in relation to a Facility, a Lender’s Commitment under that Facility minus:

- (a) the amount of its participation in any outstanding Utilisations under that Facility; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any other Utilisations that are due to be made under that Facility on or before the proposed Utilisation Date.

For the purposes of calculating a Lender’s Available Commitment in relation to any proposed Utilisation under the Revolving Facility only, that Lender’s participation in any Revolving Facility Utilisations that are due to be repaid or prepaid on or before the proposed Utilisation Date shall not be deducted from that Lender’s Revolving Facility Commitment.

“**Available Facility**” means, in relation to a Facility, the aggregate for the time being of each Lender’s Available Commitment in respect of that Facility.

“**Available Funding**” means, on any date, the aggregate (without double counting) of:

- (a) the Available Commitments under the Term Loan Facility and (to the extent available to be applied to meet Remaining Project Costs) the Revolving Facility of each Lender (other than any Lender which is a Defaulting Lender);
- (b) the amount standing to the credit of the High Yield Note Disbursement Account, the High Yield Note Proceeds Account, the High Yield Note Interest Reserve Account and the High Yield Note Debt Service Accrual Account and any Cash, Cash Equivalent Investments and Permitted Investments or equivalents in which such balances may be held to the extent such balances are available to be applied to meet Remaining Project Costs and are permitted to be so applied;
- (c) any amounts available under the Completion Support Agreement to be applied to meet Remaining Project Costs;
- (d) any Subordinated Debt which is unconditionally available to be drawn down and any Equity which is unconditionally available, in each case to meet Remaining Project Costs;
- (e) the amount standing to the credit of the Accounts and any Cash, Cash Equivalent Investments and Permitted Investments (including amounts applied by way of cash collateral to collateralise Trade Instruments in respect of Remaining Project Costs) or equivalents in which such balances may be held to the extent such balances are available to be applied to meet Remaining Project Costs and are permitted under the terms of the Finance Documents to be so applied;
- (f) (without double-counting and, in each case, only to the extent that such amounts are available to be applied to meet Remaining Project Costs and are permitted under the terms of the Finance Documents to be so applied) delay liquidated damages or other amounts payable by the relevant Construction Contractor under or in relation to a Construction Contract or by other counterparties under or in relation to any other contract and any insurance proceeds and any other claim proceeds of any kind (the amount of such delay liquidated damages, other amounts, insurance proceeds or claim proceeds being the “**Relevant Amount**”) which, in each case, will be received by Propco or another Obligor during the relevant indemnity period or, if earlier, during the period before the estimated date of Final Completion used for determining the amount of Remaining Project Costs **provided that** any Relevant Amount payable (but not paid) by a person shall be disregarded for the purposes of calculating Available Funding if an Insolvency Event has occurred and is continuing in respect of such person to the extent that such person’s obligation to pay such Relevant Amount is not guaranteed by, or covered by a payment or performance bond or guarantee or similar assurance issued by, a person in respect of whom an Insolvency Event has not occurred; and

(g) any other committed funds comprised in Financial Indebtedness under any agreement which is permitted under paragraph 3.21 (*Financial Indebtedness*) of Schedule 6 (*Covenants*) and which are unconditionally available to be drawn down to meet Remaining Project Costs and not otherwise included in paragraph (a) above.

“**Available Revolving Facility**” means, in relation to the Revolving Facility, the aggregate for the time being of each Lender’s Available Commitment in respect of the Revolving Facility.

“**Available Term Loan Facility**” means, in relation to the Term Loan Facility, the aggregate for the time being of each Lender’s Available Commitment in respect of the Term Loan Facility.

“**BBCA**” has the meaning given to it in paragraph 2(l) of Part I of Schedule 2 (*Conditions Precedent*).

“**Bondco**” means Studio City Finance Limited, a company incorporated under the laws of The British Virgin Islands (registered number 1673307), whose registered office is at Appleby Corporate Services (BVI) Limited, Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands or, as the case may be, the issuer of any High Yield Note Refinancing Indebtedness (such person not being, in any case, an Obligor).

“**Bondco Loan**” means one or more loans from Bondco to the Parent pursuant to the Bondco Loan Agreement.

“**Bondco Loan Agreement**” means the loan agreement or note dated or issued (as the case may be) on 26 November 2012 and made between Bondco and the Parent, whereby the proceeds of the issuance of the High Yield Notes are on-lent pursuant to the Bondco Loan to the Parent (the “**Original Bondco Loan Agreement**”) or any equivalent loan agreement made in connection with a High Yield Note Refinancing between Bondco and the Parent.

“**Borrower Group**” means the Borrower and each of its Holding Companies and Subsidiaries and each Subsidiary of each of its Holding Companies.

“**Borrowings**” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

“**Break Costs**” means the amount (if any) by which:

(a) the interest excluding the Margin which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in the Macau SAR, the Hong Kong SAR and London.

“**BVI Company**” has the meaning given to it in paragraph 2(l) of Part I of Schedule 2 (*Conditions Precedent*).

“**Capital Contributions Account**” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by an Obligor with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as a Capital Contributions Account; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“**Capital Expenditure**” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

“**Capital Stock**” means:

- (a) (where used in the definition of “Change of Control” set out in this Clause 1.1):
 - (i) in the case of a corporation, corporate stock;
 - (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
 - (iii) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
 - (iv) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing person and has voting rights in relation to such issuing person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock; and

- (b) (where used elsewhere in this Agreement or any other Finance Document) any and all shares, interest, participations or other equivalents (howsoever designated) of capital stock of a corporation, any and all classes of membership interests in a limited liability company, any and all classes of partnership interests in a partnership, any and all equivalent ownership interests in a person and any and all agreements, warrants, rights or options to acquire any of the foregoing.

“Cash” has the meaning given to it in paragraph 2.1 of Schedule 6 (*Covenants*).

“Cash Equivalent Investments” means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, Hong Kong SAR, Japan, the United Kingdom, Australia, any member state of the European Union or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
- (i) for which a recognised trading market exists;
 - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member of the European Economic Area or any Participating Member State;
 - (iii) which matures within one year after the relevant date of calculation; and
 - (iv) which has a credit rating of either A-1 or higher by Standard & Poor’s or F1 or higher by Fitch Ratings Ltd or P-1 by Moody’s, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non credit-enhanced debt obligations, an equivalent rating;
- (d) any investment accessible within 30 days in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor’s or F1 or higher by Fitch Ratings Ltd or P-1 by Moody’s and (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above; or
- (e) any other debt security approved by the Majority Lenders,

in each case, to which any member of the Group is beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Transaction Security Documents).

“**Cashflow**” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

“**Certificate of Practical Completion**” means a certificate, issued under and in accordance with, a Major Construction Contract, that Practical Completion has been achieved.

“**Change of Control**” means the occurrence of any of the following:

- (a) MCE ceasing to be listed on at least one of the following:
 - (i) the Hong Kong Stock Exchange;
 - (ii) the NASDAQ Stock Market; or
 - (iii) the New York Stock Exchange;
- (b) MCE ceases to beneficially own, directly or indirectly, at least 90 per cent., of the outstanding Capital Stock of Melco Crown Gaming (measured, in each case, by both voting power and size of equity interest other than, for the avoidance of doubt, resulting from or pursuant to the granting or creation of Security);
- (c) MCE ceases to beneficially own, directly or indirectly, all of the outstanding Capital Stock of MCE Cotai (measured, in each case, by both voting power and size of equity interest other than, for the avoidance of doubt, resulting from or pursuant to the granting or creation of Security);
- (d) MCE Cotai ceases to:
 - (i) beneficially own, directly or indirectly, more than 50 per cent., of the outstanding Capital Stock of Parent (measured, in each case, by both voting power and size of equity interest other than, for the avoidance of doubt, resulting from or pursuant to the granting or creation of Security); and
 - (ii) control the Parent. For the purposes of this definition, “**control**” means, in relation to a person, the power, directly or indirectly, to (a) vote 50 per cent. or more of the shares or other securities having ordinary voting power for the election of the board of directors (or persons performing similar functions) of such person or (b) direct or cause the direction of the management and policies of such person, whether by contract or otherwise measured, in each case, without taking into account the right to vote or direct management and policies resulting from or pursuant to the granting or creation of Security; or
- (e) the Parent ceases to beneficially own, directly or indirectly, all of the outstanding Capital Stock of any other member of the Group (other than the Parent) (measured, in each case, by both voting power and size of equity interest other than, for the avoidance of doubt, resulting from or pursuant to the granting or creation of Permitted Security).

“**Charged Property**” means all of the assets of the Obligors or other person which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Closing Date**” means the date on which the Agent notifies the Borrower and the Lenders in accordance with Clause 4.1 (*Initial conditions precedent*) it has received all of the relevant documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent*) in form and substance reasonably satisfactory to the Agent.

“**Code**” means the US Internal Revenue Code of 1986.

“**Commitment**” means a Term Loan Facility Commitment or Revolving Facility Commitment.

“**Competitor**” means any of the following:

- (a) Genting Berhad;
- (b) Caesars Entertainment Corporation;
- (c) any gaming concessionaire or sub-concessionaire in the Macau SAR (other than Melco Crown Gaming);
- (d) any Subsidiary or Affiliate of any of the above;
- (e) any trust, fund or other entity controlled (as defined in the definition of “**Affiliate**” herein) by any of the above; and/or
- (f) any entity which is agreed between the relevant Lender and the Borrower to be a “Competitor” in accordance with the requirements of Clause 25.2 (*Conditions of assignment or transfer or sub-participation*).

“**Completion Plan**” has the meaning given to it in the Completion Support Agreement.

“**Completion Support**” has the meaning given to it in the Completion Support Agreement.

“**Completion Support Agreement**” means a completion support agreement in respect of the Project between, among others, SCIH and the Security Agent supported by:

- (a) letter(s) of credit or guarantee(s) from a bank or financial institution which satisfies the requirements of paragraph (a) of the definition of “Acceptable Bank” and/or otherwise in such form as may be required under the completion support agreement; or
- (b) cash collateral in such form as may be required under the completion support agreement; or
- (c) any combination of the foregoing,

in an amount equal to US\$225,000,000 less the amount of such letters of credit, guarantees and cash collateral and advances, payments or subscriptions applied in accordance with the terms of such completion support agreement for the purposes contemplated thereby.

“Completion Support Document” means, at any time, the Completion Support Agreement and any Completion Support Letter of Credit and any document or instrument related to, in respect of or creating the security comprised in any cash collateral provided pursuant to the Completion Support Agreement in each case, in place at that time.

“Completion Support Letter of Credit” means, at any time, any letter of credit or guarantee provided pursuant to the Completion Support Agreement in place at that time.

“Completion Support Release Date” means the date on which all of the following conditions are satisfied:

- (a) the Construction Completion Date has occurred;
- (b) the Debt Service Reserve Account, the Debt Service Accrual Account and the Note Debt Service Reserve Account have been funded to the required level under the terms of this Agreement;
- (c) the requirements of paragraph 2.2 (*Financial condition*) of Schedule 6 (*Covenants*) have been satisfied and, if an Equity Cure has been made in respect of any Financial Quarter used in such determination, would also have been satisfied when calculated on an annualised basis using only two consecutive Financial Quarters in respect of which no Equity Cure has been effected;
- (d) no Default has occurred and is continuing under this Agreement; and
- (e) no event of default (however described) has occurred and is continuing under or in respect of the High Yield Notes or, following any High Yield Note Refinancing, any High Yield Note Refinancing Indebtedness pursuant to such High Yield Note Refinancing.

“Compliance Certificate” means a certificate substantially in the form set out in Schedule 13 (*Form of Compliance Certificate*).

“Confidential Information” means all information relating to the Parent, the Borrower Group, any Obligor, the Project, the Services and Right to Use Agreement, the Reimbursement Agreement, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any member of the Group or any of its advisers; or

- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:
- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 44 (*Confidentiality*); or
 - (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
 - (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in the form set out in Schedule 25 (*Form of Confidentiality Undertaking*) or in any other form agreed between the Borrower and the Agent.

“**Consolidated EBITDA**” has the meaning given to it in paragraph 2.1 of Schedule 6 (*Covenants*).

“**Consolidated Total Debt**” has the meaning given to it in paragraph 2.1 of Schedule 6 (*Covenants*).

“**Constitutional Documents**” means, collectively, in relation to any person, any certificate of incorporation, memorandum and articles of association, bylaws, shareholders’ agreement, certificate of formation, limited liability company agreement, partnership agreement and any other formation or constituent documents applicable to such person.

“**Construction Completion**” shall occur, in respect of the Project, when the Opening Date has been achieved and the following conditions are certified by the Technical Adviser as having been satisfied:

- (a) Practical Completion has been achieved pursuant to the Major Construction Contracts and Certificates of Practical Completion have been issued in accordance with the Major Construction Contracts for the Project;
- (b) all items of Project Costs for the Project specified under the Group Budget required to be paid have been paid in full other than such items of Project Costs consisting of:
 - (i) Retainage Amounts and other amounts that are being withheld from Contractors in accordance with the provisions of the relevant Construction Contracts so long as adequate reserves (including by way of remaining Available Funding as set out in the then current Group Budget) therefor have been established;

- (ii) amounts claimed by Contractors under the relevant Construction Contracts being contested in good faith by Propco or any other Obligor so long as, where such amounts (other than those sought by way of claims against Propco or any other Obligor which the Technical Adviser has certified as being spurious, vexatious or otherwise without foundation) exceed, in aggregate, an amount of US\$5,000,000 (or its equivalent in other currencies), adequate reserves (including by way of remaining Available Funding as set out in the then current Group Budget) have been established;
 - (iii) amounts that Contractors are or may be entitled to claim under the relevant Construction Contracts within the relevant defects liability period or other limitation of liability period, which claims have not been made as at the relevant date, to the extent not covered by the foregoing sub-paragraphs (i) or (ii) above;
 - (iv) amounts payable in respect of Project Punchlist Items to the extent not covered by the foregoing sub-paragraph (i) above;
 - (v) amounts incurred by the relevant Construction Contractor under a Construction Contract or other contract within the last 35 days and to be paid under any Utilisation Request which has been submitted but not yet disbursed);
 - (vi) interest, commissions, fees and other finance payments payable under the Finance Documents; and
 - (vii) (to the extent permitted under the Finance Documents) interest and other finance payments payable under the Bondco Loan;
- (c) final accounts shall have been agreed by Propco or any other relevant Obligor with the Contractors under the Construction Contracts such that any remaining balance for final accounts still to be agreed, being the difference between the aggregate amount of all relevant Agreed Final Accounts and the aggregate amount of final accounts for all Construction Contracts (in the opinion of the Technical Advisor based on information made available by Propco or an Obligor) does not exceed an amount of more than US\$20,000,000 (or its equivalent in other currencies) or, if greater, the amount of remaining Available Funding as set out in the then current Group Budget. For the avoidance of doubt, any amount contested in good faith in respect of known claims permitted under and pursuant to paragraph (b)(ii) above shall be specifically excluded from and shall not be counted under this paragraph (c); and
- (d) adequate reserves (including by way of remaining Available Funding as set out in the then current Group Budget) have been established in an amount not less than the remaining balance of the final accounts yet to be agreed referred to in paragraph (c) above.

“**Construction Completion Date**” means the date on which Construction Completion has been achieved.

“**Construction Completion Long Stop Date**” means 31 December 2016 (or such later date as may be extended by the Agent).

“**Construction Contract**” means each contract entered into or proposed to be entered into between Propco or any other Obligor and a Contractor for the construction, development, fit out or opening of the Project.

“**Construction Contractor**” means each Contractor that has entered into or will enter into a Construction Contract with Propco or any other Obligor.

“**Construction Contractor’s Completion Guarantee**” means each completion guarantee given or which may be required to be given in favour of Propco in support of the relevant Construction Contractor’s obligations under a Major Construction Contract.

“**Construction Contractor’s Performance Bond**” means each Payment and Performance Bond delivered or which may be delivered to Propco in support of the relevant Construction Contractor’s obligations under a Major Construction Contract.

“**Construction Cost Drawstop**” means any drawstop on any further utilisations by the Borrower under this Agreement if the Construction Contracts constituting a minimum 85% of the hard construction costs (in aggregate) of the Project, have not been executed on or prior to the Construction Cost Drawstop Date.

“**Construction Cost Drawstop Date**” means 31 December 2013.

“**Construction Period Insurances**” means, in relation to the Project, the insurances identified as such in Appendix 2 (*Construction Period Insurances*) to Schedule 8 (*Insurance*) and effected in accordance with the terms of Schedule 8 (*Insurance*).

“**Construction Progress Report**” means each of any regular construction progress reports required to be prepared by the Construction Contractor under any Major Construction Contract.

“**Contractors**” means, in relation to the Project, any architects, consultants, designers, contractors, suppliers or any other persons party to a Major Project Document and engaged by Propco or another Obligor in connection with the design, engineering, development, construction, installation, maintenance or operation of the Project.

“**Corporate Structure Chart**” means the corporate structure chart annexed hereto as Schedule 21.

“**Curable Event of Default**” has the meaning given to it in the Completion Support Agreement.

“**Debt Purchase Transaction**” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or

(c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of, any Commitment or amount outstanding under this Agreement.

“**Debt Service Accrual Account**” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by an Obligor with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as a Debt Service Accrual Account; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“**Debt Service Reserve Account**” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by an Obligor with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as a Debt Service Reserve Account; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“**Default**” means an Event of Default or any event or circumstance specified in Part I of Schedule 9 (*Events of Default and Review Events*) which would (with the expiry of a grace period, the giving of notice, the making of any determination in accordance with the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Defaulting Lender**” means any Lender (other than a Lender which is a Sponsor Affiliate):

- (a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders’ participation*) or which has failed to provide cash collateral (or has notified the Issuing Bank that it will not provide cash collateral) in accordance with Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower’s option to provide cash cover*);

- (b) which has otherwise rescinded or repudiated a Finance Document;
- (c) which is an Issuing Bank which has failed to issue a Letter of Credit (or has notified the Agent that it will not issue a Letter of Credit) in accordance with Clause 6.5 (*Issue of Letters of Credit*) or which has failed to pay a claim (or has notified the Agent that it will not pay a claim) in accordance with (and as defined in) Clause 7.2 (*Claims under a Letter of Credit*); or
- (d) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraphs (a) and (c) above:

- (i) its failure to pay, or issue a Letter of Credit, is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within three Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“Delegate” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“Direct Agreement” means the following:

- (a) the direct agreement to be entered into between SCE, Melco Crown Gaming, and the Security Agent in relation to the Services and Right to Use Agreement;
- (b) the direct agreement to be entered into between SCE, Melco Crown Gaming and the Security Agent in relation to the Reimbursement Agreement; and
- (c) any direct agreement to be entered into between parties to any Major Project Documents (but excluding the Services and Right to Use Agreement, the Reimbursement Agreement and the Amended Land Concession) and the Security Agent.

“Direct Insurances” means a contract or policy of insurance of any kind from time to time which are required to be taken out or effected by or is actually taken out or effected by, on behalf of or in favour of an Obligor (whether or not in conjunction with any other person) with one or more insurers in accordance with the terms of Schedule 8 (*Insurance*).

“Direct Insurer” means the insurer(s) with whom a Direct Insurance is placed from time to time in accordance with Schedule 8 (*Insurance*).

“Disbursement Agreement” means the High Yield Note Disbursement Agreement or the Term Loan Facility Disbursement Agreement.

“Disruption Event” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“Distribution Account” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by an Obligor with an Acceptable Bank;
- (b) identified in a letter between the Borrower and the Agent as a Distribution Account; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“Enforcement Notice” means a notice of enforcement action delivered by the Security Agent to any Obligor or any Grantor after receipt by the Security Agent of an instruction from the Agent stating that an Event of Default under the Finance Documents has occurred and is continuing (which instruction may only be given by the Agent pursuant to Clause 24.2 (*Acceleration*)) and, as at the date of such notice from the Agent, is still continuing and directing the Security Agent to take such enforcement action.

“Environmental Adviser” means AECOM Asia Co. Ltd.

“Environmental Claim” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“Environmental Law” means any applicable law or regulation which relates to:

- (a) the pollution or protection of the environment;
- (b) harm to or the protection of human health;
- (c) the conditions of the workplace; or
- (d) any emission or substance capable of causing harm to any living organism or the environment.

“Environmental Permits” means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“Environmental Report” means the environmental report prepared by the Environmental Adviser and dated 29 November 2011, together with any supplements thereto (including any prior dated initial report where the contents of such initial report are not duplicated in the subsequent full report).

“Equity” means, at any time, the aggregate of the amounts of:

- (a) the amounts paid up by each Sponsor Group Shareholder by way of subscription for shares in the Group; and
- (b) the amounts advanced to the Group and outstanding at such time by way of Sponsor Group Loans,

but excluding any Pre-Acquisition Funding.

“Equity Contribution” means an Equity contribution in an amount of US\$825,000,000 (or its equivalent in other currencies) paid or advanced to the Group by the Sponsors and applied towards payment of Project Costs (it being agreed and acknowledged that Equity Contributions are in addition to any monies used to fund any of the transactions contemplated by the implementation agreement dated 15 June 2011 and made between, among others, MCE Cotai and New Cotai, LLC, and shall exclude any Pre-Acquisition Funding).

“Equity Cure” has the meaning given to it in paragraph 2.4 of Schedule 6 (*Covenants*).

“Event of Default” means any event or circumstance specified as such in Part I of Schedule 9 (*Events of Default and Review Events*).

“Event of Loss” means, with respect to any property or asset (tangible or intangible, real or personal), any of the following:

- (a) any loss, destruction or damage of such property or asset;

- (b) any actual condemnation, seizure or taking by exercise of the power of eminent domain or otherwise of such property or asset, or confiscation of such property or asset or the requisition of the use of such property or asset; or
- (c) any settlement in lieu of paragraph (b) above.

“**Excess Cashflow**” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

“**Excluded Major Project Documents**” means any Operational Agreement with a total contract price payable by an Obligor (or expected aggregate amount to be paid by an Obligor in the case of “cost plus” contracts) or which may otherwise involve liabilities, actual or contingent, incurred by such Obligor in each case to a person who is not an Obligor and in an amount or of a value in excess of HK\$100,000,000 (or its equivalent).

“**Executive Order**” means Executive Order No. 13224 of 23 September 2001 - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism.

“**Expiry Date**” means, for a Letter of Credit, the last day of its Term.

“**Facility**” means the Term Loan Facility or the Revolving Facility.

“**Facility Office**” means:

- (a) in respect of a Lender or the Issuing Bank, the office or offices notified by that Lender or the Issuing Bank to the Agent in writing on or before the date it becomes a Lender or the Issuing Bank (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement; or
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

“**FATCA**” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“FATCA Application Date” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 January 2014;
 - (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or
 - (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,
- or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

“FATCA Deduction” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“FATCA Exempt Party” means a Party that is entitled to receive payments free from any FATCA Deduction.

“FATCA FFI” means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if any Finance Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction.

“Fee Letter” means the fee letter dated on or about the date of this Agreement between, among others, the Bookrunner Mandated Lead Arrangers and the Borrower, and any letter or letters dated on or about the date of this Agreement between the Agent and the Borrower, the Security Agent and the Borrower, the Issuing Bank and the Borrower, the POA Agent and the Borrower or the Disbursement Agent and the Borrower setting out, among other things, any of the fees referred to in Clause 15 (*Fees*).

“Final Completion” shall occur, in relation to the Project, when the following conditions are satisfied:

- (a) Construction Completion has occurred;
- (b) the Project Works as a whole, including any Project Punchlist Items (other than any Project Punchlist Items which the Technical Adviser reasonably determines are immaterial) and any outstanding furnishing, fit out or other work of any kind, has been completed;
- (c) the Project has been fully taken over and occupied by Propco and any other relevant Obligor;
- (d) any Liquidated Damages and other amounts due from the Construction Contractors have been paid or allowed;

- (e) all Project Costs have been paid;
- (f) all Contractor construction equipment and supplies, including any residual materials, have been removed from the Site (other than those in use for the purpose of discharging any Contractor obligation to remedy defects or complete other work contemplated herein); and
- (g) all of the certificate(s) of final completion (if any) have been issued in accordance with the Construction Contracts.

“Final Repayment Date” means:

- (a) in relation to the Term Loan Facility, the date which is 5 years after the date of this Agreement; and
- (b) in relation to the Revolving Facility, the date which is 5 years after the date of this Agreement or, if earlier, the date of repayment, prepayment or cancellation in full of the Term Loan Facility.

“Finance Document” means:

- (a) the Mandate Letter;
- (b) the Mandate Fee Letter;
- (c) this Agreement;
- (d) any Accession Letter;
- (e) any Compliance Certificate;
- (f) any Fee Letter;
- (g) the Hedging Letter;
- (h) any Hedging Agreement;
- (i) any Selection Notice;
- (j) any Completion Support Document;
- (k) the Subordination Deed;
- (l) the Term Loan Facility Disbursement Agreement;
- (m) any Transaction Security Document;
- (n) any Transfer Certificate and Finance Party Accession Undertaking, Assignment Agreement and Finance Party Accession Undertaking or Hedge Counterparty Accession Undertaking;
- (o) any Utilisation Request;

- (p) any accession deed in respect of a Transaction Security Document; and
- (q) any other document designated as a "Finance Document" by the Agent and the Borrower.

"Finance Party" means the Agent, a Bookrunner Mandated Lead Arranger, the Mandated Lead Arranger, a Lead Arranger, the Arranger, a Senior Manager, a Manager, the Security Agent, the POA Agent, the Disbursement Agent, the Issuing Bank, a Lender or a Hedge Counterparty.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value as at the relevant date on which Financial Indebtedness is calculated (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (i) any amount raised by the issue of redeemable shares;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

“Financial Model” means the financial model in connection with the Project, as initialled on or about the date of this Agreement by the Agent and the Borrower for the purposes of identification, and as further amended or supplemented from time to time.

“Financial Quarter” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

“Financial Year” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

“First Disbursement” means the date on which the first disbursement is made from the Term Loan Facility Disbursement Account.

“First Repayment Date” means the date which falls on the earlier of:

- (a) the first Quarter Date falling not less than 45 Months after the date of this Agreement; and
- (b) the end of the second full Financial Quarter after the Opening Date.

“First Utilisation” means the date of the first Utilisation made by the Borrower under this Agreement.

“Forecast Funding Shortfall” means, at any time, the amount, if any, by which Remaining Project Costs exceed Available Funding.

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time.

“Gaming Area” means the gaming area currently contemplated to be approximately 26,000 gross square metres, to be operated within the Project by Melco Crown Gaming under the terms of the Services and Right to Use Agreement.

“Gaming Subconcession” means the trilateral agreement dated 8 September 2006 entered into by and between the Macau SAR, Wynn Resorts (Macau), S.A. (as concessionaire for the operation of casino games of chance and other casino games in the Macau SAR, under the terms of a concession contract dated 24 June 2002 between the Macau SAR and Wynn Resorts (Macau), S.A.) and Melco Crown Gaming comprising a set of instruments from which shall flow an integrated web of rights, duties and obligations by and for all and each of the Macau SAR, Wynn Resorts (Macau), S.A. and Melco Crown Gaming (the nominative administrative contract known as the subconcession contract for the operation of casino games of chance and other casino games in the Macau SAR, executed by Wynn Resorts (Macau) Limited and Melco Crown Gaming, to be the most significant instrument thereof), pursuant to the terms of which the Melco Crown Gaming shall be entitled to operate casino games of chance and other casino games in the Macau SAR as an autonomous subconcessionaire in relation to Wynn Resorts (Macau) Limited, and including any supplemental letters or agreements entered into or issued by Macau SAR and any member of Group or Melco Crown Gaming.

“Governmental Authority” means, as to any person, the government of the Macau SAR, any other national, state, provincial or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, in each case having jurisdiction over such person, or any arbitrator with authority to bind such person at law.

“Grantor” means:

- (a) other than an Obligor, each person that has granted Security under any Transaction Security Document which has not been fully released or otherwise discharged in its entirety;
- (b) Melco Crown Gaming;
- (c) SCIH; and
- (d) each Subordinated Creditor.

“Group” means the Parent, the Borrower and each of their Subsidiaries for the time being.

“Group Budget” means the group budget delivered to the Agent and updated from time to time in accordance with paragraph 1.5 of Schedule 6 (*Covenants*).

“Guarantee Obligations” means any guarantee, indemnity, letter of credit or other legally binding assurance against financial loss granted by one person in respect of any Financial Indebtedness of another person, or any agreement to assume any Financial Indebtedness of any other person or to supply funds or to invest in any manner whatsoever in such other person by reason of Financial Indebtedness of such person; other than endorsements of instruments for deposit or collection in the ordinary course of trade. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (1) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (2) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation (unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person’s maximum anticipated liability in respect thereof determined in good faith).

“Guarantor” means an Original Guarantor or an Additional Guarantor.

“Hedge Counterparty” means a counterparty to a Hedging Agreement which has become a Party to this Agreement in accordance with the Hedging Letter, Schedule 15 (*Hedging Arrangements*) and Clause 25.8 (*Accession of Hedge Counterparties*).

“Hedge Counterparty Accession Undertaking” means a deed substantially in the form set out in Part II of Schedule 15 (*Hedging Arrangements*) or any other form acceptable to the Agent.

“Hedge Counterparty Obligations” means the liabilities and obligations owed by any Hedge Counterparty to the Obligors under or in connection with the Hedging Agreements.

“Hedge Transfer” means a transfer to SCIH (or its nominee or nominees) of (subject to paragraph (b) of Clause 38.2 (*Hedge Transfer: SCIH*)), each Hedging Agreement together with:

- (a) all the rights in respect of the Hedging Liabilities owed by the Obligors to each Hedge Counterparty; and
 - (b) all the Hedge Counterparty Obligations owed by each Hedge Counterparty to the Obligors,
- in accordance with Clause 25.8 (*Accession of Hedge Counterparties*).

“Hedge Voting Right Event” means, in relation to a Hedge Counterparty, the occurrence and continuation of each of the following events:

- (a) the serving of a notice by the Agent pursuant to paragraph (b) of Clause 24.2 (*Acceleration*); and
- (b) any amount due is unpaid (other than default interest) under the Hedging Agreement to which such Hedge Counterparty is party following its early termination in accordance with Schedule 15 (*Hedging Arrangements*).

“Hedging Agreement” means any master agreement, confirmation, schedule or other agreement to be entered into by the Borrower and a Hedge Counterparty for the purpose of hedging interest rate liabilities and/or any exchange rate risks in relation to the Facilities in accordance with the Hedging Letter delivered to the Agent under paragraph 2(c) of Part I of Schedule 2 (*Conditions Precedent*) and in accordance with Schedule 15 (*Hedging Arrangements*).

“Hedging Letter” means the hedging letter entered into or to be entered into on or prior to the date of First Utilisation between, among others, the Borrower and the Bookrunner Mandated Lead Arrangers or their affiliates.

“Hedging Liabilities” means the Liabilities owed by any Obligor to the Hedge Counterparties under or in connection with the Hedging Agreements.

“Hedging Purchase Amount” means, in respect of a hedging transaction under a Hedging Agreement, the amount that would be payable to (expressed as a positive number) or by (expressed as a negative number) the relevant Hedge Counterparty on the relevant date if:

- (a) in the case of a Hedging Agreement which is based on an ISDA Master Agreement:
 - (i) that date was an Early Termination Date (as defined in the relevant ISDA Master Agreement); and

- (ii) the relevant Obligor was the Defaulting Party (under and as defined in the relevant ISDA Master Agreement); or
- (b) in the case of a Hedging Agreement which is not based on an ISDA Master Agreement:
 - (i) that date was the date on which an event similar in meaning and effect (under that Hedging Agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that Hedging Agreement; and
 - (ii) the relevant Obligor was in a position which is similar in meaning and effect to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),

in each case as certified by the relevant Hedge Counterparty and as calculated in accordance with the relevant Hedging Agreement.

“**HIBOR**” means, in relation to any Loan denominated in HK dollars:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for HK dollars or the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the relevant Reference Banks to leading banks in the Hong Kong interbank market,

at or about 11:00 a.m. (Hong Kong time) on the Quotation Date for the offering of deposits in HK dollars for a period comparable to the Interest Period for that Loan and, if that rate is less than zero, HIBOR shall be deemed to be zero.

“**High Yield Note Debt Service Accrual Account**” has the meaning given to the term “Note Interest Accrual Account” in the High Yield Note Disbursement Agreement or its equivalent under any other High Yield Note Document.

“**High Yield Note Disbursement Account**” has the meaning given to the term “Note Disbursement Account” in the High Yield Note Disbursement Agreement.

“**High Yield Note Disbursement Agreement**” means the note disbursement and account agreement in respect of funds from time to time standing to the credit of the High Yield Note Proceeds Account dated 26 November 2012 and made between (among others) the Borrower, Bondco and the High Yield Note Trustee.

“**High Yield Note Documents**” means the High Yield Note Indenture, the Bondco Loan Agreement and any other document or instrument which relates to the High Yield Notes or, as the case may be, High Yield Note Refinancing Indebtedness.

“**High Yield Note Guarantees**” means the guarantees provided by any Obligor:

- (a) to the High Yield Note Trustee in respect of the High Yield Notes issued prior to the date of this Agreement; or

(b) in respect of any High Yield Note Refinancing Indebtedness.

“**High Yield Note Indenture**” means the indenture dated 26 November 2012 made between (among others) Bondco and the High Yield Note Trustee or any equivalent High Yield Note Document.

“**High Yield Note Interest Reserve Account**” has the meaning given to the term “Note Interest Reserve Account” in the High Yield Note Disbursement Agreement.

“**High Yield Note Proceeds Account**” has the meaning given to the term “Note Proceeds Account” in the High Yield Note Disbursement Agreement.

“**High Yield Note Refinancing**” means a refinancing of any amount outstanding under or in connection with the High Yield Notes issued prior to the date of this Agreement or a High Yield Note Refinancing from the proceeds of an issue by Bondco of high yield notes or other Financial Indebtedness (each, “**High Yield Note Refinancing Indebtedness**”) where:

- (a) the terms thereof are no less favourable to the Finance Parties than the terms of the High Yield Notes issued prior to the date of this Agreement (and do not have an adverse effect on the interests of the Finance Parties);
- (b) the terms thereof (including, without limitation, the terms of any related guarantees, security or other credit support) are no more onerous to any Obligor (for the avoidance of doubt, an increase in pricing payable by any Obligor when compared to the High Yield Notes or a shortening of tenor to prior to the Final Maturity Date of the Facilities shall be more onerous); and
- (c) the scope (including the assets subject to security, the persons giving security, guarantees or other credit support and the amount of financial obligations guaranteed, secured or supported by any Obligor) of any security, guarantees or credit support given in connection with such High Yield Notes Refinancing Indebtedness by any Obligor shall be no greater than the security, guarantees and credit support granted (and financial obligations guaranteed, secured or supported by any Obligor) pursuant to the High Yield Note Documents entered into prior to the date of this Agreement and the aggregate principal amount of and the Annual Rate chargeable, from time to time, on the Bondco Loans shall not exceed the aggregate maximum principal amount of and maximum Annual Rate chargeable, at any time, on the Bondco Loan(s) made pursuant to the Original Bondco Loan Agreement. For these purposes the “**Annual Rate**” means the aggregate amount of interest, fees and other amounts (other than principal and including, in the case of the Bondco Loan(s) made pursuant to the Original Bondco Loan Agreement, any such amounts paid or payable in connection with the High Yield Notes issued prior to the date of this Agreement) payable under all Bondco Loans in any calendar year divided by the aggregate principal amount outstanding under all Bondco Loans at the beginning of that calendar year.

“**High Yield Note Trustee**” means DB Trustees (Hong Kong) Limited (or its permitted successor or assign) as trustee for the High Yield Noteholders on the terms set out in the High Yield Note Indenture or its equivalent under any other High Yield Note Document.

“**High Yield Noteholders**” means the holders of the High Yield Notes or High Yield Note Refinancing Indebtedness from time to time.

“**High Yield Notes**” means the US\$825,000,000 8.500% senior notes due 2020 issued by Bondco and subject to the terms of the High Yield Note Indenture or any Financial Indebtedness incurred by way of High Yield Note Refinancing.

“**HK\$**”, “**HKD**”, “**Hong Kong Dollars**” or “**HK dollars**” denotes the lawful currency of the Hong Kong SAR.

“**Holding Account**” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by an Obligor with an Acceptable Bank;
- (b) identified in a letter between the Borrower and the Agent as a Holding Account; and
- (c) subject to Security in favour of the Security Agent (which Security, shall be in and substance substantially similar to any fixed first ranking account Transaction Security or otherwise, in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“**Holding Company**” means, in relation to any person, any other person in respect of which it is a Subsidiary.

“**Hong Kong SAR**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**Hong Kong Stock Exchange**” means the main board of The Stock Exchange of Hong Kong Limited.

“**Hotel Management Agreement**” means any hotel management agreement (if any) entered into by an Obligor with a person outside the Group for the operation and/or management of any hotel comprised in the Project.

“**Hotelco**” means Studio City Hotels Limited, a company incorporated under the laws of the Macau SAR (registered number 14311), whose registered office is at Av. Dr. Mário Soares, n.º 25, Edifício Montepio, 1.º andar, comp. 13, Macau.

“**Impaired Agent**” means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a), (b) or (c) of the definition of “Defaulting Lender”; or

(d) an Insolvency Event has occurred and is continuing with respect to the Agent,

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within 3 Business Days of its due date; or

(ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Impaired Disbursement Agent**” means the Disbursement Agent at any time when:

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;

(b) the Disbursement Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Disbursement Agent is also a Lender) it is a Defaulting Lender under paragraph (a), (b) or (c) of the definition of “Defaulting Lender”; or

(d) an Insolvency Event has occurred and is continuing with respect to the Disbursement Agent,

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within 3 Business Days of its due date; or

(ii) the Disbursement Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“**In-Balance Test**” means, at any time, the test to establish that Available Funding is at least equal to the Remaining Project Costs.

“**Increase Confirmation**” means a confirmation substantially in the form set out in Schedule 24 (*Form of Increase Confirmation*).

“**Increase Lender**” has the meaning given to that term in Clause 2.4 (*Increase*).

“Indirect Tax” means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

“Information Memorandum” means each document so entitled and any supplement thereto in the form approved by the Borrower concerning the Project, the other Permitted Businesses, the Sponsor Group Shareholders, the Obligors and their Subsidiaries which, at the request of the Borrower and on its behalf, has been prepared in relation to the transactions contemplated herein and in the other Finance Documents, approved by the Borrower and distributed by the Bookrunner Mandated Lead Arrangers prior to the date hereof in connection with the syndication of the Facilities.

“Information Package” means the Reports and the Financial Model.

“Insolvency Event” in relation to a person, means that such person:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“**Insurance**” means a Direct Insurance or a Reinsurance.

“**Insurance Adviser**” means, as the case may be:

- (a) Jardine Lloyd Thompson Limited as the insurance adviser for the Finance Parties appointed pursuant to the engagement letter dated 23 January 2013; or
- (b) the insurance adviser appointed by the Agent and, unless an Event of Default has occurred and is continuing, approved by the Borrower (such approval not to be unreasonably withheld or delayed) to advise the Finance Parties as and when required in respect of the Project.

“**Insurance Broker’s Letter of Undertaking**” means a letter of undertaking in substantially the form set out in Appendix 5 to Schedule 8 (*Insurance*) or in such other form as may be approved by the Agent acting in consultation with the Insurance Adviser, such approval not to be unreasonably withheld.

“**Insurance Proceeds**” has the meaning given to it in paragraph 1 of Schedule 4 (*Mandatory Prepayment*).

“**Insurance Proceeds Account**” means the Mandatory Prepayment Account, Holding Account or Surplus Account into which Insurance Proceeds or, as the case may be, Excluded Insurance Proceeds are required to be paid pursuant to Schedule 4 (*Mandatory Prepayment*).

“**Insurance Report**” means the insurance report prepared by the Insurance Adviser and dated 9 October 2012 addressed to and capable of being relied upon by the Finance Parties.

“**Insurance Requirements**” means all material terms of any insurance policy required pursuant to the Finance Documents for the construction and operational phases for the Project (including Schedule 8 (*Insurance*)).

“**Insurer**” means a Direct Insurer or, as the case may be, a Reinsurer.

“**Intellectual Property**” means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered; and

(b) the benefit of all applications and rights to use any such assets referred to in paragraph (a) above, of each Obligor.

“**Interest Payment Date**” means each date on which an Interest Period ends.

“**Interest Period**” means, in relation to a Loan, each period determined in accordance with Clause 13 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 12.3 (*Default interest*).

“**Issuing Bank**” means each Lender identified above as an issuing bank and any other Lender which has notified the Agent that it has agreed to the Parent’s request to be an Issuing Bank pursuant to the terms of this Agreement (and if more than one Lender has so agreed, such Lenders shall be referred to, whether acting individually or together, as the “**Issuing Bank**”) **provided that**, in respect of a Letter of Credit issued or to be issued pursuant to the terms of this Agreement, the “Issuing Bank” shall be the Issuing Bank which has issued or agreed to issue that Letter of Credit.

“**Joint Venture**” means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

“**L/C Proportion**” means in relation to a Lender in respect of any Letter of Credit, the proportion (expressed as a percentage) borne by that Lender’s Available Commitment to the relevant Available Facility immediately prior to the issue of that Letter of Credit, adjusted to reflect any assignment or transfer under this Agreement to or by that Lender.

“**Legal Opinion**” means any legal opinion delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or Clause 27 (*Changes to the Obligors*).

“**Legal Requirements**” means all laws, statutes, orders, decrees, injunctions, licenses, permits, approvals, agreements and regulations of any Governmental Authority having jurisdiction over the matter in question.

“**Legal Reservations**” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under statutes of limitation;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction;
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

“**Lender**” means a Term Loan Facility Lender or Revolving Facility Lender.

“**Lender Liabilities**” means the Liabilities owed by the Obligors to the Lenders.

“**Lender Liabilities Transfer**” means a transfer of the Lender Liabilities to SCIH described in Clause 38.1 (*Option to purchase: SCIH*).

“**Letter of Credit**” means:

- (a) a letter of credit, substantially in the form set out in Schedule 18 (*Form of Letter of Credit*) or in any other form requested by the Borrower and agreed by the Agent with the prior consent of the Majority Lenders and the Issuing Bank;
- (b) a Trade Letter of Credit, in such form as may be customarily issued by the relevant Issuing Bank; or
- (c) any guarantee, indemnity or other instrument in the form requested by the Borrower and agreed by the Agent with the prior consent of the Majority Lenders and the Issuing Bank.

“**Liabilities**” means all present and future liabilities and obligations at any time of any Obligor to any Finance Party under the Finance Documents, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any Obligor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

“**Line Item**” means, in relation to the Project, each of the following line item categories of costs:

- (a) Construction Costs:
 - (i) Project wide works;
 - (ii) Main contract defined works;

- (iii) Main contract named sub-contracts;
- (b) Other Project Costs:
 - (i) Attractions;
 - (ii) Entertainment studio
 - (iii) ELV;
 - (iv) FF&E and mock-ups;
 - (v) Consultants' Fees;
- (c) Land Cost;
- (d) Pre-Opening Expenses;
- (e) Insurances; and
- (f) Sponsor and Developer Costs.

“**Liquidated Damages**” means any liquidated damages paid or payable by any party (other than an Obligor) pursuant to any obligation, default or breach under any contract, agreement or other arrangement, in each case net of any Taxes, costs and expenses incurred by any Obligor or its agents pursuant to arm’s length transactions in connection with the collection, adjustment or settlement thereof.

“**Livrança**” means the promissory note dated on or prior to the date of First Utilisation issued by the Borrower, endorsed by each of the Guarantors and payable to the Security Agent.

“**Livrança Covering Letter**” means the letter from the Borrower and each of the Guarantors to the Security Agent dated on or prior to the date of First Utilisation in relation to the Livrança.

“**Loan**” means a Term Loan Facility Loan or a Revolving Facility Loan.

“**Loss Proceeds**” means all amounts and proceeds in respect of any Event of Loss, including proceeds of any Insurance required to be maintained by an Obligor under this Agreement, less any Taxes, costs and expenses incurred by any Obligor or its agents pursuant to arm’s length transactions in connection with the collection, adjustment or settlement thereof.

“**Macau Obligors**” means each Obligor incorporated in the Macau SAR.

“**Macau Real Estate Registry**” means the registry of immovable property of the Macau SAR.

“**Macau SAR**” means the Macau Special Administrative Region of the People’s Republic of China.

“Major Construction Contract” means:

- (a) each Construction Contract (as at the date of this Agreement) referred to in Schedule 26 (*Major Construction Contracts*); or
- (b) each contract entered into between Propco (or any other Obligor) and a Contractor thereto and under which the total contract price payable by Propco or any Obligor (or expected aggregate amount in the case of “cost plus” contracts) or which may otherwise involve liabilities, actual or contingent, incurred by Propco or an Obligor, in an amount in excess of HK\$100,000,000 (or its equivalent); or
- (c) each Contract which the Technical Adviser (after consultation with the Borrower) reasonably determines is critical to the completion of the Project, within the timetable and budget contemplated by the Group Budget or the Project Schedule and which has, prior to the execution thereof, been notified to the Borrower,

excluding in each case, for the avoidance of doubt, each Excluded Major Project Document and each Phase II Major Construction Contract.

“Major Project Document” means:

- (a) the Amended Land Concession;
- (b) the Services and Right to Use Agreement;
- (c) the Reimbursement Agreement;
- (d) each Material IP Agreement;
- (e) each Major Construction Contract;
- (f) each Phase II Major Construction Contract;
- (g) each Hotel Management Agreement (if any);
- (h) each Construction Contractor’s Completion Guarantee;
- (i) each Construction Contractor’s Performance Bond; and
- (j) any other document with a total contract price payable (or expected to be paid) by any member of the Group to a person who is not a member of the Group or which may otherwise involve liabilities, actual or contingent, incurred by any member of the Group to a person who is not a member of the Group or a grant or disposal of a property interest by any member of the Group to a person who is not a member of the Group, including any right to use or management agreement, in each case in an amount or of a value in excess of HK\$100,000,000 (or its equivalent),

each entered into by an Obligor and as the same may be amended from time to time in accordance with the terms and conditions of this Agreement and thereof and excluding, for the avoidance of doubt, each Excluded Major Project Document.

“Major Project Participants” means:

- (a) the Macau SAR; and
- (b) each other person (other than an Obligor) who is party to a Major Project Document.

“Majority Lenders” means:

- (a) (for the purposes of paragraph (a) of Clause 43.1 (*Required consents*) in the context of a waiver in relation to a proposed Utilisation of the Revolving Facility of the condition in Clause 4.2(a) (*Further conditions precedent*), a Lender or Lenders whose Revolving Facility Commitments aggregate more than 50 per cent. of the Total Revolving Facility Commitments; and
- (b) (in any other case) a Lender or Lenders (and, after the occurrence of a Hedging Voting Right Event which is continuing in relation to any Hedge Counterparty, that Hedge Counterparty) who hold in aggregate more than 50 per cent. of the Voting Entitlements of all such Finance Parties.

“Mandate Fee Letter” means the fee letter between, among others, each Bookrunner Mandated Lead Arranger and the Borrower dated 19 October 2012.

“Mandate Letter” means the commitment letter (including the term sheet (and its appendices) attached thereto) dated 19 October 2012 and made between the Bookrunner Mandated Lead Arrangers, the Borrower, MCE and NCI.

“Mandatory Prepayment Account” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by an Obligor with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as a Mandatory Prepayment Account; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“Margin” means, in relation to any Loan or Unpaid Sum, 4.50 per cent. per annum or, if the Opening Date has occurred, it shall, with effect from the last day of the second full Financial Quarter thereafter (such date, the **“Reset Date”**), be 4.50 per cent. per annum; but if:

- (a) the Reset Date has occurred;

- (b) no Event of Default has occurred and is continuing; and
- (c) the Total Leverage Ratio in respect of the most recently completed Relevant Period is within a range set out below, then the Margin will be the percentage per annum set out below opposite that range:

| <u>Total Leverage Ratio</u> | <u>% per annum</u> |
|--|--------------------|
| Greater than or equal to 4.0:1 | 4.50 |
| Less than 4.0:1 but greater than or equal to 2.0:1 | 4.00 |
| Less than 2.0:1 | 3.75 |

and provided that:

- (i) any increase or decrease in the Margin for a Loan shall take effect on the date which is the first day of the next Interest Period for that Loan following receipt by the Agent of the Compliance Certificate for that Relevant Period pursuant to paragraph 1.3 of Schedule 6 (*Covenants*);
- (ii) if, following receipt by the Agent of the Compliance Certificate related to the relevant Annual Financial Statements, that Compliance Certificate does not confirm the basis for a reduced Margin, then paragraph (b) of Clause 12.2 (*Payment of interest*) shall apply and the Margin for that Loan shall be the percentage per annum determined using the table above and the revised Total Leverage Ratio calculated using the figures in that Compliance Certificate;
- (iii) while an Event of Default is continuing the Margin shall be 4.50 per cent. per annum; and
- (iv) for the purpose of determining the Margin, the Total Leverage Ratio and Relevant Period shall be determined in accordance with paragraph 2 of Schedule 6 (*Covenants*) (and for the avoidance of doubt, the proviso in the definition of "Consolidated Total Debt" shall be disregarded for the purpose of such determination).

"Material Adverse Effect" means a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) or prospects of Bondco and the members of the Group, (taken as a whole); or
- (b) the ability of any of the Borrower, Propco, Hotelco or SCE or the Obligors (taken as a whole) to perform its (or, as the case may be, their) obligations under the Finance Documents to which it is (or, as the case may be, they are) a party; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

“Material Intellectual Property” means:

- (a) any patent, trade or service mark or name or logo of establishment (registered with the relevant intellectual property authority) of any Obligor (or any Affiliate of any Obligor) which relates to the Project; and
- (b) any other Intellectual Property which:
 - (i) is of a unique or proprietary nature or is not readily available or replaceable in the international market place or otherwise on reasonable commercial terms;
 - (ii) is to be used in or for the gaming or hotel operations to be conducted in the Project; and
 - (iii) is material in the context of such operations.

“Material IP Agreement” means any agreement between an Obligor and a person who is not an Obligor pursuant to which such Obligor acquires any (or any right to or in respect of) Material Intellectual Property.

“MCE” means Melco Crown Entertainment Limited, a limited liability company incorporated in the Cayman Islands (with registered number 143119) with registered address: Walker House, 87 Mary Street, George Town, Grand Cayman, KYI-9005, Cayman Islands.

“MCE Cotai” means MCE Cotai Investments Limited, a limited liability company incorporated in the Cayman Islands (with registered number 254216) whose registered address is at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands.

“Melco Crown Gaming” means Melco Crown Gaming (Macau) Limited, a company incorporated under the laws of the Macau SAR (registered number 24325 (SO)), whose registered office is at Av. Dr. Mário Soares, n.º 25, Edifício Montepio, 1.º andar, comp. 13, Macau.

“Month” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above rules will only apply to the last Month of any period. **“Monthly”** shall be construed accordingly.

“**Monthly Construction Period Report**” has the meaning given in 1.7(a) of Schedule 6 (*Covenants*).

“**Moody’s**” means Moody’s Investors Service, Inc or its successor.

“**Mortgage**” means the mortgage to be granted by Propco over its rights under the Amended Land Concession.

“**NASDAQ**” means the National Association of Securities Dealers Automated Quotation, a computerised system established by the National Association of Securities Dealers to facilitate trading.

“**NCI**” means New Cotai Investments, LLC, a company incorporated under the laws of the state of Delaware, United States of America (registered number 4138296), with mailing address Two Greenwich Plaza, Greenwich, Connecticut 06830, United States of America.

“**New Cotai, LLC**” a limited liability company formed in Delaware, United States of America (with registered number 4114248), c/o New Cotai Holdings, LLC, of Two Greenwich Plaza, Greenwich, Connecticut 06830, United States of America.

“**New Lender**” has the meaning given to it in Clause 25.1 (*Assignments and transfers by the Lenders*).

“**New Sponsor**” means any person to whom Silverpoint or Oaktree assigns or transfers all or part of its beneficial interest in the Capital Stock of SCIH in accordance with the Shareholders Agreement.

“**No Objection Notice**” means the notice (in writing) of no objection given by the Agent to any Obligor that has requested approval to enter into an Excluded Major Project Document (or approval to amend, modify, novate, assign, terminate, cancel, supplement or waive any right under, permit or consent to the amendment, modification, novation, assignment, termination, cancellation, supplement or waiver of an Excluded Major Project Document) stating that the Agent has not received instructions from the Majority Lenders prohibiting such Obligor from taking such action or undertaking such thing in respect of (or in relation to) the relevant Excluded Major Project Document.

“**Non-Acceptable L/C Lender**” means a Lender under the Revolving Facility which:

- (a) is not an Acceptable Bank (other than a Lender which each Issuing Bank has agreed is acceptable to it notwithstanding that fact); or
- (b) is a Defaulting Lender; or
- (c) has failed to make (or has notified the Agent that it will not make) a payment to be made by it under Clause 7.3 (*Indemnities*) or Clause 28.11 (*Lenders’ and Hedge Counterparties’ indemnity to the Agent*) or any other payment to be made by it under the Finance Documents to or for the account of any other Finance Party in its capacity as Lender by the due date for payment unless the failure to pay falls within the description of any of those items set out at paragraphs (d)(i) and (ii) of the definition of “Defaulting Lender”.

“**Non-Consenting Lender**” has the meaning given to that term in Clause 43.3 (*Replacement of Lender*).

“**Non-Disturbance and Attornment Agreement**” means any non-disturbance and attornment agreement to be entered into in accordance with this Agreement between, among others, an Obligor and the counterparty (or counterparties) party to an Operational Agreement.

“**Note Debt Service Reserve Account**” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by a member of the Group with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as a Note Debt Service Reserve Account and in which, together with any other Note Debt Service Reserve Accounts, the Obligors are required to deposit, in aggregate, not less than the aggregate amount of scheduled interest due on the High Yield Notes in respect of a semi-annual period; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“**Notifiable Debt Purchase Transaction**” has the meaning given to that term in paragraph (b) of Clause 26.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*).

“**Notional Amount**”, in relation to a Hedging Agreement, has the meaning given in paragraph 9(d) of Part I of Schedule 15 (*Hedging Arrangements*).

“**Oaktree**” means Oaktree Capital Management LLC and any successor to the investment management business thereof.

“**Obligor**” means the Borrower or a Guarantor.

“**Obligors’ Agent**” means the Parent, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.3 (*Obligors’ Agent*).

“**OFAC**” means the Office of Foreign Assets Control of the US Department of Treasury.

“**Onshore Security Documents**” means any Transaction Security Document governed by or expressed to be governed by Macau SAR law.

“**Opening Conditions**” means, collectively, in relation to the Project the following:

- (a) the Agent shall have received from the Parent a certificate, substantially in the form set out in Schedule 20 (*Forms of Opening Conditions Certificates*); and

- (b) the Agent shall have received from the Technical Adviser a certificate, substantially in the form set out in Part II of Schedule 20 (*Forms of Opening Conditions Certificates*) in respect of the Project.

“**Opening Date**” means the date on which the Opening Conditions are satisfied.

“**Opening Long Stop Date**” means 1 October 2016.

“**Operating Period Insurances**” means, in relation to the Project or any Obligor the insurances listed in Appendix 1 to Schedule 8 (*Insurance*) and effected in accordance with the terms of Schedule 8 (*Insurance*).

“**Operating Status**” means the first date following the Opening Date on which the Borrower meets the requirements of paragraph 2.2 (*Financial condition*) of Schedule 6 (*Covenants*).

“**Operational Agreement**” means any agreement made with a person who is not a member of the Group pursuant to which any Disposal permitted by paragraph (c) of the definition of “Permitted Disposal” is effected or which otherwise relates to the development, operation or management of any of the activities, business, establishments, facilities or undertakings (including any carried on, operated or undertaken in any Real Property used for gaming or hotel operations) specified in paragraph (e) of the definition of “Permitted Business”.

“**Operational Agreement Upfront Receipts**” means any upfront or lump sum payment or premia (or similar payments) which are, in each case, save to the extent paid or payable in instalments, not of a recurrent nature and are received by any member of the Group pursuant to or in connection with any Operational Agreement to which such person is a party.

“**Operational Agreement Upfront Receipts Account**” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by a member of the Group with the Agent or Security Agent;
- (b) identified in a letter from the Parent to the Agent as an Operational Agreement Upfront Receipts Account to be used solely for the purposes of depositing and holding, from time to time, Operational Agreement Upfront Receipts; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent)

as the same may be redesignated, substituted or replaced from time to time.

“**Original Financial Statements**” means:

- (a) for the period from the date of this Agreement to the date of delivery of the financial statements described in paragraph (b) below, the unaudited condensed consolidated financial statements for the nine month period ended 30 September 2012 of Bondco in the form required to be delivered to the High Yield Note Trustee pursuant to the High Yield Note Indenture; and

- (b) on and from the date of delivery thereof, the audited consolidated financial statements for the full Financial Year of the Parent immediately prior to the Financial Year in which the First Utilisation occurs.

“**Original Obligor**” means the Borrower or an Original Guarantor.

“**Participating Member State**” means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Party**” means a party to this Agreement.

“**Patacas**” or “**MOP**” denotes the lawful currency of the Macau SAR.

“**Payment**” means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance or discharge of those Liabilities (or other liabilities or obligations).

“**Payment and Performance Bond**” means any payment or performance bond delivered under any Major Project Document in favour of Propco or any other Obligor and supporting the Contractor’s obligations under any such Major Project Document (including any relevant Construction Contractor’s Completion Guarantee and Construction Contractor’s Performance Bond).

“**Permits**” means all approvals, licences, consents, permits, Authorisations, registrations and filings, necessary in connection with the execution, delivery, completion, implementation, perfection or performance, admission into evidence or enforcement of the Transaction Documents on the terms thereof and all material approvals, licences, consents, permits, Authorisations, registrations and filings required for the design, development, construction, ownership, maintenance, operation or management of the Project as contemplated under the Transaction Documents, including those listed in Schedule 16 (*Permits*).

“**Permitted Acquisition**” means:

- (a) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal;
- (b) an acquisition of shares pursuant to a Permitted Share Issue;
- (c) an acquisition of securities which are Cash Equivalent Investments:
 - (i) so long as those Cash Equivalent Investments become subject to the Transaction Security as soon as is reasonably practicable; or
 - (ii) are acquired using the proceeds of Equity or any other amounts which would otherwise be available for distribution as a Permitted Distribution and which, in each case, are not comprised in or included in an Equity Contribution and are not required for any other purpose under any Finance Document or in connection with the Project;

- (d) the incorporation of a company in the Macau SAR, British Virgin Islands, Cayman Islands, Hong Kong or other jurisdiction acceptable to the Agent with limited liability which on incorporation becomes a member of the Group, but only if that company is or becomes an Additional Guarantor and the shares in, and assets of, which become subject to Security in form and substance substantially similar to any fixed first ranking share or, as the case may be, asset Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent, in each case, within 30 days of incorporation, **provided that** such company shall not be a direct subsidiary of any direct beneficial owner of Capital Stock in SCE, Propco or Hotelco; and
- (e) an acquisition for cash consideration by any member of the Group (other than a direct beneficial owner of Capital Stock in SCE, Propco or Hotelco) of (A) all of the issued Capital Stock of a limited liability company (other than SCE, Propco or Hotelco) or (B) (if the acquisition is made by a limited liability company whose sole purpose is to make the acquisition) a business or undertaking carried on as a going concern (save that no Restricted Asset may be acquired pursuant to this paragraph (e)), but only if:
- (i) no Default is continuing on the closing date for the acquisition or would occur as a result of the acquisition;
 - (ii) the acquired company, business or undertaking is incorporated or established, and carries on its principal business in, the Macau SAR, the Hong Kong SAR, the British Virgin Islands or the Cayman Islands and is engaged in a Permitted Business; and
 - (iii) the consideration (including associated costs and expenses) for the acquisition and any Financial Indebtedness or other assumed actual or contingent liability, in each case remaining in the acquired company (or any such business) at the date of acquisition (when aggregated with the consideration (including associated costs and expenses) for any other Permitted Acquisition made pursuant to this paragraph (e) and any Financial Indebtedness or other assumed actual or contingent liability, in each case remaining in any such acquired companies or businesses at the time of the acquisition is funded by Equity or moneys otherwise available for distribution as a Permitted Distribution (which, in respect of Equity, is not comprised in or included in any Equity Contribution and, in each case, is not required for any other purpose under any Finance Document or in connection with the Project), or if not funded by such Equity or such moneys, does not exceed:
 - (A) prior to the Completion Support Release Date, US\$1,000,000 (or its equivalent in other currencies) in aggregate for the Group, and

(B) on or after the Completion Support Release Date, US\$10,000,000 (or its equivalent in other currencies) in aggregate for the Group.

“Permitted Businesses” means:

- (a) the Project;
- (b) the Phase II Project;
- (c) any Joint Venture permitted by the terms of this Agreement; and
- (d) the provision of credit to gaming patrons; and
- (e) food and beverage, spa, entertainment, entertainment production, convention, advertising, marketing, retail, foreign exchange, transportation, travel, nightclubs, bars, restaurants, malls, amusements, attractions, recreations, pool, exercise or gym facilities, entertainment facilities or venues, retail shops, malls or venues or similar or related establishments or facilities and outsourcing of in-house facilities and other businesses and activities which are, in each case, necessary for, incidental to, arising out of, supportive of or connected to any Permitted Business.

“Permitted Disposal” means any sale, lease, licence, transfer or other disposal (each of the foregoing a **“Disposal”**):

- (a) comprised in the grant of any licence or right to use or occupy or equivalent interest made by Propco or any Obligor to customers or patrons (for the avoidance of doubt, other than, in each case, any licence or right to use or occupy or equivalent interest contemplated by paragraph (c) below in respect of the Project), in each case, in the ordinary course of trading of a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project (and in each case, on arm’s length terms and for fair market value (or better for the disposing entity) and whether made before or after the Opening Date) with respect to any part of any Real Property of the disposing entity including, without limitation, any such Real Property in or upon which any of the activities, business, establishments, facilities or undertakings specified in paragraph (e) of the definition of “Permitted Business” are conducted;
- (b) without prejudice to paragraph 3.29 or 3.39 of Schedule 6 (*Covenants*), comprised in the grant of any licence or right to use or occupy or equivalent interest made by Propco or any Obligor in connection with any construction, fit out or maintenance of the Project or the Phase II Project with respect to any part of any Real Property of the disposing entity or, to the extent necessary for or ancillary to such construction, fit out or maintenance, other assets of the disposing entity **provided that** such Disposal of necessary or ancillary assets would not adversely affect the interests of the Finance Parties;

- (c) comprised in the grant of any lease, licence, right to use or occupy or equivalent interest made by Propco or any other Obligor to a person who is not a member of the Group, in each case, with respect to any part of any Real Property of the disposing entity in or upon which any of the activities, business, establishments, facilities or undertakings specified in paragraph (e) of the definition of “Permitted Business” are conducted or, to the extent necessary for or ancillary to such grant of any lease, licence, right to use or occupy or equivalent interest, other assets of the disposing entity (**provided that** such Disposal of necessary or ancillary assets would not adversely affect the interests of the Finance Parties) and **provided further that** (and without prejudice to paragraph 3.39 of Schedule 6 (*Covenants*), neither the grant thereof, nor the transactions contemplated by, any Operational Agreement entered into in respect thereof, in connection therewith or otherwise related thereto, materially adversely affects any Obligor’s ownership rights over or the operation of any of the Real Property comprised in the Project which is or is proposed to be used for gaming or hotel operations or such gaming or hotel operations, and, to the extent that the counterparty to any Operational Agreement requires the entry into of a Non-Disturbance and Attornment Agreement in respect of such Operational Agreement with the Agent or the Security Agent, if such Non-Disturbance and Attornment Agreement is in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders (acting reasonably), the Agent and (if relevant) the Security Agent shall do so;
- (d) of trading stock, inventory or cash made by any member of the Group in the ordinary course of business of the disposing entity (on arm’s length terms and for fair market value (or better for the disposing entity));
- (e) of obsolete or redundant vehicles, plant, tools, equipment, fittings, furnishings, utensils or other assets for cash or in exchange for replacement assets comparable or superior as to type, value or quality (on arm’s length terms and for fair market value (or better for the disposing entity)) subject, in the case of exchange or replacement, to equivalent security to that being given over such assets being provided over such exchanged or replaced assets;
- (f) of Cash Equivalent Investments or Permitted Investments for cash or in exchange for other Cash Equivalent Investments or Permitted Investments (on arm’s length terms and for fair market value (or better for the disposing entity)) subject to equivalent security to that being given over such assets being provided in the case of exchange for Cash Equivalent Investments or Permitted Investments;
- (g) of cash or non-cash prizes and other complimentary items by the Borrower or Propco or any other member of the Group in the ordinary course of trading to customers or patrons customary in the Permitted Business activities of the type conducted by that person;
- (h) arising as a result of or in connection with any Permitted Security, Permitted Payment, Permitted Distribution, Permitted Transaction or (subject to the provisions of Schedule 9 (*Events of Default and Review Events*)) in connection with an Event of Eminent Domain;

- (i) to a Joint Venture, to the extent permitted by paragraph 3.9 (*General Undertakings*) of Schedule 6 (*Covenants*);
- (j) (subject to the terms of the Finance Documents) comprised in the waiver, variation, discharge, release or termination of any contract or other document which is made in the ordinary course of business;
- (k) (subject to the terms of the Finance Documents and **provided that** no Default is continuing or is likely to occur as a result of such entry into or grant of such licence or similar arrangement) comprised in any licence or similar arrangement for the use of Intellectual Property;
- (l) of any asset (other than any Capital Stock in SCE, Hotelco or Propco or a Restricted Asset) by a member of the Group (the “**Disposing Company**”) to another member of the Group (the “**Acquiring Company**”), but if the Disposing Company had given Security over the asset, the Acquiring Company must give equivalent Security over that asset;
- (m) of any asset acquired with Equity or moneys otherwise available for distribution (which, in respect of Equity, is not comprised in or included in any Equity Contribution and, in each case, is not required for any other purpose under any Finance Document or in connection with the Project) pursuant to the terms of this Agreement provided that the asset does not form part of and is not necessary to ensure the full benefit to the Obligor of the Project;
- (n) any Disposal (other than any Disposal of any Capital Stock in SCE, Hotelco or Propco or any Restricted Asset) made with the prior written consent of the Majority Lenders (such consent not to be unreasonably withheld or delayed);
- (o) of any Capital Stock in SCE, Hotelco or Propco (each a “**Specified Company**”) by a member of the Group which, as at the date of this Agreement, was a direct beneficial owner of Capital Stock in the relevant Specified Company (the “**Disposing Owner**”) to another member of the Group which, as at the date of this Agreement, was a direct beneficial owner of Capital Stock in such Specified Company (the “**Acquiring Owner**”), but if the Disposing Owner had given Security over such Capital Stock to be so disposed, the Acquiring Owner must give equivalent Security over such Capital Stock; and
- (p) in addition to other Disposals permitted above, of assets at a fair market value (or better) for valuable cash consideration not in excess of:
 - (i) prior to the Completion Support Release Date, US\$5,000,000 (or its equivalent in other currencies) in aggregate for the Group; or
 - (ii) on or after the Completion Support Release Date, US\$15,000,000 (or its equivalent in other currencies) in aggregate for the Group,**provided that** any such Disposal is on arm’s length terms and for fair market value (or, in each case, better (for the relevant member of the Group)),

provided that, in each case, save as expressly permitted under any Finance Document, no Disposal may be made by (x) any direct beneficial owner of Capital Stock in SCE, Hotelco or Propco of any Capital Stock in any of the foregoing entities save as permitted by paragraph (o) above or by paragraph (j) of the definition of “**Permitted Transaction**” herein or (y) the owner of a Restricted Asset of that Restricted Asset (save: (1) in respect of any Right to Use Agreement in accordance with paragraph 3.13(e) (*Project Documents*) of Schedule 6 (*Covenants*) of this Agreement, (2) as a result of the entry into of any Right to Use Agreement or (3) in respect of the Services and Right to Use Agreement and the Reimbursement Agreement in accordance with paragraph 3.28(a)(iii)(B) of Schedule 6 (*Covenants*)), in each case, without the consent of all of the Lenders.

“**Permitted Distribution**” means:

- (a) the payment of a dividend to the Borrower or any member of the Group; and
- (b) the payment of a dividend by the Parent **provided that**:
 - (i) the Completion Support Release Date has occurred;
 - (ii) the provisions of paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*) are being (and, following such payment, would continue to be) complied with;
 - (iii) the Debt Service Reserve Account, the Debt Service Accrual Account and the Note Debt Service Reserve Account have been funded to the required level under the terms of this Agreement;
 - (iv) the first Repayment Instalment under the Term Loan Facility has been made;
 - (v) no Event of Default or Default is continuing or is likely to occur as a result of making any such payment; and
 - (vi) such payment is made from Excess Cashflow.

Where amounts which are available to make a Permitted Distribution have been used for other purposes permitted under this Agreement (including making Permitted Loans) the amount of such Permitted Distributions that may be made using such amounts shall, to the extent such amounts have not been repaid, be reduced *pro tanto*.

“**Permitted Financial Indebtedness**” means Financial Indebtedness:

- (a) to the extent covered by a Letter of Credit or arising in respect of any Trade Instrument;
- (b) arising under any Sponsor Group Loan (or other Subordinated Debt), subject always to the terms of this Agreement and the Subordination Deed;
- (c) arising under or pursuant to the Bondco Loan;

- (d) of any person acquired by a member of the Group after the date of this Agreement pursuant to, and in accordance with the terms of, paragraph (e) of the definition of “Permitted Acquisition” and which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding for a period of no more than six months following the date of acquisition;
- (e) arising under or pursuant to a Permitted Loan or a Permitted Guarantee or a Permitted Transaction or as otherwise permitted by paragraph 3.30 (*Hedging and Treasury Transactions*) of Schedule 6 (*Covenants*);
- (f) under finance or capital leases of vehicles, plant, equipment or computers, **provided that** the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount of:
 - (i) prior to the Completion Support Release Date, US\$10,000,000 (or its equivalent in other currencies) in aggregate for the Group; or
 - (ii) on or after the Completion Support Release Date, US\$20,000,000 (or its equivalent in other currencies) in aggregate for the Group; and
- (g) not permitted by the preceding sub-paragraphs and the outstanding amount of which does not exceed an amount of:
 - (i) prior to the Completion Support Release Date, US\$20,000,000 (or its equivalent in other currencies) in aggregate for the Group; or
 - (ii) on or after the Completion Support Release Date, US\$50,000,000 (or its equivalent in other currencies) in aggregate for the Group.

“Permitted Guarantee” means:

- (a) any guarantee under or in respect of any performance or similar bond or any Trade Instrument guaranteeing performance or issued in respect of payment by a member of the Group under any contract entered into in the ordinary course of business (including any such guarantee given in connection with any Construction Contract) of a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project;
- (b) any guarantee permitted under paragraph 3.21 (*Financial Indebtedness*) of Schedule 6 (*Covenants*);
- (c) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (a) of the definition of “Permitted Security”;
- (d) any guarantee of a Joint Venture to the extent permitted by paragraph 3.9 (*General Undertakings*) of Schedule 6 (*Covenants*);

- (e) the endorsement of negotiable instruments in the ordinary course of business of a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project;
- (f) the High Yield Note Guarantees;
- (g) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (c) of the definition of “Permitted Security”;
- (h) any guarantee in connection with a Permitted Transaction;
- (i) any guarantee arising under or pursuant to the Services and Right to Use Agreement and/or the Reimbursement Agreement;
- (j) any guarantee not permitted by any of the preceding sub-paragraphs and the outstanding principal amount of which does not exceed:
 - (i) prior to the Completion Support Release Date, US\$5,000,000 (or its equivalent in other currencies) in aggregate for the Group; or
 - (ii) on or after the Completion Support Release Date, US\$20,000,000 (or its equivalent in other currencies) in aggregate for the Group.

“**Permitted Investments**” has the meaning given to it in paragraph 13 of Schedule 7 (*Accounts*).

“**Permitted Joint Venture**” means any investment in any Joint Venture where:

- (a) the Joint Venture is incorporated or established and carries on its principal business in a jurisdiction in which a member of the Group is incorporated;
- (b) the Joint Venture is only engaged in a Permitted Business; and
- (c) the aggregate (the “**Joint Venture Investment**”) of all amounts subscribed for shares in, lent to or invested in all such Joint Ventures by any member of the Group does not exceed US\$10,000,000 (or its equivalent in other currencies).

“**Permitted Loan**” means:

- (a) any trade or other credit extended by any member of the Group to its customers and junket operators (including patrons of the Project and the Phase II Project) on normal commercial terms, in the ordinary course of trading of an owner and operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project and **provided always that** such extensions of credit (i) comply with all applicable Legal Requirements and (ii) do not involve the payment of Cash to any such customer or junket operator by such member of the Group;
- (b) any other loan made by an Obligor to another Obligor;

- (c) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by members of the Group does not exceed an amount of US\$1,000,000 (or its equivalent in other currencies) in aggregate for the Group at any time;
- (d) any loan made by an Obligor to a person who is not an Obligor using exclusively the proceeds of Equity (other than the Equity Contributions) or any amount that is available for the making of a Permitted Distribution under paragraph (b) of such definition (all requirements to such Permitted Distribution (as set out in such definition) being made being satisfied other than the requirement that such Permitted Distribution be made by the Parent) **provided that** any such loan made using the proceeds of Equity may only be made if:
 - (i) such proceeds of Equity are not required for any other purpose under any Finance Document or in connection with the Project; and
 - (ii) no Event of Default is continuing or is likely to occur as a result of making any such loan);
- (e) a loan made to a Joint Venture to the extent permitted under paragraph 3.9 (*General Covenants*) of Schedule 6 (*Covenants*);
- (f) any loan made pursuant to the Services and Right to Use Agreement or the Reimbursement Agreement; or
- (g) any loan not permitted by any of the preceding paragraphs so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed US\$5,000,000 (or its equivalent in other currencies) in aggregate for the Group.

“Permitted Payment” means:

- (a) a scheduled interest payment under any Sponsor Group Loan **provided that**:
 - (i) the Completion Support Release Date has occurred;
 - (ii) such payment is made from Excess Cashflow;
 - (iii) the provisions of paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*) are being (and, following such payment, would continue to be) complied with;
 - (iv) the Debt Service Reserve Account, the Debt Service Accrual Account and the High Yield Note Interest Reserve Account have been funded to the required level under the terms of this Agreement;
 - (v) the first Repayment Instalment under the Term Loan Facility has been made; and
 - (vi) no Event of Default or Default is continuing or is likely to occur as a result of making any such payment;

- (b) any payment made by a member of the Group (in respect of Subordinated Debt) to another member of the Group;
- (c) on or after the Construction Completion Date, any payment to refinance Additional Equity Contributions (to the extent the proceeds of which were used for the Additional Equity Purpose) out of monies standing to the credit of the Term Loan Facility Disbursement Account in excess of the amounts required to pay Project Costs listed in paragraph (b)(i) to (b)(v) of the definition of "Construction Completion";
- (d) any payment or prepayment in respect of a Sponsor Group Loan or any payment of any amounts payable under or in respect of the Bondco Loan **provided that** such payment or prepayment is made from (i) amounts available for application towards payment of a Permitted Distribution which may otherwise be used for this purpose or (ii) Equity, and **provided further that** in respect of a payment or a prepayment made using Equity:
 - (i) such Equity is not required for any other purpose under any Finance Document or in connection with the Project; and
 - (ii) no Event of Default is continuing or is likely to occur as a result of making any such payment or prepayment;
- (e) any payment made by a member of the Group to refinance Additional Equity Contributions (to the extent that the proceeds of which were used for the Additional Equity Purpose) at First Utilisation; and
- (f) any scheduled interest payment made by a member of the Group under any Financial Indebtedness permitted pursuant to paragraph (g) of the definition of "Permitted Financial Indebtedness".

Where amounts which are available to make a Permitted Payment have been used for other purposes permitted under this Agreement (including making Permitted Loans) the amount of such Permitted Payment that may be made using such amounts shall, to the extent such amounts have not been repaid, be reduced *pro tanto*.

"Permitted Security" means:

- (a) any (x) Transaction Security or (y) any Security or Quasi-Security permitted under the Finance Documents;
- (b) any lien arising or subsisting by operation of law and in the ordinary course of business and not as a result of any default or omission by any member of the Group;
- (c) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of any member of the Group but only so long as:
 - (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of persons which are not Obligors; and

- (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of persons which are not Obligors;
- (d) any payment or close out netting or set-off arrangement pursuant to any Treasury Transaction or foreign exchange transaction entered into by a member of the Group which constitutes Permitted Financial Indebtedness, excluding any Security or Quasi-Security under a credit support arrangement;
- (e) any Security or Quasi-Security over or affecting any asset acquired by a member of the Group after the Closing Date if:
 - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Group;
 - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
 - (iii) the Security or Quasi-Security is removed or discharged within six months of the date of acquisition of such asset;
- (f) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the Closing Date, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group if:
 - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
 - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
 - (iii) the Security or Quasi-Security is removed or discharged within six months of that company becoming a member of the Group;
- (g) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to any member of the Group in the ordinary course of business for a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project and on the supplier’s standard or usual terms and not arising as a result of any default or omission by any member of the Group;
- (h) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;
- (i) any Security or Quasi-Security arising as a consequence of any finance or capital lease permitted pursuant to paragraph (f) of the definition of “Permitted Financial Indebtedness”;

- (j) any Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under any other paragraph of this definition) does not exceed an amount of:
 - (i) prior to the Completion Support Release Date, US\$5,000,000 (or its equivalent in other currencies) in aggregate for the Group; or
 - (ii) post Completion Support Release Date, US\$20,000,000 (or its equivalent in other currencies) in aggregate for the Group;
- (k) any Security created in favour of a plaintiff or defendant in any proceedings as security for costs or expenses;
- (l) any Security securing unpaid Taxes and arising by law but only if such unpaid taxes are being contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets are available to pay the amount of those unpaid Taxes;
- (m) any Security over goods, documents of title to goods and related documents and insurances and their proceeds to secure liabilities of any member of the Group in respect of a letter of credit, trust receipts, import loans or shipping guarantees issued or granted for all or part of the purchase price and costs of shipment, insurance and storage of goods acquired by an Obligor in the ordinary course of business for a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project;
- (n) survey exceptions, easements, reservations, rights-of-way, restrictions, encroachments or rights of others for licences, sewers, electric lines, telegraphs and telephone lines or other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with any Financial Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use, and other similar Security or Quasi-Security and other minor defects and irregularities in title, incurred in the ordinary course of business for a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project;
- (o) carriers’, contractors’, warehousemen’s, mechanics’, materialmen’s, repairmen’s or other like Security arising in the ordinary course of business for amounts which are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate measures;
- (p) Security in favour of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods in the ordinary course of trading;
- (q) any Security or deposits in connection with workers’ compensation, unemployment insurance and other social security legislation of all applicable laws **provided that** such Security is contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets are available to discharge such Security;

- (r) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of the Site and the Site Easements;
- (s) any Security granted over cash collateral required in respect of a guarantee for the Amended Land Concession or any Trade Instrument; and
- (t) any Security or Quasi-Security created or incurred under or pursuant to the operation of the Services and Right to Use Agreement or the Reimbursement Agreement.

“**Permitted Share Issue**” means an issue of shares or Capital Stock by a member of the Group which is a Subsidiary to its immediate Holding Company where (if the existing shares or Capital Stock of the Subsidiary are the subject of Transaction Security) the newly-issued shares also become subject to Transaction Security on the same terms.

“**Permitted Transaction**” means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;
- (b) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading for a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project on arm’s length terms (or, in each case better, for the relevant member of the Group);
- (c) the solvent liquidation or reorganisation of any member of the Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Group which are Obligors;
- (d) any payments for goods or services or other transactions under a Service Agreement or Affiliate Agreement **provided that** any such payment is in an amount not exceeding the actual, arm’s length cost (or better, for the relevant member of the Group) of such goods and services paid by the supplier plus a margin of not more than five per cent. or, where any applicable Legal Requirement requires that a margin higher than five per cent must be charged pursuant to such Service Agreement or Affiliate Agreement in such circumstances, the required margin;
- (e) any Permitted Share Issue;
- (f) any High Yield Note Guarantees;
- (g) any loan or other payment pursuant to the Bondco Loan;

- (h) any transaction made under or pursuant to the Services and Right to Use Agreement or the Reimbursement Agreement;
- (i) any investments or payments using proceeds of Sponsor Group Loans or Subordinated Debt or additional Equity (other than the Equity Contributions or additional Equity under or in connection with (or in respect of) the Completion Support Documents) or amounts otherwise available for distribution, in each case, to the extent not required to be applied for any other purpose under any Finance Document or in connection with the Project; and
- (j) transformation (in accordance with all applicable Legal Requirements) of Propco from a company limited by quotas into a company limited by shares with shares to be held by the bearer **provided** such shares continue to be held (and in the same proportion) by those persons who held the quotas that made up the share capital of Propco immediately prior to such transformation, such shares continue to be subject to the Transaction Security granted in respect of the said quotas immediately prior to such transformation (subject only to any amendments to any such Transaction Security Document that are required by the transformation (such amendments being in form and substance reasonably satisfactory to the Agent and the Security Agent)), the assets of Propco remain (at all times) subject to the Transaction Security, the rights and obligations of Propco under the Transaction Documents are not adversely affected, such transformation does not conflict with the Amended Land Concession or any other Transaction Document to which Propco is a party, no Event of Default is continuing (or would reasonably be expected to result therefrom) and the Agent has received such legal opinions (in form and substance reasonably satisfactory to it) in respect of such transformation, the efficacy thereof and such other matters as it may reasonably require in connection therewith.

“Phase II Fully Funded Plan” means the plan which may be submitted by an Obligor to the Agent and the Technical Advisor prior to the commencement of any construction or development work in connection with the Phase II Project setting out (i) the sources and uses of funds for construction, development, management, operation and maintenance of the Phase II Project, (ii) the Phase II Project construction schedule and budget and projections and (iii) reasonable details of the Phase II Project project work, plans and specifications.

“Phase II Major Construction Contracts” means:

- (a) any construction contract entered into or to be entered into between an Obligor and a contractor party thereto solely in connection with the Phase II Project and under which the total contract price payable by such Obligor (or expected aggregate amount in the case of “cost plus” contracts) or which may otherwise involve liabilities, actual or contingent, incurred by such Obligor, in an amount in excess of HK\$100,000,000 (or its equivalent); or
- (b) any other construction contract solely in connection with the Phase II Project which the Technical Adviser, after consultation with the Parent, reasonably determines forms part of a critical works programme for the Phase II Project, whether by reference to the budget or construction schedule for the Phase II Project set out in the approved Phase II Fully Funded Plan or otherwise, and which has, prior to the execution thereof, been notified to the Parent.

“Phase II Project” means the design, development, construction, operation and maintenance in accordance with the Phase II Fully Funded Plan (as approved by the Majority Lenders) or the Qualifying Phase II Plan, Phase II Project Agreements and the Phase II Major Construction Contracts, of further gaming, hotel, retail, food, beverage, entertainment, resort and related facilities on the Site in addition to and other than the Project.

“Phase II Project Agreement” means any agreement entered into by an Obligor in respect of or relating to any casino, hotel, resort or gaming related business, development, project, undertaking or venture in the Phase II Project or any assets comprised therein.

“Plans and Specifications” means, in relation to the Project or part thereof, the plans, specifications, design documents, schematic drawings and related items for the design, architecture and construction of that Project provided to the Technical Adviser and the Agent on or prior to the date of this Agreement, each as may be amended in accordance with any variation permitted pursuant to paragraph 3.28 (*Amendments*) of Schedule 6 (*Covenants*).

“Power of Attorney” means the power of attorney to be granted by Propco in favour of the POA Agent in connection with the Mortgage referred to in subparagraph 1(b) of paragraph 2(h) of Part I of Schedule 2 (*Conditions Precedent*) and any replacement power of attorney entered into by any successor POA Agent.

“Practical Completion” means, in relation to the Project or part thereof, practical completion of the relevant Project Works comprised therein under the terms of the relevant Major Construction Contracts.

“Practical Completion Date” means, in relation to the Project or part thereof, the date upon which Practical Completion occurs.

“Pre-Acquisition Funding” means any amounts paid or advanced to the Group by the Sponsors prior to the date of the implementation agreement referred to in the definition of “Equity Contribution” herein.

“Project” means the design, development and construction in accordance with the Finance Documents and the Construction Contracts of a retail, hotel, gaming, entertainment, food and beverage and entertainment studio complex with an area of approximately 463,000 sq. meters on the Site, the ownership and maintenance thereof, the operation and management of the Gaming Area by Melco Crown Gaming (including the ownership, operation and maintenance of any associated gaming equipment and utensils) and the leasing, operation and maintenance of the remainder of the Project, in each case, in accordance with the relevant project documents (but excluding at all times the Phase II Project).

“Project Certificate(s) of Occupancy” means, in relation to the Project or part thereof, the relevant certificates of occupancy (*Licenças de Ocupação*) issued by the Macau SAR pursuant to applicable Legal Requirements for the Project.

“Project Costs” means, in respect of the Project, all costs incurred, or to be incurred in accordance with the Group Budget through until scheduled Final Completion of the construction therefor, which costs shall include, without double counting (and to the extent incurred, or to be incurred, in accordance with the Group Budget prior to scheduled Final Completion):

- (a) all construction costs incurred under the Construction Contracts for the Project and any construction costs payable by Propco or any other Obligor under the Services and Right to Use Agreement;
- (b) interest, commissions, fees and other finance payments (including all hedging payments and hedging termination payments) payable under the Finance Documents;
- (c) interest, fees and other finance payments payable under the Bondco Loan;
- (d) guarantee fees, legal fees and expenses, financial advisory fees and expenses, technical fees and expenses (including fees and expenses of the Advisers), commitment fees, management fees and corporate overhead agency fees (including fees and expenses of the Agent and the Security Agent), interest, Taxes (including value added tax) and other out-of-pocket expenses payable by Propco or any other Obligor under any documents related to the financing and administration of that Project and in accordance with the Group Budget prior to the scheduled Final Completion date;
- (e) the costs of acquiring Permits for the Project or the relevant part thereof;
- (f) costs incurred in settling insurance or other claims in connection with Events of Loss in respect of the Project or the relevant part thereof and collecting Loss Proceeds at any time prior to the scheduled Final Completion date;
- (g) working capital costs incurred in respect of the Project or the relevant part thereof comprised in the Pre-Opening Expenses Line Item in the Group Budget prior to the Opening Date;
- (h) cash to collateralise Permitted Guarantees of the kind comprised in paragraph (a) of the definition thereof in respect of the construction of the Project; and
- (i) cash cover in respect of Letters of Credit or Trade Instruments for the financing of Project Costs and/or making or securing payment obligations therefor.

“Project Operating Account” means each of the Accounts so designated in Schedule 7 (*Accounts*) and any other account:

- (a) held in the Macau SAR or the Hong Kong SAR by a member of the Group with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as a Project Operating Account; and

(c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“Project Punchlist Items” means, in relation to the Project, minor or insubstantial items of construction or mechanical adjustment, the non completion of which, when all such items are taken together, will not interfere in any material respect with the use or occupancy of the Site Facilities for their intended uses or the ability of the owner, lessee or licensee, as applicable, of any portion of the Site Facilities to perform work that is necessary or desirable to prepare such portion of the Site Facilities for such use or occupancy provided that, in all events, “Project Punchlist Items” shall include (to the extent not already completed), without limitation, the items set forth in any punch list to be delivered by Propco (or other Obligor) in connection with Practical Completion under the relevant Construction Contract.

“Project Schedule” means, in respect of the Project, the schedule for completion of the Project as updated from time to time in accordance with this Agreement.

“Project Utilisation” means:

- (a) a Term Loan Facility Loan (other than one made for the purposes of Clauses 3.1(a)(iii) or 3.1(a)(iv)); and/or
- (b) a Revolving Facility Utilisation by way of Letter of Credit for application in respect of Project Costs, in each case, arising prior to the Opening Date.

“Project Valuation Report” means the report by the Project Valuer dated 8 October 2012, addressed to and capable of being relied upon by the Finance Parties.

“Project Valuer” means:

- (a) Savills (Macau) Limited as the project valuer for the Finance Parties; or
- (b) any other project valuer appointed by the Agent and, unless an Event of Default has occurred and is continuing, approved by the Borrower (such approval not to be unreasonably withheld or delayed) to advise the Finance Parties as and when required in respect of the Project.

“Project Works” means the design, development and construction of the Project or relevant part thereof and any other works contemplated by any of the Construction Contracts.

“Projections” has the meaning given in paragraph 1.5 of Schedule 6 (*Covenants*).

“Propco” means Studio City Developments Limited (formerly known as MSC Desenvolvimentos, Limitada and East Asia Televisão por Satelite Limitada), a company incorporated under the laws of the Macau SAR (registered number 14311), whose registered office is at Av. Dr. Mário Soares, n.º 25, Edifício Montepio, 1.º andar, comp. 13, Macau.

“Properties” means the land described in the Amended Land Concession and any Real Property thereon, and any other Real Property acquired by an Obligor after the date of this Agreement for the purposes of the Project. A reference to a **“Property”** is a reference to any of the Properties.

“Proposed Cure Plan” has the meaning given to that term in Clause 24.3(a) (*Effect of Review Event*).

“Qualifying Phase II Plan” means the plan to be submitted by the Borrower to the Agent on or prior to 30 April 2017 outlining the manner in which the Borrower intends to develop the Phase II Project.

“Quarter Date” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

“Quasi-Security” has the meaning given to that term in paragraph 3.14 (*Negative pledge*) of Schedule 6 (*Covenants*).

“Quotation Date” means, in relation to any period for which an interest rate is to be determined, the first day of that Interest Period.

“Real Property” means:

- (a) any freehold, leasehold or immovable property, and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property.

“Receiver” means a receiver, receiver and manager, administrative receiver or analogous person in any Relevant Jurisdiction of the whole or any part of the Charged Property.

“Reference Banks” means the principal office in Hong Kong of Australia and New Zealand Banking Group Limited, Citibank, N.A. and Deutsche Bank AG or such other banks as may be appointed by the Agent in consultation with the Borrower.

“Reimbursement Agreement” means the reimbursement agreement dated 15 June 2012 and made between SCE and Melco Crown Gaming (as may be amended and supplemented from time to time).

“Reimbursement Agreement Direct Agreement” means the agreement referred to in paragraph (b) of the definition of “Direct Agreement”.

“Reinsurance” means any contract or policy of reinsurance from time to time to the extent required by paragraph 1.2 of Schedule 8 (*Insurance*) to be taken out or effected in respect of any Direct Insurance.

“Reinsurance Broker’s Letter of Undertaking” means a letter of undertaking in substantially the form set out in Appendix 6 to Schedule 8 (*Insurance*) or in such other form as may be approved by the Agent acting in consultation with the Insurance Adviser, such approval not to be unreasonably withheld.

“Reinsurer” means an international reinsurer of good standing and responsibility with whom a Reinsurance is placed from time to time to the extent required by and in accordance with Schedule 8 (*Insurance*).

“Related Fund”, in relation to a fund (the **“first fund”**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

“Relevant Interbank Market” means the Hong Kong interbank market.

“Relevant Jurisdiction” means, in relation to an Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

“Relevant Major Project Participant” means each other person (other than an Obligor or the Macau SAR) who is party to a Major Project Document.

“Relevant Period” has the meaning given to that term in paragraph 2.1 (*Financial definitions*) of Schedule 6 (*Covenants*).

“Remaining Amount” has the meaning given to it in Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*).

“Remaining Project Costs” means, in respect of the Project or a relevant part thereof, at any given time for the Project or part thereof, the sum of all the “Balance to Complete” amounts set forth in respect of all Line Items in the Group Budget (as in effect from time to time) in respect of the Project or part of it to be incurred for Final Completion to occur.

“Renewal Request” means a written notice delivered to the Agent in accordance with Clause 6.6 (*Renewal of a Letter of Credit*).

“Repayment Date” means, in relation to the Term Loan Facility:

- (a) the First Repayment Date;
- (b) each subsequent Quarter Date thereafter falling prior to the Final Repayment Date; and
- (c) the Final Repayment Date.

“Repayment Instalment” means each instalment for repayment of the Loans under the Term Loan Facility referred to in Clause 8 (*Repayment*).

“Repeating Representations” means each of the representations set out in paragraphs 1 (*Status*) to 39 (*Establishments*) (excluding paragraphs 9 (*No filing or stamp taxes*), 10 (*Deduction of Tax*), 13(a) to (f) (*No misleading information*), 21 (*Business*) and 28 (*Corporate Structure Chart*)) of Schedule 5 (*Representations and Warranties*).

“Representative” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“Reports” means the Insurance Report, the Project Valuation Report and the Technical Report.

“Reserve Release Date” means, if paragraph 13(e) of Part I of Schedule 2 (*Conditions Precedent*) has been satisfied by the end of the Availability Period applicable to the Term Loan Facility, the First Utilisation or otherwise, the First Disbursement.

“Reset Date” means the last day of the second full fiscal quarter after the Opening Date.

“Restricted Asset” means:

- (a) in respect of Hotelco, its rights under, title to and interest in the Right to Use Agreements to which it is a party;
- (b) in respect of Propco, its rights under, title to and interest in:
 - (i) not less than all or substantially all of the Project, the Site, the Site Easements, the Site Facilities or the Real Property comprised in the Phase II Project; and
 - (ii) the Right to Use Agreements to which it is a party;
- (c) in respect of SCE, its rights under, title to and interest in the Right to Use Agreements to which it is a party, the Services and Right to Use Agreement and the Reimbursement Agreement; and
- (d) in respect of each of Hotelco, Propco and SCE, not less than all or substantially all of the business and assets of each such person.

“Restricted Party” means any person listed:

- (a) in the annexure to the Executive Order;
- (b) on the “Specially Designated Nationals and Blocked Persons” list maintained by OFAC; or
- (c) in any successor list to either of the foregoing.

“Retainage Amounts” means, at any given time, amounts which have accrued and are owing to a Contractor under the terms of a Construction Contract for work or services already provided but which at such time (and in accordance with the terms of such Construction Contract) are being withheld from payment to the Contractor, until certain subsequent events (such as, for example, completion benchmarks) have been achieved under the Construction Contract.

“Revenue Account” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by an Obligor with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as a Revenue Account; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“Revenues” means all Group income and receipts, including those derived from the ownership, operation or management of the Project or any other Permitted Businesses, including payments received by any Obligor under any contract (including, without limitation, the Services and Right to Use Agreement, any other Major Project Document and any Operational Agreement) to which such person is a party, net payments, if any, received under Hedging Agreements, Liquidated Damages, Insurance Proceeds, Eminent Domain Proceeds (to the extent the same are permitted to be retained by such Obligor pursuant to the terms of this Agreement), together with any receipts derived from the sale or disposal of rights or any other property pertaining to the Project or any Permitted Business or incidental to the operation or management of the Project or any Permitted Business, all as determined in conformity with cash accounting principles, and the proceeds of any condemnation awards relating to the Project or any Permitted Business.

“Review Event” means any event or circumstance specified as such in Part II of Schedule 9 (*Events of Default and Review Events*).

“Review Event of Default” has the meaning given to that term in Clause 24.3(c) (*Effect of Review Event*).

“Review Event Notice” has the meaning given to that term in Clause 24.3(a) (*Effect of Review Event*).

“Revolving Facility” means the revolving facility made available pursuant to this Agreement as described in paragraph (b) of Clause 2.1 (*The Facilities*).

“Revolving Facility Commitment” means:

- (a) in relation to an Original Lender, the aggregate of the amounts set opposite its name under the heading “Revolving Facility Commitment” in Part I of Schedule 1 (*Original Parties*) and the amount of any other Revolving Facility Commitment transferred to it or assumed by it in accordance with Clause 2.4 (*Increase*) under this Agreement or assumed by it in accordance with Clause 2.4 (*Increase*); and

- (b) in relation to any other Lender, the amount of any Revolving Facility Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.4 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“Revolving Facility Lender” means:

- (a) a lender identified as such in Part I of Schedule 1 (*Original Parties*); or
- (b) any person, bank, financial institution, trust, fund or other entity which has become a Party as a Lender under the Revolving Facility in accordance with Clause 2.4 (*Increase*) or in accordance with Clause 25 (*Changes to the Lenders*),

which, in each case, has not ceased to be a Party in accordance with the terms of this Agreement.

“Revolving Facility Loan” means a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan.

“Revolving Facility Utilisation” means a Revolving Facility Loan or a Letter of Credit.

“Right to Use Agreements” means each of the following:

- (a) the SCE/SC Hotels Right to Use Agreement; and
- (b) the SC Hotels/Propco Right to Use Agreement.

“Rollover Loan” means one or more Revolving Facility Loans:

- (a) made or to be made on the same day that:
 - (i) a maturing Revolving Facility Loan is due to be repaid; or
 - (ii) a demand by the Agent pursuant to a drawing in respect of a Letter of Credit is due to be met;
- (b) the aggregate amount of which is equal to or less than the amount of the maturing Revolving Facility Loan or the relevant claim in respect of that Letter of Credit;
- (c) in the same currency as the maturing Revolving Facility Loan or the relevant claim in respect of that Letter of Credit; and

(d) made or to be made for the purpose of refinancing that maturing Revolving Facility Loan or satisfying the relevant claim in respect of that Letter of Credit.

“**SC Hotels/Propco Right to Use Agreement**” means the right to use agreement to be entered into between Hotelco and Propco pursuant to which Propco shall grant Hotelco the right to use certain areas of the Project.

“**SCE**” means Studio City Entertainment Limited (formerly named New Cotai Entertainment (Macau) Limited and MSC Diversões, Limitada), a company incorporated under the laws of the Macau SAR (registered number 27610), whose registered office is at Av. Dr. Mário Soares, n.º 25, Edifício Montepio, 1.º andar, comp. 13, Macau.

“**SCE Project Operating Account**” means an account:

- (a) held in the Macau SAR by SCE with an Acceptable Bank;
- (b) identified in a letter between the Parent and the Agent as an SCE Project Operating Account; and
- (c) subject to Security in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“**SCE/SC Hotels Right to Use Agreement**” means the right to use agreement to be entered into between New Cotai Entertainment (Macau) Limited and Hotelco pursuant to which Hotelco shall grant SCE the right to use the Gaming Area.

“**SCIH**” means Studio City International Holdings Limited, a company incorporated under the laws of The British Virgin Islands (registered number 399970), whose registered office is at Offshore Incorporation Centre, P.O. Box 957, Road Town, Tortola, British Virgin Islands.

“**Screen Rate**” means in relation to HIBOR, the rate designated as “FIXING@11:00” (or any other designation which may from time to time replace that designation or, if no such designation appears, the arithmetic average (rounded upwards, to four decimal places) of the displayed rates for the relevant period) appearing under the heading “HONG KONG INTERBANK OFFERED RATES (HK DOLLAR)” for the relevant period on the Reuters Screen HIBOR1=R Page.

If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lenders.

“**Secured Obligations**” means all the Liabilities and all other present and future liabilities and obligations at any time due, owing or incurred by each Obligor and each Grantor to any Secured Party under the Finance Documents, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.

“**Secured Parties**” means each Finance Party from time to time party to this Agreement, any Receiver and Delegate.

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Selection Notice**” means a notice substantially in the form set out in Part IV of Schedule 3 (*Requests*) given in accordance with Clause 13 (*Interest Periods*) in relation to a Facility.

“**Service Agreement**” means, other than the Services and Right to Use Agreement, the Reimbursement Agreement and the Shareholders’ Agreement, any agreement made between a member of the Group and an Affiliate outside the Group for the supply of goods or services to the Obligor (or by the Obligor to the Affiliate) at the actual, arm’s length cost or better of such goods or services plus a margin of not more than five per cent. or, where any applicable Legal Requirement requires that a margin higher than five per cent. must be charged pursuant to such Service Agreement or Affiliate Agreement in such circumstances, the required margin.

“**Services and Right to Use Agreement**” means the services and right to use agreement dated 11 May 2007 and originally made between SCE (formerly known as MSC Diversões, Limitada and New Cotai Entertainment (Macau) Limited), New Cotai Entertainment, LLC and Melco Crown Gaming (formerly known as Melco PBL Gaming (Macau) Limited) as amended, restated and supplemented from time to time, including pursuant to a supplemental agreement dated 15 June 2012 made between SCE, Melco Crown Gaming and New Cotai Entertainment, LLC.

“**Services and Right to Use Agreement Confidential Information**” means any Confidential Information which relates to, which contains or is derived or copied from the Services and Right to Use Agreement and/or the Reimbursement Agreement.

“**Services and Right to Use Direct Agreement**” means the agreement referred to in paragraph (a) of the definition of “Direct Agreement”.

“**Shareholders’ Agreement**” means the shareholders’ agreement dated 27 July 2011 and made between MCE Cotai, New Cotai, LLC and others (as amended from time to time).

“**Silverpoint**” means Silver Point Capital, L.P. and any successor to the investment management business thereof.

“**Site**” means the land described in the Amended Land Concession.

“**Site Easements**” means, in relation to the Site and the Project, the easements appurtenant, easements in gross, licence agreements and other rights running for the benefit of Propco and/or appurtenant to the Site.

“**Site Facilities**” means, in relation to the Site and the Project,

- (a) the Site; and
- (b) the Project Works (whether completed or uncompleted).

“**Specified Direct Agreement**” has the meaning given to it in paragraph 10(b) of Schedule 9 (*Events of Default and Review Events*).

“**Specified Time**” means a time determined in accordance with Schedule 14 (*Timetables*).

“**Sponsor Affiliate**” means:

- (a) in the case of MCE, MCE and its Subsidiaries (other than any member of the Group);
- (b) in the case of Silverpoint, Silverpoint, each of its Affiliates (other than any member of the Group), any trust of which Silverpoint or any of such Affiliates is a trustee, any partnership of which Silverpoint or any of such Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, Silverpoint or any of such Affiliates provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by Silverpoint or any of such Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute a Sponsor Affiliate;
- (c) in the case of Oaktree, Oaktree, each of its Affiliates (other than any member of the Group), any trust of which Oaktree or any of such Affiliates is a trustee, any partnership of which Oaktree or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, Oaktree or any of such Affiliates provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by Oaktree or any of such Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute a Sponsor Affiliate; and
- (d) in the case of a New Sponsor, the New Sponsor, each of its Affiliates (other than any member of the Group), any trust of which the New Sponsor or any of such Affiliates is a trustee, any partnership of which the New Sponsor or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, the New Sponsor or any of such Affiliates provided that any such trust, fund or other entity which has been established for at least 6 months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by the New Sponsor or any of such Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute a Sponsor Affiliate.

“**Sponsor Group Loans**” means Financial Indebtedness advanced by one or more of the Sponsor Group Shareholders to an Obligor and that is subordinated in accordance with the terms provided by the Subordination Deed.

“**Sponsor Group Shareholder**” means any direct or indirect shareholder of the Parent which is a Sponsor, a Subsidiary of a Sponsor or which would be a Subsidiary of a Sponsor were the rights and interests of each Sponsor in respect thereof combined.

“**Sponsors**” means MCE, Silverpoint, Oaktree and any New Sponsor and “**Sponsor**” means each of them.

“**Standard & Poor’s**” or “**S&P**” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor.

“**Subcontract**” means any subcontract or purchase order entered into with any Subcontractor.

“**Subcontractor**” means any direct or indirect subcontractor of any tier under any Project Document.

“**Subordinated Creditor**” has the meaning given to it in the Subordination Deed;

“**Subordinated Debt**” means Financial Indebtedness owed by an Obligor to another Obligor or a Sponsor Group Shareholder that is subordinated in accordance with the terms provided in respect thereof by the Subordination Deed.

“**Subordination Deed**” means the subordination deed in the agreed form to be entered into between, amongst others, the Agent, Security Agent, each Subordinated Creditor and the Obligors.

“**Subsidiary**” means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued Capital Stock of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“**Surplus Account**” has the meaning given to it in paragraph 1 of Schedule 4 (*Mandatory Prepayment*).

“**Surplus Amounts**” has the meaning given to it in paragraph 1 of Schedule 4 (*Mandatory Prepayment*).

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Technical Adviser**” means, as the case may be:

- (a) Franklin & Andrews (Hong Kong) Limited as the technical adviser for the Finance Parties; or
- (b) the technical adviser appointed by the Agent and, unless an Event of Default has occurred and is continuing, approved by the Borrower (such approval not to be unreasonably withheld or delayed) to advise the Finance Parties as and when required in respect of the Project.

“**Technical Adviser’s Monthly Report**” means, in relation to the Project, a monthly status report, in form and substance acceptable to the Agent, delivered to the Agent within 15 days of receipt by the Agent of the Monthly Construction Period Report in respect of each monthly period up to and including the calendar month immediately following the date on which Final Completion occurs and describing in reasonable detail the progress of the construction of the Project, including reviews and assessments of the relevant Group Budget, the relevant Project Schedule and the relevant Monthly Construction Period Report and each of its attachments delivered during the preceding calendar month.

“**Technical Report**” means the report by the Technical Adviser dated 25 October 2012 addressed to and capable of being relied upon by the Finance Parties.

“**Term**” means each period determined under this Agreement for which the Issuing Bank is under a liability under a Letter of Credit.

“**Term Loan Availability Period**” has the meaning given in paragraph (a) of the definition of “Availability Period”.

“**Term Loan Facility**” means the Term Loan Facility made available under this Agreement as described in paragraph (a) of Clause 2.1 (*The Facilities*).

“**Term Loan Facility Commitment**” means:

- (a) in relation to an Original Lender, the aggregate of the amounts set opposite its name under the heading “Term Loan Facility Commitment” in Part I of Schedule 1 (*Original Parties*) and the amount of any other Term Loan Facility Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.4 (*Increase*); and
- (b) in relation to any other Lender, the amount of any Term Loan Facility Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.4 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Term Loan Facility Disbursement Account**” means the account of the Borrower that is identified as such in a letter between the Borrower and the Agent as a Term Loan Facility Disbursement Account.

“**Term Loan Facility Disbursement Agreement**” means a disbursement agreement in respect of funds from time to time standing to the credit of the Term Loan Facility Disbursement Account dated on or prior to the First Utilisation.

“**Term Loan Facility Lender**” means:

- (a) a lender identified as such in Part I of Schedule 1 (*Original Parties*); or
- (b) any person, bank, financial institution, trust, fund or other entity which has become a Party as a Lender under the Term Loan Facility in accordance with Clause 2.4 (*Increase*) or Clause 25 (*Changes to the Lenders*),

which, in each case, has not ceased to be a Party in accordance with the terms of this Agreement.

“**Term Loan Facility Loan**” means a loan made or to be made under the Term Loan Facility or the principal amount outstanding for the time being of that loan.

“**Termination Date**” means, in relation to a Facility, the Final Repayment Date therefor.

“**Total Commitments**” means the aggregate of the Total Term Loan Facility Commitments and the Total Revolving Facility Commitments at the date of this Agreement.

“**Total Leverage Ratio**” has the meaning given to it in paragraph 2.1 of Schedule 6 (*Covenants*).

“**Total Revolving Facility Commitments**” means the aggregate of the Revolving Facility Commitments, being an aggregate amount that is HK\$775,420,000 at the date of this Agreement.

“**Total Term Loan Facility Commitments**” means the aggregate of the Term Loan Facility Commitments, being an aggregate amount that is HK\$10,080,460,000 at the date of this Agreement.

“**Trade Letter of Credit**” means a documentary letter of credit (not being a standby letter of credit wherein the relevant issuing bank’s payment undertaking is not properly invoked unless a principal has defaulted) issued principally as a means of effecting payment for a transaction rather than remedying any default.

“**Transaction Documents**” means:

- (a) the Finance Documents;
- (b) the Major Project Documents; and
- (c) the Constitutional Documents of each Obligor.

“Transaction Security” means the Security or other collateral (including the rights and interests of any of the Secured Parties arising under or pursuant to any of the Completion Support Documents) created, evidenced or expressed to be created or evidenced pursuant to the Transaction Security Documents.

“Transaction Security Documents” means each Direct Agreement and each of the other documents listed as being a Transaction Security Document in paragraph 2(h) of Part I of Schedule 2 (*Conditions Precedent*) together with any other document entered into by any Obligor or other person creating or expressed to create any Security or other collateral (including the rights and interests of any of the Secured Parties arising under or pursuant to any of the Completion Support Documents) over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents.

“Transfer Certificate and Finance Party Accession Undertaking” means an agreement substantially in the form set out in Schedule 10 (*Form of Transfer Certificate and Finance Party Accession Undertaking*) or any other form agreed between the Agent and the Borrower.

“Transfer Date” means, in relation to an assignment or transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement and Finance Party Accession Undertaking or Transfer Certificate and Finance Party Accession Undertaking; and
- (b) the date on which the Agent executes the relevant Assignment Agreement and Finance Party Accession Undertaking or Transfer Certificate and Finance Party Accession Undertaking.

“Treasury Transactions” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“Unpaid Sum” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“US” and **“United States”** means the United States of America, its territories, possessions and other areas subject to the jurisdiction of the United States of America.

“US Obligor” means (if any):

- (a) a Borrower which is resident for tax purposes in the United States; or
- (b) an Obligor some or all of whose payments under the Finance Documents are from sources within the United States for US federal income tax purposes.

“US Person” means any person whose jurisdiction of organisation is a state of the United States.

“USA Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56.

“**US\$**” or “**US dollars**” denotes the lawful currency of the United States of America.

“**Utilisation**” means a Loan or a Letter of Credit.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made or the relevant Letter of Credit is to be issued.

“**Utilisation Request**” means:

- (a) in relation to any Utilisation under the Term Loan Facility, a notice substantially in the form set out in Part I of Schedule 3 (*Requests*);
- (b) in relation to any Revolving Facility Loan, a notice substantially in the form set out in Part II of Schedule 3 (*Requests*); and
- (c) in relation to any Letter of Credit, a notice substantially in the form set out in Part III of Schedule 3 (*Requests*).

“**Voting Entitlement**” means, at any time:

- (a) in relation to a Lender, the sum of the amounts of its participation in any outstanding Utilisations and its aggregate undrawn Available Commitments under the Facilities; and
- (b) in relation to each Hedge Counterparty (after a Hedge Voting Right Event has occurred in relation to such Hedge Counterparty and is continuing), any amount due but unpaid (other than default interest) under the Hedging Agreement to which such Hedge Counterparty is party following its early termination in accordance with the Hedging Agreement.

“**Withdrawal Request**” has the meaning given to that term in the Term Loan Facility Disbursement Agreement.

“**Working Capital**” has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

1.2 Construction

- (a) Unless a contrary indication appears a reference in this Agreement to:
 - (i) the “**Agent**”, a “**Bookrunner Mandated Lead Arranger**”, the “**Arranger**”, the “**Mandated Lead Arranger**”, a “**Lead Arranger**”, a “**Senior Manager**”, a “**Manager**”, any “**Finance Party**”, any “**Issuing Bank**”, any “**Lender**”, any “**Hedge Counterparty**”, any “**Obligor**”, any “**Party**”, any “**Secured Party**”, the “**Security Agent**”, the “**POA Agent**”, the “**Disbursement Agent**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;

- (ii) a document in “**agreed form**” is a document which is in a form agreed in writing by or on behalf of the Borrower and the Agent;
- (iii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iv) a “**Finance Document**” or a “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended, replaced or restated (in each case, however fundamentally);
- (v) a group of “**Lenders**” includes all the Lenders;
- (vi) “**guarantee**” means (other than in Clause 21 (*Guarantee and Indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- (vii) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (viii) the “**Interest Period**” of a Letter of Credit shall be construed as a reference to the Term of that Letter of Credit;
- (ix) a “**Lender’s participation**” in relation to a Letter of Credit, shall be construed as a reference to the relevant amount that is or may be payable by a Lender in relation to that Letter of Credit;
- (x) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality) of two or more of the foregoing;
- (xi) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- (xii) an “**equivalent amount in other currencies**”, “**equivalent amount in HK Dollars**”, “**equivalent amount in US Dollars**” or “**its equivalent**” means, in relation to an amount in one currency, that amount converted on any relevant date into the relevant currency, HK Dollars or US Dollars (as the case may be) at the Agent’s Spot Rate of Exchange on that date;

- (xiii) “**Disposal**” or “**disposal**” shall have the meaning given to it in paragraph 1 of Schedule 4 (*Mandatory Prepayment*);
 - (xiv) a Utilisation made or to be made to the Borrower includes a Letter of Credit issued on its behalf;
 - (xv) a provision of law is a reference to that provision as amended or re-enacted; and
 - (xvi) a time of day is a reference to Hong Kong time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, (i) a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement and (ii) the word “**including**” shall be construed as “**including without limitation**” (and cognate expressions shall be construed similarly).
- (d) The Borrower providing “**cash cover**” for a Letter of Credit means the Borrower paying an amount in the currency of the Letter of Credit to an interest-bearing account in the name of the Borrower and the following conditions being met:
- (i) the account is with the Security Agent or with the Issuing Bank for which that cash cover is to be provided;
 - (ii) subject to paragraph (b) of Clause 7.6 (*Regulation and consequences of cash cover provided by Borrower*), until no amount is or may be outstanding under that Letter of Credit, withdrawals from the account may only be made to pay a Finance Party amounts due and payable to it under this Agreement in respect of that Letter of Credit; and
 - (iii) the Borrower has executed a security document over that account, in form and substance reasonably satisfactory to the Security Agent or the Issuing Bank with which that account is held, creating a first ranking security interest over that account.
- (e) The Borrower “**repaying**” or “**prepaying**” a Letter of Credit means:
- (i) that Borrower providing cash cover for that Letter of Credit;
 - (ii) the maximum amount payable under the Letter of Credit being reduced or cancelled in accordance with its terms; or
 - (iii) the Issuing Bank being satisfied that it has no further liability under that Letter of Credit,
- and the amount by which a Letter of Credit is repaid or prepaid under paragraphs (e)(i) and (e)(ii) above is the amount of the relevant cash cover, reduction or cancellation.

- (f) An amount borrowed includes any amount utilised by way of Letter of Credit.
- (g) A Lender funding its participation in a Utilisation includes a Lender participating in a Letter of Credit.
- (h) Amounts outstanding under this Agreement include amounts outstanding under or in respect of any Letter of Credit.
- (i) An outstanding amount of a Letter of Credit at any time is the maximum amount that is or may be payable by the relevant Borrower in respect of that Letter of Credit at that time.
- (j) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been waived. A Review Event is “**continuing**” unless it has been waived.

1.3 **Third Party Rights**

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of any Finance Document.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary any Finance Document at any time.

SECTION 2
THE FACILITIES

2. THE FACILITIES

2.1 The Facilities

Subject to the terms of this Agreement, the Lenders make available to the Borrower:

- (a) a HK Dollar term loan facility in an aggregate amount equal to the Total Term Loan Facility Commitments; and
- (b) a HK Dollar revolving facility in an aggregate amount equal to the Total Revolving Facility Commitments.

2.2 Finance Parties' rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.3 Obligors' Agent

- (a) Each Obligor (other than the Parent) by its execution of this Agreement or an Accession Letter irrevocably appoints the Parent to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
 - (i) the Parent on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of the Borrower, Utilisation Requests), to execute on its behalf any Accession Letter, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
 - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Parent (except in the case of an Enforcement Notice),

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

2.4 Increase

- (a) The Borrower may, by giving prior notice to the Agent by no later than the date falling 10 Business Days after the effective date of a cancellation of:
 - (i) the Available Commitments of a Defaulting Lender in accordance with Clause 9.6 (*Right of cancellation in relation to a Defaulting Lender*); or
 - (ii) the Commitments of a Lender in accordance with:
 - (A) Clause 9.1 (*Illegality*); or
 - (B) Clause 9.5 (*Right of cancellation and repayment in relation to a single Lender or Issuing Bank*),

request that the Commitments relating to any Facility be increased (and the Commitments relating to that Facility shall be so increased) in an aggregate amount in Hong Kong dollars of up to the amount of the Available Commitments or Commitments relating to that Facility so cancelled as follows:

- (iii) the increased Commitments will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an "**Increase Lender**") selected by the Borrower (each of which shall not be a Sponsor Affiliate or a member of the Group) and each of which confirms in writing (whether in the relevant Increase Confirmation or otherwise) its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
- (iv) each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;

- (v) each Increase Lender shall become a Party as a “Lender” and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;
 - (vi) the Commitments of the other Lenders shall continue in full force and effect; and
 - (vii) any increase in the Commitments relating to a Facility shall take effect on the date specified by the Borrower in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.
- (b) An increase in the Commitments relating to a Facility will only be effective on:
- (i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender; and
 - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase:
 - (A) the Agent being satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender. The Agent shall promptly notify the Borrower, the Increase Lender and the Issuing Bank upon being so satisfied; and
 - (B) in the case of an increase in the Total Revolving Facility Commitments, the Issuing Bank consenting to that increase.
- (c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) The Borrower shall, promptly on demand, pay the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Agent, by any Receiver or Delegate in connection with any increase in Commitments under this Clause 2.4.
- (e) The Increase Lender shall, on the date upon which the increase takes effect, pay to the Agent (for its own account) a fee in an amount equal to the fee which would be payable under Clause 25.3 (*Assignment or transfer fee*) if the increase was a transfer pursuant to Clause 25.5 (*Procedure for transfer*) and if the Increase Lender was a New Lender.

- (f) The Borrower may pay to the Increase Lender a fee in the amount and at the times agreed between the Borrower and the Increase Lender in a letter between the Borrower and the Increase Lender setting out that fee. A reference in this Agreement to a Fee Letter shall include any letter referred to in this paragraph.
- (g) Clause 25.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 2.4 in relation to an Increase Lender as if references in that Clause to:
 - (i) an “**Existing Lender**” were references to all the Lenders immediately prior to the relevant increase;
 - (ii) the “**New Lender**” were references to that “**Increase Lender**”; and
 - (iii) a “**re-transfer**” and “**re-assignment**” were references to respectively a “**transfer**” and “**assignment**”.

3. PURPOSE

3.1 Purpose

The Borrower shall apply the Facilities in connection with the development of the Project as follows:

- (a) subject to Clause 5.5 (*Limitations on Utilisations*), the Borrower shall apply amounts borrowed by it under the Term Loan Facility towards any or all of the following:
 - (i) the completion of each of the transactions contemplated under the Finance Documents (including the payment of all costs, fees and expenses incurred under or in connection with the entry by the Obligor into the Finance Documents);
 - (ii) the financing or refinancing of the design, development, construction and pre-opening costs of the Project and all other Project Costs (including, but not limited to, interest incurred at all times prior to the Construction Completion Date);
 - (iii) at First Utilisation, the refinancing of any Additional Equity Contributions where such payment or contribution has been made by a Sponsor Group Shareholder (or Sponsor Group Shareholders) for the Additional Equity Purpose (pending satisfaction (or waiver) of conditions precedent to funding the Term Loan Facility) which the Term Loan Facility could have otherwise been drawn down to finance had all the required conditions precedent to funding been satisfied (or waived) at that time or for the refinancing of any Additional Equity Contributions at any other time expressly permitted by this Agreement in accordance with the Term Loan Facility Disbursement Agreement; and

- (iv) deposit into the Term Loan Facility Disbursement Account in accordance with Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*).
- (b) subject to Clause 5.5 (*Limitations on Utilisations*), the Borrower shall apply amounts borrowed by it under the Revolving Facility towards any or all of the following:
 - (i) by way of Letters of Credit up to an aggregate maximum amount of HK\$387,710,000;
 - (ii) subject to paragraph (iii) below, by way Loans and/or (subject to paragraph (i) above) by way of Letters of Credit on and after the Opening Date, for the financing of the general corporate purposes and/or working capital needs of the Group; and
 - (iii) on and after the Opening Date, funding each of the Debt Service Reserve Account, the Debt Service Accrual Account and the High Yield Note Debt Service Accrual Account if the Debt Service Reserve Account, or, as the case may be, the Debt Service Accrual Account, or, as the case may be, the High Yield Note Debt Service Accrual Account, is not funded to the level required by the terms of Schedule 7 (*Accounts*) (and (after the Opening Date only) until each of the Debt Service Reserve Account, the Debt Service Accrual Account and the High Yield Note Debt Service Accrual Account are funded to the required level, the Revolving Facility shall not be available for any other purpose),

and further provided that, other than amounts borrowed by way of Letter of Credit and amounts utilised for the purposes of providing cash collateral, no amounts borrowed under the Revolving Facility may be utilised for any purpose for which the Term Loan Facility may be utilised.

Amounts borrowed under the Term Loan Facility and the Revolving Facility shall not be applied towards funding any Equity Cure, any cure of any breach of the In-Balance Test, any amounts applied (or to be applied) by way of cash collateral in respect of the Completion Support Agreement, any changes in the scope of the Project (other than any such change (to the extent it concerns a change in the scope of the Project) expressly permitted by paragraph 3.28 (*Amendments*) of Schedule 6 (*Covenants*)), the Note Debt Service Reserve Account or towards any purpose connected with the operation of casino games of chance or other forms of gaming.

3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

- (a) Subject to Clause 4.1(b), neither the Borrower nor the Parent on its behalf may deliver a Utilisation Request for any Facility unless the Agent has received all of the relevant documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent, acting on the instructions of the Majority Lenders, unless otherwise waived by the Agent (acting on the instructions of the Majority Lenders) in accordance with this Agreement.
- (b) For the purposes of a Utilisation pursuant to Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*), if the condition specified in paragraph 13(e) of Part I in Schedule 2 (*Conditions Precedent*) and/or the conditions specified in paragraph 5(e) of Part I in Schedule 2 (*Conditions Precedent*) has not been satisfied (or as the case may be, waived by the Agent (acting on the instructions of the Majority Lenders)) in accordance with this Agreement as at the last day of the Availability Period in respect of the Term Loan Facility, then provided all other conditions specified in Part I of Schedule 2 (*Conditions Precedent*) have been satisfied (unless otherwise waived by the Agent (acting on the instructions of the Majority Lenders)) in accordance with this Agreement, such condition(s) precedent shall be automatically deemed waived solely for the purpose of permitting the deposit of all or part of the Remaining Amount as elected by the Borrower in accordance with Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*) into the Term Loan Facility Disbursement Account in accordance with the terms of this Agreement.
- (c) The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied by issuing a conditions precedent satisfaction letter.
- (d) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (c) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.2 Further conditions precedent

Subject to Clause 4.1 (*Initial conditions precedent*), the Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to a Utilisation under a Facility if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) in the case of a Rollover Loan, the Agent has not given any notice to the Borrower pursuant to Clause 24.2 (*Acceleration*) and no Event of Default has occurred under paragraph 6 (*Insolvency*) or 7 (*Insolvency proceedings*) of Part I of Schedule 9 (*Events of Default and Review Events*) and in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation;

- (b) all the Repeating Representations in Schedule 5 (*Representations and Warranties*) are true in all material respects; and
- (c) in the case of each Project Utilisation, the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent (unless otherwise waived by the Agent (acting on the instructions of the Majority Lenders)).

4.3 Maximum number of Utilisations

- (a) The Borrower (or the Parent) may not deliver a Utilisation Request if, as a result of the proposed Utilisation, 40 Term Loan Facility Loans would be outstanding.
- (b) The Borrower (or the Parent) may not deliver a Utilisation Request if, as a result of the proposed Utilisation, 50 Revolving Facility Loans would be outstanding.
- (c) The Borrower (or the Parent) may not request that a Letter of Credit be issued under the Revolving Facility if:
 - (i) as a result of the proposed Utilisation, 50 or more Letters of Credit would be outstanding; or
 - (ii) as a result of the proposed Utilisation, more than an aggregate amount of HK\$387,710,000 in Letters of Credit would be outstanding.

**SECTION 3
UTILISATION**

5. UTILISATION REQUESTS AND LENDER PARTICIPATION

5.1 Delivery of a Utilisation Request

The Borrower (or the Parent on its behalf) may utilise a Facility by delivery to the Agent of a Utilisation Request, including all information, attachments, certifications and other supporting documents required by the Finance Documents, in each case, duly completed and signed by an authorised signatory of the Borrower (or, as the case may be, the Parent), not later than the Specified Time.

5.2 Completion of a Utilisation Request

- (a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
- (i) it identifies the Facility to be utilised;
 - (ii) it specifies the purpose for which the Utilisation shall be applied;
 - (iii) it certifies:
 - (A) that the Utilisation will be applied for the purpose specified **provided that** in the case of a Utilisation referred to at Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*) the purpose specified shall be the payment by the Agent directly into the Term Loan Facility Disbursement Account; and
 - (B) compliance with each of the requirements set out in Clause 4.2 (*Further conditions precedent*);
 - (iv) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility;
 - (v) the currency and, other than in the case of a Utilisation referred to at Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*), amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);
 - (vi) the proposed Interest Period complies with Clause 13 (*Interest Periods*);
 - (vii) (save for any Utilisation of the Term Loan Facility made on the last day of the Availability Period for the Term Loan Facility and deposited in the Term Loan Facility Disbursement Account pursuant to Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*) and any Utilisation of the Revolving Facility), in respect of a proposed Utilisation of the Term Loan Facility, it is accompanied by originals or certified copies of all of the documents or evidence listed in Part II of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders) in accordance with this Agreement; and

(viii) (save for any Utilisation of the Term Loan Facility made on the last day of the Availability Period for the Term Loan Facility and deposited in the Term Loan Facility Disbursement Account pursuant to Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*)), in respect of a proposed Utilisation of the Term Loan Facility, not more than two Utilisation Requests in respect of the Term Loan Facility, have been delivered in any one calendar month.

(b) Only one Utilisation may be requested in a Utilisation Request.

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be HK Dollars.

(b) The amount of the proposed Utilisation must be:

(i) in relation to Term Loan Facility, a minimum amount equal to HK\$40,000,000 or, if less, the Available Facility; or

(ii) in relation to a Revolving Facility Loan, a minimum amount equal to HK\$2,000,000 for the Revolving Facility or, if less, the Available Facility.

5.4 Lenders' participation

(a) If the conditions set out in this Agreement have been met, and subject to Clause 8.2 (*Revolving Facility*) each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) The Agent shall notify each Lender of the amount and currency of each Loan, the amount of its participation in that Loan and, if different, the amount of that participation to be made available in cash by the Specified Time.

5.5 Limitations on Utilisations

(a) The maximum aggregate amount of all Letters of Credit shall not exceed HK\$387,710,000 at any time.

(b) The proceeds of the Facilities shall not be applied:

(i) towards any purpose other than a purpose specified in Clause 3 (*Purpose*);

- (ii) (directly or indirectly) for business activities (1) relating to or involving (A) Cuba, Sudan, Iran, Myanmar (Burma), Syria or North Korea or (B) any other countries that are subject to economic and/or trade sanctions as notified in writing by the Agent (acting on behalf of any Lender) to the Borrower from time to time or (C) any Restricted Party or (2) which would otherwise result in a breach of any Anti-Terrorism Law; or
 - (iii) for the purpose of funding the construction, development, operation or maintenance of the Phase II Project.
- (c) The proceeds of the Term Loan Facility shall not be applied towards payment of:
- (i) principal, interest, fees, or other finance payments (or other amounts) payable under the Bondco Loan;
 - (ii) any principal, fees, expenses, interest, Taxes or other amounts which relate to (or are incurred in respect of) any Financial Indebtedness incurred pursuant to paragraph (g) of the definition of “Permitted Financial Indebtedness”.

5.6 **Term Loan Facility Disbursement Account Utilisation**

- (a) Any Available Facility in respect of the Term Loan Facility as at the last day of the Term Loan Availability Period (the “**Remaining Amount**”) may, subject to the terms of this Agreement and at the option of the Borrower, be utilised on such day. If the Borrower so opts, the proceeds of such Utilisation representing all or part of the Remaining Amount shall be paid directly into the Term Loan Facility Disbursement Account pending application in accordance with the Term Loan Facility Disbursement Agreement.
- (b) Any Remaining Amount which the Borrower does not elect to utilise in accordance with Clause 5.6(a), shall be automatically cancelled.

6. **UTILISATION – LETTERS OF CREDIT**

6.1 **The Revolving Facility**

- (a) The Revolving Facility may be utilised by way of Letters of Credit up to a maximum aggregate amount equal to HK\$387,710,000.
- (b) Other than Clause 5.5 (*Limitations on Utilisations*), Clause 5 (*Utilisation Requests and Lender Participation*) does not apply to utilisations by way of Letters of Credit.

6.2 **Delivery of a Utilisation Request for Letters of Credit**

The Borrower (or the Parent on its behalf) may request a Letter of Credit to be issued by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

6.3 Completion of a Utilisation Request for Letters of Credit

- (a) Each Utilisation Request for a Letter of Credit is irrevocable and will not be regarded as having been duly completed unless:
 - (i) it specifies that it is for a Letter of Credit;
 - (ii) it specifies the purpose for which the Letter of Credit is required;
 - (iii) it certifies compliance with each of the requirements set out in Clause 4.2 (*Further conditions precedent*);
 - (iv) it identifies the Issuing Bank which has agreed to issue the Letter of Credit;
 - (v) the proposed Utilisation Date is a Business Day within the Availability Period applicable to the Revolving Facility;
 - (vi) the currency and amount of the Letter of Credit comply with Clause 6.4 (*Currency and amount*);
 - (vii) the form of Letter of Credit is attached;
 - (viii) the delivery instructions for the Letter of Credit are specified; and
 - (ix) if the requested Letter of Credit is a Trade Letter of Credit, the Utilisation Request attaches a copy of the application form (or equivalent, if any) required by the relevant Issuing Bank to be completed by the Borrower in order for such Trade Letter of Credit to be issued.
- (b) Only one Letter of Credit may be requested in a Utilisation Request.

6.4 Currency and amount

- (a) The currency specified in a Utilisation Request must be HK Dollars.
- (b) Subject to paragraph (a) of Clause 5.5 (*Limitations on Utilisations*), the amount of the proposed Letter of Credit must be an amount that is not more than the Available Facility and which is a minimum of HK\$2,000,000 or, if less, the Available Facility.

6.5 Issue of Letters of Credit

- (a) If the conditions set out in this Agreement have been met, the Issuing Bank shall issue the Letter of Credit on the Utilisation Date.

- (b) Subject to Clause 4.1 (*Initial conditions precedent*), the Issuing Bank will only be obliged to comply with paragraph (a) above, if on the date of the Utilisation Request or Renewal Request and on the proposed Utilisation Date:
 - (i) in the case of a Letter of Credit to be renewed in accordance with Clause 6.6 (*Renewal of a Letter of Credit*), the Agent has not given any notice to the Borrower pursuant to Clause 24.2 (*Acceleration*) and no Event of Default has occurred under paragraph 6 (*Insolvency*) or 7 (*Insolvency proceedings*) of Part I of Schedule 9 (*Events of Default and Review Events*) and, in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation; and
 - (ii) the Repeating Representations to be made by each Obligor are true in all material respects.
- (c) The amount of each Lender's participation in each Letter of Credit will be equal to the proportion borne by its Available Commitment to the Available Facility (in each case in relation to the Revolving Facility) immediately prior to the issue of the Letter of Credit.
- (d) The Agent shall notify the Issuing Bank and each Lender of the details of the requested Letter of Credit and its participation in that Letter of Credit by the Specified Time.
- (e) The Issuing Bank has no duty to enquire of any person whether or not any of the conditions set out in paragraph (b) above have been met. The Issuing Bank may assume that those conditions have been met unless it is expressly notified to the contrary by the Agent. The Issuing Bank will have no liability to any person for issuing a Letter of Credit based on such assumption.
- (f) The Issuing Bank is solely responsible for the form of the Letter of Credit that it issues. The Agent has no duty to monitor the form of that document.
- (g) Subject to paragraph (g) of Clause 28.7 (*Rights and discretions*), each of the Issuing Bank and the Agent shall provide the other with any information reasonably requested by the other that relates to a Letter of Credit and its issue.
- (h) The Issuing Bank may issue a Letter of Credit in the form of a SWIFT message or other form of communication customary in the relevant market but has no obligation to do so.

6.6 **Renewal of a Letter of Credit**

- (a) The Borrower may request that any Letter of Credit issued on its behalf be renewed by delivery to the Agent of a Renewal Request in substantially similar form to a Utilisation Request for a Letter of Credit by the Specified Time.
- (b) The Finance Parties shall treat any Renewal Request in the same way as a Utilisation Request for a Letter of Credit except that the conditions set out in paragraph (a)(vii) of Clause 6.3 (*Completion of a Utilisation Request for Letters of Credit*) shall not apply.

- (c) The terms of each renewed Letter of Credit shall be the same as those of the relevant Letter of Credit immediately prior to its renewal, except that:
 - (i) its amount may (including in the circumstances referred to in Clause 6.7 (*Reduction of a Letter of Credit*)) be less than the amount of the Letter of Credit immediately prior to its renewal; and
 - (ii) its Term shall start on the date which was the Expiry Date of the Letter of Credit immediately prior to its renewal, and shall end on the proposed Expiry Date specified in the Renewal Request.
- (d) Subject to paragraph (e) below, if the conditions set out in this Agreement have been met, the Issuing Bank shall amend and re-issue any Letter of Credit pursuant to a Renewal Request.
- (e) Where a new Letter of Credit is to be issued to replace by way of renewal an existing Letter of Credit, the Issuing Bank is not required to issue that new Letter of Credit until the Letter of Credit being replaced has been returned to the Issuing Bank or the Issuing Bank is satisfied either that it will be returned to it or otherwise that no liability can arise under it.

6.7 Reduction of a Letter of Credit

- (a) If, on the proposed Utilisation Date of a Letter of Credit, any Lender under the Revolving Facility is a Non-Acceptable L/C Lender and:
 - (i) that Lender has failed to provide cash collateral to the Issuing Bank in accordance with Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*); and
 - (ii) the Borrower has not exercised its right to provide cash cover to the Issuing Bank in accordance with paragraph (g) of Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*),the Issuing Bank may reduce the amount of that Letter of Credit by an amount equal to the amount of the participation of that Non-Acceptable L/C Lender in respect of that Letter of Credit and that Non-Acceptable L/C Lender shall be deemed not to have any participation (or obligation to indemnify the Issuing Bank) in respect of that Letter of Credit for the purposes of the Finance Documents.
- (b) The Issuing Bank shall notify the Agent and the Borrower of each reduction made pursuant to this Clause 6.7.
- (c) This Clause 6.7 shall not affect the participation of each other Lender in that Letter of Credit.

6.8 Repayment of a Letter of Credit

Each Letter of Credit which has an Expiry Date falling after the Termination Date applicable to the Revolving Facility shall be repaid by the Borrower providing cash cover for each such Letter of Credit on the Termination Date applicable to the Revolving Facility.

7. **LETTERS OF CREDIT**

7.1 **Immediately payable**

If a Letter of Credit or any amount outstanding under a Letter of Credit is expressed to be immediately payable, the Borrower shall repay or prepay that amount immediately.

7.2 **Claims under a Letter of Credit**

- (a) The Borrower irrevocably and unconditionally authorises the Issuing Bank to pay any claim made or purported to be made under a Letter of Credit requested by it and which appears on its face to be in order (in this Clause 7, a “**claim**”).
- (b) The Borrower shall immediately on demand pay to the Agent for the Issuing Bank an amount equal to the amount of any claim.
- (c) The Borrower acknowledges that the Issuing Bank:
 - (i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a claim; and
 - (ii) deals in documents only and will not be concerned with the legality of a claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.
- (d) The obligations of the Borrower under this Clause 7 will not be affected by:
 - (i) the sufficiency, accuracy or genuineness of any claim or any other document; or
 - (ii) any incapacity of, or limitation on the powers of, any person signing a claim or other document.

7.3 **Indemnities**

- (a) The Borrower shall immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank’s gross negligence or wilful misconduct) in acting as the Issuing Bank under any Letter of Credit requested by it.
- (b) Each Lender shall (according to its L/C Proportion) immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank’s gross negligence or wilful misconduct) in acting as the Issuing Bank under any Letter of Credit (unless the Issuing Bank has been reimbursed by an Obligor pursuant to a Finance Document).

- (c) If any Lender is not permitted (by its Constitutional Documents or any applicable law) to comply with paragraph (b) above, then that Lender will not be obliged to comply with paragraph (b) and shall instead be deemed to have taken, on the date the Letter of Credit is issued (or if later, on the date the Lender's participation in the Letter of Credit is transferred or assigned to the Lender in accordance with the terms of this Agreement), an undivided interest and participation in the Letter of Credit in an amount equal to its L/C Proportion of that Letter of Credit. On receipt of demand from the Agent, that Lender shall pay to the Agent (for the account of the Issuing Bank) an amount equal to its L/C Proportion of the amount demanded.
- (d) The Borrower shall within 5 Business Days of demand reimburse any Lender for any payment it makes to the Issuing Bank under this Clause 7.3 in respect of that Letter of Credit.
- (e) If the Borrower has provided cash cover in respect of a Lender's participation in a Letter of Credit, the Issuing Bank shall seek reimbursement from that cash cover before making a demand of that Lender under paragraph (b) above. Any recovery made by an Issuing Bank pursuant to that cash cover will reduce that Lender's liability under paragraph (b) above.
- (f) The obligations of each Lender or Borrower under this Clause 7.3 are continuing obligations and will extend to the ultimate balance of sums payable by that Lender or Borrower in respect of any Letter of Credit, regardless of any intermediate payment or discharge in whole or in part.
- (g) The obligations of any Lender or Borrower under this Clause 7.3 will not be affected by any act, omission, matter or thing which, but for this Clause 7.3, would reduce, release or prejudice any of its obligations under this Clause 7.3 (without limitation and whether or not known to it or any other person) including:
 - (i) any time, waiver or consent granted to, or composition with, any Obligor, any beneficiary under a Letter of Credit or any other person;
 - (ii) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor or any member of the Group;
 - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor, any beneficiary under a Letter of Credit or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
 - (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor, any beneficiary under a Letter of Credit or any other person;

- (v) any amendment (however fundamental) or replacement of a Finance Document, any Letter of Credit or any other document or security;
- (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document, any Letter of Credit or any other document or security; or
- (vii) any insolvency or similar proceedings.

7.4 Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover

- (a) If, at any time, a Lender under the Revolving Facility is a Non-Acceptable L/C Lender, the Issuing Bank may, by notice to that Lender, request that Lender to pay and that Lender shall pay, on or prior to the date falling 3 Business Days after the request by the Issuing Bank, an amount equal to that Lender's L/C Proportion of:
 - (i) the outstanding amount of a Letter of Credit; or
 - (ii) in the case of a proposed Letter of Credit, the amount of that proposed Letter of Credit,and in the currency of that Letter of Credit to an interest-bearing account held in the name of that Lender with the Issuing Bank.
- (b) The Non-Acceptable L/C Lender to whom a request has been made in accordance with paragraph (a) above shall enter into a security document or other form of collateral arrangement over the account, in form and substance satisfactory to the Issuing Bank, as collateral for any amounts due and payable under this Agreement by that Lender to the Issuing Bank in respect of that Letter of Credit.
- (c) Subject to paragraph (f) below, withdrawals from such an account may only be made to pay to the Issuing Bank amounts due and payable to it under this Agreement by the Non-Acceptable L/C Lender in respect of that Letter of Credit until no amounts are or may be outstanding under that Letter of Credit.
- (d) Each Lender under the Revolving Facility shall notify the Agent and the Borrower:
 - (i) on the date of this Agreement or on any later date on which it becomes such a Lender in accordance with Clause 2.4 (*Increase*) or Clause 25 (*Changes to the Lenders*) whether it is a Non-Acceptable L/C Lender; and
 - (ii) as soon as practicable upon becoming aware of the same, that it has become a Non-Acceptable L/C Lender,and an indication in Schedule 1 (*Original Parties*), in a Transfer Certificate and Finance Party Accession Undertaking or in an Assignment Agreement and Finance Party Accession Undertaking or in an Increase Confirmation to that effect will constitute a notice under paragraph (d)(i) above to the Agent and, upon delivery in accordance with Clause 25.7 (*Copy of Assignments, Transfer and Accession Documents or Increase Confirmation to Borrower*), to the Borrower.

- (e) Any notice received by the Agent pursuant to paragraph (d) above shall constitute notice to the Issuing Bank of that Lender's status and the Agent shall, upon receiving each such notice, promptly notify the Issuing Bank of that Lender's status as specified in that notice.
- (f) Notwithstanding paragraph (c) above, a Lender which has provided cash collateral in accordance with this Clause 7.4 may, by notice to the Issuing Bank, request that an amount equal to the amount provided by it as collateral in respect of the relevant Letter of Credit (together with any accrued interest) be returned to it:
- (i) to the extent that such cash collateral has not been applied in satisfaction of any amount due and payable under this Agreement by that Lender to the Issuing Bank in respect of the relevant Letter of Credit;
 - (ii) if:
 - (A) it ceases to be a Non-Acceptable L/C Lender;
 - (B) its obligations in respect of the relevant Letter of Credit are transferred to a New Lender in accordance with the terms of this Agreement; or
 - (C) an Increase Lender has agreed to undertake that Lender's obligations in respect of the relevant Letter of Credit in accordance with the terms of this Agreement; and
 - (iii) if no amount is due and payable by that Lender in respect of a Letter of Credit,
- and the Issuing Bank shall pay that amount to the Lender within five Business Days of that Lender's request (and shall cooperate with the Lender in order to procure that the relevant security or collateral arrangement is released and discharged).
- (g) To the extent that a Non-Acceptable L/C Lender fails to provide cash collateral (or notifies the Issuing Bank that it will not provide cash collateral) in accordance with this Clause 7.4 in respect of a proposed Letter of Credit, the Issuing Bank shall promptly notify the Borrower (with a copy to the Agent) and the Borrower may, at any time before the proposed Utilisation Date of that Letter of Credit, provide cash cover to an account with the Issuing Bank in an amount equal to that Lender's L/C Proportion of the amount of that proposed Letter of Credit.

7.5 Requirement for cash cover by Borrower

If:

- (a) a Non-Acceptable L/C Lender fails to provide cash collateral (or notifies the Issuing Bank that it will not provide cash collateral) in accordance with Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) in respect of a Letter of Credit that has been issued;
- (b) the Issuing Bank notifies the Obligors' Agent (with a copy to the Agent) that it requires the Borrower to provide cash cover to an account with the Issuing Bank in an amount equal to that Lender's L/C Proportion of the outstanding amount of that Letter of Credit; and
- (c) the Borrower has not already provided such cash cover which is continuing to stand as collateral,

then the Borrower shall provide such cash cover within three Business Days of the notice referred to in paragraph (b) above.

7.6 Regulation and consequences of cash cover provided by Borrower

- (a) Any cash cover provided by the Borrower pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover by Borrower*) may be funded out of a Revolving Facility Loan.
- (b) Notwithstanding paragraph (d) of Clause 1.2 (*Construction*) the Borrower may request that an amount equal to the cash cover (together with any accrued interest) provided by it pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover by Borrower*) be returned to it:
 - (i) to the extent that such cash cover has not been applied in satisfaction of any amount due and payable under this Agreement by the Borrower to the Issuing Bank in respect of a Letter of Credit;
 - (ii) if:
 - (A) the relevant Lender ceases to be a Non-Acceptable L/C Lender; or
 - (B) the relevant Lender's obligations in respect of the relevant Letter of Credit are transferred to a New Lender in accordance with the terms of this Agreement; or
 - (C) an Increase Lender has agreed to undertake the relevant Lender's obligations in respect of the relevant Letter of Credit in accordance with the terms of this Agreement; and

- (iii) if no amount is due and payable by the relevant Lender in respect of the relevant Letter of Credit, and the Issuing Bank shall pay that amount to the Borrower within five Business Days of the Borrower's request.
- (c) To the extent that the Borrower has provided cash cover pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover by Borrower*), the relevant Lender's L/C Proportion in respect of that Letter of Credit will remain (but that Lender's obligations in relation to that Letter of Credit may be satisfied in accordance with paragraph (d)(ii) of Clause 1.2 (*Construction*)). The Borrower's obligation to pay any Letter of Credit fee in relation to the relevant Letter of Credit to the Agent (for the account of that Lender) in accordance with paragraph (b) of Clause 15.5 (*Fees payable in respect of Letters of Credit*) will be reduced proportionately as from the date on which it provides that cash cover (and for so long as the relevant amount of cash cover continues to stand as collateral).
- (d) The relevant Issuing Bank shall promptly notify the Agent of the extent to which the Borrower provides cash cover pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover by Borrower*) and of any change in the amount of cash cover so provided.

7.7 **Rights of contribution**

No Obligor will be entitled to any right of contribution or indemnity from any Finance Party in respect of any payment it may make under this Clause 7.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

8. REPAYMENT

8.1 Term Loan Facility

- (a) The Borrower shall repay the aggregate Term Loan Facility Loans in instalments by repaying on each Repayment Date an amount which reduces the amount of the outstanding aggregate Term Loan Facility Loans by an amount equal to 3 per cent. of all the Term Loan Facility Loans borrowed by the Borrower as at the close of business in Hong Kong on the last day of the Availability Period (or, if earlier, the day on which the Available Term Loan Facility is zero) in relation to the Term Loan Facility **provided that** the instalment due from the Borrower on the Final Repayment Date in relation to the Term Loan Facility shall be equal to the aggregate of all the then outstanding Term Loan Facility Loans.
- (b) On the Final Repayment Date, the Borrower shall pay and discharge all outstanding amounts under the Term Loan Facility Loans.
- (c) The Borrower may not reborrow any part of a Term Loan Facility which has been repaid.

8.2 Revolving Facility

- (a) Subject to paragraph (c) below, the Borrower shall repay each Revolving Facility Loan made to it in full on the last day of its Interest Period.
- (b) Without prejudice to the Borrower's obligations under paragraph (a) above, if:
 - (i) one or more Revolving Facility Loans are to be made available to the Borrower:
 - (A) on the same day that a maturing Revolving Facility Loan is due to be repaid by the Borrower; and
 - (B) in whole or in part for the purpose of refinancing the maturing Revolving Facility Loan, and
 - (ii) the proportion borne by each Lender's participation in the maturing Revolving Facility Loan to the amount of that maturing Revolving Facility Loan is the same as the proportion borne by that Lender's participation in the new Revolving Facility Loans to the aggregate amount of those new Revolving Facility Loans, the aggregate amount of the new Revolving Facility Loans shall, unless the Borrower notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Revolving Facility Loan so that:

- (1) if the amount of the maturing Revolving Facility Loan exceeds the aggregate amount of the new Revolving Facility Loans:
 - (I) the Borrower will only be required to make a payment under Clause 35.1 (*Payments to the Agent*) in an amount equal to that excess; and
 - (II) each Lender's participation (if any) in the new Revolving Facility Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation (if any) in the maturing Revolving Facility Loan and that Lender will not be required to make a payment under Clause 35.1 (*Payments to the Agent*) in respect of its participation in the new Revolving Facility Loans; and
 - (2) if the amount of the maturing Revolving Facility Loan is equal to or less than the aggregate amount of the new Revolving Facility Loans:
 - (I) the Borrower will not be required to make a payment under Clause 35.1 (*Payments to the Agent*); and
 - (II) each Lender will be required to make a payment under Clause 35.1 (*Payments to the Agent*) in respect of its participation in the new Revolving Facility Loans only to the extent that its participation (if any) in the new Revolving Facility Loans exceeds that Lender's participation (if any) in the maturing Revolving Facility Loan and the remainder of that Lender's participation in the new Revolving Facility Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Revolving Facility Loan.
- (c) At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Lender in the Revolving Facility Loans then outstanding will be automatically extended to the Termination Date applicable to the Revolving Facility and will be treated as separate Revolving Facility Loans (the "**Separate Loans**") denominated in the currency in which the relevant participations are outstanding.
- (d) A Separate Loan may be prepaid by giving 5 Business Days' prior notice to the Agent. The Agent will forward a copy of a prepayment notice received in accordance with this paragraph (d) to the Defaulting Lender concerned as soon as practicable on receipt.

- (e) Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Borrower by the time and date specified by the Agent (acting reasonably) and will be payable by the Borrower to the Agent (for the account of that Defaulting Lender) on the last day of each Interest Period of that Loan.
- (f) The terms of this Agreement relating to Revolving Facility Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with paragraph (c) to (e) above, in which case those paragraphs shall prevail in respect of any Separate Loan.

9. **ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION**

9.1 **Illegality**

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Borrower, each Available Commitment of that Lender will be immediately cancelled; and
- (c) to the extent that the Lender's participation has not been transferred pursuant to Clause 43.3 (*Replacement of Lender*), the Borrower shall repay that Lender's participation in the Utilisations made to that Borrower on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment(s) shall be cancelled in the amount of the participations repaid.

9.2 **Illegality in relation to Issuing Bank**

If it becomes unlawful for an Issuing Bank to issue or leave outstanding any Letter of Credit, then:

- (a) that Issuing Bank shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Borrower, the Issuing Bank shall not be obliged to issue any Letter of Credit;
- (c) the Borrower shall use its best endeavours to procure the release of each Letter of Credit issued by that Issuing Bank and outstanding at such time; and
- (d) unless any other Lender is or has become an Issuing Bank pursuant to the terms of this Agreement, the Revolving Facility shall cease to be available for the issue of Letters of Credit.

9.3 Voluntary cancellation

- (a) The Borrower may, if it gives the Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of HK\$100,000,000) of the Available Term Loan Facility **provided that** (prior to the Construction Completion Date only), such cancellation shall only take effect if the Agent is reasonably satisfied that, following such cancellation, the In-Balance Test is and will continue to be satisfied. Any cancellation under this Clause 9.3(a) shall reduce the Commitments of the Lenders rateably under the Term Loan Facility.
- (b) The Borrower may, if it gives the Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of HK\$100,000,000) of the Available Revolving Facility **provided that** (prior to the Construction Completion Date only), the Agent is reasonably satisfied that the Borrower will have sufficient Working Capital available to it following such cancellation. Any cancellation under this Clause 9.3(b) shall reduce the Commitments of the Lenders rateably under the Revolving Facility.

9.4 Voluntary prepayment

- (a) Subject to paragraph (b) below, the Borrower may, if it gives the Agent not less than 5 Business Days' prior notice (or such shorter period as the Majority Lenders may agree), prepay the whole or any part of a Loan (but, if in part, being an amount that, reduces the aggregate amount of such Loans by a minimum amount of HK\$100,000,000) **provided that** (prior to the Construction Completion Date only), the Agent is reasonably satisfied that, following such prepayment, the In-Balance Test is and will continue to be satisfied.
- (b) A prepayment under paragraph (a) above in relation to the Term Loan Facility shall be applied against subsequent Repayment Instalments in chronological order **provided that** any prepayment pursuant to sub-paragraph 2.4 (*Equity Cure*) of paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*) shall be applied against subsequent Repayment Instalments in inverse chronological order.

9.5 Right of cancellation and repayment in relation to a single Lender or Issuing Bank

- (a) If:
 - (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (a) of Clause 16.2 (*Tax gross-up*); or
 - (ii) any Lender or Issuing Bank claims indemnification from the Borrower or an Obligor under Clause 16.3(a) (*Tax indemnity*) or Clause 17.1 (*Increased costs*),

the Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice:

- (A) (if such circumstances relate to a Lender) of cancellation of the Commitment(s) of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations; or
 - (B) (if such circumstances relate to the Issuing Bank) of repayment of any outstanding Letter of Credit issued by it and cancellation of its appointment as an Issuing Bank under this Agreement in relation to any Letters of Credit to be issued in the future.
- (b) On receipt of a notice referred to in sub-paragraph (a)(A) above in relation to a Lender, the Commitment(s) of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrower has given notice under sub-paragraph (a)(A) above in relation to a Lender (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in that Utilisation together with all interest and other amounts accrued under the Finance Documents.

9.6 **Right of cancellation in relation to a Defaulting Lender**

- (a) If any Lender becomes a Defaulting Lender, the Borrower may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent 5 Business Days' notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

10. **MANDATORY PREPAYMENT AND CANCELLATION**

The Borrower shall prepay Utilisations and/or cancel Available Commitments under the Facilities on the dates and in accordance, and otherwise comply, with the provisions of Schedule 4 (*Mandatory Prepayment*).

11. **RESTRICTIONS**

11.1 **Notices of Cancellation or Prepayment**

Any notice of cancellation, prepayment, authorisation or other election given by any Party under Clause 9 (*Illegality, Voluntary Prepayment and Cancellation*), Clause 11.8 (*Prepayment elections*) or paragraph 3(d) of Schedule 4 (*Mandatory Prepayment*) shall be irrevocable and, unless a contrary indication appears in this Agreement, any such notice shall specify the date or dates upon which the relevant cancellation or prepayment is to be made, the affected Facility / Facilities and Utilisations and the amount of that cancellation or prepayment.

11.2 Interest and other amounts

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

11.3 No reborrowing of Facilities

- (a) The Borrower may not reborrow any part of a Term Loan Facility which is prepaid.
- (b) Unless a contrary indication appears in this Agreement, any part of the Revolving Facility which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

11.4 Prepayment in accordance with Agreement

The Borrower shall not repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

11.5 No reinstatement of Commitments

Subject to Clause 2.4 (*Increase*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

11.6 Agent's receipt of Notices

If the Agent receives a notice under Clause 9 (*Illegality, Voluntary Prepayment and Cancellation*) or an election under Clause 11.8 (*Prepayment elections*) or paragraph 3(d) of Schedule 4 (*Mandatory Prepayment*), it shall promptly forward a copy of that notice or election to either the Borrower or the affected Lender, as appropriate.

11.7 Hedging

If, following any prepayment hereunder, the amount of the aggregate of the Notional Amounts of the Hedging Agreements is more than 100 per cent. of the aggregate Total Commitments under the Term Loan Facility following such prepayment, the Borrower may (but is not obliged to) reduce each such Notional Amount *pro rata* so that the aggregate amount thereof is not less than 50 per cent. of the aggregate Total Term Loan Facility Commitments at the relevant time.

11.8 Prepayment elections

The Agent shall notify the Lenders and the Hedge Counterparties as soon as possible of any proposed prepayment of a Utilisation under Clause 9.4 (*Voluntary prepayment*) or paragraph 2(a) of Schedule 4 (*Mandatory Prepayment*).

11.9 Effect of repayment and prepayment on Commitments

If all or part of any Lender's participation in a Utilisation under a Facility is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (*Further conditions precedent*)), an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) in respect of that Facility will be deemed to be cancelled on the date of repayment or prepayment.

11.10 Application of prepayments

Any prepayment of a Utilisation other than a prepayment pursuant to Clause 9.1 (*Illegality*) or Clause 9.5 (*Right of cancellation and repayment in relation to a single Lender or Issuing Bank*)) shall be applied *pro rata* to each Lender's participation in that Utilisation.

**SECTION 5
COSTS OF UTILISATION**

12. INTEREST

12.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) HIBOR.

12.2 Payment of interest

- (a) The Borrower shall pay accrued interest on each Loan on the last day of each Interest Period (and, if the Interest Period is longer than three Months, on the dates falling at three monthly intervals after the first day of that Interest Period).
- (b) If the Compliance Certificate received by the Agent which relates to the relevant Annual Financial Statements shows that a higher Margin should have applied during a certain period, then the Borrower shall promptly pay to the Agent any amounts necessary to put the Agent and the Lenders in the position they would have been in had the appropriate rate of the Margin applied during such period.

12.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 12.3 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any Unpaid Sum consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
 - (i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
 - (ii) the rate of interest applying to the Unpaid Sum during that first Interest Period shall be 2 per cent. per annum higher than the rate which would have applied if the Unpaid Sum had not become due.

- (c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

12.4 **Notification of rates of interest**

The Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

13. **INTEREST PERIODS**

13.1 **Selection of Interest Periods and Terms**

- (a) The Borrower may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan is a Term Loan Facility Loan and has already been borrowed) in a Selection Notice.
- (b) Each Selection Notice for a Term Loan Facility Loan is irrevocable and must be delivered to the Agent by the Borrower not later than the Specified Time.
- (c) If the Borrower fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will, subject to Clause 13.2 (*Changes to Interest Periods*), be three Months.
- (d) Subject to this Clause 13, the Borrower may select an Interest Period for a Loan of one, two, three or six Months or any other period agreed between the Borrower and the Agent (acting on the instructions of all the Lenders in relation to the relevant Loan). In addition, the Borrower may:
 - (i) select an Interest Period of a period of less than one Month if necessary to ensure that there are sufficient Term Loan Facility Loans (with an aggregate amount equal to or greater than the relevant Repayment Instalment) which have an Interest Period ending on a Repayment Date for the Borrower to make the relevant Repayment Instalment due on that date; and
 - (ii) select an Interest Period for a Term Loan Facility Loan of less than six Months if necessary to ensure that there is one or more Term Loan Facility Loans which have an Interest Period ending on the last day of the proposed Interest Period for such Term Loan Facility Loan.
- (e) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.
- (f) Each Interest Period for a Term Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.
- (g) A Revolving Facility Loan has one Interest Period only.

13.2 Changes to Interest Periods

- (a) Prior to determining the interest rate for a Term Loan Facility Loan, the Agent may shorten an Interest Period for any Term Loan Facility Loan to ensure there are sufficient Term Loan Facility Loans (with an aggregate amount equal to or greater than the relevant Repayment Instalment) which have an Interest Period ending on a Repayment Date for the Borrower to make the relevant Repayment Instalment due on that date.
- (b) If the Agent makes any change to an Interest Period referred to in this Clause 13.2, it shall promptly notify the Borrower and the Lenders and the Hedge Counterparties.

13.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

13.4 Consolidation and division of Term Loan Facility Loans

- (a) Subject to paragraph (b) below, if two or more Interest Periods:
 - (i) relate to Term Loan Facility Loans; and
 - (ii) end on the same date,those Term Loan Facility Loans will, unless the Borrower specifies to the contrary in the Selection Notice for the next Interest Period, be consolidated into, and treated as, a single Term Loan Facility Loan on the last day of the Interest Period.
- (b) Subject to Clause 4.3 (*Maximum number of Utilisations*) and Clause 5.3 (*Currency and amount*) if the Borrower requests in a Selection Notice that a Term Loan Facility Loan be divided into two or more Term Loan Facility Loans, that Term Loan Facility Loan will, on the last day of its Interest Period, be so divided as specified in the relevant Selection Notice, having an aggregate amount equal to the amount of the Term Loan Facility Loan immediately before its division.

13.5 Hedging

The Borrower shall use reasonable efforts to select the duration of Interest Periods so as to ensure that, in respect of such Loans the aggregate amount outstanding of which is not less than the aggregate amount of the Notional Amounts specified in the Hedging Agreements, the Interest Payment Dates for such Loans falls on the same date as (and are no more frequent than) the selected dates for payment of amounts to the Borrower under the Hedging Agreements.

14. CHANGES TO THE CALCULATION OF INTEREST

14.1 Absence of quotations

Subject to Clause 14.2 (*Market disruption*), if HIBOR is to be determined by reference to the relevant Reference Banks but a Reference Bank does not supply a quotation by 11:00 a.m. on the Quotation Date, the applicable HIBOR rate shall be determined on the basis of the quotations of the remaining Reference Banks.

14.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
- (i) the Margin; and
 - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event by close of business on the date falling 2 Business Days after the Quotation Date (or, if earlier, on the date falling 2 Business Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (b) In this Agreement "**Market Disruption Event**" means:
- (i) at or about noon on the Quotation Date for the relevant Interest Period for the relevant Loan the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine HIBOR, for the relevant currency and Interest Period; or
 - (ii) before close of business in Hong Kong on the Quotation Date for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed 35 per cent. of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of HIBOR.
- (c) If a Market Disruption Event shall occur, the Agent shall promptly notify the Lenders and the Borrower thereof.
- (d) If:
- (i) the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above is less than HIBOR; or
 - (ii) a Lender has not notified the Agent of a percentage rate per annum pursuant to paragraph (a)(ii) above,
- the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be HIBOR.

14.3 **Alternative basis of interest or funding**

- (a) If a Market Disruption Event occurs and the Agent or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.
- (c) For the avoidance of doubt, in the event that no substitute basis is agreed at the end of the thirty day period, the rate of interest shall continue to be determined in accordance with the terms of this Agreement.

14.4 **Break Costs**

- (a) The Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

15. **FEES**

15.1 **Commitment fee**

- (a) The Borrower shall pay to the Agent (for the account of each Lender) a commitment fee computed at the following rates:
 - (i) in the case of the Term Loan Facility, 40 per cent. of the applicable Margin (in respect of the period for which it is being calculated) on that Lender's Available Commitment under the Term Loan Facility for the Availability Period applicable to the Term Loan Facility, such fee payable in HK Dollars; and
 - (ii) in the case of the Revolving Facility, 40 per cent. of the applicable Margin (in respect of the period for which it is being calculated) on that Lender's Available Commitment under the Revolving Facility for the Availability Period applicable to the Revolving Facility, such fee payable in HK Dollars.
- (b) The accrued commitment fee is payable on:
 - (i) the last day of each successive period of three Months which ends during the relevant Availability Period;
 - (ii) the last day of the relevant Availability Period; and

- (iii) if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time such cancellation is effective.
- (c) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

15.2 Arrangement fee

The Borrower shall pay to the Bookrunner Mandated Lead Arrangers an arrangement fee in the amount (in Hong Kong dollars) and at the times agreed in a Fee Letter.

15.3 Agency fee

The Borrower shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

15.4 Security Agent fee

The Borrower shall pay to the Security Agent (for its own account) the security agent fee in the amount and at the times agreed in a Fee Letter.

15.5 Fees payable in respect of Letters of Credit

- (a) The Borrower shall pay to the Issuing Bank a fronting fee agreed in a Fee Letter (or, as otherwise agreed between the Borrower and the Issuing Bank) on the outstanding amount which is counter-indemnified by the other Lenders of each Letter of Credit requested by it for the period from the issue of that Letter of Credit until its Expiry Date.
- (b) The Borrower shall pay to the Agent (for the account of each Lender) a Letter of Credit fee in Hong Kong dollars (computed at the rate equal to the Margin applicable to a Revolving Facility Loan) on the outstanding amount of each Letter of Credit requested by it for the period from the issue of that Letter of Credit until its Expiry Date. Subject to paragraph (c) of Clause 7.6 (*Regulation and consequences of cash cover provided by Borrower*) this fee shall be distributed according to each Lender's L/C Proportion of that Letter of Credit.
- (c) The accrued fronting fee and Letter of Credit fee on a Letter of Credit shall be payable on the last day of each successive period of three Months (or such shorter period as shall end on the Expiry Date for that Letter of Credit) starting on the date of issue of that Letter of Credit. If the amount outstanding of a Letter of Credit is reduced, any fronting fee and Letter of Credit fee accrued in respect of the amount of that reduction shall be payable on the day that that reduction becomes effective.
- (d) If the Borrower provides cash cover in respect of any Letter of Credit:
 - (i) the fronting fee payable to the Issuing Bank and (subject to paragraph (c) of Clause 7.6 (*Regulation and consequences of cash cover provided by Borrower*)) the Letter of Credit fee payable for the account of each Lender shall continue to be payable until the expiry of the Letter of Credit; and

-
- (ii) the Borrower shall be entitled to withdraw the interest accrued on the cash cover to pay the fees described in sub paragraph (i) above.
 - (e) The Borrower shall pay to the Issuing Bank (for its own account) an issuance/administration fee in the amount and at the times specified in a Fee Letter.

15.6 POA Agent fee

The Borrower shall pay to the POA Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

15.7 Disbursement Agent fee

The Borrower shall pay to the Disbursement Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

16. TAX GROSS-UP AND INDEMNITIES

16.1 Definitions

In this Agreement:

- (a) “**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax;
- (b) “**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document other than a FATCA Deduction; and
- (c) “**Tax Payment**” means an increased payment made by an Obligor to a Finance Party under Clause 16.2 (*Tax gross-up*) or a payment under Clause 16.3 (*Tax indemnity*).

Unless a contrary indication appears, in this Clause 16 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

16.2 Tax gross-up

- (a) All payments to be made by an Obligor to any Finance Party under the Finance Documents shall be made free and clear of and without any Tax Deduction unless such Obligor is required to make a Tax Deduction, in which case the sum payable by such Obligor (in respect of which such Tax Deduction is required to be made) shall be increased to the extent necessary to ensure that such Finance Party receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.
- (b) The Borrower shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrower and that Obligor.
- (c) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (d) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

16.3 Tax indemnity

- (a) Without prejudice to Clause 16.2 (*Tax gross-up*), if any Finance Party is required to make any payment of or on account of Tax on or in relation to any sum received or receivable under the Finance Documents (including any sum deemed for purposes of Tax to be received or receivable by such Finance Party whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Finance Party, the Borrower shall, within three Business Days of demand of the Agent, promptly indemnify the Finance Party which suffers a loss or liability as a result against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Clause 16.3 shall not apply to:
- (i) any Tax imposed on and calculated by reference to the net income actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which such Finance Party is incorporated;
 - (ii) any Tax imposed on and calculated by reference to the net income of the Facility Office of such Finance Party actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which its Facility Office is located; or
 - (iii) any such payment or liability relating to a FATCA Deduction required to be made by a Party.
- (b) A Finance Party intending to make a claim under paragraph (a) shall notify the Agent of the event giving rise to the claim, whereupon the Agent shall notify the Borrower thereof.
- (c) A Finance Party shall, on receiving a payment from an Obligor under this Clause 16.3, notify the Agent.

16.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

16.5 Stamp taxes

The Borrower shall:

- (a) pay all stamp duty, registration and other similar Taxes payable in respect of any Finance Document; and
- (b) within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to any stamp duty, registration or other similar Tax paid or payable in respect of any Finance Document.

16.6 Indirect tax

- (a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.
- (b) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all Indirect Tax incurred by that Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

16.7 FATCA Information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
 - (i) confirm to that other Party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party; and
 - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA.

- (b) If a Party confirms to another Party pursuant to 16.7(a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything which would or might in its reasonable opinion constitute a breach of:
 - (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:
 - (i) if that Party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such Party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and
 - (ii) if that Party failed to confirm its applicable “passthru payment percentage” then such Party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable “passthru payment percentage” is 100%,until (in each case) such time as the Party in question provides the requested confirmation, forms, documentation or other information.

16.8 **FATCA Deduction**

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Parent, the Agent and the other Finance Parties.

17. **INCREASED COSTS**

17.1 **Increased costs**

- (a) Subject to Clause 17.3 (*Exceptions*) the Borrower shall, within five Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Agreement;
- (ii) compliance with any law or regulation made after the date of this Agreement; or
- (iii) the implementation or application of, or compliance with, Basel III or the Dodd-Frank Wall Street Reform and Consumer Protection Act or any law or regulation that implements or applies Basel III or the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The terms “**law**” and “**regulation**” in this paragraph (a) shall include, without limitation, any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

(b) In this Agreement

- (i) “**Increased Costs**” means:
 - (A) a reduction in the rate of return from a Facility or on a Finance Party’s (or its Affiliate’s) overall capital including, without limitation, as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Finance Party;
 - (B) an additional or increased cost; or
 - (C) a reduction of any amount due and payable under any Finance Document,
which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document or Letter of Credit; and
- (ii) “**Basel III**” means:
 - (A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision on 16 December 2010, each as amended, supplemented or restated;
 - (B) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

- (C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.
- (iii) “**Dodd-Frank Wall Street Reform and Consumer Protection Act**” means the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173), as amended, supplemented or restated, along with all guidelines and directives issued or to be issued in connection therewith and any compliance by a Lender with any request or directive relating thereto.

17.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 17.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

17.3 Exceptions

- (a) Clause 17.1 (*Increased costs*) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) attributable to a FATCA Deduction required to be made by a Party;
 - (iii) compensated for by Clause 16.3 (*Tax indemnity*) (or would have been compensated for under Clause 16.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (a) of Clause 16.3 (*Tax indemnity*) applied);
 - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
 - (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this Clause 17.3 a reference to a “**Tax Deduction**” has the same meaning given to the term in Clause 16.1 (*Definitions*).

18. OTHER INDEMNITIES

18.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
- (i) making or filing a claim or proof against that Obligor; or
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,
- that Obligor shall as an independent obligation, within five Business Days of demand, indemnify each Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

18.2 Other indemnities

- (a) The Borrower shall (or shall procure that an Obligor will), within five Business Days of demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:
- (i) the occurrence of any Event of Default;
 - (ii) the Information Memorandum or any other information produced or approved by any Obligor being or being alleged to be misleading and/or deceptive in any respect;
 - (iii) any enquiry, investigation, subpoena (or similar order) or litigation with respect to any Obligor or with respect to the transaction contemplated or financed under this Agreement.
 - (iv) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 32 (*Sharing among the Finance Parties*);
 - (v) funding, or making arrangements to fund, its participation in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);

- (vi) issuing or making arrangements to issue a Letter of Credit requested by the Borrower in a Utilisation Request but not issued by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of gross negligence or wilful default by that Finance Party alone); or
 - (vii) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by the Borrower.
- (b) The Borrower shall (or shall procure that an Obligor will), within five Business Days of demand, indemnify each Finance Party, each Affiliate of a Secured Party, each officer, director, employee, agent, advisor, and representative of a Finance Party or its Affiliates and each controlling person or member of any of the foregoing (each, an “**Indemnified Party**”) from and against any and all claims, damages, losses, liabilities, costs and expenses (including, without limitation, reasonable fees and disbursements and other charges of legal counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defence with respect thereto, arising out of or in connection with or relating to the Finance Documents or the transactions contemplated by the Finance Documents or any use made or proposed to be made of the proceeds of the Facilities, whether or not such investigation, litigation or proceeding is brought by a member of the Group, any shareholder or creditor of any member of the Group, an Indemnified Party or any other person, except to the extent that such claim, damage, loss, liability, cost or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party’s gross negligence or wilful misconduct. Any third party referred to in this paragraph (b) may rely on this Clause 18.2 subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.

18.3 Indemnity to the Agent

The Borrower shall promptly indemnify the Agent against:

- (a) any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:
 - (i) investigating any event which it reasonably believes is a Default;
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
 - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; and
- (b) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent’s gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 35.11 (*Disruption to Payment Systems etc.*) notwithstanding the Agent’s negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud)) in acting as Agent under the Finance Documents.

18.4 Indemnity to the Security Agent

- (a) Each Obligor, jointly and severally, shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:
- (i) any failure by the Borrower to comply with its obligations under Clause 20 (*Costs and Expenses*);
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (iii) the taking, holding, protection or enforcement of the Transaction Security;
 - (iv) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate and the POA Agent by the Finance Documents or by law;
 - (v) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or
 - (vi) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Charged Property (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

18.5 Indemnity to the Disbursement Agent

The Borrower shall promptly indemnify the Disbursement Agent against:

- (a) any cost, loss or liability incurred by the Disbursement Agent (acting reasonably) as a result of:
- (i) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or

- (ii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; and
- (b) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Disbursement Agent (otherwise than by reason of the Disbursement Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 35.11 (*Disruption to Payment Systems etc.*) notwithstanding the Disbursement Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud)) in acting as the Disbursement Agent under the Finance Documents.

19. MITIGATION BY THE LENDERS

19.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 9.1 (*Illegality*) (or, in respect of the Issuing Bank, Clause 9.2 (*Illegality in relation to Issuing Bank*)), Clause 16 (*Tax Gross-Up and Indemnities*) or Clause 17 (*Increased Costs*), including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

19.2 Limitation of liability

- (a) The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 19.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 19.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

20. COSTS AND EXPENSES

20.1 Transaction expenses

- (a) The Borrower shall pay the Agent, the Bookrunner Mandated Lead Arrangers, the Disbursement Agent, the Issuing Bank, the Security Agent and the POA Agent in the manner set out at paragraph (b) below the amount of all reasonable costs and expenses (including, but not limited to, reasonable legal fees, advisers' fees, syndication, travelling expenses and due diligence incurred by any of them (and, in the case of the Security Agent and the POA Agent, by any Receiver or Delegate)) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:
- (i) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
 - (ii) any other Finance Documents executed after the date of this Agreement,

provided that no individual item of out-of-pocket expense or disbursement (save for the fees and expenses of any advisers (including, without limitation, any insurance consultant, project appraiser and legal counsel appointed by the Bookrunner Mandated Lead Arrangers and/or the Agent and approved by the Borrower) in accordance with the terms of their respective appointment letters as approved by the Borrower) in excess of US\$20,000 (or its equivalent in other currencies) shall be incurred without the prior consent of the Borrower. If the aggregate amount of the costs and expenses incurred by the Bookrunner Mandated Lead Arrangers and/or the Agent (other than the fees and expenses of the advisers mentioned above in accordance with the terms of their respective appointment letters) exceeds US\$250,000 (or its equivalent in other currencies), the Bookrunner Mandated Lead Arrangers or the Agent (as the case may be) shall provide the Borrower with regular updates of the incurrence of such costs and expenses (but not more frequently than once every two (2) weeks).

- (b) The Borrower agrees to reimburse all such reasonable costs and expenses (or, in the case of the fees and expenses of the advisers referred to above, to pay such fees and expenses direct to such advisers) within thirty (30) days of presentation by the Bookrunner Mandated Lead Arrangers or the Agent (as the case may be) of a detailed statement of account. The Bookrunner Mandated Lead Arrangers and/or the Agent (as the case may be) shall arrange for invoices in relation to their costs and expenses (including invoices for the fees and expenses of the advisers referred to above) to be rendered monthly, save in relation to any adviser or consultant to the extent of any other payment arrangements specified in its appointment letter which has been approved by the Borrower.

20.2 **Amendment costs**

If (a) an Obligor requests an amendment, waiver or consent, or (b) an amendment is required pursuant to Clause 35.10 (*Change of currency*), the Borrower shall, within five Business Days of demand, reimburse each of the Agent, the Disbursement Agent, the Security Agent and the POA Agent for the amount of all costs and expenses (including legal fees, disbursements and other out of pocket expenses) reasonably incurred or made by the Agent, the Disbursement Agent, the Bookrunner Mandated Lead Arrangers, the Security Agent and the POA Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

20.3 **Enforcement and preservation costs**

The Borrower shall, within five Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees, disbursements and other out of pocket expenses) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent or the POA Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

**SECTION 7
GUARANTEE**

21. GUARANTEE AND INDEMNITY

21.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 21 if the amount claimed had been recoverable on the basis of a guarantee.

21.2 Continuing Guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

21.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 21 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

21.4 Waiver of defences

The obligations of each Guarantor under this Clause 21 will not be affected by any act, omission, matter or thing which, but for this Clause 21, would reduce, release or prejudice any of its obligations under this Clause 21 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or security, including, without limitation, any amendments or waiver contemplated under a Fee Letter;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security;
- (g) any insolvency or similar proceedings; or
- (h) this Agreement or any other Finance Document not being executed by or binding against any other Guarantor or any other party.

21.5 **Guarantor Intent**

Without prejudice to the generality of Clause 21.4 (*Waiver of defences*), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental and of whatsoever nature and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for or in connection with any purpose whatsoever, including without limitation, any of the following: any amendment or waiver contemplated under a Fee Letter, any Project expansion; acquisitions of any nature; increasing working capital; enabling dividends or distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and expenses associated with any of the foregoing.

21.6 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 21. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

21.7 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 21.

21.8 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 21:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 21.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If any Obligor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all the Secured Obligations to be repaid or discharged in full, on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 35 (*Payment Mechanics*).

21.9 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

21.10 Release of Guarantors' right of contribution

If any Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

22. REPRESENTATIONS

22.1 General

Each Obligor makes the representations and warranties set out in Schedule 5 (*Representations and Warranties*) at the times set out herein.

22.2 Times when representations made

- (a) All the representations and warranties in Schedule 5 (*Representations and Warranties*) are made by each Obligor on the date of this Agreement except for the representations and warranties set out in paragraph 13 (*No misleading information*) thereof which are deemed to be made by each Obligor (i) with respect to the Information Memorandum or supplement thereto, on the date the Information Memorandum or supplement is (or was) approved by the Borrower and, (ii) with respect to the information provided by or on behalf of an Obligor for the preparation of the Information Package, on the date of this Agreement and on any later date on which the Information Package (or any part of it) is (or was) released to the Bookrunner Mandated Lead Arrangers for distribution in connection with syndication of the Facilities.
- (b) The Repeating Representations (save for those set out in paragraphs 14(a) to (g) (*Financial Statements*) of Schedule 5 (*Representations and Warranties*)) are deemed to be made by each Obligor on:
- (i) the date of each Utilisation Request;
 - (ii) each Utilisation Date; and
 - (iii) the first day of each Interest Period.
- (c) The Repeating Representations set out in paragraphs 14(a) to (g) (*Financial Statements*) of Schedule 5 (*Representations and Warranties*) are deemed to be made by each Obligor as follows:
- (i) the representations and warranties set out in paragraphs 14(a), 14(b) and 14(c) of Schedule 5 (*Representations and Warranties*) are deemed to be made by each Obligor on the date of delivery to the Agent (in accordance with paragraph 1.2(b) of Schedule 6 (*Covenants*)) of the financial statements referred to in paragraph (b) of the definition of “Original Financial Statements” set out in Clause 1.1 (*Definitions*) (being the “**Parent Financials**”), in respect of the Parent Financials;
 - (ii) the representations and warranties set out in paragraph 14(d) of Schedule 5 (*Representations and Warranties*) are deemed to be made by each Obligor on the date of delivery to the Agent of each set of financial statements in accordance with paragraph 1.2(d) of Schedule 6 (*Covenants*); and

- (iii) the representations and warranties set out in paragraphs 14(e), (f) and (g) are deemed to be made by each Obligor on the date of delivery to the Agent of (in respect of paragraph 14(e)) each Group Budget, (in respect of paragraph (f)) each of the Projections and (in respect of paragraph (g)) each of the Project Schedules.
- (d) All the representations and warranties in Schedule 5 (*Representations and Warranties*) except paragraph 13 (*No misleading information*) are deemed to be made by each Additional Guarantor on the day on which it becomes (or it is proposed that it becomes) an Additional Guarantor.
- (e) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

23. COVENANTS

23.1 Content

The Obligors undertake to each Finance Party that they shall comply with the covenants set out in Schedule 6 (*Covenants*).

23.2 Duration

The covenants in Schedule 6 (*Covenants*) remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

24. EVENTS OF DEFAULT AND REVIEW EVENTS

24.1 Events of Default and Review Events

Each of the events or circumstances set out in Part I of Schedule 9 (*Events of Default and Review Events*) is an Event of Default and each of the events or circumstances set out in Part II of Schedule 9 (*Events of Default and Review Events*) is a Review Event.

24.2 Acceleration

On and at any time after the occurrence of an Event of Default (other than the occurrence of any Curable Event of Default) which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

- (a) cancel the Total Commitments, whereupon they shall immediately be cancelled;
- (b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable;

- (c) declare that all or part of the Utilisations be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders;
- (d) declare that cash cover in respect of each Letter of Credit is immediately due and payable at which time it shall become immediately due and payable;
- (e) declare that cash cover in respect of each Letter of Credit is payable on demand at which time it shall immediately become due and payable on demand by the Agent on the instructions of the Majority Lenders;
- (f) notify the Security Agent that an Event of Default has occurred and continuing and instruct the Security Agent to issue one or more Enforcement Notices; and/or
- (g) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents and/or the High Yield Note Documents and/or (if the High Yield Note Refinancing has occurred) any document or instrument in respect of the high yield notes issued pursuant to the High Yield Note Refinancing (including, following the issue of an Enforcement Notice, any such rights, remedies, powers or discretions which first require the issue of such a notice).

24.3 Effect of Review Event

- (a) On and at any time after the occurrence of a Review Event which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower ("**Review Event Notice**"):
 - (i) require that the Borrower delivers to the Agent within 10 Business Days of the Review Event Notice being provided, an assessment of the impact of the Review Event together with a proposed plan which is intended to deal with the consequences of the Review Event ("**Proposed Cure Plan**"); and
 - (ii) request a meeting with representatives of the Borrower to discuss the Proposed Cure Plan within 15 Business Days (or such longer period as agreed to by the Agent) of the Review Event Notice being provided.
- (b) The Borrower and the Agent must enter into negotiations in good faith with a view to agreeing how the circumstances giving rise to the Review Event (and the consequences of such Review Event) are to be dealt with.
- (c) If, after 60 days (or such longer period as agreed to by the Agent acting on the instructions of the Majority Lenders) of the occurrence of the Review Event, the Agent notifies the Borrower in writing that it does not agree (acting reasonably) on the actions to be taken by the Obligors in accordance with the Proposed Cure Plan to deal with the consequences of the Review Event, the Agent must promptly seek a vote of the Lenders on whether the Review Event shall constitute an Event of Default ("**Review Event of Default**"). A Review Event of Default shall only occur upon the Majority Lenders so voting that a Review Event of Default has occurred. If a Review Event of Default occurs as a result of a vote of the Majority Lenders, the Agent shall promptly notify the Borrower in writing.

- (d) If the Borrower and the Agent have agreed the terms of the Proposed Cure Plan (“**Agreed Cure Plan**”), the Agent shall promptly notify the Borrower in writing. Upon such notification by the Agent, the Review Event will be automatically deemed to have been waived and **provided that** the Obligors diligently pursue implementation and satisfaction of the Agreed Cure Plan, the Lenders will have no further rights in respect of that Review Event upon completion of the Agreed Cure Plan in accordance with its terms and within the required timeframe (the date by which the Agreed Cure Plan must be completed being the “**Completion Cure Date**”).
- (e) If the Agreed Cure Plan is not completed in accordance with its terms and by the Completion Cure Date, an immediate Review Event of Default shall occur upon the Agent notifying the Borrower in writing that the Agreed Cure Plan has not been so completed by the Completion Cure Date.

SECTION 9
CHANGES TO PARTIES

25. CHANGES TO THE LENDERS

25.1 Assignments and transfers by the Lenders

Subject to this Clause 25 and to Clause 26 (*Restriction on Debt Purchase Transactions*), a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (in each case, the “**New Lender**”).

25.2 Conditions of assignment or transfer or sub-participation

- (a) Any assignment or transfer by an Existing Lender of all or any part of its Commitment must be in a minimum aggregate amount of HK\$40,000,000 (or if less, the entire amount of the Existing Lender’s Commitment in the relevant Facility).
- (b) An Existing Lender must consult with the Borrower for a period of at least 3 Business Days (“**Consultation Period**”) before it makes an assignment or transfer in accordance with Clause 25.1 (*Assignments and transfers by the Lenders*), or it enters into any sub-participation in respect of any Commitment or amount outstanding under this Agreement, unless:
 - (i) the assignment or transfer is to, or the sub-participation is with, another Lender or an Affiliate of a Lender;
 - (ii) if the Existing Lender is a fund, the assignment or transfer is to, or the sub-participation is with, a fund which is a Related Fund of that Existing Lender; or
 - (iii) made at a time when an Event of Default is continuing, in which case, prior consultation with the Borrower shall not be required.
- (c) An Existing Lender must not transfer, assign or enter into any sub-participation arrangement in respect of any Commitment or amount outstanding under this Agreement if, in any Consultation Period, the Borrower is or has been able to demonstrate, to the satisfaction of the relevant Lender (acting reasonably and in good faith) that the proposed transferee, assignee or sub-participant is a Competitor.

- (d) If the Borrower is unable to demonstrate during any Consultation Period, to the reasonable satisfaction of the relevant Lender (acting in good faith), that the proposed transferee, assignee or sub-participant is a Competitor but reasonably objects to the proposed transfer, assignment or sub-participation on the basis it needs to undertake further due diligence on such person to conclusively determine if such person is a Competitor, the Lender shall extend the original Consultation Period by an additional 3 Business Days (“**Extended Consultation Period**”). If, by the expiry of the Extended Consultation Period, the Borrower is able to demonstrate or provide further evidence to the satisfaction of the relevant Lender that the proposed transferee, assignee or sub-participant is a Competitor, then the Lender shall not make the proposed transfer, assignment or sub-participation to such person. Otherwise, following the expiry of the Extended Consultation Period the Lender may make the proposed transfer, assignment or sub-participation to such person.
- (e) An assignment permitted by the terms of this Agreement will only be effective on:
- (i) receipt by the Agent (whether in the Assignment Agreement and Finance Party Accession Undertaking or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender; and
 - (ii) performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
- (f) A transfer permitted by the terms of this Agreement will only be effective if the procedure set out in Clause 25.5 (*Procedure for transfer*) is complied with.
- (g) If:
- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 16 (*Tax Gross-Up and Indemnities*) or Clause 17 (*Increased Costs*),
- then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

- (h) Each New Lender, by executing the relevant Transfer Certificate and Finance Party Accession Undertaking or Assignment Agreement and Finance Party Accession Undertaking, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.
 - (i) The consent of the Issuing Bank is required for any assignment or transfer by an Existing Lender of any of its rights and/or obligations under the Revolving Facility.

25.3 Assignment or transfer fee

Unless the Agent otherwise agrees and excluding an assignment or transfer (i) to an Affiliate of a Lender, (ii) to a Related Fund or (iii) made in connection with primary syndication of the Facilities, the New Lender shall, on the date upon which an assignment, transfer or accession takes effect, pay to the Agent (for its own account) a fee of US\$3,500.

25.4 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
 - (i) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents, the Transaction Security or any other documents;
 - (ii) the financial condition or other circumstances of the Project, any Obligor or any other person;
 - (iii) the performance and observance by any Obligor or any other person of its obligations under the Transaction Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document, and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:
 - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial and other condition, circumstances and affairs of the Project, each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 25; or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Transaction Documents or otherwise.

25.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 25.2 (*Conditions of assignment or transfer or sub-participation*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate and Finance Party Accession Undertaking delivered to it by the Existing Lender and the New Lender and the Agent makes a corresponding entry in the Register pursuant to Clause 25.11 (*The Register*). The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate and Finance Party Accession Undertaking appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate and Finance Party Accession Undertaking and make such corresponding entry in the Register.
- (b) The Agent shall only be obliged to execute a Transfer Certificate and Finance Party Accession Undertaking delivered to it by the Existing Lender and the New Lender and make such corresponding entry in the Register once it is satisfied it has complied with all necessary “know your customer” or other similar other checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) On the Transfer Date:
 - (i) to the extent that in the Transfer Certificate and Finance Party Accession Undertaking the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the **“Discharged Rights and Obligations”**);

- (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
- (iii) the Agent, the Arranging Banks, the Issuing Bank, the Security Agent, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arranging Banks, the Issuing Bank, the Security Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a “**Lender**”.

25.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 25.2 (*Conditions of assignment or transfer or sub-participation*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement and Finance Party Accession Undertaking delivered to it by the Existing Lender and the New Lender and the Agent makes a corresponding entry in the Register pursuant to Clause 25.11 (*The Register*). The Agent shall, subject to paragraph (d) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement and Finance Party Accession Undertaking appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement and Finance Party Accession Undertaking and make such corresponding entry in the Register.
- (b) The Agent shall only be obliged to execute an Assignment Agreement and Finance Party Accession Undertaking delivered to it by the Existing Lender and make a corresponding entry in the Register and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other checks relating to any person that it is required to carry out in relation to the assignment to such New Lender.
- (c) On the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement and Finance Party Accession Undertaking;
 - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement and Finance Party Accession Undertaking (and any corresponding obligations by which it is bound in respect of the Transaction Security); and

- (iii) the New Lender shall become a Party as a “**Lender**” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 25.6 to assign their rights under the Finance Documents **provided that** they comply with the conditions set out in Clause 25.2 (*Conditions of assignment or transfer or sub-participation*).
- (e) The procedure set out in this Clause 25.6 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of assignment of such right or release or assumption of such obligation or prohibit or restrict any assignment of such right or release or assumption of such obligation, unless such prohibition or restriction shall not be applicable to the relevant assignment, release or assumption or each condition of any applicable restriction shall have been satisfied.

25.7 **Copy of Assignments, Transfer and Accession Documents or Increase Confirmation to Borrower**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate and Finance Party Accession Undertaking, an Assignment Agreement and Finance Party Accession Undertaking, a Hedge Counterparty Accession Undertaking or Increase Confirmation, send to the Borrower a copy of that Transfer Certificate and Finance Party Accession Undertaking, Assignment Agreement and Finance Party Accession Undertaking, Hedge Counterparty Accession Undertaking or Increase Confirmation.

25.8 **Accession of Hedge Counterparties**

- (a) A counterparty to a Hedging Agreement may become a Party to this Agreement by executing and delivering to the Agent a Hedge Counterparty Accession Undertaking.
- (b) A Hedge Counterparty may at any time (in accordance with the terms of this Agreement) assign all or any of its rights and benefits or transfer all or any of its rights, benefits and obligations under and in accordance with the Finance Documents subject to delivery to the Agent of a duly completed Hedge Counterparty’s Accession Undertaking executed by the assignee or transferee.
- (c) With effect from the date of acceptance by the Agent and the Security Agent of a Hedge Counterparty Accession Undertaking or, if later, the date specified in that Hedge Counterparty Accession Undertaking:
 - (i) any Party ceasing entirely to be a Hedge Counterparty shall be discharged from further obligations towards the other Parties under this Agreement and their respective rights against one another shall be cancelled (except in each case for those rights which arose prior to that date); and

- (ii) as from that date, the replacement or new Hedge Counterparty shall assume the same obligations, and become entitled to the same rights, as if it had been an original Party to this Agreement.
- (d) Nothing in this Clause 25.8 nor any other provisions of any Finance Document shall be deemed to entitle any Hedge Counterparty in its capacity as such under any Hedging Agreement to exercise any voting, consent, approval or similar right under the Finance Documents (other than the Hedging Agreements) **provided that:**
 - (i) each Hedge Counterparty shall have the right to participate in all decisions after the occurrence of a Hedge Voting Right Event in relation to such Hedge Counterparty that is continuing; and
 - (ii) the consent of all Hedge Counterparties shall be required for any amendment to this Clause 25.8.

25.9 Security Interests over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 25, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) Any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

25.10 Exclusion of Agent's liability

In relation to any assignment or transfer pursuant to this Clause 25, each Party acknowledges and agrees that the Agent shall not be obliged to enquire as to the accuracy of any representation or warranty made by a New Lender in respect of its eligibility as a Lender.

25.11 The Register

The Agent, acting solely for this purpose as an agent of the Obligors, shall maintain at one of its offices a copy of each Transfer Certificate and Finance Party Accession Undertaking delivered to it and a register (the “**Register**”) in which the names and addresses of each Lender and the Commitments of and obligations owing to each Lender shall be recorded. Without limitation of any other provision of this Clause 25 (*Changes to the Lenders*), no transfer shall be effective until recorded in the Register. The entries in the Register shall be conclusive absent manifest error and each Obligor, the Agent and each Lender may treat each person whose name is recorded in the Register as a Lender notwithstanding any notice to the contrary. The Register shall be available for inspection by each Obligor at any reasonable time and from time to time upon reasonable prior notice.

26. RESTRICTION ON DEBT PURCHASE TRANSACTIONS

26.1 Prohibition on Debt Purchase Transactions by the Group

Save as provided for in Clause 38 (*SCIH Purchase Option*), the Parent shall not, and shall procure that each other member of the Group shall not, enter into any Debt Purchase Transaction or beneficially own all or any part of the share capital of a company that is a Lender or a party to a Debt Purchase Transaction of the type referred to in paragraphs (b) or (c) of the definition of “Debt Purchase Transaction”.

26.2 Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates

(a) Save as provided for in Clause 38 (*SCIH Purchase Option*), for so long as a Sponsor Affiliate:

- (i) beneficially owns a Commitment; or
- (ii) has entered into a sub-participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated,

in ascertaining:

(A) the Majority Lenders; or

(B) whether:

- (1) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or
- (2) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents such Commitment shall be deemed to be zero and such Sponsor Affiliate or the person with whom it has entered into such sub-participation, other agreement or arrangement shall be deemed not to be a Lender for the purposes of paragraphs (A) and (B) above (unless in the case of a person not being a Sponsor Affiliate it is a Lender by virtue otherwise than by beneficially owning the relevant Commitment).

- (b) Each Lender shall, unless such Debt Purchase Transaction is an assignment or transfer, promptly notify the Agent in writing if it knowingly enters into a Debt Purchase Transaction with a Sponsor Affiliate (a “**Notifiable Debt Purchase Transaction**”), such notification to be substantially in the form set out in Part I of Schedule 22 (*Forms of Notifiable Debt Purchase Transaction Notice*).
- (c) A Lender shall promptly notify the Agent if a Notifiable Debt Purchase Transaction to which it is a party:
 - (i) is terminated; or
 - (ii) ceases to be with a Sponsor Affiliate,such notification to be substantially in the form set out in Part II of Schedule 22 (*Forms of Notifiable Debt Purchase Transaction Notice*).
- (d) Each Sponsor Affiliate that is a Lender agrees that:
 - (i) in relation to any meeting or conference call to which all the Lenders are invited to attend or participate, it shall not attend or participate in the same if so requested by the Agent or, unless the Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and
 - (ii) in its capacity as Lender, unless the Agent otherwise agrees, it shall not be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Agent or one or more of the Lenders.

27. CHANGES TO THE OBLIGORS

27.1 Assignment and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

27.2 Additional Guarantors

- (a) Subject to compliance with the provisions of sub-paragraphs (c) and (d) of paragraph 1.9 (“*Know your customer*” checks) of Schedule 6 (*Covenants*) and without prejudice to paragraph (b) below, the Parent may request that any of its wholly owned Subsidiaries become an Additional Guarantor.
- (b) The Borrower shall procure that any member of the Group shall, as soon as possible after becoming a member of the Group and in any event within 10 Business Days of the same, become an Additional Guarantor and grant such Security for the benefit of the Lenders as the Agent may require.

- (c) A member of the Group shall become an Additional Guarantor if:
 - (i) the Borrower and the proposed Additional Guarantor deliver to the Agent a duly completed and executed Accession Letter;
 - (ii) the Agent has received all of the documents and other evidence listed in Part III of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent; and
 - (iii) in the case where the Additional Guarantor is incorporated in a state of the United States or its jurisdiction of organisation is a state of the United States or is otherwise a US Obligor or a FATCA FFI, changes to this Agreement reflecting provisions that would be required for such accession, in each case, in form and substance satisfactory to the Agent (acting reasonably) have been duly executed.
- (d) The Agent shall notify the Borrower, the Lenders and the Hedge Counterparties promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part III of Schedule 2 (*Conditions Precedent*).
- (e) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (d) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

27.3 Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the representations and warranties referred to in paragraph (d) of Clause 22.2 (*Times when representations made*) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

SECTION 10
THE FINANCE PARTIES

28. ROLE OF THE AGENT, THE ARRANGING BANKS, THE ISSUING BANK AND OTHERS

28.1 Appointment of the Agent

- (a) Each of the Arranging Banks, the Issuing Bank, the Lenders and the Hedge Counterparties appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranging Banks, the Issuing Bank, the Lenders and the Hedge Counterparties authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

28.2 Instructions

- (a) The Agent shall:
 - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders; and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if applicable, the Lenders and the Hedge Counterparties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties save for the Security Agent.
- (d) The Agent may refrain from acting in accordance with any instructions of any Lender or, if applicable, any Hedge Counterparty until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
- (e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.

- (f) The Agent is not authorised to act on behalf of a Lender or Hedge Counterparty (without first obtaining that Lender's or Hedge Counterparty's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (f) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

28.3 Duties of the Agent

- (a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (c) Without prejudice to Clause 25.7 (*Copy of Assignments, Transfer and Accession Documents or Increase Confirmation to Borrower*) and paragraph (e) of Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*), paragraph (b) above shall not apply to any Transfer Certificate and Finance Party Accession Undertaking, any Assignment Agreement and Finance Party Accession Undertaking or any Increase Confirmation.
- (d) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (f) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, an Arranging Bank or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.
- (g) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).
- (h) The Agent shall provide to the Borrower promptly upon request by the Borrower (but no more frequently than once in any three month period), a list (which may be in electronic form) setting out the names of the Lenders as at the date of that request, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.

28.4 **Role of the Arranging Banks**

Except as specifically provided in the Finance Documents, the Arranging Banks have no obligations of any kind to any other Party under or in connection with any Finance Document.

28.5 **No fiduciary duties**

- (a) Nothing in any Finance Document constitutes the Agent, the Disbursement Agent, the POA Agent, the Issuing Bank or any Arranging Bank as a trustee or fiduciary of any other person.
- (b) None of the Agent, the Security Agent, the Disbursement Agent, the POA Agent, the Issuing Bank or the Arranging Banks shall be bound to account to any Lender or Hedge Counterparty for any sum or the profit element of any sum received by it for its own account.

28.6 **Business with the Group**

The Agent, the Security Agent, the Disbursement Agent, the POA Agent, the Issuing Bank and the Arranging Banks may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

28.7 **Rights and discretions**

- (a) The Agent and the Issuing Bank may:
 - (i) rely on any representation, communication, notice or document (including, without limitation, any notice given by a Lender pursuant to paragraphs (b) or (c) of Clause 26.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*)) believed by it to be genuine, correct and appropriately authorised and shall have no duty to verify any signature on any document;
 - (ii) assume that:
 - (A) any instructions received by it from the Majority Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and
 - (B) unless it has received notice of revocation, that those instructions have not been revoked; and

- (iii) rely on a certificate from any person:
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders and Hedge Counterparties) that:
 - (i) no Default has occurred (unless it has actual knowledge of a Default arising under paragraph 1 (*Non-payment*) of Part I of Schedule 9 (*Events of Default and Review Events*));
 - (ii) any right, power, authority or discretion vested in any Party, the Majority Lenders or any group of Lenders has not been exercised;
 - (iii) any notice or request made by the Borrower (other than a Utilisation Request or Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors; and
 - (iv) no Notifiable Debt Purchase Transaction:
 - (A) has been entered into;
 - (B) has been terminated; or
 - (C) has ceased to be with a Sponsor Affiliate.
- (c) The Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be desirable.
- (e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Agent may act in relation to the Finance Documents through its officers, employees and agents and the Agent shall not:
 - (i) be liable for any error of judgement made by any such person; or

- (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person,
unless such error or such loss was directly caused by the Agent's gross negligence or wilful misconduct.
- (g) Unless a Finance Document expressly provides otherwise, the Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (h) Without prejudice to the generality of paragraph (g) above, the Agent:
 - (i) may disclose; and
 - (ii) on the written request of the Borrower or the Majority Lenders shall, as soon as reasonably practicable, disclose, the identity of a Defaulting Lender to the Borrower and the other Finance Parties.
- (i) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent, the Issuing Bank or any Arranging Bank is obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (j) The Agent may not disclose to any Finance Party any details of the rate notified to the Agent by any Lender or the identity of any such Lender for the purpose of paragraph (a)(ii) of Clause 14.2 (*Market disruption*).
- (k) Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

28.8 Responsibility for documentation

None of the Agent, the Issuing Bank or any Arranging Bank is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Issuing Bank, any Arranging Bank, an Obligor or any other person in or in connection with any Finance Document or the Information Memorandum or the Reports or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

28.9 No duty to monitor

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

28.10 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent or the Issuing Bank), none of the Agent or the Issuing Bank will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct;
 - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security; or
 - (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:
 - (A) any act, event or circumstance not reasonably within its control; or
 - (B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

- (b) No Party (other than the Agent or the Issuing Bank (as applicable)) may take any proceedings against any officer, employee or agent of the Agent or the Issuing Bank in respect of any claim it might have against the Agent or the Issuing Bank in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Agent or the Issuing Bank may rely on this Clause subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or any Arranging Bank to carry out:
 - (i) any “know your customer” or other checks in relation to any person; or
 - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender, on behalf of any Lender or Hedge Counterparty and each Lender and Hedge Counterparty confirms to the Agent and the Arranging Banks that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranging Banks.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent’s liability, any liability of the Agent arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

28.11 Lenders' and Hedge Counterparties' indemnity to the Agent

- (a) Each Lender and each Hedge Counterparty shall (in the proportion that the Liabilities due to it bear to the aggregate of the Liabilities due to all the Lenders and Hedge Counterparties for the time being (or, if the Liabilities due to the Lenders and Hedge Counterparties are zero, immediately prior to their being reduced to zero)), indemnify the Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 35.11 (*Disruption to Payment Systems etc.*), notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).
- (b) For the purposes only of paragraph (a) above, to the extent that any hedging transaction under a Hedging Agreement has not been terminated or closed-out, the Liabilities due to any Hedge Counterparty in respect of that hedging transaction will be deemed to be:
- (i) if the relevant Hedging Agreement is based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of those hedging transactions, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or
- (ii) if the relevant Hedging Agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that Hedging Agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that Hedging Agreement for which the relevant Debtor is in a position similar in meaning and effect (under that Hedging Agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),
- that amount, in each case as calculated in accordance with the relevant Hedging Agreement.
- (c) If the Borrower is required to reimburse or indemnify any Lender or Hedge Counterparty for any payment that Lender or Hedge Counterparty makes to the Agent pursuant to paragraph (a) above in accordance with the Finance Documents, the Borrower shall, within ten Business Days of demand in writing by the relevant Lender or Hedge Counterparty, indemnify such Lender or Hedge Counterparty for the amount of such payment actually made pursuant to paragraph (a) above.

- (d) Paragraph (c) above shall not apply to the extent that the indemnity payment in respect of which the Lender or Hedge Counterparty claims reimbursement relates to a liability of the Agent to an Obligor.

28.12 Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in Hong Kong as successor by giving notice to the Lenders, the Hedge Counterparties and the Borrower.
- (b) Alternatively the Agent may resign by giving notice to the Lenders, the Hedge Counterparties and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Borrower) may appoint a successor Agent (acting through an office in Hong Kong).
- (d) If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph (c) above, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this Clause 28 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with then current market practice for the appointment and protection of corporate trustees.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 18.3 (*Indemnity to the Agent*) and this Clause 28 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

- (h) After consultation with the Borrower, the Majority Lenders may, by notice to the Agent (copied to the Borrower), require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.
- (i) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:
 - (i) the Agent fails to respond to a request under Clause 16.7 (*FATCA Information*) and the Borrower or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
 - (ii) the information supplied by the Agent pursuant to Clause 16.7 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
 - (iii) the Agent notifies the Borrower and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;and (in each case) the Borrower or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Borrower or that Lender, by notice to the Agent, requires it to resign.

28.13 Replacement of the Agent

- (a) After consultation with the Borrower, the Majority Lenders may, by giving 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent (acting through an office in Hong Kong).
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) above) but shall remain entitled to the benefit of Clause 18.3 (*Indemnity to the Agent*) and this Clause 28 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

28.14 Confidentiality

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or the Arranging Banks are obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty.
- (d) The Agent shall not be obliged to disclose to any Finance Party any information supplied to it by the Borrower or any Affiliates of the Borrower on a confidential basis and for the purpose of evaluating whether any waiver or amendment is or may be required or desirable in relation to any Finance Document.

28.15 Relationship with the Lenders and the Hedge Counterparties

The Agent may treat the person shown in its records as Lender and Hedge Counterparty at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office, or, as the case may be, Hedge Counterparty:

- (a) entitled to or liable for any payment due under any Finance Document on that day; and
- (b) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,
unless it has received not less than five Business Days' prior notice from that Lender or Hedge Counterparty to the contrary in accordance with the terms of this Agreement.
- (c) Each Lender and Hedge Counterparty shall supply the Agent with any information that the Security Agent may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Lender and Hedge Counterparty shall deal with the Security Agent exclusively through the Agent and shall not deal directly with the Security Agent.

- (d) Any Lender or Hedge Counterparty may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender or Hedge Counterparty under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 39.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender or Hedge Counterparty for the purposes of Clause 39.2 (*Addresses*) and paragraph (a)(ii) of Clause 39.5 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender or Hedge Counterparty.

28.16 Credit appraisal by the Lenders, the Issuing Bank and Hedge Counterparties

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender, Issuing Bank and Hedge Counterparty confirms to the Agent, the Issuing Bank and the Arranging Banks that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Lender, Issuing Bank or Hedge Counterparty has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security or the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (d) the adequacy, accuracy or completeness of the Information Memorandum, the Reports and any other information provided by the Agent, the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

28.17 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Borrower) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

28.18 Agent's management time

- (a) Any amount payable to the Agent under Clause 18.3 (*Indemnity to the Agent*), Clause 20 (*Costs and Expenses*) and Clause 28.11 (*Lenders' and Hedge Counterparties' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Borrower and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 15 (*Fees*).
- (b) Any cost of utilising the Agent's management time or other resources shall include, without limitation, any such costs in connection with Clause 26.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*).

28.19 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

28.20 Reliance and engagement letters

Each Finance Party and Secured Party confirms that each of the Arranging Banks and the Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arranging Banks or Agent), the terms of any reliance letter or engagement letters relating to the Reports or any reports or letters provided by any advisers in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those Reports, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

28.21 No Objection

- (a) The Agent shall, upon receipt of any term sheet or memorandum of understanding in respect of a proposed Excluded Major Project Document or final unexecuted final draft of an Excluded Major Project Document or any term sheet or memorandum of understanding in respect of any such other act or thing contemplated pursuant to paragraph 3.39 (*Excluded Major Project Document*) of Schedule 6 (*Covenants*) to this Agreement, promptly forward a copy of such document to the Lenders.

- (b) Unless the Agent has received instructions from the Majority Lenders to issue a notice in writing to the relevant Obligor prohibiting the entry into by the relevant Obligor of (or such other act or thing contemplated by paragraph 3.39 (*Excluded Major Project Document*) of Schedule 6 (*Covenants*) of this Agreement in respect of) the relevant Excluded Major Project Document within 15 days of the date on which the Agent received a copy of the final draft of such Excluded Major Project Document delivered by the Parent to the Agent pursuant to paragraph 3.39(a)(iv) of Schedule 6 (*Covenants*) or (as the case may be) the final draft of the document or other instrument effecting the proposed act or thing in respect of such Excluded Major Project Document pursuant to paragraph 3.39(d)(ii) of Schedule 6 (*Covenants*), the Agent shall issue a No Objection Notice to the relevant Obligor on the Business Day immediately following the last day of the 15 day period referred to above.
- (c) Each such No Objection Notice shall be binding on all Finance Parties.

29. THE SECURITY AGENT

29.1 Security Agent as trustee

- (a) Each of the Secured Parties (other than the Security Agent) appoints the Security Agent to act as its agent and, if specified in the relevant Transaction Security Document or otherwise permitted by applicable law, security trustee under and in connection with the Transaction Security Documents and all other documents (including notices and acknowledgements in respect of the granting of Transaction Security) in connection with the Transaction Security Documents.
- (b) The Security Agent declares that it holds, to the extent permitted by applicable law, the Transaction Security on trust for the Secured Parties on the terms contained in this Agreement.
- (c) Each of the Secured Parties authorises the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

29.2 Parallel Debt (Covenant to pay the Security Agent)

- (a) Notwithstanding any other provision of this Agreement, the Borrower and each of the other Obligors irrevocably and unconditionally undertakes to pay to the Security Agent, as creditor in its own right and not as representative of the other Secured Parties, sums equal to and in the currency of each amount payable by each of them to each of the Secured Parties under each of the Finance Documents as and when that amount falls due for payment under the relevant Finance Document or would have fallen due but for any discharge resulting from failure of another Secured Party to take appropriate steps, in insolvency proceedings affecting the Borrower or any other Obligor, to preserve its entitlement to be paid that amount.

- (b) The Security Agent shall have its own independent right to demand payment of the amounts payable by the Borrower or any other Obligor under Clause (a), irrespective of any discharge of its obligation(s) to pay those amounts to the other Secured Parties resulting from failure by them to take appropriate steps, in insolvency proceedings affecting the Borrower or any other Obligor, to preserve their entitlement to be paid those amounts.
- (c) Any amount due and payable by the Borrower or any other Obligor to the Security Agent under this Clause 29.2 shall be decreased to the extent that the other Secured Parties have received (and are able to retain) payment in full of the corresponding amount under the other provisions of the Finance Documents.
- (d) For the avoidance of doubt, any amount paid by the Borrower or any other Obligor to the Security Agent under this Clause 29.2 shall reduce the corresponding amount due and payable by the Borrower or that other Obligor to the other Finance Parties to the extent that those Finance Parties have received (and are able to retain) payment in full of such amount under the other provisions of the Finance Documents.

29.3 Instructions

- (a) The Security Agent shall:
 - (i) subject to paragraph (d) below, exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Agent (acting on the instructions of the Majority Lenders); and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Agent as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Unless a contrary intention appears in this Agreement, any instructions given to the Security Agent by the Agent shall override any conflicting instructions given by any other Parties and will be binding on all Secured Parties.
- (d) Paragraph (a) above shall not apply:
 - (i) where a contrary indication appears in this Agreement;
 - (ii) where this Agreement requires the Security Agent to act in a specified manner or to take a specified action;

- (iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the Secured Parties including, without limitation, Clauses 28.5 (*No fiduciary duties*) and Clause 29.5 (*No fiduciary duties to Obligors*) to Clause 29.9 (*Exclusion of liability*), Clause 29.12 (*Confidentiality*) to Clause 29.19 (*Custodians and nominees*) and Clause 29.22 (*Acceptance of title*) to Clause 29.25 (*Disapplication of Trustee Acts*);
- (iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
 - (A) Clause 37.1 (*Order of application*); or
 - (B) Clause 37.4 (*Permitted Deductions*).
- (e) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:
 - (i) it has not received any instructions as to the exercise of that discretion; or
 - (ii) the exercise of that discretion is subject to paragraph (d)(iv) above,the Security Agent shall do so having regard to the interests of all the Secured Parties.
- (f) The Security Agent may refrain from acting in accordance with any instructions of the Agent until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable Indirect Tax) which it may incur in complying with those instructions.
- (g) Without prejudice to the remainder of this Clause 29.3, in the absence of instructions, the Security Agent may act (or refrain from acting) as it considers in its discretion to be appropriate.
- (h) The Security Agent shall be entitled to carry out all dealings with the Finance Parties through the Agent and may give to the Agent any notice or other communication required to be given by the Security Agent to the Finance Parties.

29.4 Duties of the Security Agent

- (a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) The Security Agent shall promptly:
 - (i) forward to the Agent a copy of any document received by the Security Agent from any Obligor under any Finance Document; and
 - (ii) forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.

- (c) Except where a Finance Document specifically provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Agent.
- (e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).
- (f) At the same time as the Security Agent delivers an Enforcement Notice to any Obligor or Grantor it shall deliver a copy of such notice to the Disbursement Agent.

29.5 No fiduciary duties to Obligors

Nothing in this Agreement constitutes the Security Agent as an agent, trustee or fiduciary of any Obligor.

29.6 Rights and discretions

- (a) The Security Agent may:
 - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
 - (ii) assume that:
 - (A) any instructions received by it from the Agent are duly given in accordance with the terms of the Finance Documents;
 - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
 - (C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and
 - (iii) rely on a certificate from any person:
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

- (b) The Security Agent may assume (unless it has received notice to the contrary in its capacity as security trustee for the Secured Parties) that:
- (i) no Default has occurred;
 - (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
 - (iii) any notice made by the Borrower is made on behalf of and with the consent and knowledge of all the Obligors.
- (c) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by any Finance Party) if the Security Agent in its reasonable opinion deems this to be desirable.
- (e) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Security Agent, any Receiver and any Delegate may act in relation to the Finance Documents and the Transaction Security through its officers, employees and agents and shall not:
- (i) be liable for any error of judgement made by any such person; or
 - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,
- unless such error or such loss was directly caused by the Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct.
- (g) Unless this Agreement expressly specifies otherwise, the Security Agent may disclose to any other Party any information it reasonably believes it has received as security trustee under this Agreement.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Security Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

29.7 Responsibility for documentation

None of the Security Agent, any Receiver nor any Delegate is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security Agent, an Obligor or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security; or
- (c) any determination as to whether any information provided or to be provided to any Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

29.8 No duty to monitor

The Security Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

29.9 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent, any Receiver or Delegate), none of the Security Agent, any Receiver nor any Delegate will be liable for:
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security unless directly caused by its gross negligence or wilful misconduct;

- (ii) exercising or not exercising any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security;
- (iii) any shortfall which arises on the enforcement or realisation of the Transaction Security; or
- (iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs, losses, any diminution in value or any liability whatsoever arising as a result of:
 - (A) any act, event or circumstance not reasonably within its control; or
 - (B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets; breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

- (b) No Party (other than the Security Agent, that Receiver or that Delegate (as applicable)) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Security and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.
- (c) Nothing in this Agreement shall oblige the Security Agent to carry out:
 - (i) any “know your customer” or other checks in relation to any person; or
 - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any other Finance Party,on behalf of any such Finance Party and each such Finance Party confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.

- (d) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent, any Receiver or Delegate or the POA Agent, any liability of the Security Agent, any Receiver or Delegate or the POA Agent arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Security Agent, Receiver or Delegate or the POA Agent (as the case may be) or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Security Agent, Receiver or Delegate or the POA Agent (as the case may be) at any time which increase the amount of that loss. In no event shall the Security Agent, any Receiver or Delegate or the POA Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Security Agent, Receiver or Delegate or the POA Agent (as the case may be) has been advised of the possibility of such loss or damages.

29.10 Lenders' and Hedge Counterparties' indemnity to the Security Agent

- (a) Each Lender and each Hedge Counterparty shall (in the proportion that the Liabilities due to it bear to the aggregate of the Liabilities due to all the Lenders and Hedge Counterparties for the time being (or, if the Liabilities due to the Lenders and Hedge Counterparties are zero, immediately prior to their being reduced to zero)), indemnify the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct) in acting as Security Agent, Receiver or Delegate under, or exercising any authority conferred under, the Finance Documents (unless the relevant Security Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document).
- (b) For the purposes only of paragraph (a) above, to the extent that any hedging transaction under a Hedging Agreement has not been terminated or closed-out, the Liabilities due to any Hedge Counterparty in respect of that hedging transaction will be deemed to be:
- (i) if the relevant Hedging Agreement is based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of those hedging transactions, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or
 - (ii) if the relevant Hedging Agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that Hedging Agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that Hedging Agreement for which the relevant Debtor is in a position similar in meaning and effect (under that Hedging Agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),

that amount, in each case as calculated in accordance with the relevant Hedging Agreement.

- (c) If the Borrower is required to reimburse or indemnify any Lender or Hedge Counterparty for any payment that Lender or Hedge Counterparty makes to the Security Agent pursuant to paragraph (a) above in accordance with the Finance Documents, the Borrower shall, within ten Business Days of demand in writing by the relevant Lender or Hedge Counterparty, indemnify such Lender or Hedge Counterparty for the amount of such payment actually made pursuant to paragraph (a) above.
- (d) Paragraph (c) above shall not apply to the extent that the indemnity payment in respect of which the Lender or Hedge Counterparty claims reimbursement relates to a liability of the Security Agent to an Obligor.

29.11 Resignation of the Security Agent

- (a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the Agent and the Borrower.
- (b) Alternatively the Security Agent may resign by giving notice to the Agent and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Security Agent.
- (c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the retiring Security Agent (after consultation with the Agent and the Borrower) may appoint a successor Security Agent (acting through an office in the Macau SAR).
- (d) The retiring Security Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents.
- (e) The Security Agent's resignation notice shall only take effect upon:
 - (i) the appointment of a successor;
 - (ii) the transfer of all the Transaction Security to that successor; and
 - (iii) the transfer of all its rights, benefits and obligations in its capacity as Security Agent (if any) under the Finance Documents.

- (f) Upon the appointment of a successor, the retiring Security Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) of Clause 29.23 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of this Clause 29 and Clause 18.4 (*Indemnity to the Security Agent*) (and any Security Agent fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.
- (g) The Majority Lenders may (after consultation with the Borrower), by notice to the Security Agent (copied to the Borrower), require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrower.

29.12 Confidentiality

- (a) In acting as trustee for the Secured Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Security Agent, it may be treated as confidential to that division or department and the Security Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

29.13 Information from Finance Parties

Each Finance Party (other than the Security Agent) shall supply the Security Agent with any information that the Security Agent may reasonably specify as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

29.14 Credit appraisal by the Secured Parties

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Secured Party confirms that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

- (d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

29.15 Security Agent's management time and additional remuneration

- (a) Any amount payable to the Security Agent under Clause 29.10 (*Lenders' and Hedge Counterparties' indemnity to the Security Agent*), Clause 20 (*Costs and Expenses*) or Clause 18.4 (*Indemnity to the Security Agent*) shall include the cost of utilising the Security Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Security Agent may notify to the Borrower and the Lenders and Hedge Counterparties, and is in addition to any other fee paid or payable to the Security Agent.
- (b) Without prejudice to paragraph (a) above, in the event of:
 - (i) a Default; or
 - (ii) the Security Agent being requested by an Obligor or the Agent to undertake duties which the Security Agent and the Borrower agree to be of an exceptional nature or outside the scope of the normal duties of the Security Agent under the Finance Documents; or
 - (iii) the Security Agent and the Borrower agreeing that it is otherwise appropriate in the circumstances,
the Borrower shall pay to the Security Agent any additional remuneration (together with any applicable Indirect Tax) that may be agreed between them or determined pursuant to paragraph (c) below.
- (c) If the Security Agent and the Borrower fail to agree upon the nature of the duties or upon the additional remuneration referred to in paragraph (b) above or whether additional remuneration is appropriate in the circumstances, any dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Borrower or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of Hong Kong (the costs of the nomination and of the investment bank being payable by the Borrower) and the determination of any investment bank shall be final and binding upon the Parties.

29.16 **Reliance and engagement letters**

The Security Agent may obtain and rely on any certificate or report from any Obligor's auditor and may enter into any reliance letter or engagement letter relating to that certificate or report on such terms as it may consider appropriate (including, without limitation, restrictions on the auditor's liability and the extent to which that certificate or report may be relied on or disclosed).

29.17 **No responsibility to perfect Transaction Security**

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;
- (d) take, or to require any Obligor to take, any step to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Security Document.

29.18 **Insurance by Security Agent**

- (a) The Security Agent shall not be obliged:
 - (i) to insure any of the Charged Property;
 - (ii) to require any other person to maintain any insurance; or
 - (iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Agent requests it to do so in writing and the Security Agent fails to do so within fourteen days after receipt of that request.

29.19 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

29.20 Delegation by the Security Agent

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such except that any delegation may not be made in respect of the Assignment of Services and Right to Use Agreement, the Assignment of Reimbursement Agreement, the Services and Right to Use Direct Agreement and the Reimbursement Agreement Direct Agreement.
- (b) Any delegation permitted by Clause 29.20(a) may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate unless caused by the gross negligence or wilful misconduct of the Security Agent or such Receiver or Delegate.

29.21 Additional Security Agents

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
 - (i) if it considers that appointment to be in the interests of the Secured Parties;
 - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
 - (iii) for obtaining or enforcing any judgment in any jurisdiction,and the Security Agent shall give prior notice to the Borrower and the other Finance Parties of that appointment.

- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.
- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable Indirect Tax) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

29.22 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Obligor may have to any of the Charged Property and shall not be liable for, or bound to require any Obligor to remedy, any defect in its right or title.

29.23 Winding up of trust

If the Security Agent, with the approval of the Agent (acting reasonably), determines that:

- (a) all of the Secured Obligations and all other obligations secured by the Security Documents have been fully and finally discharged; and
- (b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents,

then:

- (i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents and, at the reasonable cost of the Borrower, execute all such further documents and instruments and do such further acts as the Borrower may, in each case, reasonably request for the purpose of effecting such release; and
- (ii) any Security Agent which has resigned pursuant to Clause 29.11 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

29.24 Powers supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

29.25 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

30. ROLE OF THE DISBURSEMENT AGENT

30.1 Appointment of the Disbursement Agent

- (a) The Agent appoints the Disbursement Agent to act as its agent under and in connection with the Term Loan Facility Disbursement Agreement.
- (b) The Agent authorises the Disbursement Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Disbursement Agent under or in connection with the Term Loan Facility Disbursement Agreement together with any other incidental rights, powers, authorities and discretions.

30.2 Instructions

- (a) The Disbursement Agent shall:
 - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Disbursement Agent in accordance with any instructions given to it by the Agent (acting on the instructions of the Majority Lenders); and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Disbursement Agent shall be entitled to request instructions, or clarification of any instruction, from the Agent as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Disbursement Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Unless a contrary indication appears in a Finance Document, any instructions given to the Disbursement Agent by the Agent shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) The Disbursement Agent may refrain from acting in accordance with any instructions of the Agent until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.

- (e) In the absence of instructions, the Disbursement Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.
- (f) The Disbursement Agent is not authorised to act on behalf of any Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document.

30.3 Duties of the Disbursement Agent

- (a) The Disbursement Agent's duties under the Term Loan Facility Disbursement Agreement are solely mechanical and administrative in nature.
- (b) The Disbursement Agent shall promptly forward to a party to the Term Loan Facility Disbursement Agreement the original or a copy of any document which is delivered to the Disbursement Agent for that party by any other party to such agreement.
- (c) The Disbursement Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another party to the Term Loan Facility Disbursement Agreement.
- (d) If the Disbursement Agent receives notice from a party to the Term Loan Facility Disbursement Agreement referring to the Term Loan Facility Disbursement Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Agent.
- (e) The Disbursement Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

30.4 Rights and discretions

- (a) The Disbursement Agent may:
 - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised and shall have no duty to verify any signature on any document;
 - (ii) assume that:
 - (A) any instructions received by it from the Agent are duly given in accordance with the terms of the Finance Documents; and
 - (B) unless it has received notice of revocation, that those instructions have not been revoked; and

- (iii) rely on a certificate from any person:
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Disbursement Agent may assume (unless it has received notice to the contrary in its capacity as disbursement agent for the Agent) that:
 - (i) no Default has occurred;
 - (ii) any right, power, authority or discretion vested in any Party, the Majority Lenders or any group of Lenders has not been exercised; and
 - (iii) any notice or request made by the Borrower (other than a Withdrawal Request) is made on behalf of and with the consent and knowledge of all the Obligors.
- (c) The Disbursement Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Disbursement Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Disbursement Agent (and so separate from any lawyers instructed by the Lenders) if the Disbursement Agent in its reasonable opinion deems this to be desirable.
- (e) The Disbursement Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Disbursement Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Disbursement Agent may act in relation to the Finance Documents through its officers, employees and agents and the Disbursement Agent shall not:
 - (i) be liable for any error of judgement made by any such person; or
 - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person,unless such error or such loss was directly caused by the Disbursement Agent's gross negligence or wilful misconduct.
- (g) Unless a Finance Document expressly provides otherwise, the Disbursement Agent may disclose to any other party to the Term Loan Facility Disbursement Agreement any information it reasonably believes it has received as agent under the Term Loan Facility Disbursement Agreement.

- (h) Notwithstanding any other provision of any Finance Document to the contrary, the Disbursement Agent is not obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Disbursement Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

30.5 Responsibility for documentation

The Disbursement Agent is not responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Issuing Bank, any Arranging Bank, an Obligor or any other person in or in connection with any Finance Document or the Information Memorandum or the Reports or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

30.6 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Disbursement Agent), the Disbursement Agent will not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct;

- (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security; or
- (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:
 - (A) any act, event or circumstance not reasonably within its control; or
 - (B) the general risks of investment in, or the holding of assets in, any jurisdiction, including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party (other than the Disbursement Agent) may take any proceedings against any officer, employee or agent of the Disbursement Agent in respect of any claim it might have against the Disbursement Agent in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Disbursement Agent may rely on this Clause subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.
- (c) The Disbursement Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Disbursement Agent if the Disbursement Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Disbursement Agent for that purpose.
- (d) Without prejudice to any provision of any Finance Document excluding or limiting the Disbursement Agent's liability, any liability of the Disbursement Agent arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Disbursement Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Disbursement Agent at any time which increase the amount of that loss. In no event shall the Disbursement Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Disbursement Agent has been advised of the possibility of such loss or damages.

30.7 **Lenders' and Hedge Counterparties' indemnity to the Disbursement Agent**

- (a) Each Lender and each Hedge Counterparty shall (in the proportion that the Liabilities due to it bear to the aggregate of the Liabilities due to all the Lenders and Hedge Counterparties for the time being (or, if the Liabilities due to the Lenders and Hedge Counterparties are zero, immediately prior to their being reduced to zero)), indemnify the Disbursement Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Disbursement Agent (otherwise than by reason of the Disbursement Agent's gross negligence or wilful misconduct) (or in the case of any cost, loss or liability pursuant to paragraph (b) of Clause 35.11 (*Disruption to Payment Systems etc.*), notwithstanding the Disbursement Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Disbursement Agent in acting as Disbursement Agent under the Finance Documents (unless the Disbursement Agent has been reimbursed by an Obligor pursuant to a Finance Document)).
- (b) For the purposes only of paragraph (a) above, to the extent that any hedging transaction under a Hedging Agreement has not been terminated or closed-out, the Liabilities due to any Hedge Counterparty in respect of that hedging transaction will be deemed to be:
- (i) if the relevant Hedging Agreement is based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of those hedging transactions, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or
- (ii) if the relevant Hedging Agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that Hedging Agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that Hedging Agreement for which the relevant Debtor is in a position similar in meaning and effect (under that Hedging Agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement),
- that amount, in each case as calculated in accordance with the relevant Hedging Agreement.

- (c) Subject to paragraph (d) below, the Borrower shall immediately on demand reimburse any Lender and Hedge Counterparty for any payment that Lender or Hedge Counterparty makes to the Disbursement Agent pursuant to paragraph (a) above.
- (d) Paragraph (c) above shall not apply to the extent that the indemnity payment in respect of which the Lender or Hedge Counterparty claims reimbursement relates to a liability of the Disbursement Agent to an Obligor.

30.8 Resignation of the Disbursement Agent

- (a) The Disbursement Agent may resign and appoint one of its Affiliates acting through an office in the Macau SAR as successor by giving notice to the Agent and the Borrower.
- (b) Alternatively the Disbursement Agent may resign by giving notice to the Agent and the Borrower, in which case the Agent (after consultation with the Borrower) may appoint a successor Disbursement Agent.
- (c) If the Agent has not appointed a successor Disbursement Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Disbursement Agent (after consultation with the Borrower) may appoint a successor Disbursement Agent (acting through an office in the Macau SAR).
- (d) If the Disbursement Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as disbursement agent and the Disbursement Agent is entitled to appoint a successor Disbursement Agent under paragraph (c) above, the Disbursement Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Disbursement Agent to become a party to this Agreement as Disbursement Agent) agree with the proposed successor Disbursement Agent amendments to this Clause 30 and any other term of this Agreement dealing with the rights or obligations of the Disbursement Agent consistent with then current market practice for the appointment and protection of corporate trustees.
- (e) The retiring Disbursement Agent shall, at its own cost, make available to the successor Disbursement Agent such documents and records and provide such assistance as the successor Disbursement Agent may reasonably request for the purposes of performing its functions as Disbursement Agent under the Finance Documents.
- (f) The Disbursement Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Disbursement Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 18.5 (*Indemnity to the Disbursement Agent*) and this Clause 30 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

- (h) After consultation with the Borrower, the Agent may, by notice to the Disbursement Agent, require it to resign in accordance with paragraph (b) above. In this event, the Disbursement Agent shall resign in accordance with paragraph (b) above.

30.9 Replacement of the Disbursement Agent

- (a) After consultation with the Borrower, the Agent may, by giving 30 days' notice to the Disbursement Agent (or, at any time the Disbursement Agent is an Impaired Disbursement Agent, by giving any shorter notice determined by the Agent) replace the Disbursement Agent by appointing a successor Disbursement Agent (acting through an office in the Macau SAR).
- (b) The retiring Disbursement Agent shall (at its own cost if it is an Impaired Disbursement Agent and otherwise at the expense of the Borrower) make available to the successor Disbursement Agent such documents and records and provide such assistance as the successor Disbursement Agent may reasonably request for the purposes of performing its functions as Disbursement Agent under the Finance Documents.
- (c) The appointment of the successor Disbursement Agent shall take effect on the date specified in the notice from the Agent to the retiring Disbursement Agent. As from this date, the retiring Disbursement Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) above) but shall remain entitled to the benefit of Clause 18.5 (*Indemnity to the Disbursement Agent*) and this Clause 30 (and any agency fees for the account of the retiring Disbursement Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Disbursement Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

30.10 Confidentiality

- (a) In acting as disbursement agent for the Agent, the Disbursement Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Disbursement Agent, it may be treated as confidential to that division or department and the Disbursement Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, the Disbursement Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty.

30.11 Disbursement Agent's management time

Any amount payable to the Agent under Clause 18.5 (*Indemnity to the Disbursement Agent*), Clause 20 (*Costs and Expenses*) and Clause 30.7 (*Lenders' and Hedge Counterparties' indemnity to the Disbursement Agent*) shall include the cost of utilising the Disbursement Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Disbursement Agent may notify to the Borrower and the Agent, and is in addition to any fee paid or payable to the Disbursement Agent under Clause 15 (*Fees*).

30.12 Deduction from amounts payable by the Disbursement Agent

If any Party owes an amount to the Disbursement Agent under the Finance Documents the Disbursement Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Disbursement Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

31. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim;
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax; or
- (d) oblige any Finance Party to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any applicable anti-money laundering, economic or trade sanctions laws or regulations.

32. SHARING AMONG THE FINANCE PARTIES

32.1 Payments to Finance Parties

- (a) Subject to paragraph (b) below, if a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 35 (*Payment Mechanics*) and applies that amount to a payment due under the Finance Documents then:
 - (i) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

- (ii) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 35 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
 - (iii) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 35.6 (*Partial payments*).
- (b) Paragraph (a) above shall not apply to any amount received or recovered by an Issuing Bank in respect of any cash cover provided for the benefit of that Issuing Bank.

32.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 35.6 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

32.3 **Recovering Finance Party’s rights**

- (a) On a distribution by the Agent under Clause 32.2 (*Redistribution of payments*), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.
- (b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

32.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 32.2 (*Redistribution of payments*) shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

- (b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Finance Party for the amount so reimbursed.

32.5 Exceptions

- (a) This Clause 32 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
 - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

32.6 No independent power

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any rights or powers arising under the Security Documents except through the Security Agent.

33. THE POA AGENT

- (a) The Security Agent appoints the POA Agent to act as agent of the Security Agent under the Power of Attorney.
- (b) The POA Agent may not exercise any of its rights under the Power of Attorney without the instructions of the Security Agent, and the POA Agent shall act and exercise rights under the Power of Attorney only in accordance with the instructions given to it by the Security Agent.
- (c) The Power of Attorney shall be held and kept by the Security Agent and the Security Agent shall deliver the Power of Attorney to the POA Agent if and when required for the exercising of rights by the POA Agent under the Power of Attorney.
- (d) The POA Agent shall promptly inform the Security Agent of the contents of any notice or document received by it in its capacity as the POA Agent under or in connection with the Power of Attorney.
- (e) All references to the Security Agent in Clause 28.6 (*Business with the Group*), Clauses 29.4 (other than paragraph (f)) (*Duties of the Security Agent*), 29.5 (*No fiduciary duties to Obligors*) to 29.10 (*Lenders' and Hedge Counterparties' indemnity to the Security Agent*), Clauses 29.12 (*Confidentiality*) to 29.18 (*Insurance by Security Agent*) and Clause 29.22 (*Acceptance of title*) shall include references to the POA Agent acting as agent under the Power of Attorney.

- (f) The POA Agent may resign by giving notice to the Security Agent and the Borrower, in which case the Security Agent may (after consultation with the Borrower) appoint a successor POA Agent which is a financial institution operating in the Macau SAR.
- (g) Subject to paragraph (i) below, if the Security Agent has not appointed a successor POA Agent in accordance with paragraph (f) above within 30 days after notice of resignation was given, the POA Agent may (after consultation with the Borrower) appoint, by a further power of attorney, a successor POA Agent which is (i) a financial institution operating in the Macau SAR and (ii) is acceptable to the Security Agent.
- (h) Subject to paragraph (i) below, at any time, the Security Agent may (after consultation with the Borrower), by not less than 7 days notice to the POA Agent, copied to the Borrower, replace the POA Agent with a successor POA Agent appointed by it which is a financial institution operating in the Macau SAR.
- (i) The POA Agent's resignation and replacement shall only take effect upon satisfaction of each of the following conditions:
 - (i) the appointment of a successor POA Agent; and
 - (ii) the Security Agent either:
 - (A) procured the revocation of the Power of Attorney granted in favour of the POA Agent and procured a new Power of Attorney granted in favour of the successor POA Agent; or
 - (B) is satisfied that the POA Agent has executed a power of attorney without reservation (in form and substance satisfactory to the Security Agent) in favour of the successor POA Agent in respect of all of its powers and other rights and authority under the relevant Power of Attorney and has irrevocably and unconditionally divested itself in full of its powers, rights and authority thereunder.
- (j) Upon the appointment of a successor POA Agent and replacement of the existing POA Agent, the existing POA Agent shall be discharged from any further obligation in respect of the Power of Attorney. Its successor and each of the other Parties hereto shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party hereto.
- (k) The Borrower agrees that it will pay the fees of any successor POA Agent which shall be on reasonable market terms applicable to a financial institution operating in the Macau SAR undertaking obligations and responsibilities of the type contemplated herein and under the relevant Power of Attorney.

34. ENFORCEMENT OF SECURITY

34.1 Directions

The Security Agent may enforce the Transaction Security but only on the instruction of the Agent (acting in accordance with the Finance Documents), provided that the notice setting out such instruction states that an Event of Default has occurred and (as at the date of such notice) is continuing. The Security Agent shall (subject to Clause 29.3(f)), promptly after receipt of such instruction to enforce any Transaction Security, deliver an Enforcement Notice to the relevant Obligor or Grantor. At all times after any instruction to commence enforcement has been issued by the Agent to the Security Agent pursuant to Clause 24.2 (*Acceleration*) and subject to the terms of this Agreement, the Security Agent shall (subject to Clause 29.3(f)) act on the directions of the Agent (acting in accordance with the Finance Documents) which shall be entitled to give directions and do any other things in relation to the enforcement of the Transaction Security Documents and the Transaction Security (including in connection with, but not limited to, the disposal, collection or realisation of assets subject to the Transaction Security) that it considers appropriate (subject to the terms of the Finance Documents) including (without limitation) determining the timing and manner of enforcement against any particular person or asset.

34.2 Obligors' waiver

To the extent permitted under applicable law and subject to Clause 37 (*Application of Proceeds*), the Borrower and each other Obligor waives all rights it may otherwise have to require that the Transaction Security be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Secured Obligations is so applied.

34.3 Disposals by Security Agent

If any assets are sold or otherwise disposed of by (or on behalf of) the Security Agent, or by a Grantor at the request of the Security Agent either as a result of the enforcement of any of the Transaction Security or if that disposal is permitted under the Finance Documents and applicable law:

- (a) the Security Agent shall be authorised (at the cost of the Borrower) to:
 - (i) release and/or reassign those assets from the Transaction Security and is authorised to execute, on behalf of and without the need for any further authority from, any person, any release and reassignment of the Transaction Security or any other claim over those assets and to issue any certificates of non-crystallisation or non-consolidation of any floating charge that may, in the absolute discretion of the Security Agent, be considered necessary or desirable; and
 - (ii) where that asset consists of Capital Stock in a member of the Group, release the Transaction Security or any other claim (relating to a Finance Document) over that member of the Group's property; and

- (b) the Obligors shall (and the Borrower shall procure that the Grantor(s) will) and the Secured Parties shall execute any releases or other documents that the Security Agent may consider to be necessary to give effect to those releases and reassignments, **provided that** the proceeds of that disposal are applied in accordance with this Agreement.

34.4 Disposals by Obligors

If any asset is sold or otherwise disposed of by a Grantor and such sale or disposal is permitted under the Finance Documents:

- (a) the Security Agent shall be authorised (at the cost of the Borrower) to:
- (i) release and/or reassign those assets from the Transaction Security and is authorised to execute, on behalf of and without the need for any further authority from, any person, any release and reassignment of the Transaction Security or any other claim over those assets and to issue any certificates of non-crystallisation or non-consolidation of any floating charge that may, in the absolute discretion of the Security Agent, be considered necessary or desirable; and
 - (ii) where that asset consists of Capital Stock in a member of the Group, release the Transaction Security or any other claim (relating to a Finance Document) over that member of the Group's property; and
- (b) the Obligors shall (and the Borrower shall procure that the Grantor(s) will) and the Secured Parties shall execute any releases or other documents that the Security Agent may consider to be necessary to give effect to those releases and reassignments, **provided that** the proceeds of that disposal are applied in accordance with this Agreement and such release shall only become effective on the making of such sale or disposal.

34.5 Power of Attorney

The POA Agent shall not exercise any right under a Power of Attorney until after the delivery of an Enforcement Notice to the Borrower and Propco (and only if instructed by the Security Agent to do so).

34.6 Livranças

The Security Agent shall not present any of the Livranças for payment until after the delivery of an Enforcement Notice to each of the Borrower and Guarantors. Notwithstanding the terms of the Livrança Covering Letter, the aggregate amount to be inserted by the Security Agent into the Livranças may not exceed the aggregate amount of the Secured Obligations as at the date of such insertion by the Security Agent.

SECTION 11
ADMINISTRATION

35. PAYMENT MECHANICS

35.1 Payments to the Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency and with such bank as the Agent, in each case, specifies.

35.2 Distributions by the Agent

- (a) Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 35.3 (*Distributions to an Obligor*) and Clause 35.4 (*Clawback and pre-funding*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account (subject to, in the case of the Obligors, the provisions of Schedule 7 (*Accounts*)) as that Party may notify to the Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency.
- (b) The Agent shall distribute payments received by it in relation to all or any part of a Loan to the Lender indicated in the records of the Agent as being so entitled on that date **provided that** the Agent is authorised to distribute payments to be made on the date on which any transfer becomes effective pursuant to Clause 25 (*Changes to the Lenders*) to the Lender so entitled immediately before such transfer took place regardless of the period to which such sums relate.

35.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 36 (*Set--Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

35.4 Clawback and pre-funding

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

- (b) Unless paragraph (c) below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- (c) If the Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrower:
 - (i) the Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Agent; and
 - (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

35.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 35.1 (*Payments to the Agent*) may instead either:
 - (i) pay that amount direct to the required recipient(s); or
 - (ii) if, in its absolute discretion, it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of "Acceptable Bank" and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment (the "**Paying Party**") and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the "**Recipient Party**" or "**Recipient Parties**").In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or Recipient Parties *pro rata* to their respective entitlements.

- (c) A Party which has made a payment in accordance with this Clause 35.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 28.13 (*Replacement of the Agent*), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 35.2 (*Distributions by the Agent*).
- (e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:
 - (i) that it has not given an instruction pursuant to paragraph (d) above; and
 - (ii) that it has been provided with the necessary information by that Recipient Party,give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

35.6 Partial payments

- (a) If the Agent receives a payment for application against amounts due in respect of any Finance Document that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
 - (i) *firstly*, following the delivery of an Enforcement Notice, in payment of all costs and expenses incurred by or on behalf of the Agent, the Security Agent or the POA Agent in connection with such enforcement or recovery and which have been certified, in writing, as having been incurred by the Agent, the Security Agent or the POA Agent;
 - (ii) *secondly*, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent, the Issuing Bank, the Arranging Banks, the Security Agent, the POA Agent and the Disbursement Agent under those Finance Documents;
 - (iii) *thirdly*, in payment *pro rata* of all amounts paid by any Secured Party under Clause 28.11 (*Lenders' and Hedge Counterparties' indemnity to the Agent*) but which have not been reimbursed by the Borrower;
 - (iv) *fourthly*, in or towards payment *pro rata* of:
 - (A) all accrued interest, costs, fees and expenses due and payable to the Lenders under the Finance Documents; and

- (B) all amounts (not being any amount payable as a result of termination or closing out of all or any part of any Hedging Agreement) due and payable to the Hedge Counterparties under the Finance Documents;
- (v) *fifthly*, payment *pro rata* of:
 - (A) any principal due and payable under the Term Loan Facility to the extent due and payable to the Lenders;
 - (B) any principal due but unpaid under the Revolving Facility and any amount due but unpaid under Clause 7.2 (*Claims under a Letter of Credit*) and Clause 7.3 (*Indemnities*); and
 - (C) all amounts payable to the Hedge Counterparties as a result of the termination or closing out of all or any part of any Hedging Agreement; and
- (vi) *sixthly*, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(iii) to (vi) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

35.7 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

35.8 Business Days

- (a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

35.9 Currency of account

- (a) Subject to paragraphs (b) to (e) below, HK dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated, pursuant to the terms of the Finance Documents, on its due date.

- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated, pursuant to the terms of the Finance Documents, when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than Hong Kong dollars shall be paid in that other currency.

35.10 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

35.11 Disruption to Payment Systems etc.

- (a) If the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Borrower that a Disruption Event has occurred:
 - (i) the Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
 - (ii) the Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (i) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
 - (iii) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (i) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

- (iv) any such changes agreed upon by the Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 43 (*Amendments and Waivers*);
 - (v) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this paragraph (a); and
 - (vi) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (iv) above.
- (b) If the Disbursement Agent determines (in its discretion) that a Disruption Event has occurred or the Disbursement Agent is notified by the Borrower that a Disruption Event has occurred:
- (i) the Disbursement Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Term Loan Facility Disbursement Account as the Disbursement Agent may deem necessary in the circumstances;
 - (ii) the Disbursement Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (i) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
 - (iii) the Disbursement Agent may consult with the Agent in relation to any changes mentioned in paragraph (i) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
 - (iv) any such changes agreed upon by the Disbursement Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the parties to the Term Loan Facility Disbursement Agreement as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 43 (*Amendments and Waivers*);
 - (v) the Disbursement Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Disbursement Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this paragraph (b); and

(vi) the Disbursement Agent shall notify the Agent of all changes agreed pursuant to paragraph (iv) above.

36. **SET-OFF**

Without prejudice to the provisions of Schedule 7 (*Accounts*) and subject to the terms of Clause 32 (*Sharing among the Finance Parties*), a Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

37. **APPLICATION OF PROCEEDS**

37.1 **Order of application**

All moneys from time to time received or recovered by the Security Agent in connection with the realisation or enforcement of all or any part of the Transaction Security shall be held by the Security Agent on trust to apply them at such times as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:

- (a) in discharging any sums owing to the Security Agent (in its capacity as trustee), any Receiver or any Delegate;
- (b) in payment (or reimbursement):
 - (i) where a Finance Party (or Finance Parties) has (or have) paid or funded any amount referred to in clauses 5.3 (*Non-payment by Studio City Entertainment of arrears under the Services and Right to Use Agreement*) to 5.5 (*Termination rights in the Final Grace Period*) of the Services and Right to Use Direct Agreement (and Melco Crown Gaming has not paid or funded any such amounts), to that Finance Party (or, as the case may be, on a *pro rata* basis between such Finance Parties) on account of all such amounts; or
 - (ii) where a Finance Party (or Finance Parties) has (or have) paid or funded any amount referred to in clauses 5.3 (*Non-payment by Studio City Entertainment of arrears under the Services and Right to Use Agreement*) to 5.5 (*Termination rights in the Final Grace Period*) of the Services and Right to Use Direct Agreement (and Melco Crown Gaming has also, together with their Finance Party or Finance Parties, funded such amounts), on a *pro rata* basis to the Finance Party (or, as the case may be, Finance Parties) and Melco Crown Gaming on account of all such amounts, **save where** a Sale is or has been made pursuant to the Purchase Right (both "**Sale**" and "**Purchase Right**" bearing the meaning, for the purposes of this Clause 37.1(b), given to such term in the Services and Right to Use Direct Agreement) in which circumstances payment (or reimbursement) should be made to the Finance Party (or, as the case may be, Finance Parties) only; or

- (iii) where Melco Crown Gaming has paid or funded any amount referred to in clauses 5.3 (*Non-payment by Studio City Entertainment of arrears under the Services and Right to Use Agreement*) to 5.5 (*Termination rights in the Final Grace Period*) of the Services and Right to Use Direct Agreement (and no Finance Party has paid or funded any such amounts) and **provided that** no Sale is or has been made pursuant to the Purchase Right, to Melco Crown Gaming on account of all such amounts;
- (c) in payment to the Agent, on behalf of the Secured Parties, for application towards the discharge of all sums due and payable by any Obligor under any of the Finance Documents in accordance with Clause 35.6 (*Partial payments*);
- (d) if none of the Obligors is under any further actual or contingent liability under any Finance Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Obligor; and
- (e) the balance, if any, in payment to the relevant Obligor or Grantor (as the case may be).

37.2 Investment of Proceeds

Prior to the application of the proceeds of the Transaction Security in accordance with Clause 37.1 (*Order of application*) the Security Agent may, at its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent or Agent with any financial institution (including itself) and for so long as the Security Agent thinks fit (the interest being credited to the relevant account) pending the application from time to time of those monies at the Security Agent's discretion in accordance with the provisions of this Clause 37. If the Secured Obligations have been fully discharged or would be fully discharged (in each case to the satisfaction of the Security Agent) if the moneys in such suspense or impersonal account were applied towards satisfaction of the Secured Obligations, the Security Agent shall promptly and without undue delay apply the moneys in such suspense or impersonal account towards satisfaction of the Secured Obligations and if there are any moneys remaining in such suspense or impersonal account after the Secured Obligations have been fully discharged, the Security Agent shall promptly pay such remaining moneys to any person as directed by the relevant Grantor.

37.3 Currency Conversion

- (a) For the purpose of or pending the discharge of any of the Secured Obligations the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at the spot rate at which the Security Agent is able to purchase the currency in which the Secured Obligations are due with the amount received.

- (b) Subject to the requirements of any applicable law, the obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

37.4 Permitted Deductions

The Security Agent shall be entitled (a) to set aside by way of reserve amounts required to meet and (b) to make and pay, any deductions and withholdings (on account of Tax or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement, and to pay all Tax which may be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (except in connection with its remuneration for performing its duties under this Agreement).

37.5 Discharge of Secured Obligations

- (a) Any payment to be made in respect of the Secured Obligations by the Security Agent may be made to the Agent on behalf of the Lenders and that payment shall be a good discharge to the extent of that payment, to the Security Agent.
- (b) The Security Agent is under no obligation to make payment to the Agent in the same currency as that in which any Unpaid Sum is denominated.

37.6 Consideration

In consideration of the covenants given to the Security Agent by the Borrower and the other Obligors in Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent agrees with the Borrower and the other Obligors to apply all moneys from time to time paid by the Borrower or any other Obligor to the Security Agent in accordance with the provisions of Clause 37 (*Application of Proceeds*).

38. SCIH PURCHASE OPTION

38.1 Option to purchase: SCIH

- (a) Subject to paragraph (b) below, SCIH may at any time after the delivery of an Enforcement Notice by the Security Agent in accordance with the terms of the Finance Documents by giving not less than ten days' notice to the Agent, require the transfer to it (or to a nominee or nominees), in accordance with Clause 25 (*Changes to the Lenders*), of all, but not part, of the rights and obligations in respect of the Lender Liabilities if:
 - (i) that transfer is lawful and subject to paragraph (ii) below, otherwise permitted by the terms of this Agreement;
 - (ii) any conditions relating to such a transfer contained in this Agreement are complied with, other than:
 - (A) any requirement to obtain the consent of, or consult with, any Obligor or other member of the Group relating to such transfer, which consent or consultation shall not be required; and

- (B) to the extent to which SCIH provides cash cover for any Letter of Credit, the consent of the relevant Issuing Bank relating to such transfer;
- (iii) the Agent, on behalf of the Lenders, is paid an amount equal to the aggregate of:
 - (A) any amounts provided as cash cover by SCIH for any Letter of Credit (as envisaged in paragraph (ii)(B) above);
 - (B) all of the Lender Liabilities at that time (whether or not due) and all other amounts that would have been payable under this Agreement if the Facilities were being prepaid by the relevant Obligor on the date of that payment; and
 - (C) all costs and expenses (including legal fees) incurred by the Agent and/or the Lenders as a consequence of giving effect to that transfer;
- (iv) as a result of that transfer the Lenders have no further actual or contingent liability to any Obligor under the relevant Finance Documents;
- (v) an indemnity is provided from SCIH (or from another third party acceptable to all the Lenders) in a form satisfactory to each Lender in respect of all losses which may be sustained or incurred by any Lender in consequence of any sum received or recovered by any Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Lender for any reason; and
- (vi) the transfer is made without recourse to, or representation or warranty from, the Lenders, except that each Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorise the making by it of that transfer.
- (b) Subject to paragraph (b) of Clause 38.2 (*Hedge Transfer: SCIH*), SCIH may only require a Lender Liabilities Transfer if, at the same time, it requires a Hedge Transfer in accordance with Clause 38.2 (*Hedge Transfer: SCIH*) and if, for any reason, a Hedge Transfer cannot be made in accordance with Clause 38.2 (*Hedge Transfer: SCIH*), no Lender Liabilities Transfer may be required to be made.
- (c) The Agent shall, at the request of SCIH notify SCIH of:
 - (i) the sum of the amounts described in paragraphs (a)(iii)(B) and (C) above; and
 - (ii) the amount of each Letter of Credit for which cash cover is to be provided by SCIH.

38.2 Hedge Transfer: SCIH

- (a) SCIH may, by giving not less than ten days' notice to the Agent, require a Hedge Transfer:
- (i) if SCIH requires, at the same time, a Lender Liabilities Transfer; and
 - (ii) if:
 - (A) that transfer is lawful and otherwise permitted by the terms of the Hedging Agreements in which case no Obligor or other member of the Group shall be entitled to withhold its consent to that transfer;
 - (B) any conditions (other than the consent of, or any consultation with, any Obligor or other member of the Group) relating to that transfer contained in the Hedging Agreements are complied with;
 - (C) each Hedge Counterparty is paid (in the case of a positive number) or pays (in the case of a negative number) an amount equal to the aggregate of (i) the Hedging Purchase Amount in respect of the hedging transactions under the relevant Hedging Agreement at that time and (ii) all costs and expenses (including legal fees) incurred as a consequence of giving effect to that transfer;
 - (D) as a result of that transfer, the Hedge Counterparties have no further actual or contingent liability to any Obligor under the Hedging Agreements;
 - (E) an indemnity is provided from SCIH (or from another third party acceptable to the relevant Hedge Counterparty) in a form satisfactory to the relevant Hedge Counterparty in respect of all losses which may be sustained or incurred by that Hedge Counterparty in consequence of any sum received or recovered by that Hedge Counterparty being required (or it being alleged that it is required) to be paid back by or clawed back from the Hedge Counterparty for any reason; and
 - (F) that transfer is made without recourse to, or representation or warranty from, the relevant Hedge Counterparty, except that the relevant Hedge Counterparty shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorise the making by it of that transfer.
- (b) SCIH and any Hedge Counterparty may agree (in respect of the Hedging Agreements (or one or more of them) to which that Hedge Counterparty is a party)) that a Hedge Transfer required by SCIH pursuant to paragraph (a) above shall not apply to that Hedging Agreement(s) or to the Hedging Liabilities and Hedge Counterparty Obligations under that Hedging Agreement(s).

38.3 SCIH – Third Party Benefit

SCIH shall have the right to enforce this Clause 38 (*SCIH Purchase Option*) pursuant to The Contract (Rights of Third Parties) Act 1999 notwithstanding that it is not a party to this Agreement.

39. NOTICES

39.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

39.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Borrower and each other Obligor:

Address: Studio City Investments Limited
Appleby Corporate Services (BVI) Limited
Jayla Place
Wickhams Cay I
Road Town
Tortola
British Virgin Islands

Attention: Company Secretary

Fax: +1 284 494 7279

With a copy to:

Address: Melco Crown Entertainment Limited
36/F, The Centrium
60 Wyndham Street
Central
Hong Kong SAR

Attention: Ms. Stephanie Cheung, Executive Vice President and Chief Legal Officer

Fax: +852 2537 3618

Telephone: +852 2598 3600

- (b) in the case of each Arranging Bank, Lender, the Issuing Bank, Hedge Counterparty or any other Obligor, that identified with its name in the signing pages below or otherwise notified in writing to the Agent on or prior to the date on which it becomes a Party; and
 - (c) in the case of the Agent or the Security Agent, that identified with its name in the signing pages below,
- or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than ten Business Days' notice.

39.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 39.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Borrower in accordance with this Clause 39.3 will be deemed to have been made or delivered to each of the Obligors.
- (e) All notices to a Lender from the Security Agent shall be sent through the Agent.
- (f) Any communication or document which becomes effective, in accordance with paragraphs (a) to (e) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

39.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 39.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

39.5 **Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:
- (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.
- (c) Notwithstanding the foregoing, each Party hereto agrees that the Agent may make information, documents and other materials that any Obligor is obligated to furnish to the Agent pursuant to the Finance Documents (together, "**Communications**") available to any Finance Party by posting the Communications on IntraLinks or another relevant website, if any, to which such Finance Party has access (whether a commercial, third-party website or whether sponsored by the Agent) (the "**Platform**"). Nothing in this Clause 39.5 shall prejudice the right of the Agent to make the Communications available to any Finance Party in any other manner specified in this Agreement or any other Finance Documents.
- (d) Each Finance Party agrees that e-mail notice to it (at the address provided pursuant to this paragraph (d) and deemed delivered as provided in paragraph (e) below) specifying that Communications have been posted to the Platform shall constitute effective delivery of such Communications to such Finance Party for purposes of this Agreement and the other Finance Documents. Each Finance Party agrees:
- (i) to notify the Agent in writing (including by electronic communication) from time to time to ensure that the Agent has on record an effective e-mail address for such Finance Party to which the foregoing notice may be sent by electronic transmission; and
 - (ii) that the foregoing notice may be sent to such e-mail address.
- (e) Notwithstanding paragraph (f) below, each Party hereto agrees that any electronic communication referred to in this Clause 39.5 shall be deemed delivered upon the posting of a record of such communication (properly addressed to such party at the e-mail address provided to the Agent) as "sent" in the e-mail system of the sending party or, in the case of any such communication to the Agent, upon the posting of a record of such communication as "received" in the e-mail system of the Agent.

- (f) Each Party hereto acknowledges that:
 - (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution;
 - (ii) the Communications and the Platform are provided “as is” and “as available”;
 - (iii) none of the Agent, its affiliates nor any of their respective officers, directors, employees, agents, advisors or representatives (collectively, the “**Agency Parties**”) warrants the adequacy, accuracy or completeness of the Communications or the Platform, and each Agency Party expressly disclaims liability for errors or omissions in any Communications or the Platform; and
 - (iv) no representation or warranty of any kind, express, implied or statutory, including any representation or warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Agency Party in connection with any Communications or the Platform.
- (g) Any communication or document which becomes effective, in accordance with paragraphs (b) or (e) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

39.6 **Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

39.7 **English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or

- (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document or as is required by law to be in one of the Macau SAR official languages or (in the case of a Chinese or Portuguese version) is to be filed with any Macau SAR Governmental Authority in which case a Portuguese and/or Chinese version shall prevail.

39.8 Hedging Agreement

Clauses 39.1 (*Communications in writing*) to 39.5 (*Electronic communication*) shall not apply to any Hedging Agreement.

40. CALCULATIONS AND CERTIFICATES

40.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

40.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

40.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days provided that in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

41. PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

42. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of any Finance Party or Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

43. AMENDMENTS AND WAIVERS

43.1 Required consents

- (a) Subject to the terms of Clause 25.8 (*Accession of Hedge Counterparties*), Clause 43.2 (*Exceptions*) and paragraphs (b), (c) and (d) below, any term of the Finance Documents (other than the Mandate Letter and the Mandate Fee Letter) may be amended or waived only with the consent of the Majority Lenders and the Parent and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party:
- (i) any amendment or waiver or enter into any document or do any other act or thing permitted by this Clause 43 and any other provision of the Finance Documents; and
 - (ii) pursuant to paragraph (a) of Clause 28.2 (*Instructions*), any amendment or waiver of, or in respect of, such matters as it determines to be of a minor technical or administrative nature or of a non-credit related nature.
- Without prejudice to the generality of paragraphs (c), (d) and (e) of Clause 28.7 (*Rights and discretions*), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (c) The Agent, on the instructions of the Bookrunner Mandated Lead Arrangers, may effect on behalf of any Finance Party, any amendment or waiver contemplated by the Mandate Letter or the Mandate Fee Letter and the Obligor agree (and authorise the Parent to execute on their behalf as Obligor's Agent) any such amendment or waiver.
- (d) The Agent acting on the instructions of the Majority Lenders shall (if so instructed by the Majority Lenders) enter into (and/or, as the case may be, instruct the Security Agent, Disbursement Agent and/or POA Agent to enter into) any Completion Support Document, the Subordination Deed, the Term Loan Facility Disbursement Agreement, any Transaction Security Document, any Finance Document referred to in paragraph (q) of the definition of "Finance Document" in Clause 1.1 (*Definitions*) and any Direct Agreement.
- (e) Each Obligor agrees to any such amendment or waiver permitted by this Clause 43 which is agreed to by the Parent, including any amendment or waiver which would, but for this paragraph (e), require the consent of all of the Guarantors.

43.2 Exceptions

- (a) Save as otherwise expressly provided herein (or therein), an amendment, waiver or (in the case of a Transaction Security Document) a consent of, or in relation to, any term of any Finance Document that has the effect of changing or which relates to:
- (i) the definition of “Majority Lenders”;
 - (ii) an extension to the date of payment of any amount under the Finance Documents;
 - (iii) a reduction in the Margin (other than in accordance with the terms of this Agreement) or a reduction in the amount of any payment of principal, interest, fees or commission payable;
 - (iv) a change in currency of payment of any amount under the Finance Documents;
 - (v) an increase in or an extension of any Commitment or the Total Commitments;
 - (vi) a change to the Obligors other than in accordance with Clause 27 (*Changes to the Obligors*);
 - (vii) any provision which expressly requires the consent of all the Lenders or all the Hedge Counterparties;
 - (viii) Clause 2.2 (*Finance Parties’ rights and obligations*), Clause 10 (*Mandatory Prepayment and Cancellation*) and Schedule 4 (*Mandatory Prepayment*) (save for an amendment, waiver or other exercise of any right, power or discretion (1) in respect of the time periods specified in paragraph (e) of the definition of “Excluded Claim Proceeds”, paragraph (a) of the definition of “Excluded Disposal Proceeds”, paragraph (b) of the definition of “Excluded Eminent Domain Proceeds”, (c) of the definition of “Excluded Insurance Proceeds” and paragraph (a) or (c) of the definition of “Excluded Termination Proceeds”), (2) expressed to be exercisable by the Agent, the Majority Lenders or the Finance Parties in respect of paragraph 4(b)(ii) (*Mandatory Prepayment Accounts and Holding Accounts*) of Schedule 4 (*Mandatory Prepayment*) or (3) in respect of paragraph 7 (*Restrictions*) of Schedule 4 (*Mandatory Prepayment*) or in respect of any other provision of Clause 10 (*Mandatory Prepayment and Cancellation*) or Schedule 4 (*Mandatory Prepayment*) consequential on any such act or thing in respect of any of the foregoing), Clause 25 (*Changes to the Lenders*) (other than Clause 25.8 (*Accession of Hedge Counterparties*)) or this Clause 43;
 - (ix) the nature or scope of the guarantee and indemnity granted under Clause 21 (*Guarantee and Indemnity*);

- (x) the nature or scope of the Charged Property or the manner in which the proceeds of enforcement of the Transaction Security are distributed (except in each case insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);
- (xi) the release of any guarantee and indemnity granted under Clause 21 (*Guarantee and Indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document;
- (xii) any amendment to the requirement that the following conditions precedent be satisfied on or prior to First Utilisation:
 - (A) the condition precedent specified in paragraph 13(a) of Part I of Schedule 2 (*Conditions Precedent*); or
 - (B) the condition precedent specified in paragraph 13(e) of Part I of Schedule 2 (*Conditions Precedent*) of this Agreement, **except that** if the proceeds of the High Yield Notes have not been fully disbursed as at the date falling 18 months from the date of this Agreement, then the condition precedent specified in paragraph 13(e) of Part I of Schedule 2 (*Conditions Precedent*) of this Agreement shall be deemed automatically waived by all of the Lenders for the purposes of the First Utilisation and the amount elected by the Borrower to be borrowed by it in accordance with the terms of this Agreement shall be deposited into the Term Loan Facility Disbursement Account (but, for the avoidance of doubt, the condition precedent specified in paragraph 13(e) of Part I of Schedule 2 (*Conditions Precedent*) of this Agreement must thereafter be satisfied prior to any release of funds from the Term Loan Facility Disbursement Account);
- (xiii) any amendment to the order of priority or subordination under the Subordination Deed; or
- (xiv) any amendment to:
 - (A) paragraph 3.34 (*High Yield Note Documents*) of Schedule 6 (*Covenants*);
 - (B) paragraph (l), (n), (o) or (p) in the definition of “Permitted Disposal” (in respect of each of the foregoing, to the extent relating to any Capital Stock in SCE, Hotelco or Propco or any Restricted Asset) and the proviso in the definition of “Permitted Disposal” and paragraph 3.15 (*Disposals*) of Schedule 6 (*Covenants*) to the extent that it relates to any of the foregoing paragraphs or the foregoing proviso; and

- (C) paragraphs (d) and (e) (in respect of each of the foregoing, to the extent relating to any Capital Stock in SCE, Hotelco or Propco or any Restricted Asset) and the proviso in the definition of "Permitted Acquisition and paragraph 3.8 (*Acquisitions*) of Schedule 6 (*Covenants*) to the extent that it relates to any of the foregoing paragraphs or the foregoing proviso,

shall not be made without the prior consent of all the Lenders and, where required under Clause 25.8 (*Accession of Hedge Counterparties*), all of the Hedge Counterparties.

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Issuing Bank, the Bookrunner Mandated Lead Arrangers, the Mandated Lead Arranger, the Lead Arrangers, the Arranger, the Senior Managers, the Managers, the Security Agent, the POA Agent, the Disbursement Agent or a Hedge Counterparty (each in their capacity as such) may not be effected without the consent of the Agent, the Issuing Bank, the Hedge Counterparties, the Bookrunner Mandated Lead Arrangers, the Mandated Lead Arranger, the Lead Arrangers, the Arranger, the Senior Managers, the Managers, the Security Agent, the POA Agent or, as the case may be, the Disbursement Agent.
- (c) If any Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any of the terms of any Finance Document (other than a request for a consent, waiver or amendment of or in relation to those matters referred to in paragraph (a) above or any consent or approval required under paragraph 3.29 of Schedule 6 (*Covenants*) or Clause 28.21 (*No Objection*) or referred to in paragraph (d) below) or other vote of Lenders under the terms of this Agreement within 10 Business Days or such other period as is provided for by this Agreement (unless the Borrower agrees to a longer time period in relation to any request) of that request being made, its Commitment and/or participation shall not be included for the purpose of calculating the Total Commitments or participations under the relevant Facility/ies when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments and/or participations has been obtained to approve that request **provided that** the Borrower has noted in its request for a consent, waiver, amendment or vote that such action is subject to the provisions of this paragraph (c) and sets out the date that is 10 Business Days after the date of such request.
- (d) If any Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any consent or approval required in connection with the entry into of any Major Project Document under paragraphs 3.29 or (if applicable) any Excluded Major Project Document under paragraph 3.39 of Schedule 6 (*Covenants*) or the approval of Major Construction Contracts (and amendments and supplements thereto) entered into prior to First Utilisation under paragraph 5(e) of Part I of Schedule 2 (*Conditions Precedent*) within 20 Business Days (unless the Borrower agrees to a longer time period in relation to any request) of that request being made, its Commitment and/or participation shall not be included for the purpose of calculating the Total Commitments or participations under the relevant Facility/ies when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments and/or participations has been obtained to approve that request **provided that** the Borrower has noted in its request for a consent, waiver, amendment or vote that such action is subject to the provisions of this paragraph (d) and sets out the date that is 20 Business Days after the date of such request.

43.3 Replacement of Lender

- (a) If:
- (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (d) below); or
 - (ii) an Obligor becomes obliged to repay any amount in accordance with Clause 9.1 (*Illegality*) or to pay additional amounts pursuant to Clause 17.1 (*Increased costs*), Clause 16.2 (*Tax gross-up*) or Clause 16.3 (*Tax indemnity*) to any Lender,
- then the Borrower may, on 10 Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 25 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Borrower, which is acceptable (in the case of any transfer of a Revolving Facility Commitment) to the Issuing Bank and which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 25 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Letter of Credit fees, Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (b) The replacement of a Lender pursuant to this Clause 43.3 shall be subject to the following conditions:
- (i) the Borrower shall have no right to replace the Agent or Security Agent;
 - (ii) neither the Agent nor the Lender shall have any obligation to the Borrower to find a Replacement Lender;
 - (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 10 Business Days after the date on which that Lender is deemed a Non-Consenting Lender;
 - (iv) in no event shall the Lender replaced under Clause 43.3 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and

- (v) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer.
- (c) A Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.
- (d) In the event that:
 - (i) the Borrower or the Agent (at the request of the Borrower) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;
 - (ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and
 - (iii) Lenders whose Commitments aggregate in the case of a consent, waiver or amendment requiring the approval of all the Lenders, more than 80 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 80 per cent. of the Total Commitments immediately prior to that reduction) have consented or agreed to such waiver or amendment,then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a “**Non-Consenting Lender**”.

43.4 Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:
 - (i) the Majority Lenders; or
 - (ii) whether:
 - (A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments, the Total Term Loan Facility Commitments or Total Revolving Facility Commitments under the relevant Facility/ies; or
 - (B) the agreement of any specified group of Lenders,has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender’s Commitments under the relevant Facility/ies will be reduced by the amount of its Available Commitments under the relevant Facility/ies and, to the extent that that reduction results in that Defaulting Lender’s Total Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of this paragraph (a).

- (b) For the purposes of this Clause 43.4, the Agent may assume that the following Lenders are Defaulting Lenders:
- (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
 - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b), (c) or (d) of the definition of “Defaulting Lender” has occurred,
- unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

43.5 Replacement of a Defaulting Lender

- (a) The Borrower may, at any time a Lender has become and continues to be a Defaulting Lender, by giving 5 Business Days’ prior written notice to the Agent and such Lender:
- (i) replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 25 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement;
 - (ii) require such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 25 (*Changes to the Lenders*) all (and not part only) of the undrawn Revolving Facility Commitment of the Lender; or
 - (iii) require such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 25 (*Changes to the Lenders*) all (and not part only) of its rights and obligations in respect of the Revolving Facility,
- to a Lender or other bank, financial institution, trust, fund or other entity (a “**Replacement Lender**”) selected by the Borrower, and (in the case of any transfer of a Revolving Facility Commitment) which is acceptable to the Issuing Bank and which confirms its willingness to assume and does assume all the obligations, or all the relevant obligations, of the transferring Lender in accordance with Clause 25 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest and/or Letter of Credit fees, Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause shall be subject to the following conditions:
- (i) the Borrower shall have no right to replace the Agent or Security Agent;
 - (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Borrower to find a Replacement Lender;
 - (iii) the transfer must take place no later than 10 Business Days after the notice referred to in paragraph (a) above;
 - (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents; and
 - (v) the Defaulting Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer to the Replacement Lender.
- (c) The Defaulting Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

44. CONFIDENTIALITY

44.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 44.2 (*Disclosure of Confidential Information*) and Clause 44.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

44.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates, head office and any other branch and Related Funds and any of its or their officers, directors, employees, professional advisers, Representatives and (unless it relates to any Services and Right to Use Agreement Confidential Information) auditors such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of (x) its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information and (y) in the case of any Services and Right to Use Agreement Confidential Information, that the Borrower Group is subject to a duty of confidentiality to the government and/or the relevant public regulatory authorities of the Macau SAR;

- (b) to any person:
- (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or succeeds (or which may potentially succeed) it as Agent or Security Agent, and in each case, to any of that person's Affiliates, head office and any other branch, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (iii) appointed by any Finance Party or by a person to whom sub paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (d) of Clause 28.15 (*Relationship with the Lenders and the Hedge Counterparties*));
 - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (ii) above;
 - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
 - (vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
 - (vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 25.9 (*Security Interests over Lenders' rights*);
 - (viii) who is a Party; or
 - (ix) with the prior written consent of the Borrower,
- in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
 - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
 - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party;
 - (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of (x) its confidential nature and that some or all of such Confidential Information may be price-sensitive information and (y) in the case of any Services and Right to Use Agreement Confidential Information, that the Borrower Group is subject to a duty of confidentiality to the government and/or the relevant public regulatory authorities of the Macau SAR; and
 - (e) to the International Swaps and Derivatives Association, Inc. (“ISDA”) or any Credit Derivatives Determination Committee or sub-committee of ISDA where such disclosure is required by them in order to determine whether the obligations under the Finance Documents will be, or in order for the obligations under the Finance Documents to become, deliverable under a credit derivative transaction or other credit linked transaction which incorporates the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement or other provisions substantially equivalent thereto if ISDA is informed of (x) its confidential nature and that some or all of such Confidential Information may be price-sensitive information and (y) in the case of any Services and Right to Use Agreement Confidential Information, that the Borrower Group is subject to a duty of confidentiality to the government and/or the relevant public regulatory authorities of the Macau SAR.

44.3 **Disclosure to numbering service providers**

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or one or more Obligors the following information:
- (i) names of Obligors;
 - (ii) country of domicile of Obligors;
 - (iii) place of incorporation of Obligors;
 - (iv) date of this Agreement;
 - (v) Clause 47 (*Governing Law*);
 - (vi) the names of the Agent and the Arranging Banks;
 - (vii) date of each amendment and restatement of this Agreement;
 - (viii) amounts of, and names of, the Facilities (and any tranches);
 - (ix) amount of Total Commitments;
 - (x) currencies of the Facilities;
 - (xi) type of Facilities;
 - (xii) ranking of Facilities;
 - (xiii) Termination Date for Facilities;
 - (xiv) changes to any of the information previously supplied pursuant to paragraphs (i) to (xiii) above; and
 - (xv) such other information agreed between such Finance Party and the Borrower, to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) The Borrower represents that none of the information set out in paragraphs (i) to (xv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Agent shall notify the Borrower and the other Finance Parties of:
 - (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or one or more Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or one or more Obligors by such numbering service provider.

44.4 Entire agreement

This Clause 44 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

44.5 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

44.6 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 44.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 44.

44.7 **Continuing obligations**

The obligations in this Clause 44 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

44.8 **Tax Disclosure**

Notwithstanding any of the provisions of the Finance Documents, the Obligors and the Finance Parties hereby agree that each Party and each employee, representative or other agent of each Party may disclose to any and all persons, without limitation of any kind, the "tax structure" and "tax treatment" (in each case within the meaning of the U.S. Treasury Regulation Section 1.6011-4) of the Facility and any materials of any kind (including opinions or other tax analyses) that are provided to any of the foregoing relating to such tax structure and tax treatment to the extent, but only to the extent, necessary for the transaction to avoid being considered a confidential transaction for purposes of U.S. Treasury Regulation section 1.6011-4(b)(3).

45. **COUNTERPARTS**

Except for any Finance Document that is governed by Macau SAR law and is to be executed by the parties thereto in the presence of a notary, each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

46. **USA PATRIOT ACT**

Each Lender hereby notifies each Obligor that pursuant to the requirements of the USA Patriot Act, such Lender is required to obtain, verify and record information that identifies such Obligor, which information includes the name and address of such Obligor and other information that will allow such Lender to identify such Obligor in accordance with the USA Patriot Act.

SECTION 12
GOVERNING LAW AND ENFORCEMENT

47. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

48. ENFORCEMENT

48.1 Jurisdiction of English courts

- (a) The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 48.1 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

48.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor:
 - (i) irrevocably appoints Law Debenture Corporate Service Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document governed by English law; and
 - (ii) agrees that failure by an agent for service of process to notify the Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Parent (on behalf of all the Obligors) must immediately (and in any event within three Business Days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

48.3 **Waiver of Jury Trial**

EACH OF THE PARTIES TO THIS AGREEMENT AGREES TO WAIVE IRREVOCABLY ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN THIS AGREEMENT. This waiver is intended to apply to all Disputes. Each Party acknowledges that (a) this waiver is a material inducement to enter into this Agreement, (b) it has already relied on this waiver in entering into this Agreement and (c) it will continue to rely on this waiver in future dealings. Each Party represents that it has reviewed this waiver with its legal advisers and that it knowingly and voluntarily waives its jury trial rights after consultation with its legal advisers. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE 1
ORIGINAL PARTIES**

**PART I
ORIGINAL LENDERS**

| <u>Name of Original Lender</u> | <u>Term Loan Facility Commitment (HK Dollars)</u> | <u>Revolving Facility Commitment (HK Dollars)</u> |
|---|---|---|
| Australia and New Zealand Banking Group Limited | \$ 540,024,642.86 | \$ 41,540,357.14 |
| Banco Espírito Santo do Oriente, S.A. | \$ 288,013,142.86 | \$ 22,154,857.14 |
| Banco Nacional Ultramarino, S.A. | \$ 468,021,357.14 | \$ 36,001,642.86 |
| Banco Weng Hang, S.A. | \$ 57,602,628.57 | \$ 4,430,971.43 |
| Bank of America, N.A. | \$ 540,024,642.86 | \$ 41,540,357.14 |
| Bank of China Limited, Macau Branch | \$2,160,098,571.43 | \$166,161,428.57 |
| Bank of Communications Co., Ltd. Macau Branch | \$ 720,032,857.14 | \$ 55,387,142.86 |
| Cathay United Bank Company, Limited, Hong Kong Branch | \$ 72,003,285.71 | \$ 5,538,714.29 |
| Chang Hwa Commercial Bank Ltd., Offshore Banking Branch | \$ 36,001,642.86 | \$ 2,769,357.14 |
| China CITIC Bank International Limited | \$ 144,006,571.43 | \$ 11,077,428.57 |
| Chong Hing Bank Limited, Macau Branch | \$ 36,001,642.86 | \$ 2,769,357.14 |
| Citibank, N.A., Hong Kong Branch | \$ 540,024,642.86 | \$ 41,540,357.14 |
| Crédit Agricole Corporate and Investment Bank, Hong Kong Branch | \$ 468,021,357.14 | \$ 36,001,642.86 |
| Crédit Industriel et Commercial, Singapore Branch | \$ 72,003,285.71 | \$ 5,538,714.29 |
| Dah Sing Bank, Limited | \$ 36,001,642.86 | \$ 2,769,357.14 |
| Deutsche Bank AG, Hong Kong Branch | \$ 540,024,642.86 | \$ 41,540,357.14 |
| First Commercial Bank Macau Branch | \$ 36,001,642.86 | \$ 2,769,357.14 |
| Industrial and Commercial Bank of China (Macau) Limited | \$1,800,082,142.86 | \$138,467,857.14 |

| <u>Name of Original Lender</u> | <u>Term Loan Facility Commitment (HK Dollars)</u> | <u>Revolving Facility Commitment (HK Dollars)</u> |
|---|---|---|
| National Australia Bank Limited, Hong Kong Branch | \$ 288,013,142.86 | \$ 22,154,857.14 |
| Tai Fung Bank Limited | \$ 151,206,900.00 | \$ 11,631,300.00 |
| The Bank of East Asia, Limited, Macau Branch | \$ 288,013,142.86 | \$ 22,154,857.14 |
| The Bank of Nova Scotia | \$ 216,009,857.14 | \$ 16,616,142.86 |
| UBS AG, Singapore Branch | \$ 432,019,714.29 | \$ 33,232,285.71 |
| Wing Lung Bank Limited, Macau Branch | \$ 151,206,900.00 | \$ 11,631,300.00 |
| Total | <u>10,080,460,000.00</u> | <u>775,420,000.00</u> |

PART II
ORIGINAL GUARANTORS

| Guarantor | Jurisdiction of Incorporation | Registration Number (or equivalent) |
|--|--------------------------------------|--|
| Studio City Investments Limited | The British Virgin Islands | 1673083 |
| Studio City Holdings Two Limited | The British Virgin Islands | 402572 |
| Studio City Holdings Three Limited | The British Virgin Islands | 1746781 |
| Studio City Holdings Four Limited | The British Virgin Islands | 1746782 |
| Studio City Entertainment Limited | Macau SAR | 27610 |
| Studio City Services Limited | Macau SAR | 40053 |
| Studio City Hotels Limited | Macau SAR | 41334 |
| SCP Holdings Limited | The British Virgin Islands | 1697577 |
| Studio City Hospitality and Services Limited | Macau SAR | 40168 |
| SCP One Limited | The British Virgin Islands | 1697795 |
| SCP Two Limited | The British Virgin Islands | 1697797 |
| Studio City Developments Limited | Macau SAR | 14311 |
| Studio City Retail Services Limited | Macau SAR | 45208 |

**SCHEDULE 2
CONDITIONS PRECEDENT**

**PART I
CONDITIONS PRECEDENT TO FIRST UTILISATION**

1. Corporate Documents

- (a) A copy of the Constitutional Documents of each Grantor and Obligor.
- (b) A copy of a resolution of the board of directors of each Grantor and Obligor:
 - (i) save if such resolution is not required under the law of incorporation or the articles of association of that Obligor or Grantor, approving the terms of, and the transactions contemplated by, the relevant Transaction Documents to which it is a party and resolving that it execute, deliver and perform the Transaction Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (iii) in respect of each Obligor, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, in relation to the Parent and the Borrower, any Utilisation Request and Selection Notice) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party (each, for the purposes of this Schedule 2 and for so long as such authorisation remains effective, an "authorised signatory" of such Obligor).
- (c) A copy of the shareholder approval signed by the shareholders of SCIH and dated 21 January 2013.
- (d) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above in relation to and, who will be executing, the Finance Documents and related documents.
- (e) A declaration of a director or other authorised signatory of each Obligor that the borrowing, guaranteeing or securing, as appropriate, the Total Commitments or the entry into or performance under any of the relevant Transaction Documents to which it is a party would not cause any guarantee, security or similar limit or any other Legal Requirement binding on it, to be exceeded.
- (f) A declaration of a director or other authorised signatory of each Obligor and Grantor confirming that each document, copy document and other evidence relating to it specified in this Part I (other than those referred to in paragraph 2 below) is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the initial Utilisation Request.

2. **Finance Documents**

- (a) This Agreement duly executed by each party thereto.
- (b) The Subordination Deed duly executed by each party thereto.
- (c) The Hedging Letter duly executed by each party thereto.
- (d) The Fee Letters duly executed by each party thereto.
- (e) The Completion Support Agreement duly executed by each party thereto.
- (f) Each Completion Support Letter of Credit duly executed by each party thereto (or, if the aggregate liability cap of all Completion Support Letters of Credit is less than US\$225,000,000, evidence that the obligations under the Completion Support Agreement have been cash collateralised in an amount equal to the amount of the difference between the sum of such liability caps and US\$225,000,000 and such sum shall be deposited in a blocked account held with the Security Agent or otherwise subject to Security in favour of the Security Agent in accordance with the requirements of the Completion Support Agreement).
- (g) The Term Loan Facility Disbursement Agreement duly executed by each party thereto.
- (h) At least four originals of the following Transaction Security Documents (other than any Mortgage, Power of Attorney, Livrança or the Livrança Covering Letter, which shall be executed in one original each) in agreed form executed by the persons specified below opposite (or otherwise specified in the description of) the relevant Transaction Security Document:

1. Propco:

| | <u>Transaction Security Document</u> |
|-----|---|
| (a) | Mortgage; |
| (b) | Power of Attorney; |
| (c) | Assignment of leases and right to use agreements entered or to be entered into between Propco and the Security Agent; |
| (d) | Account charge granted or to be granted by Propco in favour of the Security Agent; |
| (e) | Pledge agreement over the shares in Propco granted or to be granted by SCP One Limited, SCP Two Limited, SCP Holdings Limited and Propco in favour of the Security Agent; |
| (f) | Pledge of enterprises granted or to be granted by Propco in favour of the Security Agent; |
| (g) | Assignment of onshore contracts entered or to be entered into between Propco and the Security Agent; |

2. SCE:

- (h) Pledge over onshore accounts granted or to be granted by Propco in favour of the Security Agent;
and
- (i) Floating charge granted or to be granted by Propco in favour of the Security Agent.
- (a) Assignment of the Services and Right to Use Agreement entered or to be entered into between SCE and the Security Agent;
- (b) Assignment of the Reimbursement Agreement entered or to be entered into between SCE and the Security Agent;
- (c) Assignment of leases and right to use agreements entered or to be entered into between SCE and the Security Agent;
- (d) Pledge of enterprises granted or to be granted by SCE in favour of the Security Agent (excluding the Services and Right to Use Agreement and Reimbursement Agreement related enterprises);
- (e) Pledge agreement over shares in SCE entered or to be entered into between Studio City Holdings Three Limited, Studio City Holdings Four Limited, SCE and the Security Agent;
- (f) Floating charge granted or to be granted by SCE in favour of the Security Agent (excluding the Services and Right to Use Agreement and Reimbursement Agreement related assets);
- (g) Account charge granted or to be granted by SCE in favour of the Security Agent;
- (h) Pledge over onshore accounts granted or to be granted by SCE in favour of the Security Agent;
and

3. Parent:
- (i) Assignment of onshore contracts (excluding the Services and Right to Use Agreement and Reimbursement Agreement) entered or to be entered into between SCE and the Security Agent.
 - (a) Pledge agreement over the shares in the Borrower granted or to be granted by the Parent in favour of the Security Agent; and
 - (b) Account charge granted or to be granted by the Parent in favour of the Security Agent.
4. Borrower:
- (a) Pledge agreement over the shares in Studio City Holdings Two Limited granted or to be granted by the Borrower in favour of the Security Agent;
 - (b) Pledge agreement over the shares in Studio City Services Limited entered or to be entered into between Studio City Holdings Two Limited, the Borrower, Studio City Services Limited and the Security Agent;
 - (c) Account charge granted or to be granted by the Borrower in favour of the Security Agent; and
 - (d) Pledge over onshore accounts granted or to be granted by the Borrower in favour of the Security Agent.
5. Studio City Holdings Two Limited:
- (a) Pledge agreement over the shares in SCP Holdings Limited granted or to be granted by Studio City Holdings Two Limited in favour of the Security Agent;
 - (b) Pledge agreement over the shares in Studio City Holdings Three Limited granted or to be granted by Studio City Holdings Two Limited in favour of the Security Agent;
 - (c) Pledge agreement over the shares in Studio City Holdings Four Limited granted or to be granted by Studio City Holdings Two Limited in favour of the Security Agent; and
 - (d) Pledge agreement over the shares in Studio City Services Limited entered or to be entered into between Studio City Holdings Two Limited, the Borrower, Studio City Services Limited and the Security Agent (as mentioned in paragraph 2(h)4(b), Part I of this Schedule).

6. Studio City Services Limited:

- (a) Pledge agreement over the shares in Studio City Services Limited entered or to be entered into between Studio City Holding Two Limited, the Borrower, Studio City Services Limited and the Security Agent (as mentioned in paragraph 2(h)4(b), Part I of this Schedule);
- (b) Pledge agreement over the shares in Studio City Hospitality and Services Limited entered or to be entered into between Studio City Services Limited, Studio City Hospitality and Services Limited and the Security Agent;
- (c) Pledge agreement over the shares in Studio City Retail Services Limited entered or to be entered into between Studio City Services Limited, Studio City Hospitality and Services Limited, Studio City Retail Services Limited and the Security Agent;
- (d) Pledge of enterprises granted or to be granted by Studio City Services Limited in favour of the Security Agent;
- (e) Account charge granted or to be granted by Studio City Services Limited in favour of the Security Agent;
- (f) Pledge over onshore accounts granted or to be granted by Studio City Services Limited in favour of the Security Agent;
- (g) Floating charge granted or to be granted by Studio City Services Limited in favour of the Security Agent;
- (h) Assignment of onshore contracts entered or to be entered into between Studio City Services Limited and the Security Agent; and
- (i) Assignments of leases and right to use agreement entered or to be entered into between Studio City Services Limited and the Security Agent.

7. Studio City Hospitality and Services Limited:

- (a) Pledge agreement over the shares in Studio City Hospitality and Services Limited to be entered or to be entered into between Studio City Services Limited, Studio City Hospitality and Services Limited and the Security Agent (as mentioned in paragraph 2(h)6(b), Part I of this Schedule);
- (b) Pledge agreement over the shares in Studio City Retail Services Limited entered or to be entered into between Studio City Services Limited, Studio City Hospitality and Services Limited, Studio City Retail Services Limited and the Security Agent (as mentioned in paragraph 2(h)6(c), Part I of this Schedule);
- (c) Pledge of enterprises granted or to be granted by Studio City Hospitality and Services Limited in favour of the Security Agent;
- (d) Account charge granted or to be granted by Studio City Hospitality and Services Limited in favour of the Security Agent;
- (e) Pledge over onshore accounts granted or to be granted by Studio City Hospitality and Services Limited in favour of the Security Agent;
- (f) Floating charge granted or to be granted by Studio City Hospitality and Services Limited in favour of the Security Agent;
- (g) Assignment of onshore contracts entered or to be entered into between Studio City Hospitality and Services Limited and the Security Agent; and
- (h) Assignments of leases and right to use agreement entered or to be entered into between Studio City Hospitality and Services Limited and the Security Agent.

8. Hotelco:
- (a) Pledge agreement over the shares in Hotelco entered or to be entered into between Hotelco, Studio City Holdings Three Limited, Studio City Holdings Four Limited and the Security Agent;
 - (b) Pledge of enterprises granted or to be granted by Hotelco in favour of the Security Agent;
 - (c) Account charge granted or to be granted by Hotelco in favour of the Security Agent;
 - (d) Pledge over onshore accounts granted or to be granted by Hotelco in favour of the Security Agent;
 - (e) Floating charge granted or to be granted by Hotelco in favour of the Security Agent;
 - (f) Assignment of onshore contracts entered or to be entered into between Hotelco and the Security Agent; and
 - (g) Assignments of leases and right to use agreement entered or to be entered into between Hotelco and the Security Agent.
9. SCP Holdings Limited:
- (a) Pledge agreement over the shares in SCP One Limited granted or to be granted by SCP Holdings Limited in favour of the Security Agent;
 - (b) Pledge agreement over the shares in SCP Two Limited granted or to be granted by SCP Holdings Limited in favour of the Security Agent; and
 - (c) Pledge agreement over the shares in Propco granted or to be granted by SCP One Limited, SCP Two Limited, SCP Holdings Limited and Propco in favour of the Security Agent (as mentioned in paragraph 2(h)1(e), Part I of this Schedule).
10. SCP One Limited:
- Pledge agreement over the shares in Propco granted or to be granted by SCP One Limited, SCP Two Limited, SCP Holdings Limited and Propco in favour of the Security Agent (as mentioned in paragraph 2(h)1(e), Part I of this Schedule).

11. SCP Two Limited: Pledge agreement over the shares in Propco granted or to be granted by SCP One Limited, SCP Two Limited, SCP Holdings Limited and Propco in favour of the Security Agent (as mentioned in paragraph 2(h)1(e), Part I of this Schedule).
12. Studio City Holdings Three Limited:
- (a) Pledge agreement over shares in SCE entered or to be entered into between Studio City Holdings Three Limited, Studio City Holdings Four Limited, SCE and the Security Agent (as mentioned in paragraph 2(h)2(e), Part I of this Schedule); and
 - (b) Pledge agreement over the shares in Hotelco entered or to be entered into between Hotelco, Studio City Holdings Three Limited, Studio City Holdings Four Limited and the Security Agent (as mentioned in paragraph 2(h)8(a), Part I of this Schedule).
13. Studio City Holdings Four Limited:
- (a) Pledge agreement over shares in SCE entered or to be entered into between Studio City Holdings Three Limited, Studio City Holdings Four Limited, SCE and the Security Agent (as mentioned in paragraph 2(h)2(e), Part I of this Schedule); and
 - (b) Pledge agreement over the shares in Hotelco entered or to be entered into between Hotelco, Studio City Holdings Three Limited, Studio City Holdings Four Limited and the Security Agent (as mentioned in paragraph 2(h)8(a), Part I of this Schedule).
14. Studio City Retail Services Limited:
- (a) Pledge agreement over the shares in Studio City Retail Services Limited entered or to be entered into between Studio City Services Limited, Studio City Hospitality and Services Limited, Studio City Retail Services Limited and the Security Agent (as mentioned in paragraph 2(h)6(c), Part I of this Schedule);

- (b) Pledge of enterprises granted or to be granted by Studio City Retail Services Limited in favour of the Security Agent;
- (c) Account charge granted or to be granted by Studio City Retail Limited in favour of the Security Agent;
- (d) Pledge over onshore accounts granted or to be granted by Studio City Retail Services Limited in favour of the Security Agent;
- (e) Floating charge granted or to be granted by Studio City Retail Services Limited in favour of the Security Agent;
- (f) Assignment of onshore contracts entered or to be entered into between Studio City Retail Services Limited and the Security Agent; and
- (g) Assignments of leases and right to use agreements entered or to be entered into between Studio City Retail Services Limited and the Security Agent.

15. Melco Crown Gaming:

Pledge over accounts in respect of the Services and Right to Use Agreement granted or to be granted by Melco Crown Gaming in favour of the Security Agent.

16. Subordinated Creditors:

Assignment of Subordinated Debt entered or to be entered into between the Security Agent and the Subordinated Creditors.

17. Direct Agreements:

- (a) Services and Right to Use Direct Agreement entered or to be entered into between SCE, Melco Crown Gaming and the Security Agent;
- (b) Reimbursement Agreement Direct Agreement entered or to be entered into between SCE, Melco Crown Gaming and the Security Agent; and
- (d) Any direct agreement over any Major Construction Contract entered or to be entered into between, among others, the parties to the Major Construction Contracts and the Security Agent.

18. Other documents:

- (a) Livrança signed by the Borrower and endorsed by the Original Guarantors;
 - (b) Livrança Covering Letter signed by the Borrower and the Original Guarantors;
 - (c) Debenture granted or to be granted by, among others, the Parent, the Borrower, Studio City Holdings Two Limited, SCP Holdings Limited, SCP One Limited, SCP Two Limited, Propco, Studio City Holdings Three Limited, Studio City Holdings Four Limited, SCE, Studio City Services Limited, Studio City Hospitality and Services Limited, Studio City Retail Services Limited and Hotelco in favour of the Security Agent; and
 - (d) An assignment and pledge over Material Intellectual Property entered or to be entered into between each Obligor and the Security Agent.
- (i) All notices, requests for undertakings and direct agreements required to be sent or executed and delivered under the Transaction Security Documents executed by the appropriate Obligor and Grantors and duly acknowledged, agreed, executed and delivered by each addressee or counterparty thereto in each case, as expressly required under the Transaction Security Documents.
 - (j) All share certificates and documents of title, transfers and stock transfer forms or equivalent duly executed by the appropriate Obligor in blank in relation to the assets subject to or expressed to be subject to the Transaction Security (except in relation to quotas in any Obligor incorporated in the Macau SAR which are not represented by any such certificates or documents of title, and in relation to shares in any Obligor incorporated in the Macau SAR, where the certificates representing such shares shall have been endorsed to the Security Agent as security under the relevant Transaction Security Document and delivered to the Security Agent) and all other documents to be provided under the Transaction Security Documents.
 - (k) Evidence that each relevant Finance Document has been duly authorised, executed and delivered by the parties to those documents and (where required) duly filed, recorded, stamped and registered.

- (l) Evidence that promptly after the execution of any Transaction Security Document by a company incorporated in the British Virgin Islands (a “BVI Company”), such BVI Company has instructed (i) its registered agent in the British Virgin Islands to create and maintain a Register of Charges that complies with the provisions of Section 162 of the BVI Business Companies Act 2004 (as amended) (the “BBCA”), (ii) its registered agent to enter particulars of the security created pursuant to such Transaction Security Document in such Register of Charges, and (iii) its registered agent to effect registration of such Transaction Security Document at the Registry of Corporate Affairs of the British Virgin Islands (the “Registry”) pursuant to Section 163 of the BBCA.
- (m) Evidence that within 10 Business Days after the date of execution of any relevant Transaction Security Documents relating to shares in a BVI Company, (i) a notation of the security created by such Transaction Security Document has been made in the relevant Register of Members of such BVI Company pursuant to section 66(8) of the BBCA and (ii) a copy of such annotated Register of Members has been filed with the Registry.
- (n) A certified copy of each of the Registers of Members referred to and as annotated as set out in paragraph (m) above.

3. **Transaction Documents**

- (a) A copy of each of the Transaction Documents (other than the Finance Documents and Constitutional Documents of any Obligor required to be provided under paragraph 1 or 2 above (or any Major Project Document not already delivered)) executed by the parties to those documents.
- (b) Evidence that each Major Project Document has been duly authorised, executed and delivered by the Obligors and (where required) duly filed, recorded, stamped and registered.
- (c) A copy of each Right to Use Agreement (to the extent not already provided pursuant to this Agreement).

4. **Amended Land Concession**

A certified copy of Macau Official Gazette no. 42, II Series of 17 October 2001 and Macau Official Gazette No. 30, II Series of 25 July 2012 (together with an English translation of Dispatch no. 100/2001 of the Secretary for Transport and Public Works and its annexure and Dispatch no. 31/2012 of the Secretary for Transport and Public Works and its annexures respectively).

5. **Construction**

- (a) Evidence that the Construction Contracts constituting a minimum 80% of hard construction costs (in aggregate) of the Project have been executed.
- (b) The Group Budget.
- (c) The Project Schedule.
- (d) The Projections.

- (e) A copy of each Major Construction Contract (including any supplements or amendments thereto) and the Plans and Specifications, in each case in effect as of the date of First Utilisation, all of which (together with any supplements and amendments thereto) shall be in form and substance satisfactory to the Majority Lenders (in consultation with the Technical Adviser).

6. **DICJ Letter**

A letter granted by the Gaming Inspection and Coordination Bureau of the Macau SAR (the “**DICJ**”) dated 9 February 2012 explaining its proposed application of any table cap to the casino and other gaming areas comprised in the Project to the effect that such application would enable no less than 400 gaming tables to be in operation in the Project by the Opening Date.

7. **Permits**

- (a) A copy of each of the Permits described in Part I of Schedule 16 (*Permits*).
- (b) Evidence, comprising a director’s or authorised signatory’s certificate or declaration, that all relevant Permits described in Part I of Schedule 16 (*Permits*) have been issued, are in full force and effect and are not subject to any proceedings or any unsatisfied conditions that might reasonably be expected to adversely modify any relevant Permit described in Part I of Schedule 16 (*Permits*) in any material way, revoke any relevant Permit described in Part I of Schedule 16 (*Permits*), restrain or prevent the operation of the Project or any of the transactions contemplated by the relevant Transaction Documents.
- (c) Evidence, comprising a director’s or authorised signatory’s certificate or declaration, in respect of each relevant Permit described in Part II of Schedule 16 (*Permits*) that:
 - (i) each such relevant Permit described in Part II of Schedule 16 (*Permits*) is of a type that is routinely granted on application and compliance with the conditions for issuance; and
 - (ii) there are no facts or circumstances which indicate that any such Permit described in Part II of Schedule 16 (*Permits*) will not be obtainable without undue expense or delay prior to the time it is required.
- (d) Evidence, comprising a director’s or authorised signatory’s certificate or declaration, that all other Permits relating to the Project which are required at the time to be in place have been obtained or effected as required and, in respect of those Permits relating to the Project which are not yet required:
 - (i) each such Permit is of a type that is routinely granted on application and compliance with the conditions for issuance; and
 - (ii) there are no facts or circumstances which indicate that any such Permit will not be obtainable without undue expense or delay prior to the time it is required.

8. **Insurance**

- (a) Certified true copies of all Insurance policies in relation to the Project required to be in place pursuant to Schedule 8 (*Insurance*) (to the extent they are in place).
- (b) Evidence that all Insurances in relation to the Project (and any Reinsurances in respect thereof to the extent required under paragraph 2.1 (*Policies*) of Schedule 8 (*Insurance*)) are in full force and effect, all premium then due and payable have been paid and each policy has been endorsed, in each case as required by Schedule 8 (*Insurance*) and the Finance Parties named as a co-insureds.
- (c) Insurance Brokers' Letters of Undertaking and Reinsurance Brokers' Letters of Undertaking in respect of such Insurances.

9. **Accounts**

Evidence that each of the Accounts has been established.

10. **Reports**

- (a) The Insurance Report.
- (b) The Technical Report.
- (c) The Environmental Report.
- (d) The Project Valuation Report.
- (e) The Financial Model.

11. **Legal opinions**

The following legal opinions (in each case, in substantially the form circulated to the Lenders prior to the First Utilisation):

- (a) a legal opinion of Manuela António Advogados & Notários, legal advisers to the Obligors, as to Macanese law (including addressing issues relating to the reversion of the Amended Land Concession to the Macau SAR government in the event that there is no reduction of the land grant to the Project and Propco fails to complete its entire development obligation within the development period set out in the Amended Land Concession);
- (b) a legal opinion of Henrique Saldanha Advogados & Notários, legal advisers to the Agent, the Security Agent and the Arranging Banks, as to Macanese law (including addressing issues relating to the reversion of the Amended Land Concession to the Macau SAR government in the event that there is no reduction of the land grant to the Project and Propco fails to complete its entire development obligation within the development period set out in the Amended Land Concession);

- (c) a legal opinion of Maples and Calder, legal advisers to the Agent, the Security Agent and the Arranging Banks, as to British Virgin Islands law;
- (d) a legal opinion of Clifford Chance, legal advisers to the Agent, the Security Agent and the Arranging Banks, as to Hong Kong law; and
- (e) a legal opinion of Clifford Chance, legal advisers to the Agent, the Security Agent and the Arranging Banks, as to English law.

12. **Other documents and evidence**

- (a) Evidence that the fees, costs and expenses then due and payable with respect to the Facilities, have been (or will be at First Utilisation) paid.
- (b) Evidence that the agent for service of process specified in Clause 48.2 (*Service of process*) has accepted its appointment.
- (c) Copies of the Original Financial Statements.
- (d) A copy of any other Authorisation, Permit or document, opinion or assurance which the Agent has notified the Borrower in writing prior to the date of this Agreement is necessary in connection with the entry into and performance of the transactions contemplated by the Transaction Documents.
- (e) If First Utilisation occurs after 31 December 2013, confirmation no Construction Cost Drawstop has occurred and is continuing.
- (f) Compliance by the Obligors with all relevant 'know-your-customer' requirements, as notified to the Obligors by the Agent prior to the date of this Agreement.

13. **Equity Contributions and High Yield Notes**

- (a) Evidence that the Equity Contributions have been:
 - (i) received by the Borrower in full; and
 - (ii) disbursed and spent on the Project in accordance with the requirements of the Finance Documents.
- (b) Evidence that the net proceeds of the issuance of the High Yield Notes were deposited into the High Yield Note Proceeds Account (save for the amounts required to be deposited into the High Yield Note Interest Reserve Account) in accordance with the requirements of the High Yield Note Disbursement Agreement.
- (c) Evidence that as at the first date of disbursement of the proceeds of the issuance of the High Yield Notes from the High Yield Note Disbursement Account, the In-Balance Test is satisfied (provided that, for this test only, amounts available under the Completion Support Agreement shall not be included and the High Yield Note Documents will be deemed to be 'Finance Documents').

- (d) Evidence that all the land premium in respect of the Amended Land Concession has been paid or provided for (by way of an amount equal to all remaining outstanding land premium being held in the High Yield Note Proceeds Account).
- (e) Evidence that all the proceeds of the High Yield Notes in the High Yield Note Proceeds Account have been disbursed (and spent on the Project) (other than land premium payments which have been allocated to be made from the proceeds of the High Yield Notes and which are being held in the High Yield Note Proceeds Account).
- (f) Evidence that the Note Debt Service Reserve Account has been funded with an amount not less than the aggregate amount of interest due in the next six months under the High Yield Notes.
- (g) A certificate from the Parent confirming that the placement of High Yield Notes closed and the terms of the High Yield Notes issued before the date of this Agreement are substantially as described in the offering memorandum dated 16 November 2012.
- (h) A copy of the executed Bondco Loan Agreement.
- (i) A copy of the offering memorandum of the High Yield Notes dated 16 November 2012.

PART II
CONDITIONS PRECEDENT TO ALL PROJECT UTILISATIONS

1. Utilisation Request

All information, attachments, certifications and other supporting documents required by the Utilisation Request, all appropriately completed and duly executed by an authorised signatory of the Borrower.

2. Technical Adviser's Certificate

A certificate from the Technical Adviser substantially in the form set out in Schedule 23 (*Form of Technical Advisor's Certificate*).

3. Reports, Financial Statements and Other Information

- (a) Each of the reports, financial statements and other information for the Project which are required to be delivered on or before the date of the relevant Utilisation Request, pursuant to paragraph 1 of Schedule 6 (*Covenants*).
- (b) Receipt of the most recent Technical Adviser's Monthly Report for the Project due on or before the date of the Utilisation Request.

4. Construction Contracts and Subcontracts

- (a) A copy of any other Construction Contract or any named sub-contract (referred to in a Major Construction Contract) requested by the Technical Adviser pursuant to paragraph 3.13 (*Project Documents*) of Schedule 6 (*Covenants*) (and which has not already been provided).
- (b) A certificate of an authorised signatory of the Borrower certifying that each Construction Contract is consistent in all material respects with the Group Budget, Projections, the Project Schedule and Plans and Specifications.
- (c) A certificate of the Technical Adviser that each such Construction Contract is consistent in all material respects with the Group Budget, the Projections, the Project Schedule and Plans and Specifications.

5. Other documents and evidence

- (a) Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 15 (*Fees*) or Section 6 (*Additional Payment Obligations*) have been paid or will be paid by the Utilisation Date.
- (b) A certificate of an authorised signatory of each Obligor certifying that each document, copy document and any other evidence relating to it (and, in the case of the Borrower, each other document, copy document or other evidence) specified in this Part II is correct, complete and in full force and effect, and has not been amended or superseded, as at a date no earlier than the date of the Utilisation Request.

- (c) A copy of any other Permit or other document, opinion or assurance which the Agent notifies the Borrower is necessary in connection with the entry into and performance of the transactions contemplated by any Transaction Document, for the Project or for the validity and enforceability of any Transaction Document in accordance with its terms.

PART III
CONDITIONS PRECEDENT REQUIRED TO BE DELIVERED BY AN
ADDITIONAL GUARANTOR

1. An Accession Letter executed by the Additional Guarantor and the Borrower.
2. A copy of the Constitutional Documents of the Additional Guarantor.
3. In the case of any Additional Guarantor who is a US Person, a copy of a good standing certificate (including verification of tax status) or equivalent with respect to the Additional Guarantor, issued as of a recent date by the Secretary of State or other relevant State or other Governmental Authority.
4. A copy of a resolution of the board of directors of the Additional Guarantor:
 - (a) approving the terms of, and the transactions contemplated by, the Accession Letter and the Transaction Documents to which it is a party and resolving that it execute, deliver and perform the Accession Letter and any other Transaction Documents to which it is a party;
 - (b) authorising a specified person or persons to execute the Accession Letter and other Finance Documents on its behalf;
 - (c) authorising the Parent to act as its agent in connection with the Finance Documents.
5. A specimen of the signature of each person authorised by the resolution referred to in paragraph 4 above.
6. If required by law, a copy of a resolution signed by all the holders of the Capital Stock in each Additional Guarantor, approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party.
7. A certificate of the Additional Guarantor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments or the entry into or performance under any of the Transaction documents to which it is a party would not cause any borrowing, guarantee, security or similar limit or any other Legal Requirement binding on it to be exceeded.
8. A certificate of an authorised signatory of the Additional Guarantor certifying that each document, copy document and other evidence listed in this Part III is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Accession Letter.
9. The following legal opinions:
 - (a) A legal opinion of the legal advisers to the Agent and the Security Agent, as to English law.
 - (b) If the Additional Guarantor is incorporated in a jurisdiction other than England and Wales or is executing a Finance Document which is governed by a law other than English law, a legal opinion of the legal advisers to the Agent and the Security Agent in each of those jurisdictions.

10. Evidence that the agent for service of process specified in Clause 48.2 (*Service of process*) has accepted its appointment in relation to the proposed Additional Guarantor.
11. Any Transaction Security Documents which are required by the Agent to be executed by the proposed Additional Guarantor (and which are in form and substance identical to those entered into by the existing Obligors).
12. Any notices, requests for undertakings or other documents required to be given or executed under the terms of those Transaction Security Documents, together with, where relevant, their due acknowledgement and agreement by the addressee or any other person expressed to be a party thereto.
13. Evidence that promptly after the execution of any Transaction Security Document by a BVI Company, such BVI Company has instructed (i) its registered agent in the British Virgin Islands to create and maintain a Register of Charges that complies with the BBCA, (ii) to enter particulars of the security created pursuant to such Transaction Security Document in such Register of Charges, and (iii) its registered agent to effect registration of such Transaction Security Document at the Registry pursuant to Section 163 of the BBCA.
14. Evidence that within 10 Business Days after the date of execution of any relevant Transaction Security Documents relating to shares in a BVI Company, (i) a notation of the security created by such Transaction Security Document has been made in the relevant Register of Members of such BVI Company pursuant to section 66(8) of the BBCA and (ii) a copy of such annotated Register of Members has been filed with the Registry.
15. A certified copy of each of the Registers of Members referred to and as annotated as set out in paragraph 14 above.

**SCHEDULE 3
REQUESTS**

**PART I
UTILISATION REQUEST¹
TERM LOAN FACILITY**

From: [The Borrower] [The Parent]

To: [Agent]

Date:

Dear Sirs

**Studio City Company Limited and others – HK\$10,855,880,000 (or equivalent) Senior Facilities Agreement
dated [•] (the “Senior Facilities Agreement”)
Term Loan Facility Utilisation Request No [•]**

1. We refer to the Senior Facilities Agreement. This is a Utilisation Request. Terms defined in the Senior Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. [We wish][The Borrower wishes] to borrow a Loan under the Term Loan Facility on the following terms:
 - (a) Proposed Utilisation Date: [•] (or, if that is not a Business Day, the next Business Day)
 - (b) Currency of Loan: HK\$
 - (c) Amount: [•] or, if less, the Available Facility
 - (d) Interest Period: [•]
 - (e) Purpose: [•]²
3. We confirm, in relation to the proposed Utilisation above, that:
 - (a) [prior to the date of this Utilisation Request, the following payments (if any) have been made in respect of Project Costs³:]⁴

¹ Do not include paragraphs 3(a), 3(c)-(e) (inclusive), 3(g)-(i) (inclusive), 3(l), 4 and 5 in a Utilisation Request for a Utilisation which is not a Project Utilisation.

² Specify purpose and break down application according to Line Items of Project Costs proposed to be financed, and where for refinancing of payment, the original source of funds for such payment.

³ Such payments to be broken down by Line Item.

⁴ To be included in the First Utilisation Request.

- (b) the purpose specified above in respect of that Utilisation complies with the permitted use under the Senior Facilities Agreement of the Facility under which it is proposed to be made and no part of the Loan will be applied otherwise than in accordance with such purpose;
- (c) the Project Costs to be paid (or reimbursed or refinanced) have been incurred and are due and payable, or will be incurred and be due and payable, on or prior to the date falling 35 days after the proposed Utilisation Date and there are no amounts standing to the credit of (or required to be deposited to) any of the Accounts or any amount of Revenue otherwise expected to be available, in each case to meet such Project Costs;
- (d) where proceeds of the above Loan specified are to be applied in the amounts specified towards the reimbursement of or refinancing of Project Costs, such proceeds shall be applied to so reimburse or refinance such Project Costs;
- (e) the amount of the above Loans requested, when aggregated with the amounts of all other Loans, is no greater than the aggregate amount of all Project Costs incurred and paid or which will be incurred and be due and payable on or before the date falling 35 days after the proposed Utilisation Date;
- (f) each condition relevant to the above Utilisation specified or referred to in Clause 4 (*Conditions of Utilisation*) or Section 3 (*Utilisation*) of the Senior Facilities Agreement is satisfied on the date of this Utilisation Request (other than the following conditions):
 - (i) [•]; and
 - (ii) [•].
- (g) the In-Balance Test will be satisfied as at the date of Utilisation and could not reasonably be expected to be breached as a result of the making of the above Loan;
- (h) we have no reason to believe that the current Group Budget is not accurate in all material respects or that the current Project Schedule is not accurate in all material respects;
- (i) neither the Group Budget, current Projections nor the current Project Schedule indicate:
 - (i) the In-Balance Test is not satisfied;
 - (ii) the Opening Date will not be achieved on or before the Opening Long Stop Date; or
 - (iii) the Construction Completion Date will not be achieved on or before the Construction Completion Long Stop Date;
- (j) no Default has occurred which is continuing or will result from the above Utilisation;

- (k) all the representations and warranties in the Repeating Representations are true in all material respects; and
- (l) since the last Utilisation Request, the following amounts have been paid in respect of payments for which a Utilisation has previously been requested but which were not yet payable at the time of its Utilisation Date:

| <u>Utilisation Request No.</u> | <u>Payment Description</u> | <u>Amount</u> |
|--------------------------------|----------------------------|---------------|
|--------------------------------|----------------------------|---------------|

4. [We attach invoices, receipts and other documents substantiating the Project Costs and payments referred to in paragraphs 2 and 3(a) above, including for the avoidance of doubt, all disbursement requests (together with all attachments thereto) made under the High Yield Note Disbursement Agreement.]⁵
5. [We attach an updated [Group Budget] [and] [Project Schedule].] [We confirm that the [Group Budget] [Project Schedule] delivered to the Agent on [•] has not been updated since such date.]⁶
6. We attach signed but undated receipts for the Utilisation requested above and authorise the Agent to date such receipts on the date such Utilisation is made.
7. The [proceeds/specified amounts] of the above Utilisation should be credited to, respectively, the following Accounts:
[specify relevant account and amount]

Yours faithfully

Name:
authorised signatory
for and on behalf of
[Borrower] [Parent]

⁵ To be included in the First Utilisation Request.

⁶ Delete as appropriate.

**PART II
UTILISATION REQUEST
REVOLVING FACILITY**

From: [Borrower] [Parent]

To: [Agent]

Date:

Dear Sirs

**Studio City Company Limited and others – HK\$10,855,880,000 (or equivalent) Senior Facilities Agreement
dated [•] January 2013 (the “Senior Facilities Agreement”)
Revolving Facility Utilisation Request**

1. We refer to the Senior Facilities Agreement. This is a Utilisation Request. Terms defined in the Senior Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. The Borrower wishes to borrow a Loan under the Revolving Facility on the following terms:
 - (a) Proposed Utilisation Date: [•] (or, if that is not a Business Day, the next Business Day)
 - (b) Currency of Loan: HK\$
 - (c) Amount: [•] or, if less, the Available Facility
 - (d) Interest Period: [•]
 - (e) Purpose: [•]⁷
3. We confirm that:
 - (a) the purpose specified above complies with the permitted use of the Revolving Facility under the Senior Facilities Agreement and no part of the Loan will be applied otherwise than in accordance with such purpose;
 - (b) each condition relevant to the Utilisation specified or referred to in Clause 4 (*Conditions of Utilisation*) or Section 3 (*Utilisation*) of the Senior Facilities Agreement is satisfied on the date of this Utilisation Request other than the following conditions:
 - (i) [•]; and
 - (ii) [•];

⁷ Insert relevant purpose for the Revolving Facility (general working capital purposes)

- (c) [the Agent has not given any notice to the Borrower pursuant to Clause 24.2 (*Acceleration*) and no Event of Default has occurred under paragraph 6 (*Insolvency*) or 7 (*Insolvency proceedings*) of Part I of Schedule 9 (*Events of Default and Review Events*)]⁸[no Default is continuing or will result from the proposed Utilisation]⁹; and
 - (d) all of the Repeating Representations in Schedule 5 (*Representations and Warranties*) of the Senior Facilities Agreement are true in all material respects.
4. We attach a signed but undated receipt for the Loan and authorise the Agent to date the receipt on the date the Loan is made.
 5. The proceeds of this Loan should be credited to [*account*].
 6. This Utilisation Request is irrevocable.

Yours faithfully

Name:
authorised signatory
for and on behalf of
[*Borrower*] [*Parent*]

⁸ To be included in a Utilisation Request relating to a Rollover Loan.
⁹ To be included in all Utilisation Requests other than any Utilisation Request relating to a Rollover Loan.

PART III
UTILISATION REQUEST – LETTERS OF CREDIT

From: [*Borrower*] [*Parent*]

To: [*Agent*]

Dated:

Dear Sirs

Studio City Company Limited and others – HK\$10,855,880,000 (or equivalent) Senior Facilities Agreement
dated [•] January 2013 (the “Senior Facilities Agreement”)
Letter of Credit Utilisation Request No [•]

1. We refer to the Facilities Agreement. This is a Utilisation Request. Terms defined in the Senior Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. The Borrower wishes to arrange for a Letter of Credit to be [issued]/[renewed] by the Issuing Bank specified below (which has agreed to do so) on the following terms:
 - (a) Borrower: [•]
 - (b) Issuing Bank: [•]
 - (c) Proposed Utilisation Date: [•] (or, if that is not a Business Day, the next Business Day)
 - (d) Facility to be utilised: Revolving Facility
 - (e) Currency of Letter of Credit: HK\$
 - (f) Amount: [•] or, if less, the Available Facility in relation to the Revolving Facility:
 - (g) Term: [•]
3. [The purpose of this proposed Letter of Credit is[•]¹⁰.]¹¹
4. We confirm that:
 - (a) the purpose specified above complies with the permitted use of Revolving Facility under the Senior Facilities Agreement and no part of the Letter of Credit will be applied otherwise than in accordance with such purpose;

¹⁰ In case of a Project Utilisation, specify purpose and break down application according to Line Items of Project Costs proposed to be financed.

¹¹ Not required for a renewal.

- (b) there are no amounts standing to the credit of (or required to be deposited to) any of the Accounts or any amount of Revenue received or derived from the Project which is otherwise expected to be available to meet such Project Costs;
 - (c) the Letter of Credit is required for the purpose specified and there are no amounts standing to the credit of (or required to be deposited to) any of the Accounts or any amount of Revenue received or derived from the Project which is otherwise expected to be available to meet such Project Costs;
 - (d) each condition relevant to the Utilisation specified or referred to in Clause 4 (*Conditions of Utilisation*) or Section 3 (*Utilisation*) of the Senior Facilities Agreement is satisfied on the date of this Utilisation Request;
 - (e) [no Default is continuing or will result from the proposed Utilisation]¹², the Agent has not given any notice to the Borrower pursuant to Clause 24.2 (*Acceleration*) and no Event of Default has occurred under paragraph 6 (*Insolvency*) or 7 (*Insolvency proceedings*) of Part I of Schedule 9 (*Events of Default and Review Events*)¹³; and
 - (f) all of the Repeating Representations of the Senior Facilities Agreement are true in all material respects.
5. [We attach, as required by paragraph 2 of Part II of Schedule 2 (*Conditions Precedent*) of the Senior Facilities Agreement, documents substantiating the Project Costs and payments referred to in paragraph 2 above]¹⁴;
6. We attach a copy of the proposed Letter of Credit.
7. This Utilisation Request is irrevocable.
8. Delivery instructions:
[Specify delivery instructions.]

¹² Delete in the case of a renewal request.

¹³ Delete in the case of any Utilisation Request that is not a renewal request.

¹⁴ Include for Project Utilisation only.

9. [The proposed Letter of Credit is a Trade Letter of Credit]*. [We attach a copy of the application form (or equivalent) required by the Issuing Bank to be completed by the Borrower in order for such Letter of Credit to be issued].**

Yours faithfully,

Name:
authorised signatory
for and on behalf of
[*Borrower*] [*Parent*]
Attachments: [*list*]

* Include if the proposed Letter of Credit is a Trade Letter of Credit.

** Include if the proposed Letter of Credit is a Trade Letter of Credit and the Issuing Bank requires an application form (or equivalent) to be completed.

**PART IV
SELECTION NOTICE**

From: [Borrower]

To: [Agent]

Date:

Dear Sirs

**Studio City Company Limited and others – HK\$10,855,880,000 (or equivalent) Senior
Facilities Agreement
dated [•] January 2013 (the “Senior Facilities Agreement”)
Section Notice No [•]**

1. We refer to the Senior Facilities Agreement. This is a Selection Notice. Terms defined in the Senior Facilities Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
2. We refer to the following Term Loan Facility Loan[s] with an Interest Period ending on [•].¹⁵
3. We request that the above Term Loan Facility Loan(s) be divided into [•] Term Loan Facility Loans with the following Interest Periods:
[•].¹⁶
4. We request that the next Interest Period for the above Term Loan Facility Loan[s] is [•].¹⁷
5. This Selection Notice is irrevocable.

Yours faithfully

Name:
authorised signatory
for and on behalf of
[The Borrower]

¹⁵ Repeat and insert details of all Loans for the relevant Facility which have an Interest Period ending on the same date.

¹⁶ Use this option if division of Loans is requested.

¹⁷ Delete as required and repeat sub-paragraph for Loans under other Facilities.

SCHEDULE 4
MANDATORY PREPAYMENT

1. **Definitions**

For the purposes of this Schedule 4:

“Claim Proceeds” means the proceeds of a claim under a Major Project Document or the settlement thereof (including Liquidated Damages under a Major Project Document and, if not in cash, the monetary value thereof but excluding any delay or performance liquidated damages or the proceeds of any other claim relating to delay in completion, commissioning, start-up or delivery, to performance or operation or to loss of income, revenue or profits of any kind) (a **“Recovery Claim”**) against a counterparty to that Major Project Document receivable by any Obligor, except for Excluded Claim Proceeds and after deducting:

- (a) any reasonable expenses which are incurred by any Obligor to persons who are not Obligors; and
- (b) any Tax incurred and required to be paid by an Obligor in connection therewith (as reasonably determined by the Obligor on the basis of existing rates and taking into account any available credit, deduction or allowance),

in each case in relation to that Recovery Claim (**“Recovery Costs”**).

“Debt Issuance” means any, or any agreement for or grant of any right (whether actual or contingent) to require, the allotment, grant, incurrence or issuance of bonds, debentures, loan stock or any similar instrument by any Obligor.

“Debt Issuance Proceeds” means the amount of the proceeds of any Debt Issuance received by any Obligor (other than Permitted Financial Indebtedness) from a person who is not an Obligor and after deducting:

- (a) any reasonable expenses which are incurred by any Obligor with respect to that Debt Issuance to persons who are not Obligors; and
- (b) any Tax incurred and required to be paid by an Obligor in connection with that Debt Issuance (as reasonably determined by the Obligor on the basis of existing rates and taking into account any available credit, deduction or allowance).

“Disposal” means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

“Disposal Proceeds” means the consideration received by any Obligor (including, if not in cash, the monetary value thereof) other than from another Obligor for any Disposal made by any Obligor pursuant to paragraph (e), (k) or (p) of the definition of “Permitted Disposal” except for Excluded Disposal Proceeds and after deducting:

- (a) any reasonable expenses which are incurred by any Obligor to persons who are not Obligors; and

- (b) any Tax incurred and required to be paid by any Obligor in connection therewith (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance),

in each case, in respect of that Disposal (“**Disposal Costs**”).

For the avoidance of doubt, no Obligor shall dispose of any assets comprised in (or forming part of) the Phase II Project unless such Disposal is a Permitted Disposal.

“**Eminent Domain Proceeds**” means any amounts or proceeds (including monetary instruments) received in respect of any Event of Eminent Domain relating to any member of the Group or any of its assets (except for Excluded Eminent Domain Proceeds), less:

- (a) any costs or expenses incurred by any member of the Group or its agents in collecting such amounts and proceeds; and
- (b) any Tax related to the receipt of such amounts or proceeds (“**Eminent Domain Costs**”).

“**Equity Issuance**” means any, or any agreement for or grant of any right (whether actual or contingent) to require, the allotment, grant, incurrence or issuance of any Capital Stock by any member of the Group or any other person or (to the extent not covered by the definition of “Debt Issuance” above) any interest therein of any kind or any instrument or other right and interest convertible into any such Capital Stock or interest.

“**Equity Issuance Proceeds**” means the amount of the proceeds of any Equity Issuance by any member of the Group received by the Parent or any other member of the Group (including, if not in cash, the monetary value thereof) except for Excluded Equity Issuance Proceeds and after deducting:

- (a) any reasonable expenses which are incurred by the Parent or any member of the Group with respect to that Equity Issuance to persons who are not Obligors; and
- (b) any Tax incurred and required to be paid by the Parent or any other member of the Group (as reasonably determined by the Parent or other member of the Group, as the case may be, on the basis of existing rates and taking account of any available credit, deduction or allowance).

“**Event of Eminent Domain**” means, with respect to any asset:

- (a) any compulsory transfer or taking by condemnation, seizure, eminent domain or exercise of a similar power, or transfer under threat of such compulsory transfer or taking or confiscation of such asset or the requisition of the use of such asset, by any agency, department, authority, commission, board, instrumentality or political subdivision of any Governmental Authority having jurisdiction; or
- (b) any settlement in lieu of paragraph (a) above.

“Excluded Claim Proceeds” means:

- (a) any Insurance Proceeds, Eminent Domain Proceeds or Termination Proceeds;
- (b) the proceeds of any claim under any Phase II Project Agreement or any construction contract entered into solely in respect of the Phase II Project;
- (c) (to the extent not applied in accordance with paragraph (e) below), any proceeds of a Recovery Claim where such proceeds are in an individual amount of US\$500,000 or less (after deducting Recovery Costs) (or its equivalent in other currencies) **provided that** where the events or circumstances giving rise to that Recovery Claim involve (i) any loss, liability, charge or claim relating to or made against a member of the Group by a person who is not a member of the Group or (ii) the loss or destruction of or damage to assets of members of the Group (in each case, in respect of the Project), such proceeds of such Recovery Claims shall first be applied as contemplated by paragraph (e)(i) below;
- (d) (to the extent not applied in accordance with paragraph (e) below), any proceeds of a Recovery Claim which when aggregated with all other proceeds of Recovery Claims (including all amounts of the type referred to in paragraph (c)) do not exceed an aggregate amount of HK\$100,000,000 (after deducting Recovery Costs) (or its equivalent in other currencies) for the Group;
- (e)
 - (i) prior to the Completion Support Release Date, any proceeds of a Recovery Claim which the Parent notifies the Agent within 30 days of receipt are to be applied:
 - (A) to satisfy fully (or reimburse a member of the Group which has discharged) any loss, liability, charge or claim relating to or made against a member of the Group by a person which is not a member of the Group (in each case, solely in respect of the Project); or
 - (B) in the full replacement, reinstatement and/or repair of assets of members of the Group (in each case, solely in respect of the Project) which have been lost, destroyed or damaged,in each case as a result of the events or circumstances giving rise to that Recovery Claim, if those proceeds are committed to be so applied as soon as possible (but in any event within 3 Months of receipt, and such proceeds are actually applied within 9 Months of receipt (or such longer period as the Majority Lenders may agree);
 - (ii) on or after the Completion Support Release Date, any proceeds of a Recovery Claim which the Parent notifies the Agent within 30 days of receipt are to be applied:
 - (A) to satisfy fully (or reimburse a member of the Group which has discharged) any loss, liability, charge or claim upon a member of the Group by a person which is not a member of the Group (in each case, solely in respect of the Project);

(B) in the full replacement, reinstatement and/or repair of assets of members of the Group which have been lost, destroyed or damaged, in each case as a result of the events or circumstances giving rise to that Recovery Claim, if those proceeds are committed to be so applied as soon as possible (but in any event within 3 Months of receipt and such proceeds are actually applied within 9 Months of receipt or such longer period as the Majority Lenders may agree) after receipt;

(f) following the Completion Support Release Date, all Claim Proceeds receivable by an Obligor in connection with any Major Construction Contract.

“**Excluded Disposal Proceeds**” means any Disposal Proceeds:

(a)

- (i) which, in respect of any Disposal made prior to the Completion Support Release Date, the Borrower notifies the Agent within 30 days of receipt of such proceeds that such proceeds are to be used for reinvestment in the Project (but, save in the case of the Disposal of any asset comprised in the Phase II Project, excluding the Phase II Project and any asset comprised in the Phase II Project), provided those proceeds are committed to be so applied within 3 Months of receipt and, other than the amount of any such proceeds that the relevant member of the Group undertaking such reinvestment is entitled to retain pursuant to any agreements or other arrangements (howsoever described) entered into in relation to that reinvestment and such proceeds are actually applied within 9 Months of receipt (or such longer period as the Majority Lenders may agree); or
- (ii) which, in respect of any Disposal made on or after the Completion Support Release Date, the Parent notifies the Agent within 30 days of receipt of such proceeds that such proceeds are to be applied to the replacement, reinvestment and/or repair of assets in the Group, in the Project and/or the Phase II Project and/or any asset comprised in the Phase II Project, provided those proceeds are committed to be so applied within 3 Months of receipt and, other than the amount of any such proceeds that the relevant member of the Group undertaking such reinvestment is entitled to retain pursuant to any agreements or other arrangements (howsoever described) entered into in relation to that reinvestment, and such proceeds are actually applied within 9 Months of receipt (or such longer period as the Majority Lenders may agree);

(b) (to the extent not applied in accordance with paragraph (a) above), where such proceeds are in an individual amount of US\$500,000 or less (after deducting (to the extent not previously deducted) Disposal Costs)) (or its equivalent in other currencies) (including all amounts of the type referred to in this paragraph (b)); and

- (c) (to the extent not applied in accordance with paragraph (a) above, which, when aggregated with all other Disposals Proceeds (including all amounts of the type referred to in paragraph (b)) do not exceed an aggregate amount of US\$5,000,000 (after deducting (to the extent not previously deducted) Disposal Costs) (or its equivalent in other currencies) for the Group.

“Excluded Eminent Domain Proceeds” means:

- (a) (to the extent not applied in accordance with paragraph (b) below), any amounts or proceeds (including monetary instruments) received in respect of any Event of Eminent Domain relating to any member of the Group or any of its assets where such amounts or proceeds are in an individual amount of US\$500,000 or less (after deducting Eminent Domain Costs) (or its equivalent in other currencies);
- (b)
- (i) any amounts or proceeds (including monetary instruments) received in respect of any Event of Eminent Domain relating to any member of the Group or any of its assets which occurs prior to the Completion Support Release Date, in respect of which the Parent notifies the Agent within 30 days of receipt of such amounts or proceeds that such amounts or proceeds are to be used for reinvestment in the Project (but, save in the case of any asset comprised in the Phase II Project, excluding the Phase II Project and any asset comprised in the Phase II Project), provided those amounts or proceeds are committed to be so applied within 3 Months of receipt and, other than the amount of any such amounts or proceeds that the relevant member of the Group undertaking such reinvestment is entitled to retain pursuant to any agreements or other arrangements (howsoever described) entered into in relation to that reinvestment, such amounts or proceeds are actually applied within 9 Months of receipt (or such longer period as the Majority Lenders may agree); or
 - (ii) any amounts or proceeds (including monetary instruments) received in respect of any Event of Eminent Domain relating to any member of the Group or any of its assets which occurs on or after the Completion Support Release Date, in respect of which the Parent notifies the Agent within 30 days of receipt of such amounts or proceeds that such amounts or proceeds are to be applied to the replacement, reinvestment and/or repair of assets in the Group, in the Project, the Phase II Project and/or any asset comprised in the Phase II Project, provided those amounts or proceeds are committed to be so applied within 3 Months of receipt and, other than the amount of any such amounts or proceeds that the relevant member of the Group undertaking such reinvestment is entitled to retain pursuant to any agreements or other arrangements (howsoever described) entered into in relation to that reinvestment, and such amounts or proceeds are actually applied within 9 Months of receipt (or such longer period as the Majority Lenders may agree).

“**Excluded Equity Issuance Proceeds**” means the proceeds of:

- (a) Equity Contributions, Additional Equity Contributions or any other Equity paid up or advanced to fund any Project Costs or for funding of investment in or costs of the Group, the Project or the Phase II Project; or
- (b) any Permitted Share Issue.

“**Excluded Insurance Proceeds**” means any Insurance Proceeds of an insurance claim or settlement thereof receivable by any Obligor (including, if not in cash, the monetary value thereof) which:

- (a) in the case of any claim or settlement under any third party, product liability or other insurance (in each case, the proceeds of which are payable to a third party), the Parent notifies the Agent are, or are to be, applied to meet a third party claim in respect of which the claim or settlement was made and which are so applied, including all proceeds of any third party liability, employees compensation, or employees liability, directors and officers liability, and any other legal liability insurances or other insurances the proceeds of which are payable to or for the benefit of employees or officers of any member of the Group;
- (b) in the case of any claim or settlement under any business interruption insurance against delay in completion, commissioning, start-up or delay, or loss of income, revenue or profits of any kind or any similar insurance, the Parent notifies the Agent are, or are to be, applied to cover operating losses in respect of which the relevant claim was made;
- (c) in the case of any claim or settlement under any other Direct Insurance (including, to the extent not included under (a) or (b) above, in respect of the construction all risks policy or the property all risks insurance policy) together with the proceeds of any claim or settlement receivable in respect of any related loss or liability, whether or not suffered by the same person, the Parent notifies the Agent are, or are to be, applied to (i) the replacement, reinstatement and/or repair of the assets in accordance with an Approved Repair Plan (as defined below) (or reimbursement of payments made by the Borrower or other Obligor in respect thereof in accordance with such Approved Repair Plan) or (ii) otherwise in amelioration of the loss, in respect of which the relevant insurance claim was made **provided that**:
 - (i) the damage or destruction does not constitute the destruction of all or substantially all of the Project;
 - (ii) a Default has not occurred and is continuing (other than a Default resulting solely from such damage, destruction, loss, liability, charge or claim) and, after giving effect to any proposed repair and restoration, no Default will result from such damage or destruction or proposed repair and restoration in accordance with the Approved Repair Plan (as defined below) (or any proposed reimbursement of payments made by the Borrower or other Obligor in respect thereof);

- (iii) the Parent has delivered to the Agent a plan within 3 months of such event or events describing in reasonable detail the nature of the repairs or restoration to be effected and the anticipated costs and schedule associated therewith, in form and substance satisfactory to the Agent acting on the instructions of the Majority Lenders (acting reasonably) (the “**Approved Repair Plan**”) which includes, without limitation, certification by the Parent that the repair or restoration of the Project or the affected assets in accordance with the Approved Repair Plan is technically and economically feasible within the period specified in the Approved Repair Plan and that a sufficient amount of funds is or will be available to Propco or other relevant Obligor to make such repairs and restoration (subject at all times to paragraph 2.2 (*Financial condition*) of Schedule 6 (*Covenants*));
- (iv) the Parent has certified within 3 months of the event or events to which the relevant insurance claim relates, and the Agent determines in its reasonable judgement, that a sufficient amount of funds is or will be available to the Group to make all payments on Financial Indebtedness which will become due during and following the period prior to the completion of the repairs or restoration (the “**repair period**”) and, in any event, to maintain compliance with the covenants set forth in paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*) during such repair period and, in respect to the period prior to the date on which Final Completion occurs, no Forecast Funding Shortfall has occurred and is continuing which is not proposed to be remedied under the Approved Repair Plan or could reasonably be expected to occur during or following the repair period;
- (v) no Permit is necessary to proceed with the repair and restoration of the Project or the affected assets in accordance with the Approved Repair Plan and no material amendment to the Project Documents, or, except with the consent of the Finance Parties, any of the Finance Documents, and no other instrument is necessary for the purpose of effecting the repairs or restoration of the Project or the affected assets in accordance with the Approved Repair Plan or subjecting the repairs or restoration to the Security of the applicable Transaction Security Documents and maintaining the priority of such Security or, if any of the aforementioned matters referred to in this sub-paragraph (v) is necessary, Propco or another Obligor will or is reasonably likely to be able to obtain the same as and when required; and
- (vi) the Agent shall promptly receive such certificates, opinions or other matters as it may reasonably request as necessary or appropriate in connection with such repairs or restoration of the Project or the affected assets or to preserve or protect the Finance Parties’ interests under the Finance Documents and in the Charged Property; or

- (d) (to the extent the Insurance proceeds of any claim or settlement under any Direct Insurance are not applied in accordance with paragraph (c) above), where such proceeds are in an individual amount of US\$500,000 or less (or its equivalent in other currencies); and
- (e) (to the extent the Insurance proceeds of any claim or settlement under any Direct Insurance are not applied in accordance with paragraph (c) above), where such proceeds which, when aggregated with other Insurance Proceeds (including all amounts referred to in paragraph (d) above) do not exceed an aggregate amount of US\$10,000,000 (or its equivalent in other currencies) for the Group.

“Excluded Termination Proceeds” means compensation or other proceeds received by any Obligor (including, if not in cash, the monetary value thereof) in relation to the termination, redemption or rescission of any of the contracts or documents referred to at paragraphs (b) or (d) of the definition of “Termination Proceeds”:

- (a) prior to the Completion Support Release Date, which the Borrower notifies the Agent within 30 days of receipt are to be applied:
 - (i) to satisfy fully (or reimburse a member of the Group which has discharged) any loss, liability, charge or claim in relation to or against a member of the Group by a person which is not a member of the Group (in each case, solely in respect of the Project); or
 - (ii) in the full replacement, reinstatement and/or repair of assets of members of the Group (in each case, solely in respect of the Project) which have been lost, destroyed or damaged,in each case as a result of the events or circumstances giving rise to the termination, redemption or rescission of the relevant Major Project Document, if those proceeds are committed to be so applied as soon as possible (but in any event within 3 Months of receipt and such proceeds are actually applied within 9 Months of receipt, or such longer period as the Majority Lenders may agree) after receipt;
- (b) to the extent not applied in accordance with paragraph (a) above and **provided that** the Completion Support Release Date has occurred, all Termination Proceeds which arise in relation to a termination, redemption or rescission of any Major Construction Contracts; or
- (c) on or after the Completion Support Release Date, which the Borrower notifies the Agent within 30 days of receipt are to be applied:
 - (i) to satisfy fully (or reimburse a member of the Group which has discharged) any loss, liability, charge or claim in relation to or against a member of the Group by a person which is not a member of the Group (in each case, solely in respect of the Project); or

- (ii) in the full replacement, reinstatement and/or repair of assets of members of the Group (in each case, solely in respect of the Project) which have been lost, destroyed or damaged,

in each case as a result of the events or circumstances giving rise to the termination, redemption or rescission of the relevant Major Project Document, if those proceeds are committed to be so applied as soon as possible (but in any event within 3 Months of receipt, and such proceeds are actually applied within 9 Months of receipt (or such longer period as the Majority Lenders may agree).

“Insurance Proceeds” means the proceeds of any insurance claim or settlement thereof receivable by any Obligor (including, if not in cash, the monetary value thereof), except for:

- (a) Excluded Insurance Proceeds; and
- (b) after deducting any reasonable expenses, Taxes and costs in relation to that claim which are incurred by any Group member to persons who are not Obligors.

“Phase II Conditions” means satisfaction of all of the following conditions:

- (a) no Event of Default has occurred and is continuing or is reasonably likely to result from any investment in the Phase II Project (or assets comprised therein);
- (b) all assets comprised in the Phase II Project are or will be (to the satisfaction of the Agent) subject to Transaction Security; and
- (c) the Phase II Fully Funded Plan has been approved by the Majority Lenders.

“Surplus Account” means an account:

- (a) held in the Macau SAR or the Hong Kong SAR by a member of the Group with the Agent or Security Agent;
- (b) identified in a letter between the Borrower and the Agent as a Surplus Account to be used solely for the purposes of depositing and holding, from time to time, Surplus Amounts; and
- (c) subject to Security in favour of the Security Agent in form and substance substantially similar to any existing fixed first ranking account Transaction Security and otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent),

as the same may be redesignated, substituted or replaced from time to time.

“Surplus Amounts” means:

- (a) all amounts (including, for the avoidance of doubt, any individual amount of less than US\$500,000 (or its equivalent in other currencies)) which fall within:
 - (i) paragraphs (c) or (d) of the definition of “Excluded Claim Proceeds”;
 - (ii) paragraphs (b) or (c) of the definition of “Excluded Disposal Proceeds”;
 - (iii) paragraph (a) of the definition of “Excluded Eminent Domain Proceeds”; or
 - (iv) paragraph (d) or (e) of the definition of “Excluded Insurance Proceeds”; and
- (b) all other Claim Proceeds (not comprised in paragraph (a) or required for paragraph (e) of the definition of “Excluded Claim Proceeds”), Disposal Proceeds (not required for paragraph (a) of the definition of “Excluded Disposal Proceeds”), Eminent Domain Proceeds (not required for paragraph (b) of the definition of “Excluded Eminent Domain Proceeds”), Insurance Proceeds (not required for paragraphs (a), (b) or (c) of the definition of “Excluded Insurance Proceeds”) or Termination Proceeds (not required for paragraphs (a), (b) or (c) of the definition of “Excluded Termination Proceeds”).

“Termination Proceeds” means compensation or other proceeds receivable by any Obligor (including, if not in cash, the monetary value thereof) in relation to the termination, redemption or rescission of:

- (a) the Amended Land Concession from the Macau SAR;
- (b) any Hotel Management Agreement;
- (c) the Services and Right to Use Agreement and/or the Reimbursement Agreement; or
- (d) any other Major Project Document,

except for Excluded Termination Proceeds, and after deducting any reasonable expenses, Taxes and costs which are incurred by any Group Member with respect to the collection of such proceeds to persons who are not Obligors.

2. **Mandatory Prepayment**

- (a) The Borrower shall prepay Utilisations in the following amounts (to the extent they do not comprise Surplus Amounts) at the times and (where relevant) in the order of application contemplated by paragraph 3 (*Application of mandatory prepayments*) of this Schedule:
 - (i) the amount of Claim Proceeds;
 - (ii) the amount of Disposal Proceeds;
 - (iii) the amount of Eminent Domain Proceeds;
 - (iv) the amount equal to 50% of Equity Issuance Proceeds;

- (v) the amount of Debt Issuance Proceeds;
- (vi) the amount of Termination Proceeds;
- (vii) the amount of Insurance Proceeds;
- (viii) the amount of any monies standing to the credit of the Term Loan Facility Disbursement Account as at the Construction Completion Date net of:
 - (A) amounts required for Project Punchlist Items or other Remaining Project Costs; and
 - (B) amounts which are to be applied to refinance Additional Equity Contributions which were applied for the Additional Equity Purpose; and
- (ix) the amount equal to the percentage of Excess Cashflow for each quarter set out opposite the applicable Total Leverage Ratio as at the Repayment Date that is the last day of such quarter:

| <u>Total Leverage Ratio</u> | <u>Excess Cashflow Percentage</u> |
|--|---------------------------------------|
| Greater than or equal to 4.00:1 | 75% |
| Less than 4.00:1 but greater than or equal to 2.00:1 | 50% |
| Less than 2.00:1 | 25% |

- (b) If all or substantially all of the Project is lost, damaged or destroyed or determined by any relevant Insurer to be a constructive total loss, the Facilities will be cancelled and all outstanding Utilisations, together with accrued interest and all other amounts accrued under the Finance Documents, shall become immediately due and payable upon the earlier of:
 - (i) receipt of Insurance Proceeds in respect of such loss, damage or destruction; and
 - (ii) the date falling 10 Business Days after the date on which such loss, damage or destruction occurs.
- (c) If all or substantially all of the business and assets of the Group or all the Obligors and/or comprised in the Project is sold or otherwise disposed of, the Facilities will be cancelled and all outstanding Utilisations, together with accrued interest and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

- (d) Save for any prepayment contemplated by paragraph (e) below, if SCIH (or any of its Subsidiaries, other than a member of the Group), undertakes any Equity Issuance where all or part of the proceeds of such Equity Issuance (the aggregate amount of proceeds of such Equity Issuance being the “**Relevant Proceeds**”) (whether or not in cash) are to be used to repay or prepay the High Yield Notes (and/or, if the High Yield Note Refinancing has occurred, the High Yield Note Refinancing Indebtedness), the Parent shall procure that the Relevant Proceeds (including, if not in cash the monetary value thereof) are applied in prepayment, redemption, purchase, repurchase, discharge or defeasance of the Facilities and the High Yield Notes (and/or, if the High Yield Note Refinancing has occurred, the High Yield Note Refinancing Indebtedness) on a *pro rata* basis, provided that where any portion of the proceeds of such Equity Issuance is not applied in (or in respect of) prepayment, redemption, purchase, repurchase, discharge or defeasance of the High Yield Notes (and/or, if the High Yield Note Refinancing has occurred, the High Yield Note Refinancing Indebtedness), such portion shall be applied in prepayment of the Facilities only, in each case within 10 Business Days of any such Equity Issuance.
- (e) Subject to sub-clause (f) below, the Parent shall procure that, if SCIH (or any of its Subsidiaries, other than a member of the Group), undertakes any Equity Issuance, the proceeds of such Equity Issuance (whether or not in cash) are only used to fund a distribution to the Sponsors (or any of them) if the Total Leverage Ratio (tested as at the Test Date immediately prior to the making of such distribution) is less than or equal to 3.5:1 and the proceeds of such Equity Issuance are applied as set out below to fund:
- (i) in an amount equal to no more than the Sponsors’ Allocated Pro Rata Share of the proceeds of any such Equity Issuance, that distribution to the relevant Sponsors;
 - (ii) in an amount equal to no less than the High Yield Noteholders’ Allocated Pro Rata Share (and/or, if the High Yield Note Refinancing has occurred, no less than the Allocated Pro Rata Share of the holders of the High Yield Note Refinancing Indebtedness) of the proceeds of any such Equity Issuance, a mandatory prepayment, redemption, purchase, repurchase, discharge or defeasance of the High Yield Notes (and/or, if the High Yield Note Refinancing has occurred, the High Yield Note Refinancing Indebtedness); and
 - (iii) in an amount equal to no less than the Lenders’ Allocated Pro Rata Share of the proceeds of any such Equity Issuance, a mandatory prepayment of the Facilities **provided that** where any portion of the proceeds of such Equity Issuance is not applied in (or in respect of) prepayment, redemption, purchase, repurchase, discharge or defeasance of the High Yield Notes (or, if the High Yield Note Refinancing has occurred, the high yield notes issued pursuant to such High Yield Note Refinancing), such portion shall be applied in mandatory prepayment of the Facilities, within 10 Business Days of any such Equity Issuance.

- (f) If SCIH (or any of its Subsidiaries, other than a member of the Group), undertakes any Equity Issuance where the proceeds of such Equity Issuance (whether or not in cash) are to be used solely for the purpose of a buy-back or redemption in full of any shareholders (direct or indirect) of the Group, the Parent shall procure that the proceeds of such Equity Issuance shall be applied solely for such purposes (it being acknowledged that this provision is without prejudice to the occurrence of any Change of Control and any consequences thereof under the Finance Documents).

3. **Application of mandatory prepayments**

- (a) Unless the Borrower makes an election under paragraph (d) below, the Borrower shall make prepayments under paragraph 2(a) at the following times:
- (i) in the case of any prepayment relating to an amount of Excess Cashflow, within 14 days of delivery pursuant to paragraph 1.2 (*Financial statements*) of Schedule 6 (*Covenants*) of the quarterly consolidated financial statements of the Borrower for the relevant quarter;
 - (ii) in the case of any prepayment in respect of the amount of any monies standing to the credit of the Term Loan Facility Disbursement Account as at the Construction Completion Date (other than amounts referred to in paragraphs 2(a)(viii)(A) and 2(a)(viii)(B), promptly following the Construction Completion Date (and in any event no later than the date falling 10 Business Days after the Construction Completion Date); and
 - (iii) in the case of any other prepayment under paragraph 2(a), promptly upon receipt of the relevant proceeds.
- (b) A prepayment under paragraph 2 shall be applied in the following order:
- (i) *firstly*, in prepayment *pro rata* of the Utilisations outstanding under the Term Loan Facility and the amount of the Repayment Instalment for each Repayment Date in relation to the Term Loan Facility falling after that prepayment will reduce *pro rata* by the amount of the Term Loan Facility Loans prepaid);
 - (ii) *secondly*, in cancellation *pro rata* of the Available Commitments under the Term Loan Facility (and the Available Commitments of the Lenders under the Term Loan Facility will be cancelled rateably); and
 - (iii) *thirdly*, in cancellation *pro rata* of the Available Commitments under the Revolving Facility;
 - (iv) *fourthly*, in prepayment *pro rata* of Utilisations outstanding under the Revolving Facility, such that outstanding Revolving Facility Loans shall be prepaid before outstanding Letters of Credit (which shall then be prepaid on a *pro rata* basis) and cancellation in each case of the corresponding Revolving Facility Commitments.

- (c) Any amount to be applied in cancellation of Available Commitments under the Term Loan Facility shall be:
 - (i) applied *pro rata* in respect of the Available Commitments under the Term Loan Facility; and
 - (ii) deposited into the Term Loan Facility Disbursement Account for the Term Loan Facility from which such amounts may be disbursed as if such amounts formed part of the Term Loan Facility upon satisfaction of applicable conditions precedent and notice requirements.
- (d) Subject to paragraph (e) below, the Borrower may, by giving the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice, elect that any prepayment under paragraph 2(a) (other than any such prepayment in respect of Eminent Domain Proceeds or Termination Proceeds) be applied in prepayment of a Loan on the last day of the Interest Period relating to that Loan. If the Borrower makes such an election, then a proportion of the Loan equal to the amount of the relevant prepayment will be due and payable on the last day of its Interest Period.
- (e) If the Borrower has made an election under paragraph (d) above but a Default has occurred and is continuing, that election shall no longer apply and a proportion of the Loan in respect of which the election was made equal to the amount of the relevant prepayment shall be immediately due and payable (unless the Majority Lenders otherwise agree).

4. **Mandatory Prepayment Accounts and Holding Accounts**

- (a) The Borrower shall ensure that:
 - (i) an amount equal to any Excess Cashflow and any monies in respect of which the Borrower has made an election under paragraph 3(d) is paid into a Mandatory Prepayment Account promptly after such election;
 - (ii) any other amounts in respect of which the Borrower has made an election under paragraph 3(d) are paid into a Mandatory Prepayment Account as soon as reasonably practicable after receipt by an Obligor; and
 - (iii) any Excluded Claim Proceeds, Excluded Disposal Proceeds, Excluded Insurance Proceeds or Excluded Termination Proceeds (in each case, to the extent such amounts do not constitute Surplus Amounts) to be applied, in accordance with the definition thereof, in replacement, reinstatement or repair of assets (or reimbursement of payments made by the Borrower or other Obligor in respect thereof) or to satisfy (or make reimbursement in respect of) liabilities, charges or claims, or are otherwise to be held pending application for any other purpose, are promptly paid into a Holding Account after receipt by an Obligor.
- (b) The Obligors irrevocably authorise the Agent to apply:
 - (i) amounts credited to the Mandatory Prepayment Account; and

- (ii) amounts credited to the Holding Account which have not been applied as contemplated by sub-paragraph (a)(iii) within the time periods contemplated by this Schedule 4 (or such longer time period as the Agent may otherwise agree (acting on the instructions of the Majority Lenders)) or transferred by the Borrower or any other Obligor to the Surplus Account,

to pay amounts due and payable under paragraph 3 and otherwise under the Finance Documents. The Obligors further irrevocably authorise the Agent to so apply amounts credited to the Holding Account whether or not such time period has elapsed since receipt of those proceeds if a Default has occurred and is continuing. The Obligors also irrevocably authorise the Agent to transfer any amounts credited to the Holding Account to the Mandatory Prepayment Account pending payment of amounts due and payable under the Finance Documents (but if all such amounts have been paid any such amounts remaining credited to the Mandatory Prepayment Account may (unless a Default has occurred) be transferred back to the Holding Account).

- (c) The Security Agent or Agent with which a Mandatory Prepayment Account or Holding Account is held acknowledges and agrees that (i) interest shall accrue at normal commercial rates on amounts credited to those accounts and that the account holder shall be entitled to receive such interest (which shall be paid in accordance with the mandate relating to such account) unless a Default is continuing and (ii) each such account is subject to the Transaction Security.

5. **Excluded proceeds**

Where Excluded Claim Proceeds, Excluded Disposal Proceeds, Excluded Insurance Proceeds and Excluded Termination Proceeds include amounts which are intended to be used for a specific purpose and/or within a specified period (as set out in the relevant definitions thereof) and/or in a specific order, the Borrower shall ensure that those amounts are so used and, if requested to do so by the Agent, shall promptly deliver a certificate to the Agent at the time of such application and at the end of such period confirming the amount (if any) which has been so applied within the requisite time periods and/or in a specific order, provided for in the relevant definition.

6. **Surplus Amounts**

- (a) Prior to the Completion Support Release Date, the Borrower shall ensure that all Surplus Amounts are paid into the Surplus Account promptly upon receipt by an Obligor or are otherwise applied for mandatory prepayment (as if those Surplus Amounts represented Claim Proceeds, Disposal Proceeds, Eminent Domain Proceeds, Insurance Proceeds or, as the case may be, Termination Proceeds required to be applied in mandatory prepayment pursuant to paragraph 2 above) in accordance with paragraphs 2 and 3 above. Subject to the terms of the Finance Documents, the Borrower shall be entitled to withdraw from the Surplus Account at any time such amounts as are standing to the credit of such account:

- (i) to pay Project Costs solely for any purpose (and in the order) specified in paragraphs 6.2(a) to 6.2(f) (inclusive) of Schedule 7 (*Accounts*) (save that no such amounts may be applied for the purposes specified in paragraphs 6.2(c)(i) to (iii) (inclusive) or paragraph 6.2(d) of Schedule 7 (*Accounts*));

- (ii) to make prepayments and/or payments in respect of the Facilities;
 - (iii) for reinvestment in the Project;
 - (iv) for payment of preliminary project development, construction, design and similar costs in relation to the Phase II Project **provided that** the aggregate amount of all such costs permitted to be withdrawn pursuant to this paragraph (iv) shall not, without the prior written consent of the Agent (acting on the instructions of the Majority Lenders), exceed US\$75,000,000 (or its equivalent); and
 - (v) where such amounts are derived from or relate to the Phase II Project or any asset comprised therein, for payment of costs in respect of or other reinvestment in the Phase II Project.
- (b) Any Surplus Amounts received on or after the Completion Support Release Date and any amounts standing to the credit of the Surplus Account as at the Completion Support Release Date may, at the Borrower's election, be applied towards the Phase II Project (in accordance with the Phase II Fully Funded Plan approved by the Majority Lenders) provided that the Phase II Conditions are satisfied or otherwise towards investment in the Project or the other purposes set out in paragraph (a) above.
- (c) Any Surplus Amount received after the Completion Support Release Date and any amounts standing to the credit of the Surplus Account at any time after the Completion Support Release Date (following any application contemplated by paragraph (b) above) shall be transferred and paid into the Revenue Account.

7. **Restrictions**

- (a) Any authorisation or other election given or notified by any Party under paragraph 3(d) or paragraph 4 shall (subject to the terms of those provisions) be irrevocable.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (c) The Borrower may not re-borrow any part of a Term Loan Facility which is prepaid.
- (d) Unless a contrary indication appears herein, any part of the Revolving Facility which is repaid or prepaid may be re-borrowed in accordance with the terms of this Agreement.
- (e) The Borrower shall not repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

- (f) If the Agent receives an election under paragraph 3(d), it shall promptly forward a copy to the affected Lenders.
- (g) If the Agent receives a notice under Clause 9 (*Illegality, Voluntary Prepayment and Cancellation*) or an election under paragraph 3(d), it shall promptly forward a copy of that notice or election to either the Borrower or the affected Lender, as appropriate.
- (h) The Agent shall notify the Lenders as soon as possible of any proposed prepayment under paragraph 2(a).
- (i) If all or any part of any Lender's participation in a Utilisation under a Facility is repaid or prepaid and is not available for redrawing, an amount of that Lender's Commitment in respect of that Facility will be deemed to be cancelled on the date of repayment or prepayment.
- (j) Where the events or circumstances giving rise to any Claim Proceeds, Eminent Domain Proceeds, Insurance Proceeds or Termination Proceeds involve any loss, liability, charge or claim relating to or made against a member of the Group or the loss or destruction of or damage to assets of a member of the Group (in each case, in respect of the Project), such proceeds shall first be applied to satisfy fully (or reimburse a member of the Group which has discharged) any loss, liability, charge or claim relating to or made against a member of the Group or, as the case may be, in the full replacement, reinstatement and/or repair of assets of members of the Group (in each case, solely in respect of the Project) which have been lost, destroyed or damaged, in each case, as a result of the events or circumstances giving rise to those proceeds.

SCHEDULE 5
REPRESENTATIONS AND WARRANTIES

Status, authorisations and governing law

1. **Status**
 - (a) Each Obligor is a limited liability corporation or company duly incorporated or organised, as the case may be, and validly existing under the law of its jurisdiction of incorporation or organisation, as the case may be.
 - (b) Each Obligor has the power to own its assets and carry on its business as it is or is contemplated to be conducted.

2. **Binding obligations**

Subject to the Legal Reservations:

 - (a) the obligations expressed to be assumed by each Obligor in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations; and
 - (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

3. **Pari Passu**

The payment obligations under the Finance Documents of each of the Obligors rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations, except for obligations mandatorily preferred by law applying to companies generally.

4. **Non-conflict with other obligations**

The entry into and performance by each Obligor of, and the transactions contemplated by, the Transaction Documents and the granting of the Transaction Security by it do not and will not conflict with:

 - (a) any law or regulation applicable to such Obligor;
 - (b) its Constitutional Documents; or
 - (c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument (which would have, or is reasonably likely to have, a Material Adverse Effect).

5. **Power and authority**

- (a) Each Obligor has the power to enter into, perform and deliver, and has taken all necessary corporate action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.
- (b) No limit on any Obligor's powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities or the entry into or performance of the transactions contemplated by the Transaction Documents to which such Obligor is a party.

6. **Validity and admissibility in evidence**

- (a) All Permits required or desirable:
 - (i) to enable each Obligor lawfully to enter into, exercise its rights and comply with its obligations under the Transaction Documents to which it is a party; and
 - (ii) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained (or will be obtained when required) or effected and are (or will, when obtained, be) in full force and effect.
- (b) All Permits and material Authorisations necessary for the conduct of the business, trade and ordinary activities of each Obligor (including any activities conducted in connection with or as a result of its participation in the Project) are, to the extent they are material, listed in Schedule 16 (*Permits*), have been obtained (or will be obtained when required) or effected and are (or will when obtained be) in full force and effect except any Permits and Authorisations specified in Part I (which Permits and Authorisations will have been obtained and effected by, and be in full force and effect prior to, the date of the first Utilisation Request) or Part II of Schedule 16 (*Permits*), which Permits and Authorisations are not, at the time of making this representation and warranty, required by any Legal Requirement to be obtained or effected at or by such time and which no Obligor has any reason to believe will not be obtained or effected when required.

7. **Governing law and enforcement**

Subject to the Legal Reservations:

- (a) the choice of governing law of the Finance Documents will be recognised and enforced in each Obligor's Relevant Jurisdictions; and
- (b) any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

No insolvency, default or tax liability

8. Insolvency

(a) No:

- (i) corporate action, legal proceeding or other procedure or step described in paragraph 7 (*Insolvency proceedings*) of Part I of Schedule 9 (*Events of Default and Review Events*); or
 - (ii) creditors' process described in paragraph 8 (*Creditors' process*) of Part I of Schedule 9 (*Events of Default and Review Events*),
- has been taken or to the best of its knowledge and belief (having made due and careful enquiry) threatened in relation to any Obligor (or, to its knowledge, any other Relevant Major Project Participant counterparty to a Major Project Document) and none of the circumstances described in paragraph 6 (*Insolvency*) of Part I of Schedule 9 (*Events of Default and Review Events*) applies to any Obligor (or, to its knowledge, any other Relevant Major Project Participant counterparty to a Major Project Document) provided that in the case of a Relevant Major Project Participant the representation made in this paragraph in relation to action having been taken or circumstances applying in relation to a Relevant Major Project Participant shall not be incorrect if such action has been taken or such circumstances exist and the Borrower has notified the Agent of the same promptly and in any event within 5 Business Days of the Borrower or any other Obligor becoming aware of such action or circumstances.

9. No filing or stamp taxes

Subject to the Legal Reservations, under the laws of each Obligor's Relevant Jurisdictions it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents (save for any stamp, registration, notarial or similar Tax which is referred to in any legal opinion of legal counsel in the Macau SAR delivered to the Agent, which will be made and paid promptly after the date of the relevant Finance Document).

10. Deduction of Tax

No Obligor is required under the laws of its Relevant Jurisdiction or at its address specified in this Agreement to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

11. No default

- (a) No Event of Default (or Default in the case of representations made on the date of this Agreement and on the date of the first Utilisation Request and the first Utilisation Date hereunder) is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.

- (b) No other event or circumstance is outstanding which constitutes a default or termination event (however described) under:
- (i) any Transaction Document; or
 - (ii) any other agreement or instrument which is binding on any Obligor or to which its assets are subject,
- which has or is reasonably likely to have a Material Adverse Effect provided that in the case of any default by a Relevant Major Project Participant the representation made in this paragraph (b) shall not be incorrect if the Borrower has notified the Agent of such default promptly and in any event within 5 Business Days of the Borrower or any other Obligor becoming aware of such default.

12. Taxation

- (a) No Obligor is materially overdue in the filing of any Tax returns nor overdue in the payment of any amount in respect of Tax of an amount of US\$10,000,000 (or its equivalent in other currencies) or more, other than where such payment is being contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets have been retained in accordance with GAAP in respect of such payment.
- (b) No claims or investigations are being, or to the best of its knowledge and belief (having made due and careful enquiry) are reasonably likely to be, made or conducted against any Obligor with respect to Taxes in respect of which payment can lawfully be withheld and which will not result in the imposition of any material penalty, other than any such claims or investigations that are being contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets have been retained in accordance with GAAP in respect of such claims or investigations.
- (c) Each Obligor is resident for Tax purposes only in the jurisdiction of its incorporation.

Provision of information - general

13. No misleading information

Save as disclosed in writing to the Agent and the Arranging Banks prior to the date of this Agreement (or, in relation to the Information Memorandum, prior to the date of the Information Memorandum):

- (a) any factual information contained in the Information Memorandum or provided by or on behalf of an Obligor for the preparation of the Information Package or the Information Memorandum was true and accurate in all material respects as at the date of the relevant report or document containing the information or (as the case may be) as at the date the information is expressed to be given.

- (b) the financial projections contained in the Financial Model were prepared in good faith on the basis of recent historical information at the time and were based on reasonable assumptions.
- (c) any financial projection or forecast contained in the Information Memorandum was prepared in good faith on the basis of recent historical information and on the basis of reasonable assumptions (as at the date of the relevant report or document containing the projection or forecast or any specified date stated therein) and arrived at after careful consideration.
- (d) the expressions of opinion or intention provided by or on behalf of an Obligor for the purposes of the Information Memorandum or Financial Model were made after careful consideration and (as at the date of the relevant report or document containing the expression of opinion or intention) based on reasonable grounds.
- (e) to the best of its knowledge and belief (having made due and careful enquiry) no event or circumstance has occurred or arisen and no information has been omitted from the Information Memorandum and no information has been given or withheld that results in the factual information contained in the Information Memorandum being untrue or misleading in any material respect.
- (f) all material factual information provided to a Finance Party by or on behalf of the Sponsors, NCI or any Obligor in connection with the Project and/or the Finance Documents (and the transactions contemplated thereby) on or before the date of this Agreement and not superseded before that date (whether or not contained in the Information Package) was accurate and not misleading in any material respect as at such date.
- (g) all other written factual information provided by any such person referred to in paragraph (f) above (including its advisers) to a Finance Party or the provider of any Report was true, complete and accurate in all material respects as at the date it was provided and did not contain any untrue statement of fact or omit to state a fact necessary to make such information in light of the circumstances it was provided, not misleading in any material respect.
- (h) the Plans and Specifications relating to the Project:
 - (i) have been prepared in good faith and with due care and on the basis of assumptions which were reasonable as at the date they were prepared and supplied;
 - (ii) are consistent in all material respects with the Transaction Documents relating to the Project; and
 - (iii) are otherwise accurate in all material respects.

14. **Financial Statements**

- (a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.

- (b) There has been no material adverse change in the assets, business or financial condition of any member of the Group since the date of the Original Financial Statements.
- (c) The Original Financial Statements fairly represent its consolidated financial condition and results of operations and give a true and fair view of its consolidated financial condition and results of operations.
- (d) The most recent consolidated financial statements delivered pursuant to paragraph 1.2 (*Financial Statements*) of Schedule 6 (*Covenants*):
 - (i) have been prepared in accordance with GAAP; and
 - (ii) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.
- (e) The current Group Budget supplied under this Agreement:
 - (i) was arrived at after careful consideration and was prepared in good faith and with due care on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied;
 - (ii) is consistent in all material respects with the provisions of the Transaction Documents (including paragraph 1.7 (*Information: miscellaneous*) and paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*)) and the financial statements, Projections and Project Schedules supplied under this Agreement;
 - (iii) sets forth for each Line Item, the total costs anticipated to be incurred to achieve Final Completion and the Available Funding therefor.
- (f) The current Projections supplied under this Agreement:
 - (i) were arrived at after careful consideration and have been prepared in good faith and with due care on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied; and
 - (ii) are consistent in all material respects with the provisions of the Transaction Documents (including paragraph 1.7 (*Information: miscellaneous*) and paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*)) and the financial statements.
- (g) The current Project Schedules supplied under this Agreement:
 - (i) accurately specifies in summary form the work proposed to be completed in each relevant period in respect of the Project through to Final Completion, all of which the Obligors expect to be achieved;

- (ii) were arrived at after careful consideration and have been prepared in good faith and with due care on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied; and
 - (iii) are consistent in all material respects with the provisions of the Transaction Documents and the current Group Budgets supplied under this Agreement; and
 - (iv) do not indicate that the Opening Date will not be achieved on or before the Opening Long Stop Date.
- (h) Since the date of the most recent financial statements delivered pursuant to paragraph 1.2 (*Financial Statements*) of Schedule 6 (*Covenants*) there has been no material adverse change in the business, assets or financial condition of the Group.
- (i) None of the financial statements referred to in paragraphs (a), (c) or (d) above fails to disclose therein or in any separate confirmation any material Guarantee Obligations, contingent liabilities or liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including, without limitation, any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, required by GAAP to be reflected therein.

15. Financial Year

The Financial Year of each Obligor ends on 31 December.

No proceedings or breach of laws

16. No proceedings pending or threatened

Save for any frivolous or vexatious claims which have been vacated, discharged, stayed or bonded pending appeal within 30 days of commencement or save as otherwise disclosed to and accepted by the Agent, to the best of its knowledge and belief and having made due and careful enquiry, no litigation, arbitration, administrative proceedings or investigations of, or before, any court, arbitral body or other Governmental Authority which, if adversely determined, would reasonably be expected to have a Material Adverse Effect have been started or threatened against any Obligor.

17. No breach of laws

No Obligor has breached any Legal Requirement nor been notified (which notification has not been withdrawn) that it has done so which breach or notification has or is reasonably likely to have a Material Adverse Effect.

18. Environmental laws

- (a) Each Obligor is in compliance with paragraph 3.3 (*Environmental compliance*) of Schedule 6 (*Covenants*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or would reasonably be expected to have a Material Adverse Effect.

- (b) Other than as disclosed pursuant to paragraph 3.4 of Schedule 6 (*Covenants*), no Environmental Claim has been commenced or (to the best of its knowledge and belief, having made due and careful enquiry) is threatened against any Obligor where that claim has or would reasonably be expected, if determined against that Obligor, to have a Material Adverse Effect.
- (c) The cost to the Obligors of compliance with Environmental Laws applicable to the Project and/or the Phase II Project (including Environmental Permits) is (to the best of its knowledge and belief, having made due and careful enquiry) adequately provided for (in respect of the Project) in the Financial Model, the Group Budgets and the Projections and (in respect of the Phase II Project) the financial model (if any), the group budget (if any), projections (if any) or other plans (if any) in respect of the Phase II Project.
- (d) To the best of its knowledge and belief (having made due and careful enquiry), the Site does not contain any hazardous substances or antiquities or other obstructions whose presence would reasonably be expected to affect any Obligor, the carrying out of the Project or have a Material Adverse Effect.

Security and ownership of assets

19. Security and Financial Indebtedness

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of any Obligor other than as permitted by this Agreement.
- (b) No Obligor has any Financial Indebtedness outstanding other than as permitted by this Agreement.

20. Ranking

Subject to the Legal Reservations, the Transaction Security has or (when granted) will have first ranking priority and it is not subject to any prior ranking or *pari passu* ranking Security.

21. Business

On and from 27 July 2011, no Obligor has conducted any business other than the Project and/or any Permitted Business.

22. Good title to assets

Each Obligor has good, valid and marketable title to, or valid leases or licences of or is otherwise permitted to use the assets necessary for the Project.

23. **Legal and beneficial ownership**

- (a) Each of the Obligors is or will be (as the case may be) the sole legal and beneficial owner of the respective assets over which it purports to grant Transaction Security in each case free from any claims, third party rights or competing interests other than as expressly permitted under the Finance Documents.
- (b) Propco is the sole legal and beneficial holder of, and has good title to, or has a valid leasehold right in, the land described in the Amended Land Concession.

24. **Site**

- (a) The Site, all material site easements and the current use thereof comply in all material respects with all applicable Legal Requirements and Insurance Requirements.
- (b) No taking or other conveyance, or any proceedings therefor, have been commenced or, to the best of its knowledge and belief (having made due and careful enquiry) is contemplated with respect to any portion of the Site, any Site Easement or any interest therein or for the relocation of roadways providing access thereto except as would not reasonably be expected to have a Material Adverse Effect.
- (c) There are no current, pending or, to the best of its knowledge and belief (having made due and careful enquiry), proposed special or other assessments for public improvements or otherwise affecting the Site or the Site Easements, nor are there any contemplated improvements thereto that might result in such special or other assessments, in any case that would reasonably be expected to have a Material Adverse Effect.
- (d) There are no outstanding options to purchase or rights of first refusal or restrictions on transferability affecting the Site or the Site Easements (other than those arising under the Amended Land Concession, the Finance Documents or arising by mandatory operation of law).
- (e) Except as would not reasonably be expected to have a Material Adverse Effect, no Project building or structure or any appurtenance thereto or equipment thereon, or the use, operation or maintenance thereof, violates any restrictive covenant or other Legal Requirement or encroaches on any easement or on any property owned by others.

25. **Capital Stock**

The Capital Stock of any Obligor which are or will be subject to Transaction Security are fully paid and not subject to any option to purchase or similar rights. Neither the Constitutional Documents of companies whose Capital Stock are subject to the Transaction Security nor any other Legal Requirement can or do restrict or inhibit any transfer or other disposal of those shares or the creation or enforcement of the Transaction Security except that the Constitutional Documents of the Macau Obligors contain certain preferential rights in case of a voluntary or judicial transfer of Capital Stock. There are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any Capital Stock or loan capital of any Obligor (including any option or right of pre-emption or conversion) (other than as provided for in, or otherwise expressly permitted by, the Finance Documents).

26. **Intellectual Property**

- (a) Each Obligor:
 - (i) is (or will, when required to, be) the sole legal and beneficial owner of or have licensed to it or otherwise be permitted to use all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted and as it is contemplated it will be conducted in connection with or as a result of its participation in the Project, in each case;
 - (ii) does nor will not, in carrying on such businesses, infringe any Intellectual Property of any third party in any respect which has or would reasonably be expected to have a Material Adverse Effect; and
 - (iii) has taken or will take all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it and which is necessary for the Project.
- (b) To the best of its knowledge and belief (having made due and careful enquiry), there are no adverse circumstances relating to the validity, subsistence or use of any Obligor's Intellectual Property which is necessary for the Project and which would reasonably be expected to have a Material Adverse Effect.

27. **Insurance**

- (a) Each Obligor is insured by reputable insurers against such losses and risks and in such amounts as are prudent and customary in the businesses, and in the jurisdiction in which it is or proposed to be engaged and in any event in accordance with the requirements of Schedule 8 (*Insurance*) and the Insurance Report.
- (b) Other than for any changes to the insurance coverage permitted by Schedule 8 (*Insurance*) of this Agreement, no Obligor has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers (in each case, to the extent required to comply with paragraph (a)) at a cost that would not reasonably be expected to have a Material Adverse Effect (other than as a result of general market conditions).

Provision of information - Group

28. Corporate Structure Chart

The Corporate Structure Chart attached hereto as Schedule 21 is, as at the date of this Agreement, true, complete and accurate and shows each person that is a Subsidiary of an Obligor.

29. Obligors

- (a) Each of the Parent and its Subsidiaries is an Obligor.
- (b) No Obligor is or shall become a US Obligor or a FATCA FFI.

Miscellaneous

30. Major Project Documents

- (a) To the extent such Major Project Documents are required to be delivered to the Agent pursuant to this Agreement on or prior to the date this representation is made, the Agent has received a true, complete and correct copy of each such Major Project Document in effect as of the date this representation is made (including all exhibits, supplements, variations, schedules, disclosure letters, modifications and amendments referred to therein or delivered or made pursuant thereto, if any).
- (b) Each Major Project Document which is in effect as of the date this representation is made is in full force and effect and enforceable against the persons party thereto in accordance with its terms, subject only to Legal Reservations.
- (c) To the extent material, all conditions precedent to the obligations of the Obligors under the Major Project Documents which, as at the date this representation is made are required to be satisfied, have been satisfied or waived, except for such conditions precedent which by their terms cannot be (or are not required to be) met until a later stage in the construction or operation of the Project, and it has no reason to believe that any such condition precedent cannot be satisfied on or prior to the appropriate stage in the development, construction or operation of the Project.
- (d) No representation or warranty given by any Obligor party to a Major Project Document in effect on the date this representation is made or, to the best of its knowledge and belief, any other person party thereto, is untrue or misleading in any material respect.
- (e) Each Obligor has been and is in compliance with all its material obligations under the Major Project Documents in effect as at the date this representation is made.
- (f) Other than any such act or thing which has been effected prior to the date of this Agreement, no Obligor has agreed to or made any amendment, supplement, variation, cancellation, suspension of, to or under, and has not granted any waiver of the performance of or compliance with any term of any Major Project Document other than as permitted hereunder.

31. No adverse consequences

- (a) It is not necessary under the laws of any Obligor's Relevant Jurisdictions:
 - (i) in order to enable any Finance Party to enforce its rights under any Finance Document; or
 - (ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document, that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions.
- (b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in its Relevant Jurisdictions by reason only of the execution, performance and/or enforcement of any Finance Document.

32. Labour Disputes

There are no strikes, lockouts, stoppages, slowdowns or other labour disputes relating to the Project against any Obligor pending or, to the best of the knowledge and belief (having made all due and proper enquiry) of each Obligor, threatened that (individually or in the aggregate) would reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of each Obligor have not been in violation of any applicable Legal Requirement dealing with such matters that (individually or in the aggregate) would reasonably be expected to have a Material Adverse Effect. All payments due from each Obligor on account of employee health and welfare insurance that (individually or in the aggregate) would reasonably be expected to have a Material Adverse Effect if not paid have been paid or accrued as a liability on the books of such Obligor.

33. Affiliate Agreements

Each Affiliate Agreement (other than the Services and Right to Use Agreement and the Reimbursement Agreement and the Shareholders Agreement) in effect as of the date this representation is made or deemed to be made has been entered into in accordance with all applicable Legal Requirements and otherwise in compliance with the terms hereof.

34. Anti-Terrorism Laws

- (a) No Obligor nor (to its knowledge) any Affiliate thereof or any director, officer or employee of the Obligor or any of their Affiliates: (i) is, or is controlled by, a Restricted Party; (ii) has received funds or other property from a Restricted Party; or (iii) is in breach of or is the subject of any action or investigation under any Anti-Terrorism Law.
- (b) Each Obligor and (to its knowledge) each Affiliate thereof has taken reasonable measures to ensure compliance with the Anti-Terrorism Laws.

35. **Location of Accounts and Records**

Each Obligor's books of accounts and records are located at either its principal place of business or its registered address.

36. **Utilities**

All utility services (including, without limitation, gas, water and electrical interconnection) necessary for the Project are or will be available at the Site as and when required (where such unavailability would otherwise have a Material Adverse Effect).

37. **Acting as Principal**

Save for the Parent when acting in its capacity as Obligors' Agent, each Obligor is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any person in relation to the Finance Documents.

38. **Group Bank Accounts**

No Obligor has (or will have) any bank account other than the accounts referred to in (or otherwise contemplated by) Schedule 7 (*Accounts*) of this Agreement.

39. **Establishments**

No Obligor has registered one or more "establishments" (as that term is defined in Part 1 of the Overseas Companies Regulations 2009) with the Registrar of Companies in the United Kingdom or, if it has so registered, it has provided to the Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry in the United Kingdom.

**SCHEDULE 6
COVENANTS**

1. INFORMATION UNDERTAKINGS

1.1 DEFINITIONS

In this Agreement:

“**Annual Financial Statements**” means the financial statements for a Financial Year delivered pursuant to paragraph 1.2(c) (*Financial statements*) of this Schedule 6.

“**Parent Financials**” has the meaning given to that term in Clause 22.2 (*Times when representations made*) of this Agreement.

“**Quarterly Financial Statements**” means the financial statements delivered pursuant to paragraph 1.2(d) (*Financial statements*) of this Schedule 6.

1.2 Financial statements

The Parent shall supply to the Agent in sufficient copies for all the Lenders:

- (a) at the same time as the same are dispatched, a copy of each set of annual reports and each set of quarterly reports required to be delivered to the High Yield Note Trustee and the High Yield Noteholders pursuant to the High Yield Note Indenture (or, following the High Yield Note Refinancing, the trustee and holders of the high yield notes issued pursuant to the High Yield Note Refinancing) for each fiscal year and each fiscal quarter (or, in the case of the high yield notes issued pursuant to the High Yield Note Refinancing, each fiscal period for which financial statements are required to be delivered by the indenture and each other document or instrument relating to such high yield notes) ending in each case, prior to the periods for which financial statements are first required to be delivered under the other sub-paragraphs of this paragraph 1.2;
- (b) as soon as they are available, but in any event prior to the First Utilisation, the audited consolidated financial statements for the full Financial Year of the Parent immediately prior to the Financial Year in which the First Utilisation occurs reported on without any “going concern” or like qualification or exception, or any other qualification arising out of the scope of each audit, by the Auditors;
- (c) (save where such financial statements have been delivered pursuant to paragraph (b) above) as soon as they are available, but in any event within 120 days after the end of each Financial Year of the Parent ending on or after First Utilisation, the audited consolidated financial statements for that Financial Year of the Parent reported on without any “going concern” or like qualification or exception, or any other qualification arising out of the scope of each audit, by the Auditors; and
- (d) as soon as they are available, but in any event within 60 days after the end of each of the first three Financial Quarters of each Financial Year of the Parent ending (and which Financial Quarters each end) on or after First Utilisation, the unaudited consolidated financial statements for that Financial Quarter of the Parent.

1.3 Provision and contents of Compliance Certificate

- (a) As from the First Test Date, the Parent shall supply a Compliance Certificate to the Agent with each set of Annual Financial Statements and Quarterly Financial Statements of the Parent.
- (b) Each Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations of the Total Leverage Ratio and when the financial covenants in paragraphs 2.2(a) and 2.2(b) (*Financial condition*) apply, Cash Cover and Interest Cover for each Relevant Period, and as soon as the financial covenants therein become applicable computations as to compliance with paragraph 2.2 (*Financial condition*) and, from the First Repayment Date, Excess Cashflow and prepayments (if any) to be made from Excess Cashflow under paragraph 2 of Schedule 4 (*Mandatory Prepayment*) and the Margin computations set out in the definition of "Margin" as at the date as at which those financial statements were drawn up.
- (c) Each Compliance Certificate shall be signed by the chief financial officer or a director of the Parent.

1.4 Requirements as to financial statements

- (a) The Parent shall procure that each set of Annual Financial Statements and Quarterly Financial Statements and the Parent Financials includes a balance sheet, profit and loss account and cashflow statement. In addition the Parent shall procure that:
 - (i) each set of its Annual Financial Statements and the Parent Financials shall be audited by the Auditors;
 - (ii) each set of Quarterly Financial Statements includes equivalent figures for the Financial Year to date and each set of Annual Financial Statements and Quarterly Financial Statements also sets forth comparative form figures for the previous year (if any and to the extent only such periods, in each case, are covered by financial statements required to be delivered under paragraph 1.2(c) or (d) above); and
 - (iii) each set of Quarterly Financial Statements is accompanied by a statement, in form and substance reasonably acceptable to the Agent, by the chief financial officer or a director of the Parent commenting on the performance of the Group for the period to which the financial statements relate and the Financial Year to date, comparing such performance with that forecast by the Group Budgets and the Projections and any material developments or proposals affecting the Group or its business.

- (b) Each set of financial statements delivered pursuant to paragraph 1.2(b), (c) or (d) (*Financial statements*):
- (i) subject, in each case, to the adjustments referred to herein and in paragraph 1.2 above, shall be certified by the chief financial officer or a director of the Parent as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year and the Parent Financials), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up, and:
 - (A) in the case of its audited Annual Financial Statements and the Parent Financials, fairly representing (as at the time such financial statements are delivered) its consolidated financial condition and results of operations and give a true and fair view of its consolidated financial condition and results of operations; and
 - (B) shall be accompanied by any letter addressed to its management by the Auditors and accompanying those Annual Financial Statements or the Parent Financials (as the case may be); and
 - (ii) shall be prepared using GAAP, accounting practices and financial reference periods substantially consistent with those applied in the preparation of the Financial Model, the Parent Financials, the Group Budgets and the Projections unless the Borrower notifies the Agent that there has been a change in GAAP or the accounting practices in relation to any such set of financial statements (other than the Parent Financials), in which case, it shall deliver to the Agent:
 - (A) a description of any change necessary for those financial statements to reflect GAAP, or accounting practices upon which the Financial Model, the Group Budgets, the Projections or, as the case may be, the Parent Financials or subsequent financial statements were prepared;
 - (B) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine:
 - (1) whether comparable computations to those referred to in paragraph 1.3 above have been made;
 - (2) whether paragraph 2 (*Financial Covenants*) of this Schedule 6 has been complied with;
 - (3) the Margin as set out in the definition of "Margin";

- (4) the amount of Excess Cashflow and any prepayments to be made from excess cashflow under paragraph 2 of Schedule 4 (*Mandatory Prepayment*); and
 - (5) to make an accurate comparison between the financial position indicated in those financial statements and the Financial Model, the Group Budgets, the Projections or the Parent Financials;
- (c) If the Parent notifies the Agent of any change in accordance with paragraph (b)(ii) above, the Parent and Agent shall enter into negotiations in good faith with a view to agreeing:
- (i) whether or not the change might result in any material alteration in the commercial effect of any of the terms of this Agreement; and
 - (ii) if so, any amendments to this Agreement which may be necessary to ensure that the change does not result in any material alteration in the commercial effect of those terms,

and, if any amendments are agreed they shall take effect and be binding on each of the Parties in accordance with their terms. If no such agreement is reached within 30 days of that notification of change, the Agent shall (if so requested by the Majority Lenders) instruct the Auditors or independent accountants (approved by the Parent or, in the absence of such approval within 5 days of request by the Agent of such approval, a firm with recognised expertise) to determine any amendments to paragraph 2 (*Financial Covenants*), the Margin computations set out in the definition of "Margin", the amount of any Excess Cashflow and prepayments to be made from Excess Cashflow under paragraph 2 of Schedule 4 (*Mandatory Prepayment*) and any other terms of this Agreement which the Auditors or, as the case may be, accountants (acting as experts and not arbitrators) consider appropriate to ensure the change does not result in any material alteration in the commercial effect of the terms of this Agreement. Those amendments shall take effect when so determined by the Auditors, or as the case may be, accountants. The cost and expense of the Auditors or accountants shall be for the account of the Borrower.

- (d) If the Agent wishes to discuss the financial position of any Obligor with the Auditors, the Agent may notify the Parent, stating the questions or issues which the Agent wishes to discuss with the Auditors. Subject to such request being deemed to be reasonable by the Parent, the Parent must ensure that the Auditors are authorised (at the expense of the Borrower):
- (i) to discuss the financial position of that Obligor with the Agent on request from the Agent; and
 - (ii) to disclose to the Agent for the Finance Parties any information which the Agent may reasonably request.

1.5 Group Budgets and Projections

- (a) The Parent shall supply to the Agent in sufficient copies for all the Lenders, as soon as available but in any event not less than 30 days before the start of each of its Financial Years, the projections of the Parent (the “**Projections**”) for that Financial Year together with any update thereof.
- (b) The Parent shall ensure that each set of Projections:
 - (i) includes a projected consolidated profit and loss account, balance sheet and cashflow statement for the Group, projected disposals and projected capital expenditure for the Group, projected financial covenant calculations, hold levels, operational cash and operating expenses broken down into separate operating expenses and descriptions of the proposed activities of the Group for the Financial Year to which the Projections relate. The Projections shall relate to the 12 month period comprising, and each month in, that Financial Year;
 - (ii) is prepared in accordance with GAAP and the relevant accounting practices and financial reference periods applied to financial statements under paragraph 1.2 (*Financial statements*) and 1.4 (*Requirements as to financial statements*);
 - (iii) has been approved by a director or chief financial officer of the Parent; and
 - (iv) is accompanied by a statement by a director or chief financial officer of the Parent comparing the information and projections in the Projections with the information and projections for the same period in the Financial Model.
- (c) If the Parent updates or changes the Projections, it shall promptly and, in any event, within not more than 20 days of the update or change being made, deliver to the Agent, in sufficient copies for each of the Lenders, such updated or changed Projections together with a written explanation of the main changes in those Projections.
- (d) The Parent shall supply to the Agent in sufficient copies for all the Lenders and the Technical Adviser, as soon as available and in any event within 21 days before the start of each Financial Quarter up to and including the Financial Quarter within which Final Completion occurs, the Group Budget, for the Project.
- (e) If the Parent updates or changes the Group Budget, it shall promptly and, in any event, within not more than 20 days of the update or change being made, deliver to the Agent, in sufficient copies for each of the Lenders and the Technical Adviser, such updated or changed Group Budget together with a written explanation of the main changes in that Group Budget.

- (f) The Group Budget shall be in substantially the form of Schedule 17 and:
- (i) set out projections of all Remaining Project Costs broken down by Line Items;
 - (ii) set out projections of all Available Funding broken down by sources;
 - (iii) set out computation (in reasonable detail) of compliance with the In-Balance Test;
 - (iv) in each case to the extent relevant, be prepared in accordance with GAAP and the relevant accounting practices and financial reference periods applied to financial statements under paragraph 1.2 (*Financial statements*) and 1.4 (*Requirements as to financial statements*);
 - (v) be approved by a director or chief financial officer of the Parent; and
 - (vi) (in respect of a Group Budget to be delivered quarterly under paragraph 1.5(d) only) be accompanied by a statement by a director or chief financial officer of the Parent comparing the information and projections in the Group Budget with the information and projections for the same period in the Financial Model.

1.6 Year-end

The Parent shall not change its Financial Year-end or Financial Quarter-end and shall procure that each Financial Year-end of each member of the Group and each other Obligor falls on 31 December and each Financial Quarter-end of each member of the Group and each other Obligor falls on the relevant Quarter Date.

1.7 Information: miscellaneous

The Parent shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) concurrently with the delivery of the financial statements referred to in paragraph 1.4 (*Requirements as to financial statements*) and to the extent such amounts are not specified (in reasonable detail) as separate line items in the financial statements, a certificate of an authorised signatory of the Parent setting out the amount(s) and details of any Equity or other Subordinated Debt made available to the Group during that preceding Financial Quarter;
- (b) for each calendar month during the period from the date hereof up to and including the month in which Final Completion occurs, deliver to the Agent and the Technical Adviser, within 20 days following the end of the relevant calendar month, a status report (the “**Monthly Construction Period Report**”) including information on each of the items set out in Schedule 19 (*Monthly Construction Period Report*) and such other information which the Agent may reasonably request, including information and reports reasonably requested by the Technical Adviser, and attaching:
 - (i) an updated Group Budget (if any);

- (ii) an updated Project Schedule (if any); and
 - (iii) all Construction Progress Reports provided by the Construction Contractor pursuant to the relevant Major Construction Contract since (in the case of the second and subsequent Monthly Construction Period Reports) the last Monthly Construction Period Report, in respect of the Project;
- (c) promptly, and in any event within 10 Business Days after:
- (i) any Major Project Document is terminated (save upon expiration in accordance with its terms) or amended (or any Excluded Major Project Document is terminated (save upon expiration in accordance with its terms) or amended);
 - (ii) any new Major Project Document is entered into;
 - (iii) receiving any notice or otherwise becoming aware of any material default by any person or the occurrence of any event under a Major Project Document (or any default in the case of the Amended Land Concession which would reasonably be expected to adversely affect the interests of the Finance Parties) or Excluded Major Project Document which would or, with the expiry of any grace period, the giving of notice or the making of any determination provided thereunder, or any combination of the foregoing, could give rise to a right to terminate, (if notice thereof has not previously been provided to the Agent) provide a written statement to the Agent describing such event with copies of such amendments or new Major Project Document or Excluded Major Project Document and, with respect to any such terminations or material defaults, an explanation of any subsequent actions being taken by the Borrower or other Obligor with respect thereto;
- (d) promptly, details of any material changes in the insurance cover under any insurance policies required to be maintained by the terms of this Agreement in respect of any member of the Group or the Project and, upon request by the Agent, copies of insurance policies or certificates of insurance in respect of any member of the Group or the Project under any insurance policies required to be maintained by the terms of this Agreement or such other evidence of the existence of those policies as may be reasonably acceptable to the Agent and, within 30 days of the end of each Financial Year, deliver to the Agent a certificate from an authorised signatory of the Parent certifying that the insurance requirements of Schedule 8 (*Insurance*) have been implemented and are being complied with or, if there is any non-compliance with Schedule 8 (*Insurance*) which has not been remedied prior to the date of such certificate, explaining, in reasonable detail, the non-compliance, whether the Parent reasonably believes it can be remedied and, if so, how and by when;

- (e) a copy of each written notice which is given or received by any Obligor under or in connection with the Amended Land Concession to or from the Macau SAR Government or any Governmental Authority (if material to the interests of the Finance Parties) promptly upon despatch or receipt of such notice;
- (f) at the same time as they are dispatched, copies of all documents dispatched by the Parent to its shareholders generally (or any class of them) or dispatched by the Parent to its creditors generally (or any class of them);
- (g) (x) promptly upon becoming aware of them, the details of any litigation, arbitration or investigation by a Governmental Authority or other administrative proceedings which are current, threatened or pending against any Obligor, and (y) promptly upon becoming aware of their details of any Environmental Claim which is current, pending or threatened against any Obligor which is referred to in paragraph 3.4 (*Environmental Claims*) in each case which would reasonably be expected to have a Material Adverse Effect or which would, in any event, involve a liability exceeding an amount of US\$5,000,000 (or its equivalent in other currencies) in aggregate for the Group or which would reasonably be expected to enjoin or otherwise prevent the consummation of the transactions contemplated by the Finance Documents or contemplated by the Project, or any material development in any such proceedings, in each case together with such other information concerning such proceedings as the Agent may reasonably require;
- (h) promptly, notice of any proposed material change in (i) the nature or scope of the Project or (ii) the business or operations of any Obligor;
- (i) promptly, notice of any material schedule delay delivered under any Major Construction Contract or any Phase II Major Construction Contract and any suspension of Project Works exceeding a period of 10 Business Days and all remedial plans by the relevant Contractor and updates thereof;
- (j) promptly, any “Notice to Proceed” or “Practical Completion” or “Final Completion” certificates or equivalent notices thereof delivered under any Major Construction Contract or any Phase II Major Construction Contract (including any Certificate of Practical Completion or Certificate of Final Completion delivered thereunder) (each as defined or otherwise referred to in the relevant Major Construction Contract or any Phase II Major Construction Contract);
- (k) promptly, notice of any event, occurrence or circumstance which would reasonably be expected to give rise to a breach of the In-Balance Test or render:
 - (i) the Project incapable of, or prevent it from achieving Opening Date on or before the Opening Long Stop Date or Construction Completion on or before the Construction Completion Long Stop Date;
 - (ii) any Obligor incapable of meeting any material obligation under any Major Project Document as and when required thereunder.

- (l) promptly upon becoming aware of them, the details of any claim, disposal or other facts and circumstances which will require a prepayment under paragraph 2(a) (other than under sub-paragraph 2(a)(viii)) of Schedule 4 (*Mandatory Prepayment*);
- (m) promptly notify the Agent if any Direct Insurer, and, where to the extent required under paragraph 2.1 of Schedule 8 (*Insurance*), reinsurance is placed by its insurance brokers, the Reinsurer cancels or gives notice of cancellation of any of the Insurances promptly on receipt of such notice;
- (n) promptly notify the Agent on becoming aware of any act or omission or of any event which would reasonably be foreseen as invalidating or rendering unenforceable in whole or (to the extent material) in part any of the Insurances;
- (o) promptly, such information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligor with the terms of any Transaction Security Documents;
- (p) promptly a copy of any filing made by MCE with any stock exchange or regulatory authority in respect of circumstances that would give rise to a change in control of any share of any Obligor at the same time as that filing is made;
- (q) promptly upon any new Permit referred to in Schedule 16 (*Permits*) being obtained, copies of any such new Permit;
- (r) promptly on request, such further information regarding the financial condition, assets and operations of any Obligor as any Finance Party through the Agent may reasonably request; and
- (s) promptly, and in any event within 10 Business Days after any Right to Use Agreement is entered into, a copy of such Right to Use Agreement.

1.8 Notification of default

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).
- (c) Each Obligor shall notify the Agent of the occurrence promptly upon becoming aware thereof of an event of default (however described) under or in respect of the High Yield Notes or, following the High Yield Note Refinancing, the high yield notes issued pursuant to the High Yield Note Refinancing (unless that Obligor is aware that a notification has already been provided by another Obligor).

1.9 “Know your customer” checks

- (a) If:
- (i) any existing law or regulation or the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
 - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,
- obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied with the results of all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied with the results of all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (c) The Parent shall, by not less than 10 Business Days’ prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Guarantor pursuant to Clause 27 (*Changes to the Obligors*).
- (d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Guarantor obliges the Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Parent shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Guarantor.

2. FINANCIAL COVENANTS

2.1 Financial definitions

In this Agreement:

“**Borrowings**” means, at any time, the aggregate outstanding principal, capital or nominal amount and any outstanding fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of:

- (a) moneys borrowed (other than the Bondco Loan save to the extent that the aggregate amount of the Bondco Loan exceeds the aggregate amount of the High Yield Note Guarantees);
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds (but not Trade Instruments) notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease (and for the avoidance of doubt, any deposit paid to and retained by a member of the Group in connection with any lease of real property shall not fall within this paragraph (d));
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument (but not, in any case, Trade Instruments) issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition (excluding any such obligation in respect of any such instrument, given in respect of (i) any trade credit or performance obligation arising in the ordinary course of business and otherwise comprising Permitted Guarantees under paragraphs (a) or (b) of the definition thereof; (ii) any documentary credit which is or is to the extent of being, cash collateralised; and (iii) any contingent liability of any member of the Group in relation to any guarantee issued in connection with the Amended Land Concession);
- (g) any amount raised by the issue of redeemable shares which are redeemable before the Final Repayment Date;

- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above (including, for the avoidance of doubt and without double counting, in respect of the High Yield Note Guarantees in relation to any such item in paragraph (c)).

“Capital Expenditure” means any expenditure or obligation in respect of expenditure which in accordance with GAAP is treated as capital expenditure and including the capital element of any expenditure or obligation incurred in connection with a finance or capital lease.

“Cash” means, at any time, cash on hand or cash at bank credited to an account in the name of an Obligor with an Acceptable Bank and in each case to which an Obligor is alone (or with one or more other Obligors) beneficially entitled and for so long as:

- (a) that cash is repayable on demand;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any Group member or of any other person whatsoever or on the satisfaction of any other condition;
- (c) there is no Security over that cash except Transaction Security or Permitted Security referred to at paragraph (c) of the definition of “Permitted Security”; and
- (d) subject to (a) above, such cash is freely and immediately available to be applied in repayment or prepayment of the Facilities.

“Cash Cover” means, in respect of any Relevant Period, the ratio of Cashflow to Debt Service for that Relevant Period.

“Cashflow” means, in respect of any Relevant Period, Consolidated EBITDA for that Relevant Period after:

adding back:

- (a) any decrease in the amount of Working Capital for that Relevant Period;
- (b) any cash receipt in respect of any Exceptional Item or extraordinary item not already taken account of in calculating Consolidated EBITDA for any Relevant Period;
- (c) any cash receipt in respect of any tax rebate or credit during that Relevant Period;

- (d) adding the amount of any cash paid to a member of the Group in the Relevant Period that represents repayment of any loan made to a Joint Venture;
- (e) any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) taken into account in establishing Consolidated EBITDA; and
- (f) any decrease in long term assets (excluding fixed assets and land use rights) and any increase in other non-interest bearing long term liabilities,

and deducting:

- (i) any amount of Capital Expenditure actually made in cash by any member of the Group and the aggregate amount of any Joint Venture Investments during that Relevant Period, except, in each case, to the extent funded from:
 - (A) Borrowings permitted to be so incurred and so applied in accordance with the terms of this Agreement or New Shareholder Injections;
 - (B) Relevant Proceeds, Surplus Amounts or Operational Agreement Upfront Receipts, in each case, in accordance with the terms of this Agreement; and
 - (C) retained Excess Cashflow;
- (ii) any increase in the amount of Working Capital for that Relevant Period;
- (iii) any cash payment in respect of any Exceptional Item or extraordinary item not already taken account of in calculating Consolidated EBITDA for any Relevant Period;
- (iv) any amount actually paid or due and payable in respect of taxes on the profits of any member of the Group during that Relevant Period;
- (v) any decrease in provisions and other non-cash credits (which are not Current Assets or Current Liabilities) taken into account in establishing Consolidated EBITDA; and
- (vi) any increase in the long term assets (excluding fixed assets and land use rights) and any decrease in other non-interest bearing long term liabilities,

and so that no amount shall be included (or deducted) more than once.

“**Consolidated EBITDA**” means, in respect of any Relevant Period, the consolidated profits of the Group from ordinary activities before taxation:

- (a) **before deducting** any income Tax expense (whether or not paid during that period) other than Tax on gross gaming revenue;

- (b) **before deducting** any interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Borrowings (including the Bondco Loan) paid, payable or capitalised by any member of the Group in respect of that Relevant Period;
- (c) **before taking into account** any accrued interest owing to any member of the Group;
- (d) **before deducting** any amount attributable to the amortisation, depreciation or impairment of assets (including, without limitation, the amortisation of goodwill or of other intangible assets);
- (e) **before taking into account** any items treated as Exceptional Items or extraordinary items;
- (f) **after deducting** the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (g) **after deducting** the amount of any profit of any investment or entity (which is not itself a member of the Group) in which any member of the Group has an ownership interest to the extent that the amount of such profit included in the financial statements of the Group exceeds the amount received in cash by members of the Group through distributions by such investment or entity;
- (h) **before taking into account** any unrealised gains or losses on any derivative instrument, financial instrument or currency exchange, including those arising on translation of currency debt;
- (i) **before taking into account** any gain or loss arising from an upward or downward revaluation of any asset; and
- (j) **before taking into account** the amount of any Operational Agreement Upfront Receipts received during that Relevant Period,

in each case, without double counting and to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Group from ordinary activities before taxation.

“**Consolidated Finance Charges**” means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Borrowings and (without double counting) the Bondco Loan whether paid in cash or payable or capitalised by any member of the Group in respect of that Relevant Period:

- (a) **excluding** any such obligations owed to any other member of the Group;
- (b) **including** the interest element of leasing and hire purchase payments in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

- (c) **including** any accrued commission, fees, discounts and other finance payments payable by any member of the Group to counterparties under any interest rate hedging arrangement;
- (d) **deducting** any accrued commission, fees, discounts and other finance payments owing to any member of the Group under any interest rate hedging instrument;
- (e) if a Joint Venture is accounted for on a proportionate consolidation basis, after adding the Group's share of the finance costs or interest receivable of the Joint Venture; and
- (f) **excluding** any interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments (capitalised or otherwise) in respect of any Sponsor Group Loans or Subordinated Debt,

and so that no amount shall be included (or deducted) more than once.

"Consolidated Senior Debt" means, at any time, the aggregate amount of all obligations of the Group for or in respect of Borrowings under the Finance Documents (other than any such obligations in respect of the Bondco Loan or the High Yield Note Guarantees).

"Consolidated Total Debt" means, at any time, the aggregate amount of all obligations of the Group for or in respect of Borrowings but:

- (a) **excluding** any such obligations to any other member of the Group and any Sponsor Group Loans or Subordinated Debt or any such obligations in respect of the Bondco Loan (save to the extent the aggregate amount of the Bondco Loan exceeds the aggregate amount of the High Yield Note Guarantees);
- (b) **including** any such obligations in respect of the High Yield Note Guarantees;
- (c) **including**, in the case of finance or capital leases, only the capitalised value therefor,

and so that no amount shall be included or excluded more than once, and further **provided that** in relation to the First Test Date only, and solely for the purposes of assessing compliance with paragraph 2.2(d) of this Schedule 6 and not for any other purpose, "Consolidated Total Debt" shall instead be computed as net debt by deducting the aggregate amount of Cash, Cash Equivalent Investments, Permitted Investments and restricted and unrestricted Cash and Cash Equivalent Investments held by any member of the Group, Bondco or any Restricted Subsidiary (as defined in the Indenture), including the balances standing to the credit of each of the Accounts and High Yield Note Debt Service Accrual Account, but excluding (in each case) the balances standing to the credit of each Distribution Account, each Holding Account, each Surplus Account and each Operational Agreement Upfront Receipts Account and, only if and to the extent that the remaining land premium payment(s) payable in respect of the Amended Land Concession has (or have) not been paid by the First Test Date, an amount equal to the amount of such payment(s).

“**Current Assets**” means the aggregate (on a consolidated basis) of inventory, work in progress, trade and other receivables of each member of the Group including prepayments in relation to operating items and sundry debtors (but excluding (without double counting) Cash and Cash Equivalent Investments, the balances standing to the credit of each of the Accounts and Permitted Investments)) expected to be realised within twelve months from the date of computation and any other assets of each member of the Group which would, in accordance with GAAP be considered as current assets but excluding amounts in respect of:

- (a) receivables in relation to Tax;
- (b) Exceptional Items and other non-operating items;
- (c) insurance claims; and
- (d) any interest, commission, fees, discounts or other finance payments owing to any member of the Group.

“**Current Liabilities**” means the aggregate (on a consolidated basis) of all liabilities (including trade creditors, accruals and provisions) of each member of the Group expected to be settled within twelve months from the date of computation and any other liabilities of each member of the Group which would, in accordance with GAAP be considered as current liabilities but **excluding** amounts in respect of:

- (a) liabilities for Borrowings (including in respect of the Bondco Loan) and Consolidated Finance Charges;
- (b) liabilities for Tax;
- (c) exceptional Items and other non-operating items;
- (d) insurance claims; and
- (e) liabilities in relation to dividends declared but not paid by the Parent or by a member of the Group in favour of a person which is not a member of the Group.

“**Debt Service**” means, in respect of any Relevant Period, the aggregate of:

- (a) Consolidated Finance Charges; and
- (b) the aggregate of all scheduled repayments of Consolidated Total Debt falling due during that Relevant Period but excluding:
 - (i) any amounts falling due under any revolving facility or the Revolving Facility and which were available for simultaneous redrawing according to the terms of that facility;
 - (ii) any mandatory, voluntary or other prepayment made pursuant to this Agreement; and
 - (iii) any such obligations owed to any member of the Group,

and so that no amount shall be included more than once.

“Exceptional Items” means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

- (a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (b) disposals, revaluations or impairment of non-current assets;
- (c) disposals of assets associated with discontinued operations.

“Excess Cashflow” means, for any period for which it is being calculated, Cashflow for that period less (except to the extent already deducted in calculating Cashflow):

- (a) Debt Service;
- (b) Cashflow from that period which, in accordance with the Projections and the Group Budget, is to be applied towards Remaining Project Costs after that period;
- (c) the amount of any voluntary prepayments made under the Finance Documents or (to the extent permitted pursuant to the Finance Documents) in respect of any Borrowings (including in respect of the Bondco Loan) during that period (excluding, in each case, any voluntary prepayment of any amount under any revolving facility or the Revolving Facility and which is available for redrawing); and
- (d) the net change (if any) in the balance maintained in the Debt Service Accrual Account and the Debt Service Reserve Account (which net change shall be subtracted if positive and added if negative).

“Financial Quarter” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“Financial Year” means the annual accounting period of the Group ending on or about 31 December in each year.

“First Test Date” means the earlier of: (a) 30 June 2016 and (b) the end of the second full Financial Quarter after the Opening Date.

“Interest Cover” means the ratio of Consolidated EBITDA to Consolidated Finance Charges in respect of any Relevant Period;

“New Shareholder Injections” means the aggregate amount subscribed for by any person (other than a member of the Group) for ordinary shares in the Parent or any other Obligor or for Sponsor Group Loans or Subordinated Debt in the Parent or any other Obligor.

“Quarter Date” means each of 31 March, 30 June, 30 September and 31 December.

“**Relevant Period**” means each period of twelve months ending on the last day of each Financial Quarter of the Borrower’s financial year (or, for the purpose of calculating Excess Cashflow (and any of the constituent parts thereof) only, each Financial Quarter.

“**Relevant Proceeds**” means Claims Proceeds, Disposal Proceeds, Eminent Domain Proceeds, Insurance Proceeds and Termination Proceeds (each as defined in paragraph 1 of Schedule 4 (*Mandatory Prepayment*)) and Operating Agreement Upfront Receipts.

“**Senior Secured Leverage**” means the ratio of Consolidated Senior Debt on the last day of a Relevant Period to Consolidated EBITDA in respect of that Relevant Period.

“**Test Date**” means the First Test Date and each Quarter Date thereafter.

“**Total Leverage Ratio**” means the ratio of Consolidated Total Debt on the last day of a Relevant Period to Consolidated EBITDA in respect of that Relevant Period.

“**Trade Instruments**” means any performance bonds, advance payment bonds or documentary letters of credit issued in the respect of the obligations of any of the Obligors arising in the ordinary course of trading of that Obligor or their equivalent arising in the ordinary course of business of a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas style resort and casino carrying on the same or substantially similar business as that comprised in the Project.

“**Working Capital**” means on any date Current Assets less Current Liabilities.

2.2 Financial condition

The Borrower shall ensure that:

- (a) **Cash Cover:** Cash Cover in respect of any Relevant Period expiring on the Test Date specified in column 1 below shall be or shall exceed the ratio set out in column 2 below opposite that Test Date.

| <u>Column 1</u> <u>Relevant Period</u> | <u>Column 2</u> <u>Ratio</u> |
|---|---------------------------------|
| The First Test Date and each subsequent Test Date | 1.05:1 |

- (b) **Interest Cover:** Interest Cover in respect of any Relevant Period expiring on the Test Date specified in column 1 below shall be or shall exceed the ratio set out in column 2 below opposite that Test Date.

| <u>Column 1</u> <u>Relevant Period</u> | <u>Column 2</u> <u>Ratio</u> |
|---|---------------------------------|
| The First Test Date | 2.25:1 |
| The second Test Date and each subsequent Test Date prior to the sixth Test Date | 2.5:1 |
| The sixth Test Date and each subsequent Test Date | 3.0:1 |

- (c) **Senior Secured Leverage:** Senior Secured Leverage in respect of any Relevant Period expiring on the Test Date specified in column 1 below shall not exceed the ratio set out in column 2 below opposite that Test Date.

| <u>Column 1</u> <u>Relevant Period</u> | <u>Column 2</u> <u>Ratio</u> |
|--|---------------------------------|
| The First Test Date | 3.5:1 |
| The second Test Date and each subsequent Test Date prior to the fourth Test Date | 3.25:1 |
| The fourth Test Date and each subsequent Test Date prior to the sixth Test Date | 3.0:1 |
| The sixth Test Date and each subsequent Test Date | 2.5:1 |

- (d) **Total Leverage Ratio:** Total Leverage Ratio in respect of any Relevant Period expiring on the Test Date specified in column 1 below shall not exceed the ratio set out in column 2 below opposite that Test Date.

| <u>Column 1</u> <u>Relevant Period</u> | <u>Column 2</u> <u>Ratio</u> |
|---|---------------------------------|
| The First Test Date and each subsequent Test Date prior to the fourth Test Date | 5.0:1 |
| The fourth Test Date and each subsequent Test Date prior to the sixth Test Date | 4.5:1 |
| The sixth Test Date and each subsequent Test Date | 4.0:1 |

- (e) **Capital Expenditure:**

- (i) Prior to the Opening Date, no Obligor shall make, commit to make or incur Capital Expenditure except for (in each case, without double counting):
- (A) the purposes of the Project and in each case as contemplated by the Group Budget **provided that** any such amounts applied pursuant to this paragraph (A) shall not be used in connection with or for the purpose of the Phase II Project;
 - (B) Capital Expenditure utilising Claim Proceeds, Disposal Proceeds, Eminent Domain Proceeds, Insurance Proceeds, Termination Proceeds and other such proceeds as are permitted to be retained (and so applied) by an Obligor in accordance with (and to the extent expressly contemplated by) this Agreement;

- (C) Capital Expenditure made using Additional Equity Contributions (provided that (and only to the extent that) such Additional Equity Contributions are not required for any other purpose under any Finance Document or in connection with the Project);
 - (D) Capital Expenditure made for the purposes of the Phase II Project;
 - (E) Capital Expenditure made using the proceeds of any loan that is permitted pursuant to paragraph (g) of the definition of “Permitted Loan” or Financial Indebtedness that is permitted pursuant to paragraph (g) of the definition of “Permitted Financial Indebtedness” in Clause 1.1 (*Definitions*); and
 - (F) Capital Expenditure permitted pursuant to paragraph (f) of the definition of “Permitted Financial Indebtedness” in Clause 1.1 (*Definitions*); or
 - (G) (to the extent such expenditure constitutes Capital Expenditure) Capital Expenditure permitted pursuant to paragraph (c) of the definition of “Permitted Joint Venture” in Clause 1.1 (*Definitions*).
- (ii) The aggregate Capital Expenditure of the Obligors in respect of:
- (A) the period starting on the Opening Date and ending on the date following 12 Months thereafter; and
 - (B) the immediately subsequent period of 12 Months,
- shall not exceed the aggregate of US\$50,000,000 (or its equivalent in other currencies) and any amounts specified in sub-paragraph (i) above and any amounts available for the payment of a dividend pursuant to paragraph (b) of the definition of “Permitted Distribution” in Clause 1.1 (*Definitions*) in each such period.
- (iii) Notwithstanding the foregoing, no Obligor shall, in any event, make, commit to make or incur any Capital Expenditure where the In-Balance Test would not be satisfied and would continue not to be satisfied as a result thereof.

2.3 Financial testing

- (a) The financial covenants set out in paragraph 2.2 (*Financial condition*) shall be calculated and tested by reference to each of the financial statements and/or each Compliance Certificate delivered pursuant to paragraph 1.3 (*Provision and contents of Compliance Certificate*).

- (b) For the purpose of the financial covenants in sub-paragraphs (a) (*Cash Cover*), (b) (*Interest Cover*), (c) (*Senior Secured Leverage*) and (d) (*Total Leverage Ratio*) set out in paragraph 2.2 (*Financial condition*) for each of the Relevant Periods ending on a date which is less than 12 months after the Opening Date for the Project, Cashflow, Debt Service and Consolidated EBITDA shall be calculated by reference to the amount of Cashflow, Debt Service or Consolidated EBITDA, as the case may be, as disclosed in the financial statements and/or Compliance Certificates for the Financial Quarters commencing after the Opening Date, annualised on a straight line basis using actual results from the start of the first fiscal quarter commencing after the Opening Date through to the relevant Test Date.

2.4 Equity Cure

- (a) If the requirements in respect of the financial covenants in sub-paragraphs (a) (*Cash Cover*), (b) (*Interest Cover*), (c) (*Senior Secured Leverage*) or (d) (*Total Leverage Ratio*) set out in paragraph 2.2 (*Financial condition*) on a Test Date (a “**Relevant Test Date**”) are not satisfied (such covenant, an “**At Risk Financial Covenant**”), and if the Borrower receives cash proceeds of a New Shareholder Injection and in an amount no greater than the minimum amount necessary to remedy non-compliance of each At Risk Financial Covenant in respect of such Relevant Test Date (and the words “by an amount up to the Cure Amount” when used below shall be read accordingly (the amount thereof the “**Cure Amount**”) prior to the delivery to the Agent of the Compliance Certificate in respect of such Relevant Test Date, and if the Borrower either immediately applies the Cure Amount in prepaying the Term Loan Facility in accordance with Clause 9.4 (*Voluntary prepayment*) or deposits the Cure Amount in the Mandatory Prepayment Account (and irrevocably directs that the same be applied towards the voluntary prepayment of the Term Loan Facility in accordance with Clause 9.4 (*Voluntary prepayment*) on the last day of the then current Interest Period), then each At Risk Financial Covenant shall be recalculated in respect of such Relevant Test Date after giving effect to the following *pro forma* adjustments:
- (i) Cashflow shall be increased (solely for the purpose of re-calculating Cash Cover as at such Relevant Test Date and not for any other purpose) by an amount up to the Cure Amount; and
- (ii) Consolidated EBITDA shall be increased (solely for the purpose of re-calculating Interest Cover, the Total Leverage Ratio and Senior Secured Leverage as at such Relevant Test Date and not for any other purpose) by an amount up to the Cure Amount,

provided that the Cure Amount included in any such *pro forma* adjustments may not exceed 30 per cent. of the target Consolidated EBITDA or Cashflow for the relevant Financial Quarter (being the Consolidated EBITDA or, as the case may be, Cashflow, required for the relevant At Risk Financial Covenants to have been satisfied, as calculated on an annualised basis (such recalculation, *pro forma* adjustments and prepayments being together, the “**Equity Cure**”).

- (b) If after giving effect to the foregoing recalculations and having delivered a duly completed Compliance Certificate (detailing the relevant calculations) the Borrower shall be in compliance with the requirements of each of the At Risk Financial Covenants as of the Relevant Test Date, then the Borrower shall be deemed to have satisfied the requirements of such At Risk Financial Covenant as of such Relevant Test Date.
- (c) No more than two such cures and recalculations are permitted during the term of the Facilities, and only in relation to the first three full Financial Quarters occurring after the Opening Date.
- (d) Following any cure as contemplated by paragraph (a) above:
 - (i) Consolidated Senior Debt and Consolidated Total Debt shall be calculated on the basis of the Term Loan Facility having been prepaid by an amount equal to the amount of the Cure Amount;
 - (ii) Cashflow shall be deemed increased for the relevant Financial Quarter (solely for the purpose of re-calculating Cash Cover and not for any other purpose) by an amount equal to the amount of the Cure Amount utilised in curing the relevant At Risk Financial Covenant in respect of the Relevant Test Date;
 - (iii) Consolidated EBITDA shall be deemed increased for the relevant Financial Quarter (solely for the purpose of recalculating Interest Cover, Total Leverage Ratio and Senior Secured Leverage and not for any other purpose) by an amount equal to the amount of the Cure Amount utilised in curing the relevant At Risk Financial Covenant in respect of the Relevant Test Date; and
 - (iv) Debt Service and Consolidated Finance Charges for the then-Relevant Period shall be recalculated on the basis of the Term Loan Facility having been prepaid by an amount equal to the amount of the Cure Amount with effect from the first day of the then-Relevant Period.

3. GENERAL UNDERTAKINGS

Authorisations and compliance with laws

3.1 Permits

Each Obligor shall promptly:

- (a) when necessary obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) upon request by the Agent supply certified copies to the Agent of, any Permit (including any amendments, supplements or other modifications thereto) and any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

- (i) enable it to perform its obligations under the Transaction Documents;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
- (iii) enable it to own its assets and to carry on its business (including any assets owned and business conducted or proposed to be owned or conducted in connection with or as a result of its participation in the Project),

where failure to obtain or comply with those Permits or Authorisations would reasonably be expected to have a Material Adverse Effect and shall promptly deliver to the Agent:

- (A) any notice that any Governmental Authority may condition approval of, or any application for, any of those Permits or Authorisations held by it on terms and conditions that are materially burdensome to the Obligor, or to the operation of any of its businesses or any assets owned by it to the extent comprised in the Project, in each case in a manner not previously contemplated; and
- (B) such other documents and information as from time to time may reasonably be requested by the Agent in relation to any of the matters referred to in this paragraph 3.1.

3.2 **Compliance with laws**

Each Obligor shall comply in all respects with all Legal Requirements (where failure to do so would reasonably be expected to have a Material Adverse Effect) and its Constitutional Documents and will comply with (and conduct its business in compliance with) all applicable anti-money laundering, non-corruption, counter-terrorism financing, economic or trade sanctions laws and regulations in each case applicable to an Obligor (including, without limitation, each Anti-Terrorism Law), will not directly or indirectly use the proceeds of the Facilities in a manner which would breach any such laws and regulations and will maintain policies and procedures designed to promote and achieve compliance with such laws and regulations.

3.3 **Environmental compliance**

Each Obligor shall:

- (a) comply in all material respects with all Environmental Laws applicable to it;
- (b) obtain, maintain and ensure compliance in all material respects with all requisite Environmental Permits;

- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law, where failure to do so has or would reasonably be expected to have a Material Adverse Effect.

3.4 **Environmental claims**

Each Obligor shall (through the Parent), promptly upon becoming aware of the same, inform the Agent in writing of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened (including copies of any notices from any Governmental Authority of non-compliance with any material Environmental Law or Environmental Permit to which the Project is subject and any other notices of Environmental Claims); and
- (b) any facts or circumstances which would reasonably be expected to result in any Environmental Claim being commenced or threatened against any member of the Group,

where such claim, has or would reasonably be expected to have a Material Adverse Effect and shall promptly deliver to the Agent such other documents and information as from time to time may reasonably be requested by the Agent in relation to any of the matters referred to in this paragraph 3.4.

3.5 **Taxation**

- (a) Each Obligor shall duly and punctually pay and discharge all Taxes required to be paid by it when due within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
- (ii) adequate reserves are being maintained for those Taxes or other obligations and the costs required to contest them; and
- (iii) such payment can be lawfully withheld and failure to pay those Taxes or other obligations does not have or is not reasonably likely to have a Material Adverse Effect.
- (b) No Obligor may change its residence for Tax purposes.

Restrictions on business focus

3.6 **Merger**

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction or where the surviving entity following any such amalgamation, demerger, merger, consolidation or corporate reconstruction is an Obligor.

3.7 **Conduct of business and maintenance of status**

Each Obligor shall:

- (a) preserve, renew and keep in full force and effect its corporate or limited liability company status and remain a Subsidiary of the Parent;
- (b) take all reasonable action to obtain and maintain all rights, privileges, franchises, and Permits necessary for the intended use of the Site and the Site Easements, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;
- (c) engage only in businesses which are a Permitted Business and ensure that the Borrower's ownership of shares in its Subsidiaries and the lease, management and operation of the gaming areas comprised in the Project and other Permitted Businesses are conducted (as applicable) in accordance with the Services and Right to Use Agreement and, to the extent applicable, the Right to Use Agreements and relevant Permits where failure to do so would have or is reasonably likely to have a Material Adverse Effect; and
- (d) not establish any representative office or other place of business in a jurisdiction outside its jurisdiction of incorporation.

3.8 **Acquisitions**

- (a) Except as permitted under paragraph (b) below, no Obligor shall:
 - (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
 - (ii) incorporate a company.
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is:
 - (i) a Permitted Acquisition; or
 - (ii) a Permitted Transaction.

3.9 **Joint ventures**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no other member of the Group will):
 - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
 - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).

- (b) Paragraph (a) above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee given in respect of the obligations of a Joint Venture or any other transaction referred to in paragraph (a) if such transaction is a Permitted Acquisition, a Permitted Disposal, a Permitted Loan, a Permitted Guarantee, Permitted Financial Indebtedness, Permitted Security or funded by additional Equity or monies available for distribution (which additional Equity is not required for any other purpose under any Finance Document or in connection with the Project) or a Permitted Joint Venture.

3.10 Holding Companies

None of the Parent, the Borrower, Studio City Holdings Two Limited, Studio City Holdings Three Limited, Studio City Holdings Four Limited, SCP Holdings Limited, SCP One Limited and SCP Two Limited shall trade, carry on any business or own any assets or incur any liabilities except for:

- (a) ownership of shares of another Obligor, intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts, Cash and Cash Equivalent Investments and Permitted Investments but only if those shares, credit balances, Cash and Cash Equivalent Investments and Permitted Investments are subject to the Transaction Security,
- (b) making of intra-Group loans permitted by paragraph 3.17 (*Loans or credit*);
- (c) the incurrence of intra-Group financial indebtedness permitted by paragraph 3.21 (*Financial Indebtedness*);
- (d) provisions of administrative and treasury services to the other Obligors; or
- (e) any liabilities under the Transaction Documents (other than those referenced in paragraph (b) of the definition thereof) or the High Yield Note Documents, and, following the High Yield Note Refinancing, the documents or instruments relating thereto, in each case, to which it is a party and the performance of any obligation thereunder and professional fees and administration costs in the ordinary course of business as a holding company.

Restrictions on dealing with assets and Security

3.11 Preservation of assets and Security

Each Obligor shall:

- (a) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business and the Project;
- (b) maintain all rights of way, easements, grants, privileges, licenses, certificates, and Permits necessary for the intended use of the Site, the Site Easements and any other Properties, except any such item the loss of which, individually or in the aggregate, would not reasonably be expected to materially and adversely affect or interfere with the Project;

- (c) comply with the terms of each lease or other grant of rights in respect of the property in respect of the Project, including easement grants, so as to not permit any material uncured default on its part to exist thereunder, except, in each case, where non-compliance therewith would not reasonably be expected to materially and adversely affect or interfere with the Project;
- (d) preserve and protect the Security expressed to be created pursuant to the Transaction Security Documents and, if any Security (other than Permitted Security) is asserted against any of the Charged Property, promptly give the Agent written notice with reasonable detail of such Security and pay the underlying claim in full or take such other action so as to cause it to be released or bonded over in a manner reasonably satisfactory to the Agent;
- (e) undertake all actions which are necessary or appropriate in the reasonable judgement of the Agent to:
 - (i) maintain the Finance Parties' respective security interests under the Transaction Security Documents in the Charged Property in full force and effect at all times (including the priority thereof); and
 - (ii) preserve and protect the Charged Property and protect and enforce the Obligor's rights and title and the respective rights of the Finance Parties to the Charged Property,

including the making and delivery of all filings and registrations, the payments of fees and other charges imposed by any Governmental Authority, the issuance of supplemental documentation, the discharge of all claims or other Security other than Permitted Security adversely affecting the respective rights of the Finance Parties to and under the Transaction Security and the publication or other delivery of notice to, and procuring the receipt of agreements or acknowledgements from, third parties.

3.12 ***Pari passu* ranking**

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

3.13 **Project Documents**

Each Obligor shall:

- (a) comply, duly and promptly, in all material respects with its obligations and preserve and (if failure to do so would reasonably be expected to have a Material Adverse Effect) enforce all of its material rights under all Major Project Documents and pursue any claims and remedies arising thereunder;

- (b) take or cause to be taken all action, make or cause to be made all contracts and do or cause to be done all things necessary to construct the Project diligently in accordance with the Construction Contract, the Plans and Specifications, the Project Schedule, the Group Budget and all the other Transaction Documents relating to the Project;
- (c) withhold from each Contractor party to, or other contract counterparty to a Major Project Document such retainage from any payment to be made to such Contractor as is permitted by such Major Project Document;
- (d) ensure that Propco:
 - (i) provides to the Technical Adviser copies of and maintain at the Project Site a complete set of the Plans and Specifications for the Project;
 - (ii) cooperates and uses reasonable efforts to cause each Major Construction Contractor to cooperate with the Technical Adviser in the performance of the Technical Adviser's duties. Without limiting the generality of the foregoing, Propco shall use reasonable efforts to:
 - (1) cause Major Construction Contractors to communicate with and promptly provide all invoices, documents, plans and other information reasonably requested by the Technical Adviser relating to the Project Works;
 - (2) following the end of each Financial Quarter, upon the reasonable request of the Agent, consult with any person regarding any adverse event or condition identified in any report prepared by the Technical Adviser that the Agent (acting reasonably) considers to be material;
 - (3) provide the Technical Adviser with access to the Site (upon the Technical Adviser's prior reasonable request and notice) and, subject to required safety precautions and reasonable site management restrictions, the construction areas; and
 - (4) (upon the Technical Adviser's prior reasonable request and notice) provide the Technical Adviser with reasonable working space and access to telephone, copying and telecopying equipment at the Site (or such other location in reasonable proximity to the Site as the Project nears completion),and take all reasonable measures to otherwise facilitate the Technical Adviser's review of the construction of the Project and preparation of the certificates and reports required hereunder;
 - (iii) maintain in the Hong Kong SAR or the Macau SAR a complete set and, promptly upon written request, provide the Technical Adviser with reasonable access to and copies of, each Construction Contract and each named sub-contract referred to in a Major Construction Contract; and

- (iv) deliver to the Agent and the Technical Adviser copies of all material reports required to be filed with any Governmental Authority in connection with the construction of the Project; and
- (e) ensure that no Right to Use Agreement is directly or indirectly amended, modified, novated, assigned, supplemented or terminated or any right thereunder is waived or claim thereunder is settled or any amendment, modification, novation, assignment, supplement, termination (except expiration in accordance with its terms) or waiver is permitted or consented to or any consent is given (or any other discretion or remedy is exercised) or any election or compromise is made thereunder **save for** any such action or thing which is not materially adverse to the interests of the Finance Parties and which does not adversely affect the continued operation (in accordance with their respective terms) of the Services and Right to Use Agreement or the Reimbursement Agreement.

3.14 Negative pledge

In this paragraph 3.14, “**Quasi-Security**” means a transaction described in paragraph (b) below.

Except as permitted under paragraph (c) below:

- (a) No Obligor shall create or permit to subsist any Security over any of its assets.
- (b) No Obligor shall:
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;
 - (ii) sell, transfer, factor or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,
in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:
 - (i) Permitted Security; or
 - (ii) a Permitted Transaction.

3.15 Disposals

- (a) Except as permitted under paragraph (b) below, no Obligor shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal which is:
 - (i) a Permitted Disposal; or
 - (ii) a Permitted Transaction.

3.16 Arm's length basis

- (a) Except as permitted by paragraph (b) below, no Obligor shall enter into any transaction with any person (other than an Obligor) except on arm's length terms and for fair market value (or better for the relevant member of the Group).
- (b) The following transactions shall not be a breach of paragraph (a):
 - (i) Sponsor Group Loans (and other Subordinated Debt);
 - (ii) intra-Group loans;
 - (iii) fees, costs and expenses and any other payments payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Agent under Clause 4 (*Conditions of Utilisation*) or agreed by the Agent; and
 - (iv) any Permitted Transactions (unless required by their terms to be an arm's length terms and/or for fair market value).

Restrictions on movement of cash - cash out

3.17 Loans or credit

- (a) Except as permitted under paragraph (b) below, no Obligor shall be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
 - (i) a Permitted Loan; or
 - (ii) a Permitted Transaction.

3.18 No Guarantees or indemnities

- (a) Except as permitted under paragraph (b) below, no Obligor shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person.

- (b) Paragraph (a) does not apply to a guarantee which is:
 - (i) a Permitted Guarantee; or
 - (ii) a Permitted Transaction.

3.19 Dividends and share redemption

- (a) Except as permitted under paragraph (b) below, no Obligor shall:
 - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its Capital Stock (or any class of its Capital Stock);
 - (ii) repay or distribute any share premium reserve;
 - (iii) pay any management, advisory or other fee to or to the order of any Sponsor, NCI or any Affiliate thereof which is not a member of the Group; or
 - (iv) redeem, repurchase, defease, retire or repay any of its Capital Stock or resolve to do so.
- (b) Paragraph (a) above does not apply to:
 - (i) a Permitted Distribution; or
 - (ii) a Permitted Transaction.

3.20 Subordinated Debt

- (a) Except as permitted under paragraph (b) below, no Obligor shall:
 - (i) repay or prepay any principal amount (or capitalised interest) outstanding under any Sponsor Group Loans or any other Subordinated Debt;
 - (ii) pay any interest, fees or other amounts payable in connection with any Sponsor Group Loans or any other Subordinated Debt; or
 - (iii) purchase, redeem, defease or discharge, exchange or enter into any sub-participation arrangements in respect of any amount outstanding with respect to any Sponsor Group Loans or any other Subordinated Debt.
- (b) Paragraph (a) does not apply to a payment, repayment, prepayment, purchase, redemption, defeasance or discharge which is:
 - (i) a Permitted Payment; or
 - (ii) a Permitted Transaction.

Restrictions on movement of cash - cash in

3.21 Financial Indebtedness

- (a) Except as permitted under paragraph (b) below, no Obligor shall incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is:
 - (i) Permitted Financial Indebtedness; or
 - (ii) a Permitted Transaction.

3.22 Share capital

No Obligor shall issue any shares except pursuant to:

- (a) a Permitted Share Issue; or
- (b) a Permitted Transaction.

Miscellaneous

3.23 Insurance

- (a) Each Obligor shall at all times ensure that the insurances and reinsurances required to be maintained pursuant to Schedule 8 (*Insurance*); are maintained in full force and effect and that it otherwise complies with Schedule 8 (*Insurance*).
- (b) All insurances and reinsurances must be with reputable insurance companies or underwriters.

3.24 Access

Each Obligor shall:

- (a) keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all Legal Requirements are made;
- (b) subject to prior reasonable request and notice (but notice only where a Default is continuing), procure that the Agent, the Security Agent and/or the Technical Adviser, accountants or other professional advisers or contractors of the Agent or the Security Agent be allowed reasonable rights of inspection and access during normal business hours to Site Facilities, the Project and any other premises or assets of any member of the Group, to the Auditors and other senior officers of any member of the Group and to the books, accounts and records, and any other documents relating to the Project or any Obligor as they may reasonably require, and so as not unreasonably to interfere with their operations or those of any Major Project Participant, and to take copies of any documents inspected; and

- (c) for all expenditures with respect to which Utilisations under the Term Loan Facility are made, retain, for at least 7 years all records and other documents evidencing such expenditures as are required hereunder to be attached to a Utilisation Request.

3.25 **Management**

Each Obligor shall ensure that (as necessary) there is in place in respect of the Project qualified management with appropriate skills.

3.26 **Intellectual Property**

(a) Each Obligor shall:

- (i) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the Obligor or Group member for or in connection with the Project;
- (ii) prevent any infringement of the Intellectual Property in connection with the Project;
- (iii) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property necessary for its business in full force and effect and record its interest in that Intellectual Property;
- (iv) not use or permit the Intellectual Property necessary for or in connection with the Project to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may affect the existence or value of the Intellectual Property or imperil the right of any Obligor or member of the Group to use such property; and
- (v) not discontinue the use of the Intellectual Property necessary for or in connection with the Project,

where failure to do so, in the case of paragraphs (i) and (ii) and (iii) above, or, in the case of paragraphs (iv) and (v) above, such use, permission to use, omission or discontinuation, would reasonably be expected to have a Material Adverse Effect.

(b) Upon the registration by the relevant Obligor of or acquisition by an Obligor of (or, in the case of any Material Intellectual Property comprised in paragraph (a) of the definition thereof, any right to or in respect of) any Material Intellectual Property:

- (i) such Obligor shall grant Security in respect of such Material Intellectual Property in favour of the Security Agent in form and substance substantially similar to any fixed first ranking intellectual property Transaction Security or otherwise in form and substance reasonably satisfactory to the Security Agent (acting reasonably); and
- (ii) if such Material Intellectual Property is the subject of a licence or other right to use granted by a person who is not a member of the Group to an Obligor, such Obligor shall procure that the relevant grantor of such rights enters into such direct agreement with the relevant Obligor and the Security Agent or provides such other acknowledgment as may, in each case, be required under the Transaction Security Document referred to in sub-paragraph (i) above.

3.27 Use of proceeds and Revenues

Each Obligor shall:

- (a) use the proceeds of each of the Facilities only for the purposes specified or allowed in this Agreement and ensure that all of its funds, Revenues and all other amounts received by or derived by it are utilised, and all of its accounts are established and funded, in accordance with the provisions of Schedule 7 (*Accounts*), the Term Loan Facility Disbursement Agreement, the Services and Right to Use Agreement and the Reimbursement Agreement (as applicable) and as otherwise provided by this Agreement and that it otherwise complies with Schedule 7 (*Accounts*) and the Term Loan Facility Disbursement Agreement (as applicable); and
- (b) each Obligor shall comply with the requirements set forth in Schedule 7 (*Accounts*).

3.28 Amendments

(a) No Obligor shall:

- (i) amend or modify, or permit the amendment or modification of its Constitutional Documents in any manner materially adverse to the interest of any of the Finance Parties under the Finance Documents;
- (ii) agree to any amendment, modification or supplement to or any novation or termination of, or assign, transfer, cancel or waive any of its rights under the Amended Land Concession without obtaining the prior written consent of the Agent (acting on the instructions of the Majority Lenders (acting reasonably)):
 - (A) except for any such actions or things which result in:
 - (1) an increase of the gross floor construction area at the Site as permitted under Macau SAR legal requirements; or
 - (2) any extension of the term; or
 - (3) the removal of development or other obligations; or
 - (4) the imposition of less onerous development or other obligations or terms; or

- (5) the imposition of less onerous development or other obligations or terms in place of those comprised in the Amended Land Concession; or
 - (6) any extension of the date required for completion of development of the Site; or
 - (7) amendments to enable definitive registration of the Amended Land Concession (or part thereof) in line with the works actually executed provided that such amendments do not adversely affect the interests of the Finance Parties; or
- (B) except for any amendments to the Amended Land Concession:
- (1) required to permit development of the Site under formal phasing (where the Project will be comprised in one of such formal phases);
 - (2) required to permit separation of the Site into more than one land plot or lot (where the Project will be comprised in one of such land plots or lots);
 - (3) required to permit registration of strata title (pursuant to which the Project shall be comprised in one or more of the units to be created under strata title);
 - (4) required to permit separate and/or definitive registration of the part of the Amended Land Concession comprising the Project separately from the remaining development of the Site;
 - (5) required to permit independent termination of the part of the Amended Land Concession relative to the Project from the termination of the remaining part;
 - (6) required to permit independent registration of the part of the Amended Land Concession comprising the Project from the remaining part;
 - (7) required to permit the separate disposal of the rights resulting from the Amended Land Concession relative to the Project from the remaining rights; and
 - (8) to the purpose of the Amended Land Concession only in respect of the part of the Site not comprising the Project,
- provided that** any such amendment would not reasonably be expected to be adverse to the interests of the Finance Parties;

- (C) except for any amendments which are of a mechanical or administrative nature (x) which are required to be made in connection with the amendments permitted under paragraphs 3.28(a)(ii)(A) and (B) above or (y) any amendment required by any Macau SAR Governmental Authority for which reasonable notice has been given (which do not, in the case of (x) or (y), adversely affect the interests of the Finance Parties);
- (iii) without obtaining the prior written consent of the Agent (acting on the instructions of the Majority Lenders (acting reasonably)), directly or indirectly amend, modify, novate, assign, terminate, cancel, supplement or waive any right under, permit or consent to the amendment, modification, novation, assignment, termination (except expiration in accordance with its terms), cancellation, supplement or waiver of any of the provisions of:
 - (A) any Permit, the effect of which has or is reasonably expected to have a Material Adverse Effect or if an Event of Default is reasonably likely to result from such action; or
 - (B) the Services and Right to Use Agreement or Reimbursement Agreement, save for any amendment thereto which is of a minor operational, technical, administrative or mechanical nature which would not reasonably be expected to be materially adverse to the interests of the Finance Parties or which results from the entry into the Services and Right to Use Direct Agreement or the Reimbursement Agreement Direct Agreement;
- (iv) without obtaining the prior written consent of the Agent (acting on the instructions of the Majority Lenders (acting reasonably)), directly or indirectly amend, modify, novate, assign, terminate, cancel, supplement or waive any right under, permit or consent to the amendment, modification, novation, assignment, termination (except expiration in accordance with its terms), cancellation, supplement or waiver of any of the provisions of any Major Project Document (other than the Services and Right to Use Agreement, Reimbursement Agreement or the Amended Land Concession), the Plans and Specifications and Project Works (excluding, solely for the period prior to the First Utilisation, any Major Construction Contract, the Plans and Specifications and Project Works (and, for the avoidance of doubt, on and following the First Utilisation, the Major Construction Contracts and the Plans and Specifications and Project Works will be subject to the terms set out in this sub-paragraph)), unless:
 - (A) where such action or thing involves additional Project Costs or, as the case may be, additional project costs relating to the Phase II Project or otherwise involves an additional contract price payable (or expected to be paid) by any member of the Group to a person who is not a member of the Group or which may otherwise involve liabilities, actual or contingent, incurred by any member of the Group to a person who is not a member of the Group or a grant or disposal of a property interest by any member of the Group to a person who is not a member of the Group, including any right to use or management agreement, in each case the amount or value thereof does not exceed HK\$100,000,000;

- (B) such action or thing would not reasonably be expected to materially adversely affect the interests of the Finance Parties;
- (C) no Event of Default has occurred and is continuing or would reasonably be expected to result therefrom;
- (D) prior to the date on which Final Completion occurs:
 - (1) subject to paragraphs (2) and (3) below, no Forecast Funding Shortfall has occurred and is continuing or would reasonably be expected to result therefrom;
 - (2) in respect of any action or thing that involves a change in the scope of the Project from the Plans and Specifications and involves additional Project Costs, Forecast Funding Shortfall for the purposes of sub-paragraph (1) shall be calculated without taking into account the use of Completion Support in meeting such additional costs (unless, and to the extent, it is permitted to be so used for this purpose under the Completion Support Agreement) in computing whether a Forecast Funding Shortfall has occurred or not; and
 - (3) in the circumstances contemplated by sub-paragraph (2) above, to the extent there is or would reasonably be expected to be such a Forecast Funding Shortfall caused by such additional costs, such increased Project Costs shall, to the extent thereof, be funded (after taking into account any then realised cost savings and unallocated contingency amounts permitted to be then applied thereto) by Additional Equity Contributions;
- (E) such action or thing:
 - (1) is of a minor operational, technical, administrative or mechanical nature; or
 - (2) is otherwise in the ordinary course of business, and consistent with customary commercial practices, of a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project; or

- (3) in respect of any Major Construction Contract, any Phase II Major Construction Contract, Project Works or Plans and Specifications, does not involve (in respect of any Major Construction Contract, any Phase II Major Construction Contract, Project Works or Plans and Specifications) a material change in the scope of the Project from the Plans and Specifications or in the scope of the Phase II Project from that contemplated by the Phase II Fully Funded Plan approved by the Majority Lenders or (as the case may be) the Qualifying Phase II Plan; and
- (F) prior to the taking of any such action or the undertaking of such thing which involves such additional Project Costs or, as the case may be, such additional project costs relating to the Phase II Project in an amount equal to or in excess of HK\$20,000,000 (being, “**Cost Increase**”):
 - (1) the Parent has provided a certificate to the Agent (signed by a director or the chief financial officer of the Parent) certifying the amount of Cost Increase involved, the matters referred to in paragraph (D) above, and that such action or thing would not reasonably be expected to cause:
 - (x) the Opening Date to be delayed beyond the Opening Long Stop Date or (as the case may be) the opening date specified in the Completion Plan to be delayed beyond the opening long stop date specified in the Completion Plan; or
 - (y) the Construction Completion Date to be delayed beyond the Construction Completion Long Stop Date or (as the case may be) the construction completion date specified in the Completion Plan to be delayed beyond the construction completion long stop date specified in the Completion Plan; and
 - (2) where (in respect of any Major Construction Contract, any Phase II Major Construction Contract, Project Works or Plans and Specifications or any construction or development related matter in connection with any other Major Project Document) the Costs Increase involved is in excess of HK\$50,000,000 (but less than HK\$100,000,000), the Technical Adviser has provided a certificate to the Agent confirming the accuracy of each of the certifications made in such certificate of the Parent referred to in paragraph (F) (1) above (assuming, in the case of the certifications as to Forecast Funding Shortfall, that the Available Funding as shown in the current Group Budget is accurate);

- (v) fail to withhold at Practical Completion under the relevant Construction Contracts in respect of the Project a sum not less than 100% of the costs reasonably estimated by the Borrower (and confirmed by the Technical Adviser) as necessary to complete Project Punchlist Items;
 - (vi) accept any non-conforming Project Works of a material nature unless the requirements of sub-paragraph (iv) above have been complied with;
 - (vii) enter into any agreement (other than the Finance Documents) restricting its ability to amend any of the Finance Documents; or
 - (viii) enter into any agreement (other than the Finance Documents) restricting its ability to amend any of the Transaction Documents that are not Finance Documents, where such restriction is more onerous than the equivalent or substantially similar restriction set out in the Finance Documents.
- (b) The Obligors shall ensure that all Major Construction Contracts in respect of the Project are entered into by an Obligor.

3.29 Major Project Documents

- (a) Other than any Major Construction Contracts entered into prior to the First Utilisation (for the avoidance of doubt, on and following the First Utilisation, the Major Construction Contracts will be subject to the terms set out in this paragraph (a)), no Obligor shall enter into a Major Project Document unless:
- (i) the Parent has provided a written request for consent to enter into such document to the Agent;
 - (ii) the Borrower has provided a certificate to the Agent confirming whether:
 - (A) (other than a Phase II Major Construction Contract) the entry into such document is consistent with the Plans and Specifications, Project Schedule and the Group Budget;
 - (B) (other than a Phase II Major Construction Contract) no Forecast Funding Shortfall has occurred and is continuing or would reasonably be expected to occur as a result of such entry;
 - (C) in the case of a Phase II Major Construction Contract, such entry is consistent with the Phase II Fully Funded Plan (as approved by the Majority Lenders) or, as the case may be, the Qualifying Phase II Plan (including that, in each case, funds are available to the member or members of the Group party thereto to fully discharge their liabilities thereunder);

- (iii) in the case of a Major Construction Contract or a Phase II Major Construction Contract, the Technical Adviser has provided a certificate to the Agent confirming that each of the certifications made by the Borrower pursuant to paragraph (b) above are accurate (assuming in the case of paragraphs (i) and (ii) above, that the Available Funding shown in the then current Group Budget is accurate); and
 - (iv) the Agent (acting on the instructions of the Majority Lenders (acting reasonably)) has provided its prior written consent to the entry into of such document.
- (b) No Obligor shall enter into any Major Construction Contract prior to the First Utilisation (other than any Major Construction Contract in respect of which a letter of award was executed with a Contractor prior to the date of this Agreement and that Major Construction Contract, when executed does not involve, when compared to that contemplated by the letter of award, an additional contract price payable (or expected to be paid) by any member of the Group to a person who is not a member of the Group or which may otherwise involve liabilities, actual or contingent, incurred by any member of the Group to a person who is not a member of the Group or a grant or disposal of a property interest by any member of the Group to a person who is not a member of the Group, including any right to use or management agreement, in each case in an amount or of a value exceeding HK\$100,000,000), unless the Technical Adviser has provided a certificate to the Agent confirming that such entry is consistent with the Plans and Specifications, Project Schedule and Group Budget and no Forecast Funding Shortfall has occurred and is continuing or would reasonably be expected to occur as a result thereof (assuming that the Available Funding as shown in the current Group Budget is accurate).

3.30 Hedging and Treasury Transactions

- (a) The Obligors shall ensure that all currency and interest rate hedging arrangements contemplated by the Hedging Letter and Schedule 15 (*Hedging Arrangements*) are implemented in accordance with the terms thereof and that such arrangements are not terminated, varied or cancelled without the consent of the Agent (acting on the instructions of the Majority Lenders), save as permitted hereunder or thereunder.
- (b) No Obligor shall enter into any Treasury Transaction, other than:
- (i) the hedging transactions contemplated by the Hedging Letter and Schedule 15 (*Hedging Arrangements*) and documented by the Hedging Agreements;
 - (ii) other interest rate hedging arrangements entered into in the ordinary course of business and not for speculative purposes (including hedging in respect of actual or projected exposures in relation to the Facilities);
 - (iii) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and

- (iv) any Treasury Transaction entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the Group for a period of not more than 12 months and not for speculative purposes,

provided that, in the case of sub-paragraphs (ii), (iii) and (iv), the counterparties thereto have no Security (other than the Transaction Security) nor any right to share in any Security over any of the Charged Property.

3.31 Further assurance

- (a) Each Obligor shall promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
 - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security, including any assets acquired by any of the Obligors after the date of this Agreement) or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law;
 - (ii) to confer on the Security Agent and the Finance Parties Security over any property and assets of that Obligor or other person located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or
 - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security after the Transaction Security has become enforceable under the terms hereof.
- (b) Each Obligor shall from time to time execute and deliver, or cause to be executed and delivered, such additional instruments, certificates or documents, and take all such other actions, as any of the Agent or the Security Agent may reasonably request, for the purposes of implementing or effectuating the provisions of the Finance Documents, or of more fully perfecting or renewing the rights of the Finance Parties with respect to the Transaction Security (or with respect to any additions thereto or replacements or proceeds or products thereof or with respect to any other assets acquired after the date of this Agreement by any Obligor, Group member or other person which may be deemed to be part of the Transaction Security) pursuant to the Finance Documents. Upon the exercise by the Agent, the Security Agent or any other Finance Party of any power, right, privilege or remedy pursuant to any of the Finance Documents which requires any consent, approval, notification, registration or Authorisation of any Governmental Authority, the Borrower shall execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that the Agent, the Security Agent or such Finance Party may reasonably be required to obtain from any Obligor for such consent, approval, notification, registration or Authorisation.

3.32 **Completion Support**

The Borrower shall ensure that SCIH maintains, in favour of the Security Agent and in accordance with the terms of the Completion Support Agreement, until the Completion Support Release Date:

- (a) Completion Support Letters of Credit; and/or
- (b) cash collateral in a blocked account held with the Security Agent; and
- (c) any combination of the foregoing,

in an aggregate amount of US\$225,000,000 **less** any amount paid, advanced or subscribed to under the Completion Support Agreement or from or under any of the foregoing.

3.33 **Technical Advisor**

The Obligors shall:

- (a) appoint the Technical Advisor and ensure such appointment shall not expire or otherwise terminate until after the Practical Completion of the Project;
- (b) promptly provide the Technical Advisor with all information that may be required for it to issue any report required to be delivered by the Technical Adviser pursuant to the requirements of this Agreement;
- (c) notify the Agent of any event of which they are aware that would adversely affect the ability of the Project to:
 - (i) be completed within the Group Budget; and
 - (ii) to achieve Opening Date by the Opening Long Stop Date or, as the case may be, Construction Completion Date, by the Construction Completion Long Stop Date;
- (d) from the date that the Phase II Fully Funded Plan has been approved by the Majority Lenders, provide any information reasonably requested by each of the Technical Adviser or the Agent to (i) facilitate its ongoing monitoring of such Phase II Fully Funded Plan or (ii) enable the Technical Adviser to provide a quarterly certificate confirming that it has no reason to believe that the then current construction schedule relating to the Phase II Project is not accurate or that the in-balance test (agreed for the Phase II Project cannot be met (assuming that the available funding set out in the relevant Phase II budget is accurate));

- (e) procure that the relevant member(s) of the Group provides Security in connection with any Major Project Document or Excluded Major Project Document within 10 Business Days (or such longer period as may be permitted under any relevant Transaction Security Document) of entry into the same in form and substance substantially similar to any fixed and first ranking existing contract or, as the case may be, lease Transaction Security or otherwise in form and substance reasonably satisfactory to the Security Agent.

3.34 High Yield Note Documents

The Parent shall procure that none of the High Yield Note Documents and (following the High Yield Note Refinancing) none of the documents or instruments relating to (or in respect of) any high yield notes issued pursuant to the High Yield Note Refinancing are amended, varied, novated, assigned, supplemented, superseded, waived or (other than in accordance with their terms) terminated in any respect without the prior written consent of the Agent (acting on, in the case of any amendment, variation, novation, assignment, supplement, supersession or waiver which relates to the manner of or mechanism for the release of the High Yield Note Guarantees (or the circumstances in which such release is permitted) (each, a “HY Guarantee Matter”), the instructions of all the Lenders and otherwise on the instructions of the Majority Lenders (acting reasonably)), save for any amendment, variation, novation, assignment, supplement, supersession or waiver which does not adversely affect the interests of the Finance Parties.

3.35 Phase II Project Agreements

- (a) Each Obligor shall comply in all material respects with each Phase II Project Agreement to which it is party.
- (b) Each Obligor shall take all reasonable and practical steps to preserve and (in each case, if failure to do so would reasonably be expected to have a Material Adverse Effect) enforce its rights (or the rights of any other member of the Group) and pursue any claims and remedies arising under each Phase II Project Agreement.

3.36 Order of Funding

The Borrower shall ensure that funds available to finance the payment of Project Costs are used in the following order:

- (a) *firstly*, proceeds of the Equity Contribution;
- (b) *secondly*, proceeds of the High Yield Notes;
- (c) *thirdly*:
 - (i) proceeds of the Term Loan Facility and
 - (ii) utilisations by way of Letter of Credit under the Revolving Facility prior to the Opening Date (subject to the limits referred to herein);
- (d) *fourthly*, utilisations other than by way of Letter of Credit of the Revolving Facility to the extent available to pay Project Costs; and
- (e) *fifthly*, proceeds sourced under the Completion Support Agreement.

3.37 Construction Completion

Following the occurrence of the Construction Completion Date, each Obligor shall diligently pursue Final Completion of the Project (including, without limitation, the completion and settlement of all matters outstanding as at the Construction Completion Date).

3.38 Phase II Commencement

No Obligor shall (and the Parent shall ensure that no member of the Group will) commence any construction or development work (save for any preliminary construction, preliminary development or initial design work) in connection with or in respect of the Phase II Project other than in accordance with a Phase II Fully Funded Plan or a Qualifying Phase II Plan and, in the case of the former (A) the Phase II Fully Funded Plan (x) demonstrates that (i) the budgeted sources and uses of funds for the construction and development of the Phase II Project, (ii) the construction schedule for the Phase II Project and (iii) the project work, plans and specifications for the construction of the Phase II Project are, in each case, reasonable and are capable of (and can be completed) prior to the expiry of the development period set out in the Amended Land Concession (or any extension thereof obtained by an Obligor) and (y) has been approved by the Majority Lenders (acting reasonably) in consultation with the Technical Advisor; (B) the Phase II Project is or will be insured to an extent satisfactory to the Agent (acting reasonably); (C) no Event of Default has occurred and is continuing at the time of such commencement or would result therefrom; (D) such commencement and subsequent construction contemplated by the Phase II Fully Funded Plan does not and will not materially and adversely affect or interfere with or materially obstruct or otherwise have a material adverse effect on the development, operation and maintenance of the Project; (E) such commencement and subsequent construction contemplated by the Phase II Fully Funded Plan does not and will not have an adverse effect on the validity, enforceability, effectiveness or ranking of the Transaction Security for the Project; (F) the Phase II Project is or will comply with all applicable Legal Requirements in all material respects; and (G) the Phase II Project is subject to ongoing monitoring (in a manner substantially similar to that provided for by the terms of this Agreement in respect of the Project) by the Agent and the Technical Adviser.

3.39 Excluded Major Project Document

- (a) No Obligor shall (and the Parent shall ensure that no member of the Group will) enter into an Excluded Major Project Document without obtaining the prior written consent of the Agent (acting on the instructions of the Majority Lenders (acting reasonably)) unless:
- (i) the entry into of such Excluded Major Project Document is on arm's length terms and for fair market value (or, in each case, better) and the transaction contemplated thereby is a genuine commercial transaction;
 - (ii) the Parent has delivered a certificate signed by a director or the chief financial officer of the Parent confirming that:

- (A) the aggregate amount of revenue (other than any Operational Agreement Upfront Receipts) from such Excluded Major Project Document (for all parties to such Excluded Major Project Document), when taken together with the aggregate amount of revenue received by members of the Group from each other Operational Agreement, does not exceed 5% of total projected Revenues from the Project (as shown in the original Projections delivered pursuant to paragraph 5 of Part I of Schedule 2 (*Conditions Precedent*) and, following the Opening Date, in the most recent annual Projections delivered pursuant to this Agreement (which shall, in each case and solely for these purposes, exclude from such projected Revenues all Operational Agreement Upfront Receipts);
 - (B) no Forecast Funding Shortfall has occurred or would result therefrom;
 - (C) no Event of Default has occurred and is continuing or would reasonably be expected to result therefrom;
 - (D) the entry into such contract is consistent with the Plans and Specifications, the Project Schedule and the Group Budget;
- (iii) the Parent has provided a copy of a term sheet or memorandum of understanding which contains all of the material commercial terms of the proposed Excluded Major Project Document;
- (iv) at least 15 days after the date on which the Parent delivered the signed term sheet or memorandum of understanding pursuant to paragraph (iii) above, the Parent has delivered a certificate to the Agent (attaching a copy of the final draft of the proposed Excluded Major Project Document) confirming that such final draft conforms fully to the term sheet or memorandum of understanding delivered in respect of that proposed Excluded Major Project Document pursuant to paragraph (iii) above (or, if there are any deviations, explaining (in reasonable detail) all deviations therefrom and the reasons therefor); and
- (v) a No Objection Notice has been delivered by the Agent pursuant to Clause 28.21 (*No Objection*).
- (b) The Parent shall provide the Agent with a copy of the fully executed Excluded Major Project Document as soon as practicable and within 10 Business Days of the date of such agreement.
- (c) No Obligor shall (without prior receipt of a No Objection Notice (pursuant to Clause 28.21 (*No Objection*) of this Agreement) in respect of such action or thing), directly or indirectly amend, modify, novate, assign, terminate, cancel, supplement or waive any right under, permit or consent to the amendment, modification, novation, assignment, termination (except expiration in accordance with its terms), cancellation, supplement or waiver of any of the provisions of any Excluded Major Project Document unless:

- (i) where such action or thing involves additional Project Costs or, as the case may be, additional project costs relating to the Phase II Project or otherwise involves an additional contract price payable (or expected to be paid) by any member of the Group to a person who is not a member of the Group or which may otherwise involve liabilities, actual or contingent, incurred by any member of the Group to a person who is not a member of the Group or a grant or disposal of a property interest by any member of the Group to a person who is not a member of the Group, including any right to use or management agreement, in each case the amount or value thereof does not exceed HK\$100,000,000;
- (ii) such action or thing would not reasonably be expected to materially adversely affect the interests of the Finance Parties;
- (iii) no Event of Default has occurred and is continuing or would reasonably be expected to result therefrom;
- (iv) prior to the date of Final Completion:
 - (A) subject to paragraphs (B) and (C) below, no Forecast Funding Shortfall has occurred and is continuing or would reasonably be expected to result therefrom;
 - (B) in respect of any action or thing that involves a change in the scope of the Project from the Plans and Specifications and involves additional Project Costs, Forecast Funding Shortfall for the purposes of sub-paragraph (A) shall be calculated without taking into account the use of Completion Support in meeting such additional costs (unless, and to the extent, it is permitted to be so used for this purpose under the Completion Support Agreement) in computing whether a Forecast Funding Shortfall has occurred or not; and
 - (C) in the circumstances contemplated by sub-paragraph (B) above, to the extent there is or would reasonably be expected to be such a Forecast Funding Shortfall caused by such additional costs, such increased Project Costs shall, to the extent thereof, be funded (after taking into account any then realised cost savings and unallocated contingency amounts permitted to be then applied thereto) by Additional Equity Contributions;
- (v) such action or thing:
 - (A) is of a minor operational, technical, administrative or mechanical nature;

- (B) is otherwise in the ordinary course of business, and consistent with customary commercial practices, of a developer, owner and/or operator of a Macau SAR situate “five-star” first class Las Vegas-style resort and casino carrying on the same or substantially similar business as that comprised in the Project; or
 - (C) does not involve a material change in the scope of the Project from the Plans and Specifications; and
- (vi) prior to the taking of any such action or the undertaking of such thing which involves such additional Project Costs or, as the case may be, such additional project costs relating to the Phase II Project in an amount equal to or in excess of HK\$20,000,000 (being, “**Cost Increase**”), the Parent has provided a certificate to the Agent (signed by a director or the chief financial officer of the Parent) certifying the amount of Cost Increase involved, the matters referred to in sub-paragraph (iv) above, and that such action or thing would not reasonably be expected to cause:
- (A) the Opening Date to be delayed beyond the Opening Long Stop Date or (as the case may be) the opening date specified in the Completion Plan to be delayed beyond the opening long stop date specified in the Completion Plan; or
 - (B) the Construction Completion Date to be delayed beyond the Construction Completion Long Stop Date or (as the case may be) the construction completion date specified in the Completion Plan to be delayed beyond the construction completion long stop date specified in the Completion Plan.
- (d) Where any such act or thing referred to in paragraph (c) above necessitates the prior receipt of a No Objection Notice in respect of such action or thing:
- (i) the Parent shall provide to the Agent a copy of a term sheet or memorandum of understanding which contains all of the material commercial terms of the proposed act or thing; and
 - (ii) at least 15 days after the date on which the Parent delivered the signed term sheet or memorandum of understanding pursuant to sub-paragraph (i) above, the Parent shall deliver a certificate to the Agent (attaching a copy of the final draft of the document or other instrument effecting the proposed act or thing) confirming that such final draft conforms fully to the term sheet or memorandum of understanding delivered pursuant to sub-paragraph (i) above (or, if there are any deviations, explaining (in reasonable detail) all deviations therefrom and the reasons therefor).

**SCHEDULE 7
ACCOUNTS**

1. Accounts

1.1 Establishment of Accounts

The Borrower shall, as a condition precedent to the First Utilisation and in each case on the terms and conditions set out in this Schedule 7 and the other Finance Documents, ensure the establishment and, thereafter, subject to the proviso to paragraph 1.7, ensure the maintenance, by the Obligor:

- (a) of at least one of each of the following types of bank accounts:
- (i) Term Loan Facility Disbursement Account;
 - (ii) Capital Contributions Account;
 - (iii) Revenue Account;
 - (iv) Debt Service Reserve Account;
 - (v) Debt Service Accrual Account;
 - (vi) Distribution Account;
 - (vii) Mandatory Prepayment Account;
 - (viii) Holding Account;
 - (ix) Surplus Account;
 - (x) Note Debt Service Reserve Account;
 - (xi) Operational Agreement Upfront Receipts Account; and
 - (xii) Project Operating Account (one of which shall be the SCE Project Operating Account).

(b) of the following bank accounts with the banks and in the jurisdictions specified below:

| <u>Account Name</u> | <u>Obligor</u> | <u>Bank and Jurisdiction</u> | <u>Currency & Type</u> | <u>Account Number</u> |
|---------------------------|----------------|------------------------------|----------------------------|-----------------------|
| Project Operating Account | Propco | Bank of China Macau | MOP Current Account | 01-01-20-788669 |
| Project Operating Account | Propco | Bank of China Macau | HKD Current Account | 01-11-23-847907 |
| Project Operating Account | Propco | Bank of China Macau | HKD Saving Account | 01-11-10-142284 |
| Project Operating Account | Propco | Bank of China Macau | MOP Saving Account | 01-01-10-066764 |
| Project Operating Account | Propco | Tai Fung Bank Macau | HKD Saving Account | 113-2-04731-5 |
| Project Operating Account | Propco | Tai Fung Bank Macau | HKD Current Account | 113-1-00661-5 |
| Project Operating Account | Propco | Tai Fung Bank Macau | MOP Current Account | 213-1-00520-2 |

- (c) An Obligor may establish, on the terms and conditions set out in this Schedule 7 and the other Finance Documents, any additional bank account of the types referred to in paragraph 1.1(a) upon written notice being provided to the Agent which identifies the bank, jurisdiction, currency, type and account number of such additional account.
- (d) If any Obligor receives (or is to receive) any amount that it would be obliged under the terms of this Schedule 7, this Agreement or any other Finance Document to pay into any of the Accounts referred to above prior to those Accounts being established, the Obligors shall procure that such amounts be paid into such Project Operating Account held in the name of Propco agreed between the Borrower and the Agent or a sub-account thereof (and such amounts may be withdrawn and applied therefrom as if, for these purposes, such Project Operating Account held in the name of Propco was such Account). Amounts deposited into such Project Operating Account held in the name of Propco in accordance with this paragraph (d) shall be promptly withdrawn and paid into the relevant Account as soon as it has been established (unless otherwise applied in accordance with this Agreement or any of the other Finance Documents).

1.2 **Maintenance of Accounts**

- (a) The Accounts shall, save as otherwise provided by the Transaction Security Documents or herein, be maintained by the Obligors with the relevant Account Bank in accordance with the Account Bank's usual practice and may from time to time be sub-divided into such sub-accounts as any Obligor may reasonably request.

- (b) The provisions of this Schedule 7, this Agreement and the other Finance Documents apply to each sub-account save that the Obligors may make transfers between or withdrawals from the sub-accounts of, or otherwise relating to, the same Account.

1.3 Restrictions

The Obligors shall maintain each Account as a separate account or sub-accounts with the relevant Account Bank and:

- (a) none of the restrictions contained in this Schedule on the withdrawal of funds from Accounts shall affect the obligations of the Obligors to make any payments of any nature required to be made to the Finance Parties on the due date for payment thereof in accordance with any of the Finance Documents; and
- (b) no withdrawal shall be made from any Account if it would cause such account to become overdrawn.

1.4 Credits to Accounts

Save as may otherwise be provided in this Agreement or in:

- (a) any of the Transaction Security Documents after enforcement thereof; or
- (b) any of the Disbursement Agreements,

the Obligors shall credit, and shall procure that there is credited, to the Accounts all such amounts as are provided for in this Agreement and ensure that such other credits are made thereto as are required to be made pursuant to any other provision of any other Finance Document.

1.5 Interest

Each amount from time to time standing to the credit of each Account (for the avoidance of doubt excluding amounts for the time being applied in acquiring Permitted Investments) shall bear interest at such rate (if any) as may from time to time be agreed between each Obligor and the relevant Account Bank. Such interest shall be credited to such account at such time or times as may be agreed from time to time with the Account Bank.

1.6 Payments

Save as otherwise provided in this Agreement, the Disbursement Agreements, or pursuant to any Transaction Security Document, no party shall be entitled to require any Account Bank to make any payment out of the amount standing to the credit of any Account maintained with it.

1.7 **Other Accounts**

No Obligor shall (and the Borrower shall ensure no other member of the Group will), except with the prior approval of the Agent (acting reasonably), open or maintain any accounts other than the Accounts which shall at all times be subject to Security in favour of, and in form and substance reasonably satisfactory to, the Security Agent **provided that** if at any relevant time the Borrower demonstrates to the reasonable satisfaction of the Agent that any Account which is at such time maintained by any Obligor, is no longer required by such Obligor for such Obligor's business, the Obligor may close such Account **provided further that** all amounts standing to the credit thereof shall have been transferred to another Account of an Obligor which is subject to such Security as aforesaid. Any other accounts (other than of the type of accounts specified in paragraph 1.1 of this Schedule 7) shall be on such terms approved by the Agent (acting reasonably) and which is subject to Security in favour of, and in form and substance reasonably satisfactory to, the Security Agent at all times.

2. **Term Loan Facility Disbursement Account**

2.1 **Deposits**

The Borrower shall ensure at the relevant time, (and, where relevant, shall specify in the relevant Utilisation Request) that any Remaining Amount that it elects to utilise is paid to the Term Loan Facility Disbursement Account in accordance with Clause 5.6 (*Term Loan Facility Disbursement Account Utilisation*).

2.2 **Withdrawals**

The Obligors shall withdraw amounts from the Term Loan Facility Disbursement Account at such time as may be required to meet Project Costs which are due and payable or for application towards such other purpose as may be permitted by this Agreement and in accordance with the terms of the Term Loan Facility Disbursement Agreement.

3. **Capital Contributions Account**

3.1 **Deposits**

The Obligors shall procure that all Additional Equity Contributions are paid into the Capital Contributions Account. Any Equity Contributions may be paid into the Project Operating Account referred to in and in accordance with paragraph 1.1(d) and into the Capital Contributions Account as soon as it has been established.

3.2 **Withdrawals**

The Borrower shall withdraw amounts from the relevant Capital Contributions Account at such time as may be required to meet Project Costs which are due and payable or for application towards such other purpose expressly permitted by this Agreement or the Finance Documents.

4. **Gaming Receipts**

4.1 **Services and Right to Use Agreement**

(a) Each Obligor shall ensure that on and from the Opening Date all revenues derived from gaming operations located in or comprising part of the Project are applied in accordance with the Services and Right to Use Agreement, as supplemented by the Services and Right to Use Direct Agreement.

- (b) Each Obligor agrees the following amounts shall be deducted from the revenues and other income referred to in sub-paragraph (a) above:
- (i) required gaming tax and other required contributions and levies payable in respect of all revenues derived from gaming operations;
 - (ii) operating costs and expenses due and payable in respect of gaming operations; and
 - (iii) rent, operator's fees and any other items comprising Costs of Operations under (and as defined in) the Services and Right to Use Agreement required to be paid,

in each case, pursuant to and in accordance with the Services and Right to Use Agreement, as supplemented by the Services and Right to Use Direct Agreement. Any amount remaining following the above deductions shall be transferred to the SCE Project Operating Account and on a weekly basis, transferred to the Revenue Account.

4.2 **Reimbursement Agreement**

Each Obligor shall ensure that all amounts which Melco Crown Gaming is entitled to receive as any Operator's Consideration (less the amounts attributable to Rent) under (and in each case as defined in) the Services and Right to Use Agreement, as supplemented by the Services and Right to Use Direct Agreement, shall be transferred to the SCE Project Operating Account pursuant to the Reimbursement Agreement, as supplemented by the Reimbursement Agreement Direct Agreement and on a weekly basis, transferred to the Revenue Account.

5. **Non Gaming Receipts**

Each Obligor shall ensure that on and from the Opening Date all other Revenues (excluding for the avoidance of doubt, amounts to be applied in accordance with paragraph 4.1 above and other than any amounts standing to the credit of the Surplus Account and any Operational Agreement Upfront Receipts received by it) are deposited into its Project Operating Account. Each Obligor shall ensure that, no less frequently than once a week, following the deduction from its Project Operating Account and payment (subject to this Agreement and the other Finance Documents) of an amount equal to:

- (a) any Taxes then due and payable by that Obligor in respect of such non-gaming Revenues or otherwise in respect of its non-gaming operations; and
- (b) the operating costs and expenses then due and payable by that Obligor in connection with derivation of such Revenues or otherwise in respect of its non-gaming operations,

the balance of such Revenues shall thereafter be transferred to the Revenue Account.

6. **Revenue Account**

6.1 **Deposits**

The Borrower and each other Obligor shall ensure that all amounts required to be transferred to the Revenue Account pursuant to paragraphs 4 (*Gaming Receipts*) or 5 (*Non Gaming Receipts*) are paid directly into the Revenue Account.

6.2 **Withdrawals**

Subject to this Agreement and the other Finance Documents, the Borrower shall be entitled to withdraw amounts from the Revenue Account for the following purposes, at the specified times and in the following order of priority:

- (a) for payment (subject to this Agreement and the other Finance Documents) of Remaining Project Costs, budgeted capital expenditure and, all other budgeted operating expenditure including, after the opening date therefor, in respect of the Phase II Project (unless otherwise provided for in paragraphs 4 (*Gaming Receipts*) and 5 (*Non Gaming Receipts*) of this Schedule 7 or sub-paragraphs (b) to (h) below) and taxes then due and payable;
- (b) for payment (subject to this Agreement and the other Finance Documents) of any fees and expenses then due and payable owing to:
 - (i) the Agent;
 - (ii) the Security Agent, the POA Agent, the Disbursement Agent and the other administrative parties (if any) appointed in connection with the Facilities;
 - (iii) the High Yield Note Trustee; and
 - (iv) the collateral agent, the principal paying agent, the US registrar, the transfer agent, the European registrar, the escrow agent, the note disbursement agent and the other administrative parties (if any), in each case, appointed in connection with the High Yield Notes;
- (c) transfers (on a *pari passu* and *pro rata* basis as between sub-paragraphs (c)(i), (ii), (iii), (iv) and (v)) to:
 - (i) the Debt Service Accrual Account up to the required balance of scheduled interest (and additional amounts in the nature of interest) due under the Facilities and interest swap payments on the next interest payment date (crediting any amounts receivable under the relevant interest rate swap agreements);
 - (ii) the Debt Service Accrual Account up to the required balance of scheduled principal due under the Facilities on the next Repayment Date (other than the amount of scheduled principal due on the Final Repayment Date);

- (iii) the High Yield Note Debt Service Accrual Account up to the required balance of interest due on the next interest payment date (including the relevant amount due under the Bondco Loan) (together with additional amounts thereunder in the nature of interest) which amounts will be applied in making such payments provided that the amount standing to the credit of the High Yield Note Debt Service Accrual Account shall not accrue at a rate higher than one sixth of interest due under the High Yield Notes on the next interest payment date multiplied by the number of months that have passed in each six month interest period under the High Yield Notes (adjusted, in the case of the first interest payment date after the Opening Date, for any amount credited to the High Yield Note Debt Service Accrual Account from the High Yield Note Interest Reserve Account and any part month);
- (iv) service interests costs only in respect of any other committed funds comprised in Financial Indebtedness under any agreement which is permitted under paragraph g of the definition of "Permitted Financial Indebtedness" and paragraph 3.21 (*Financial Indebtedness*) of Schedule 6 (*Covenants*) up to an amount no greater than the scheduled interest (and additional amounts in the nature of interest) due in respect of such committed funds on the next interest payment date therefor; and
- (v) make payments of any amounts due under or in respect of any Letter of Credit on the payment date therefor;
- (d) transfers to the Debt Service Reserve Account pursuant to paragraph 8 (*Debt Service Reserve Account*) up to the required balance;
- (e) to the extent not paid pursuant to sub-paragraphs (b) and (c) above, payment on a *pari passu* and *pro-rata* basis as between sub-paragraphs (e)(i) and (ii) of any unpaid amounts then due to (i) any of the Lenders, the Issuing Bank, the Hedge Counterparties, the Agent, the Security Agent, the POA Agent, the Disbursement Agent and the other administrative parties appointed in connection with the Facilities (if any), and (ii) the High Yield Note Trustee, the collateral agent, the principal paying agent, the US registrar, the transfer agent, the European registrar, the escrow agent, the note disbursement agent and the other administrative parties (if any) appointed in connection with the High Yield Notes (excluding those amounts payable to the Lenders set out in sub-paragraph (g) below);
- (f) to the extent not paid pursuant to sub-paragraph (a) above, payment of the unpaid amount of taxes, contributions, other premia, capital expenditure and operating costs and expenses then due and payable by an Obligor;
- (g) payment to a Mandatory Prepayment Account required pursuant to paragraph 9 (*Mandatory Prepayment Accounts, Holding Accounts and Surplus Accounts*) of any amount required to be prepaid in respect of Excess Cashflow pursuant to paragraph 2(a) of Schedule 4 (*Mandatory Prepayment*); and

- (h) transfers to the Distribution Account towards (subject to this Agreement and the other Finance Documents) Permitted Distributions and Permitted Payments.

7. **Debt Service Accrual Account**

7.1 **Deposits**

- (a) Notwithstanding any other provision of this Schedule 7 (but subject to sub-paragraph (c) below), the Obligors shall ensure that the aggregate amount standing to the credit of the Debt Service Accrual Account:
 - (i) from two months prior to the next Repayment Date, is not less than one-third of the aggregate amount of Debt Service due by way of principal repayment under the Facilities on such Repayment Date;
 - (ii) from one month prior to such Repayment Date, is not less than two-thirds of such amount; and
 - (iii) as at such Repayment Date, is equal to such amount (and is applied in making such repayment).
- (b) Notwithstanding any other provision of this Schedule 7 (but subject to sub-paragraph (c) below), in the case of any Interest Payment Date after the Opening Date which falls at the end of:
 - (i) a three month Interest Period (or, in the case of any six month Interest Period, the Interest Payment Date falling at the end of that period and the date upon which payment is required to be made within that period pursuant to Clause 12.2 (*Payment of interest*)), the Obligors shall ensure that, in addition to any other amount required to be credited to such Account pursuant to this paragraph 7.1, the aggregate amount standing to the credit of the Debt Service Accrual Account:
 - (A) from two months prior to such Interest Payment Date (and such other payment date) is not less than one-third of the aggregate amount of Debt Service estimated to be due by way of interest under the Facilities on such Interest Payment Date (or such other payment date);
 - (B) from one month prior to such Interest Payment Date (and such other payment date) is not less than two-thirds of such amount; and
 - (C) as at such Interest Payment Date (and such other payment date) is equal to such amount (and is applied in making such payment);
 - (ii) an Interest Period which is more than one month but less than three months, the Obligors shall ensure that, in addition to any other amount required to be credited to such Account pursuant to this paragraph 7.1, the aggregate amount standing to the credit of the Debt Service Accrual Account:

- (A) from one month prior to such Interest Payment Date is not less than half the aggregate amount of Debt Service estimated to be due and payable by way of interest under the Facilities on such Interest Payment Date; and
 - (B) as at such Interest Payment Date is equal to such amount (and is applied in making such payment); or
 - (iii) an Interest Period which is one month or less, the Obligors shall ensure that, in addition to any other amount required to be credited to such Account pursuant to this paragraph 7.1, the aggregate amount standing to the credit of the Debt Service Accrual Account as at such Interest Payment Date is equal to the aggregate amount of Debt Service by way of Consolidated Finance Charges due under the Facilities on such Interest Payment Date (and is applied in making such payment).
- (c) The requirements of sub-paragraphs (a) and (b) above shall not apply in respect of the period on and from the penultimate Repayment Date to the Final Repayment Date.

7.2 **Withdrawals**

Without prejudice to the Obligors' obligation to make the payment of amounts under this Agreement, on each Repayment Date and Interest Payment Date (in each case, after the Opening Date), the Obligors shall make payment of the amounts of Debt Service due on such date under the Facilities from the Debt Service Accrual Account.

8. **Debt Service Reserve Account**

8.1 **Deposit**

- (a) Notwithstanding any other provision of this Schedule 7 (but subject to sub-paragraph (c) below), the Borrower shall, on and from the date falling six months prior to the First Repayment Date until the date of delivery of a Compliance Certificate pursuant to paragraph 1.3 of Schedule 6 (*Covenants*) which certifies that the Total Leverage Ratio is 3.0:1 or less (computed without taking into account any Equity Cure and the effects thereof), ensure at all times that the amount standing to the credit of the Debt Service Reserve Account is not less than the sum of the aggregate amounts of Debt Service due under the Facilities (including, and after adjustment for, any such amounts due under the Hedging Agreements) and the principal due over the next six months.
- (b) Where an Interest Period in respect of a Loan comes to an end during such period (a "**relevant period**"), this amount shall, for the purposes of determination on any date prior to the setting of the applicable rate of interest in accordance with this Agreement for the next Interest Period in respect of that Loan, be determined on the assumption that further interest continues to accrue in respect of the Loan (and, where such Loan is a Loan under the Revolving Facility, on the further assumption that the amount of the Loan is reborrowed and remains outstanding under the Revolving Facility throughout the relevant period) at the same rate as that applicable during such Interest Period and on the assumption that such accrued interest shall be due on the last day of the relevant period.

- (c) The above sub-paragraph (a) shall not be applicable in respect of the Debt Service Reserve Account (in respect of the principal to be credited to such account only) in the six months prior to the Final Repayment Date **provided that** the Group has funded such account to the fullest extent possible in accordance with paragraph 6.2 of this Schedule 7.

8.2 Withdrawals

- (a) The Agent may (and is irrevocably authorised by the Obligors), to the extent that they have evidenced to the satisfaction of the Agent, that amounts standing to the credit of the Debt Service Accrual Account or otherwise available to them are insufficient to make the relevant payment, withdraw from the balance standing to the credit of the Debt Service Reserve Account any amount of Debt Service due and payable under the Facilities which has not been paid.
- (b) The Agent may (and is irrevocably authorised by the Obligors), to the extent that it is satisfied that the amount standing to the credit of the Debt Service Reserve Account exceeds the balance required by this sub-paragraph, withdraw and transfer the amount of the excess to the Revenue Account.

9. Mandatory Prepayment Accounts, Holding Accounts and Surplus Accounts

The Borrower shall ensure that each Mandatory Prepayment Account, each Holding Account and each Surplus Account is established, maintained and operated in accordance with Schedule 4 (*Mandatory Prepayment*), deposits to each such Account are made in accordance with the provisions thereof and withdrawals therefrom are made solely as expressly permitted thereby or under the Finance Documents.

10. Distribution Account

The Borrower shall ensure that the Distribution Account is established and maintained. The Borrower may withdraw and apply amounts standing to the credit of the Distribution Account to make Permitted Distributions, Permitted Loans, Permitted Payments and/or any other purpose permitted by this Agreement but subject always to the terms of this Agreement and the other Finance Documents. To the extent that monies held in the Distribution Account may not be used to make distributions by reason of the operation of this Agreement, it may be used to meet any shortfall in amounts falling under paragraphs 6.2(a) to (g) of this Schedule 7 in that order.

11. Note Debt Service Reserve Account

11.1 Deposit

On or prior to the Reserve Release Date, and subject to the terms of this Agreement, the Borrower shall ensure there is deposited an amount standing to the credit of the Note Debt Service Reserve Account of not less than the aggregate amount of interest due in the next six Months under the High Yield Notes.

11.2 **Withdrawal**

Subject to the terms of this Agreement, amounts standing to the credit of the Note Debt Service Reserve Account may only be applied by the Agent (in its discretion) for any or all of the following purposes:

- (a) to make payment of amounts due and payable under the High Yield Notes (whether scheduled or by way of acceleration) but which remain (for whatever reason) unpaid by payment of interest on and/or repayment of the Bondco Loan;
- (b) to make payment of amounts due and payable under the Facilities (whether scheduled or by way of acceleration) but which remain (for whatever reason) unpaid;
- (c) to fund the Debt Service Reserve Account; or
- (d) to fund the Debt Service Accrual Account.

12. **Operational Agreement Upfront Receipts Account**

12.1 **Deposits**

The Borrower and each other Obligor shall ensure that all of the Operational Agreement Upfront Receipts received by any member of the Group shall be deposited into the Operational Agreement Upfront Receipts Account.

12.2 **Withdrawals**

Subject to the terms of the Finance Documents, the Borrower shall be entitled to withdraw from the Operational Agreement Upfront Receipts Account:

- (a) at any time, such amounts as are standing to the credit of such account to pay Project Costs solely for any purpose (and in the order) specified in paragraphs 6.2(a)-(f) (each inclusive) of this Schedule 7 (*Accounts*) save that no such amount standing to the credit of such account may be applied for the purposes specified in paragraphs 6.2(c)(i) to (iii) (inclusive) and (v) or (d), to make prepayments and/or payments in respect of the Facilities or for reinvestment in the Project and **provided that** such amounts to be withdrawn are applied solely for such purposes;
- (b) prior to the date on which the Phase II Fully Funded Plan is approved by the Majority Lenders (the “**Phase II Fully Funded Plan Approval Date**”), such amounts that are standing to the credit of such account as the Borrower may in its discretion determine, solely for the purposes of paying preliminary project development and construction, design and other similar costs in relation to the Phase II Project, provided the aggregate amount of all withdrawals pursuant to this sub-paragraph (b) shall not, without the prior written consent of the Agent (acting on the instructions of the Majority Lenders) exceed US\$75,000,000 (or its equivalent); and

- (c) on and from the Phase II Fully Funded Plan Approval Date, such amounts standing to the credit of such account may, at the Borrower's election be applied:
 - (i) towards the Phase II Project (in accordance with, the Phase II Fully Funded Plan);
 - (ii) where such amounts are derived from or relate to the Phase II Project or any asset comprised therein, for payment of costs in respect of or other reinvestment in the Phase II Project; or
 - (iii) any other purpose set out in paragraph 12.2(a).

13. Permitted Investments

13.1 Definition

In this paragraph 13:

"Investment Income" means any interest, dividends or other income arising from or in respect of a Permitted Investment.

"Investment Proceeds" means any net proceeds received upon any disposal, realisation or redemption of a Permitted Investment, but excluding any Investment Income.

"Permitted Investments" means the following:

- (a) securities issued, or directly and fully guaranteed or insured, by the United States government or any agency or instrumentality of the United States government (as long as the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than nine months from the date of acquisition;
- (b) securities issued, or directly and fully guaranteed or insured, by the government of the Hong Kong SAR or any agency or instrumentality of the government of the Hong Kong SAR (as long as the full faith and credit of the Hong Kong SAR is pledged in support of those securities) having maturities of not more than nine months from the date of acquisition;
- (c) interest-bearing demand or time deposits (which may be represented by certificates of deposit) issued by Acceptable Banks (any such time deposits being of a duration of 364 days or less) or, if not issued by an Acceptable Bank, secured at all times, in the manner and to the extent provided by law, by collateral security in sub-paragraph (a) or (b) above, of a market value of no less than the amount of monies so invested;
- (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in sub-paragraphs (a), (b) and (c) above entered into with any financial institution meeting the qualifications specified in sub-paragraph (c) above;

- (e) commercial paper having a rating of A-1 or P-1 from S&P or Moody's respectively and in each case maturing within nine months after the date of acquisition;
- (f) any investment in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited, (ii) which invest substantially all their assets in securities of the types described in sub-paragraphs (a) to (e) above and (iii) can be turned into cash on not more than 30 days' notice; and
- (g) any other debt security approved by the Majority Lenders.

13.2 **Power of Investment**

The Borrower may require, subject as provided in this Agreement, that such part of the amounts outstanding to the credit of any Account as it considers prudent shall be invested from time to time in Permitted Investments in accordance with this paragraph 13.2 (*Power of Investment*).

13.3 **Procedure for Investment**

- (a) Unless held for the account of an Obligor and secured by first ranking fixed charge in favour of the Security Agent pursuant to a Transaction Security Document, the Obligors shall ensure that all Permitted Investments are made in the name of an Obligor and secured by a first ranking fixed security interest in favour of the Security Agent (which Security shall be in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Agent and the Security Agent).
- (b) The Obligors will at all times seek to match the maturities of the Permitted Investments made out of moneys standing to the credit of an Account having regard to the availability of Permitted Investments which are readily marketable, and shall liquidate (or procure that there are liquidated) Permitted Investments to the extent necessary for the purposes of making any payment of any amount due under the Finance Documents.
- (c) The Obligors shall ensure that all documents of title or other documentary evidence of ownership with respect to Permitted Investments made out of any Account are held in the possession of the Security Agent and, if any such document or other evidence comes into the possession or control of an Obligor, it shall procure that the same is delivered promptly (and, in any event, within three (3) Business Days) to the Security Agent.

13.4 **Realisation**

- (a) The Obligors shall ensure that, whenever any Investment Proceeds or Investment Income is received in respect of a Permitted Investment made from amounts standing to the credit of an Account the Investment Proceeds and the Investment Income are either:

- (i) reinvested in further Permitted Investments; or
 - (ii) paid into the relevant Account from which the Permitted Investment derives.
- (b) Each Obligor shall give directions to the relevant Account Bank and otherwise exercise its rights hereunder in such manner as will ensure compliance with the applicable provisions of the Finance Documents with respect to Accounts, Permitted Investments, Investment Proceeds and Investment Income.

13.5 Non-qualifying criteria

If any Permitted Investment ceases to be a Permitted Investment, the Obligors will, upon any one of them becoming aware thereof, procure that the relevant investment is replaced by a Permitted Investment or by cash.

13.6 Accounts include Permitted Investments

- (a) Subject to sub-paragraph (b) below, any reference herein to the balance standing to the credit of an Account will be deemed to include a reference to the Permitted Investments in which all or part of such balance is for the time being invested. In the event of any dispute as to the value of the credit of an Account pursuant to this paragraph 13.6, that value shall be determined in good faith by the Agent. If the Borrower so requests, the Agent will give the Borrower details of the basis and method of that determination.
- (b) If the amount standing to the credit of any Account (excluding for this purpose any amount deemed to be included pursuant to sub-paragraph (a) above) is insufficient to make a payment under the Finance Documents when due out of such Account, the Security Agent is authorised (acting reasonably), in its discretion and without any liability for loss or damage thereby incurred by the Obligors, but only after there are no amounts standing to the credit of the Note Debt Service Reserve Account, to require the relevant Account Bank or, as the case may be, the Obligors to sell or otherwise realise, or to enter into any exchange transaction with respect to, any Permitted Investment concerned with that Account to the extent that the same is, in the opinion of the Agent, necessary for the payment of any amount due under the Finance Documents which could not otherwise be paid out of the cash balance standing to the credit of the relevant Account.

13.7 Information

Commencing with the quarter in which a Permitted Investment is first made on behalf of an Obligor, the Parent shall, together with any other statement to be provided under this Schedule, deliver to the Security Agent a schedule of the investments made, realised or liquidated during the quarter in respect of each Account, in such detail as the Agent may reasonably require.

13.8 No Responsibility

No Finance Party will be responsible for any loss, cost or expense suffered by any Obligor in respect of any of its actions or those of any Account Bank in relation to the acquisition, disposal, deposit or delivery of Permitted Investments pursuant to this Agreement save for any such loss, cost or expense directly caused by its gross negligence or wilful misconduct. The Account Banks shall be acting solely for and on behalf of the Obligors in acquiring, holding or disposing of any Permitted Investment.

14. General Account Provisions

14.1 Transfers/Withdrawals

Save as otherwise agreed in writing with the Agent, each Obligor shall ensure that where this Schedule expressly provides for the making of payments to, or withdrawals or transfers from any Account or sub-account, no other payments to, or, as the case may be, other withdrawals or transfers from, such Account or sub-account shall be made except as expressly permitted under this Schedule or under the Finance Documents.

14.2 Application of Amounts

The Obligors shall ensure that all amounts withdrawn or transferred from any Account or sub-account by the Obligors for application in or towards making a specific payment or meeting a specific liability shall be applied in or towards making that payment or meeting that liability, and for no other purpose.

14.3 Default

- (a) Notwithstanding any other provisions of this Schedule, at any time following the issue of an Enforcement Notice, the Agent may request the Security Agent to give notice to any Account Bank and the Parent instructing any Account Bank not to act on the instructions or requests of the Obligors in relation to any sums at any such time standing to the credit of any of the Accounts and the Obligors shall ensure that the Account Bank shall, in accordance with the Transaction Security Documents, not so act and none of the Obligors shall be entitled to give or make any further such instructions or requests.
- (b) Notwithstanding the other provisions of this Agreement, at any time following the issue of an Enforcement Notice, the Agent may request the Security Agent to:
 - (i) give written notice to any Account Bank (with a copy to the Parent) that the Security Agent shall be the sole signatory in relation to the Accounts;
 - (ii) apply the credit balances in the Accounts or sub-accounts in or towards repayment of the Facilities in accordance with the terms of this Agreement; and

(iii) generally use amounts standing to the credit of the Accounts or sub-accounts at its discretion in order to discharge the Obligors' obligations under the Finance Documents,

and the Obligors shall ensure that the Account Bank so acts and makes such payments accordingly.

14.4 **Review of Accounts**

The Obligors irrevocably grant (solely for the purposes of its role as agent of the Finance Parties hereunder) the Security Agent or any of its appointed representatives access to review the books and records of the Accounts (and shall irrevocably authorise each Account Bank to disclose the same to the Security Agent and its appointed representatives) and irrevocably waives any right of confidentiality which may exist in respect of such books and records solely to the extent necessary to allow disclosure of such books and records to any Finance Party and its advisers.

14.5 **Statements**

The Obligors shall arrange for each Account Bank to provide to the Agent, upon the reasonable request of the Agent:

- (a) a list of all Accounts and sub-accounts maintained with it;
- (b) monthly, in respect of each calendar month, a statement of the balance of and each payment into and from each of the Accounts and sub-accounts and the amount of interest earned on each such Account and sub-accounts during the preceding three month period or, if less, since the opening of the relevant Account; and
- (c) such other information concerning the Accounts or sub-accounts as the Agent or the Security Agent may reasonably require.

14.6 **Waiver of Rights**

(a) *Waiver of rights by the Obligors*

Save as provided in this Agreement, each Obligor agrees not to exercise any right which it may have under any applicable law to direct the transfer of any amount standing to the credit of an Account or sub-account to the Obligor or any other Obligor or its order or to direct the transfer of any Permitted Investment to the Obligor or any other Obligor or to its order.

(b) *Waiver of rights by Account Banks*

The Obligors shall ensure that each Account Bank acknowledges and agrees that each Account and sub-account and Permitted Investment is the subject of a Transaction Security in favour of the Finance Parties collectively and acknowledges and agrees that it is not entitled to, and shall undertake not to, claim or exercise any lien, right of set-off, combination of accounts or other right, remedy or security with respect to:

- (i) moneys standing to the credit of such Account and sub-account or in the course of being credited to it or any earnings; or
- (ii) any Permitted Investment.

**SCHEDULE 8
INSURANCE**

References in this Schedule 8 to Clauses and Appendices refer to the Clauses and Appendices of this Schedule 8, unless the context otherwise requires.

1. INSURANCES TO BE EFFECTED

1.1 Direct Insurances

The Borrower and Propco and, where relevant, each other Obligor (together, for the purposes of this Schedule 8, the “**Group Insured**”) shall effect and maintain in relation to the Project:

- 1.1.1 Construction Period Insurances as set out in Appendix 2 (*Construction Period Insurances*) from at least the date hereof until the date upon which Practical Completion of the Project has been achieved (or such later date as may be specified in Appendix 2 (*Construction Period Insurances*)); and
- 1.1.2 Operation Period Insurances as set out in Appendix 1 (*Operation Period Insurances*) on or before the expiry of such Construction Period Insurances and the Practical Completion or (if earlier) physical acceptance, use or occupancy of any part of the Project and shall maintain such Direct Insurances thereafter; and
- 1.1.3 all other Direct Insurances that may be required to be effected from time to time under this Agreement or by any applicable law in connection with the Project,

in each case, in a form reasonably satisfactory to the Agent (after consultation with the Insurance Adviser).

1.2 Reinsurance

The Borrower and each Group Insured shall, if required under Clause 2.1 (*Policies*), ensure that facultative reinsurance of each Direct Insurance is purchased and maintained in full force and effect throughout the period that such Direct Insurance is required by this Schedule 8 to be maintained.

1.3 Additional Insurances

- 1.3.1 The Agent may at any time, having consulted with the Insurance Adviser and acting reasonably and taking into account the availability in the international market place of the following relevant items on reasonable commercial terms, require the Borrower or any other Obligor to:
 - (a) procure the amendment of any or all Direct Insurances to cover increased risks and/or liabilities; and/or

- (b) effect additional Direct Insurances to cover risks and/or liabilities other than those specified in the scope of the Construction Period Insurances, the Operation Period Insurances and the other Direct Insurances as would from time to time be insured in accordance with standard industry practice by an owner and operator of a “five-star” first class luxury resort and casino in the Macau SAR carrying on the Project which does not self-insure (except in respect of deductibles required by insurers generally) and which is financed on a limited recourse basis,

in such amounts and, in the case of additional Direct Insurances, with such deductibles, in each case as the Agent may reasonably require, taking into account, among other things, the basis on which the Project is financed and the interests of the Finance Parties under the Finance Documents.

- 1.3.2 In the event that the Borrower or any other Obligor fails to effect any Direct Insurance required to be effected pursuant to Clause 1.3.1 above, the Agent may effect such Direct Insurance and the Borrower shall, within five Business Days of demand, indemnify the Agent for the direct costs and expenses incurred by it as a result of effecting such Direct Insurance.
- 1.3.3 The Borrower and each Group Insured may effect additional Insurances other than those required by Clause 1.1 (*Direct Insurances*), Clause 1.2 (*Reinsurance*) or the other sub-clauses of this Clause 1.3 **provided that** such Insurances do not prejudice its interests or those of any of the Finance Parties under or in respect of any Insurance effected pursuant to such clauses.

2. INSURANCE UNDERTAKINGS

2.1 Policies

The Borrower and each Group Insured shall ensure that:

- 2.1.1 each of the Direct Insurances is placed and maintained with one or more insurers authorised to operate in the Macau SAR to the extent that locally admitted policies are, for any purpose, required as a result of any Legal Requirements;
- 2.1.2 not less than 95% of the coverage in respect of each Direct Insurance is provided by insurers rated at least A- by S&P or at least A by AM Best for their long term unsecured and unsubordinated debt or reinsured by insurers rated at least A- by S&P or at least A by AM Best for their long term unsecured and unsubordinated debt;
- 2.1.3 each Direct Insurance has endorsements in substantially the form set out in Part I of Appendix 3 (*Form of Endorsements for Direct Insurances*) (or, in the case of any Direct Insurances which are required to be effected and maintained as Construction Period Insurances, Part II of Appendix 3 (*Form of Endorsements for Direct Insurances*)) and, notwithstanding the foregoing, as otherwise may reasonably be required by the Agent or in such other form as the Agent reasonably approves in writing (in each case, after consultation with the Insurance Adviser); and

2.1.4 each Reinsurance required under the terms of Clause 2.1 (*Policies*) of any Direct Insurance has endorsements in substantially the form set out in Part I of Appendix 4 (*Form of Endorsements for Reinsurances*) or, in the case of any Reinsurance relating to any Direct Insurances which are required to be effected and maintained as Construction Period Insurances, Part II of Appendix 4 (*Form of Endorsements for Reinsurances*) and, notwithstanding the foregoing, as otherwise may reasonably be required by the Agent or in such other form as the Agent reasonably approves in writing (in each case, after consultation with the Insurance Adviser).

2.2 General Undertakings

The Borrower and each Group Insured shall:

- 2.2.1 pay or procure the payment of all premiums payable under each of the Direct Insurances promptly as required under the Direct Insurances and, if requested by the Agent, promptly produce to the Agent copies of receipts or other evidence of payment satisfactory to the Agent;
- 2.2.2 indemnify, within five Business Days of demand, the Agent and any other Finance Party against any premium or premiums paid by that other Finance Party for any of the Direct Insurances;
- 2.2.3 promptly on receipt by the Borrower or other Group Insured, deliver an original cover note and an original policy for each of the Direct Insurances to the Agent;
- 2.2.4 take all action within its power to procure that nothing is at any time done or suffered to be done which could reasonably be expected to cause any Direct Insurance to be rendered void or suspended, materially impaired or defeated or any claim up to an amount in excess of US\$20,000,000 or its equivalent which becomes uncollectable in full or in part, including, without limitation to take all action within its power to procure that at all times all parties to the Direct Insurances (other than the Borrower, such Group Insured or the Finance Parties) comply with all of the requirements under the Direct Insurances;
- 2.2.5 not to make any misrepresentation of any material facts or fail to disclose any material facts in respect of the Direct Insurances which may have an adverse impact on the Insurances;
- 2.2.6 promptly make and diligently pursue claims under the Direct Insurances;
- 2.2.7 ensure so far as reasonably possible that no Insurance can be terminated by the Direct Insurer, and, where, to the extent required under paragraph 2.1, reinsurance is placed by its insurance brokers, Reinsurer for any reason (including failure to pay the premium or any other amount) unless the Borrower or Group Insured receive at least thirty days' written notice (or such lesser period, if any, as may be specified from time to time by Direct Insurers), and, where to the extent required under paragraph 2.1, reinsurance is placed by its insurance brokers, Reinsurers and to promptly provide a copy of any such notice to the Agent;

- 2.2.8 not rescind, terminate or cancel any of the Direct Insurances (unless replaced by a policy with coverage on no worse terms and otherwise meeting the requirements of this Schedule 8) nor agree to any variation to any of the material terms of the Direct Insurances unless such variation is of a minor, routine, operational, technical or administrative nature and which would not reasonably be expected to be adverse to the interests of any of the Finance Parties or otherwise it obtains the prior written agreement of the Agent, which permission shall not be unreasonably withheld;
- 2.2.9 give the Agent and the Insurance Adviser such information about the Insurances (or as to any matter relevant to the Insurances) (in the case of any Reinsurance to its knowledge or in its possession) as the Agent reasonably requests from time to time;
- 2.2.10 procure the delivery to the Agent by each of the insurance brokers (acceptable to the Agent (after consultation with the Insurance Adviser)) through whom (if any) at any time any of the (i) Direct Insurances are effected of an Insurance Broker's Letter of Undertaking and (ii) Reinsurances are effected of a Reinsurance Broker's Letter of Undertaking;
- 2.2.11 ensure that, whether as a result of any claim made by any other insured party or otherwise, should the amount of any available limit fall below that specified in Appendix 1 (in the case of Operation Period Insurances) or fall below that specified in Appendix 2 (in the case of Construction Period Insurances), or fall below an amount that the Agent reasonably determines (after consultation with the Insurance Adviser) (in the case of Operation Period Insurances), such limit is promptly reinstated; and
- 2.2.12 use its best endeavours to ensure that each endorsement referred to in paragraphs 2.1.3 and 2.1.4 is amended (including by way of additional terms) in such manner as the Agent (after consultation with the Insurance Adviser) may reasonably require from time to time.

3. **FAILURE TO COMPLY WITH PROVISIONS OF INSURANCES**

3.1 **Action by Agent**

If at any time and for any reason any Insurance required hereunder is not in full force and effect or if the Borrower or any other Obligor fails to comply with any other provision of this Schedule 8 which would reasonably be expected to cause any such Insurance (including any Additional Insurances pursuant to paragraph 1.3 (*Additional Insurances*) of this Schedule) required hereunder to be rendered void or suspended, materially impaired or defeated, then, without prejudice to the rights of any of the Finance Parties under any Finance Document, the Agent may (after consultation with the Insurance Adviser) thereupon on behalf of itself and the other Finance Parties (and, as the case may be, any other Secured Parties), or at any time while the same is continuing, procure on behalf of itself and the other Finance Parties (and, as the case may be, any other Secured Parties) that Insurance at the Borrower or the Obligor's expense is maintained such that full compliance with this Schedule 8 is restored. If that Insurance cannot be procured by the Agent, the Borrower and the Obligor shall (without prejudice to any of their other obligations under this Schedule 8 or any of the Finance Documents) take or procure the taking of all reasonable steps to eliminate or minimise uninsured hazards as required by the Agent in writing (after consultation with the Insurance Adviser).

3.2 Continuing Obligations

Any notification by the Borrower or any other Obligor of its failure to comply with this Schedule 8 shall not prejudice the rights of the Finance Parties under the Finance Documents.

4. MARKET AVAILABILITY

If, at the time any of the Insurances referred to in this Schedule 8 are due to commence or fall due for renewal, insurance on the same or substantially the same terms required under this Schedule 8 is not available at commercially reasonable rates in the international insurance or reinsurance market, the Borrower or, as the case may be, other Obligor may effect such Insurance on alternative terms agreed in writing with the Agent (after consultation with the Insurance Adviser) **provided that** the Borrower or relevant Obligor shall, at the request of the Agent, approach the insurance market at reasonable intervals (but not less frequently than every twelve months) to determine whether any of the insurances or terms required by this Agreement have become available at commercially reasonable rates and shall, promptly thereafter, deliver to the Agent and the Insurance Adviser the results of its investigation and the information from which it made its determination.

5. INSURANCE PROCEEDS

5.1 Conduct of Claims - Group Insured

Subject to Clause 5.3 (*Conduct of Claims - Default*) below, the Borrower or the relevant Group Insured shall have the sole conduct of all claims under the Insurances arising from any one loss (for which purpose, two or more claims made in respect of the same, or reasonably related, circumstances are taken to relate to one loss) where the actual or estimated totality of that loss is less than or equal to US\$20,000,000 or its equivalent. For any loss where the actual or estimated totality of claims arising is more than this amount, neither the Borrower nor any other Obligor shall negotiate, compromise or settle any claim without the prior consent of the Agent (after consultation with the Insurance Adviser) (not to be unreasonably withheld).

5.2 Application of Proceeds

The Borrower and each Group Insured shall ensure that:

- 5.2.1 subject to sub-clause 5.2.3 below and prior to the delivery of an Enforcement Notice to the Borrower, all proceeds of any claim under any Insurance shall be applied in accordance with Schedule 4 (*Mandatory Prepayment*),
- 5.2.2 subject to sub-clause 5.2.3 below and following the delivery of an Enforcement Notice to the Borrower, all proceeds of any claim under any Insurance shall be applied as directed by the Security Agent; and

5.2.3 all proceeds of any public liability, third party liability, employees compensation, workers compensation or legal liability insurance, or directors and officers liability insurance or any other insurances the proceeds of which are payable to employees of the Borrower or any such Group Insured or any third party, shall be applied to its intended purpose.

5.3 **Conduct of Claims - Default**

Notwithstanding any other provisions of this Clause 5, if an Enforcement Notice has been delivered to the Borrower, then the Security Agent in consultation with the Insurance Adviser shall have sole conduct of all claims under the Insurances.

5.4 **Insolvency of Direct Insurers**

If, at any time following an Insolvency Event in respect of a Direct Insurer, the Security Agent determines (acting reasonably) that the Borrower or any Group Insured has not complied with the terms of sub-clause 2.2.6 above, the Security Agent may notify the Parent of such non-compliance and, from the date of any such notification, the Security Agent (in consultation with the Insurance Adviser) shall have sole conduct of all claims relating to (and be entitled to direct the applications, in accordance with the terms of the Finance Documents, of any proceeds received under) any Reinsurance taken out by that Direct Insurer.

5.5 **Amendments**

5.5.1 Neither the Borrower nor any Group Insured shall amend or modify, or permit the amendment or modification of, any Direct Insurance without the consent of the Agent (which shall not be unreasonably withheld) unless any such amendment or modification is of a minor, routine, operational, technical, administrative or mechanical nature which would not reasonably be expected to be adverse to the interests of the Finance Parties.

5.5.2 The Borrower shall ensure that it delivers to the Security Agent a copy of any such amendment or modification of any Direct Insurance as soon as reasonably practicable after (and in any event within 10 Business Days of) any such amendment or modification.

5.6 **Definitions**

For the purpose of this Schedule 8, “**Insolvency Event**” means, in relation to a Direct Insurer, any of the following:

- (a) the relevant Direct Insurer is conclusively unable or expressly admits in writing its inability to pay its debts as they fall due; or
- (b) the Direct Insurer:
 - (i) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or dissolution; and

- (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; or
- (ii) seeks or becomes subject to the appointment of a liquidator, administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar officer for it or all or substantially all its assets.

**APPENDIX 1
OPERATION PERIOD INSURANCES**

1. Property All Risks Insurance

1.1 Insured

- (1) The Borrower and Propco;
- (2) the Finance Parties; and
- (3) if required by the Borrower, any third party operator, manager, contractor and/or other service provider, each for their respective rights and interests.

1.2 Insured Property

Property and interests of every description used for or in connection with the ownership and/or maintenance and operation of the facilities.

1.3 Coverage

All risks of physical loss or damage which are normally insurable, subject to normal exclusions.

1.4 Sum Insured

An amount representing the full reinstatement or replacement value of the Insured Property or such lesser amount to be agreed by the Agent (in consultation with the Insurance Adviser).

1.5 Territorial Limits

Anywhere in the Macau SAR.

1.6 Period of Insurance

From the later of the Practical Completion or commercial operation of any part of the Project until all liabilities under the Finance Documents have been discharged (the "**Release Date**").

1.7 Required conditions

Form of Endorsement in substantially the form set out in Appendix 3.

1.8 Maximum Deductible

Not to exceed US\$500,000 (or its equivalent in other currencies) in respect of each occurrence or such larger amount as may be agreed between the Borrower and the Agent (in consultation with the Insurance Adviser).

2. Business Interruption Insurance

2.1 Insured

- (1) The Borrower and Propco;
 - (2) the Finance Parties; and
 - (3) if required by the Borrower, any third party operator,
- each for their respective rights and interests.

2.2 Interest

Fixed costs including Debt Service following physical loss or damage indemnifiable under the Property All Risks Insurance.

2.3 Sum Insured

A sum sufficient to cover the sums the subject of the Interest for the Indemnity Period.

2.4 Indemnity Period

The period commencing from the date of the loss or damage and ending when the results of the insured business cease to be affected in consequence of the loss or damage.

The Indemnity Period Limit shall not be less than 12 months.

2.5 Territorial Limits

As for the Property All Risks Insurance.

2.6 Period of Insurance

As for the Property All Risks Insurance.

2.7 Required condition

Form of Endorsement in substantially the form set out in Appendix 3.

2.8 Maximum Excess

Not to exceed 60 days for each and every loss.

3. Third Party and Products Liability Insurance

3.1 Insured

- (1) The Borrower and Propco;
- (2) the Finance Parties; and

(3) if required by the Borrower, any third party operator, manager, contractor and/or other service provider, each for their respective rights and interests.

3.2 Interest

Sums the Insured is legally liable to pay consequent upon property damage and bodily injury to third parties, arising from operation of the Project and the services to be provided thereby.

3.3 Limit of Indemnity

Not less than US\$50,000,000 (or its equivalent in other currencies) in respect of any one occurrence, the number of occurrences being unlimited but in the aggregate in respect of sudden and accidental pollution and products liability.

3.4 Territorial Limits/Jurisdiction

Jurisdiction - Worldwide. Territorial limits – the Hong Kong SAR and the Macau SAR

3.5 Period of Insurance

As for the Property All Risks Insurance.

3.6 Maximum Deductible

Not to exceed US\$150,000 (or its equivalent in other currencies) in respect of each occurrence or such higher amounts as may be agreed between the Borrower and the Agent (in consultation with the Insurance Adviser).

4. Fidelity Guarantee/Crime Insurance

4.1 Insured

- (1) The Borrower and Propco; and
 - (2) the Finance Parties,
- each for their respective rights and interests.

4.2 Coverage

Direct pecuniary loss of money, negotiable instruments caused by acts of fraud or dishonesty by any employee or any other person.

4.3 Limits of Liability

Not less than US\$30,000,000 (or its equivalent in other currencies) in respect of any one occurrence or such lower amount as may be agreed between the Borrower and the Agent (acting in consultation with the Insurance Adviser).

4.4 Territorial Limits

Macau SAR

4.5 Period of Insurance

From occupancy by the Borrower or Propco of any part of the Project until the Release Date.

4.6 Required conditions

Form of Endorsement in substantially the form set out in Appendix 3.

4.7 Maximum Deductible

Not to exceed US\$500,000 (or its equivalent in other currencies) in respect of each occurrence or such higher amount as may be agreed between the Borrower and the Agent (in consultation with the Insurance Adviser).

5. Money Insurance

5.1 Insured

- (1) The Borrower and Propco; and
 - (2) the Finance Parties,
- each for their respective rights and interests.

5.2 Coverage

Loss, destruction or damage of money in transit, money at the business premises of the Insured during office hours and money in locked safe/drawer in the business premises of the Insured after office hours.

5.3 Limits of Liability

Not less than US\$30,000,000 (or its equivalent in other currencies) in respect of any one occurrence or such higher amount as may be required to fully cover the amount of money on site at any one time.

5.4 Territorial Limits

Worldwide

5.5 Period of Insurance

From occupancy by the Borrower or Propco of any part of the Project until the Release Date (or such longer period of insurance as may be agreed by the Agent and the Borrower).

5.6 **Required conditions**

Form of Endorsement in substantially the form set out in Appendix 3.

5.7 **Maximum Deductible**

Not to exceed US\$500,000 (or its equivalent in other currencies) in respect of each occurrence or such higher amounts as may be agreed between the Borrower and the Agent in consultation with the Insurance Adviser.

6. **Compulsory Insurance**

Insurances required to comply with all statutory requirements in the Macau SAR.

APPENDIX 2
CONSTRUCTION PERIOD INSURANCES

1. Construction All Risks Insurance

1.1 Insured

- (1) the Borrower and Propco as Principal;
 - (2) the Construction Contractors and/or their sub-contractors of any tier as contractors and/or consultants for their site activities only; and
 - (3) the Finance Parties,
- each for their respective rights and interests.

1.2 Insured Property

All permanent and temporary works, temporary buildings, materials, spares, office equipment, tools, and all other property or equipment of whatsoever nature or description (excluding contractors' plant and equipment), the property of the Insured or that for which they are responsible at the site or elsewhere within the Territorial Limits including whilst in transit or temporarily stored at or away from the site all in connection with the Insured Project.

1.3 Coverage

All risks of physical loss or damage which are normally insurable.

1.4 Sum Insured

An amount not less than estimated aggregate value of the Construction Contracts entered into or to be entered into in respect of the Project.

1.5 Territorial Limits

Anywhere within the Macau SAR.

1.6 Period of Insurance

For the full period of the Project plus the "Defects Liability Period" (as defined in the Construction Contract).

1.7 Required Condition

Form of Endorsement in substantially the form of Appendix 3.

1.8 Permitted Exclusions

To include:

- War, Civil War etc.
- Nuclear Risks
- Wear and Tear
- Unexplained shortage
- Consequential financial losses
- Terrorism
- DE3 type defective design, workmanship and materials exclusion
- Mould
- Delay, penalties, etc.
- Normal upkeep
- Cessation of work without reasonable precautions
- Damage to road vehicles, aircraft and waterborne craft exceeding 12 metres
- Money, etc.
- Air or sea transit
- Deliberate acts of the Insured
- Gradual subsidence
- Piling (customary limitations)
- Existing trees or natural vegetation
- Cement, sand, aggregates and similar in transit
- Electronic data

1.9 Required Extensions and Conditions

- Professional Fees Clause
- Debris Removal Clause
- 72 Hour Clause
- Free Issue Materials Clause
- Automatic Increase Clause (110 per cent.)
- Extra Charges (15 per cent.)

- Strikes, Riot and Civil Commotion
- Local/Public Authorities and Clause
- Munitions of War Clause
- Extended Maintenance
- Automatic Reinstatement of Sum Insured
- Plans and Documents
- Inland Transit/Offsite Storage
- Advance Payments Clause
- Waiver of Subrogation for Secured Parties
- Primary Insurance Clause

1.10 **Maximum Deductible**

Not to exceed:

- (i) The first HK\$800,000 arising out of typhoon, windstorm, rainstorm, tempest, stormwater, earthquake, tsunami or subsidence; or
- (ii) The first HK\$1,500,000 arising out of defective design, plan, specification, materials or workmanship; or
- (iii) The first HK\$800,000 arising out of damage to plants or trees; or
- (iv) The first HK\$800,000 arising out of fire; or
- (v) The first HK\$400,000 arising out of theft, collapse, maintenance, testing or commissioning; or
- (vi) The first HK\$800,000 or 20% of loss whichever is the greater arising out of internal water damage, other than storm water damage; or
- (vii) The first HK\$200,000 or 50% of loss whichever is the greater in respect of loss or damage to bamboo scaffolding; or
- (viii) The first HK\$200,000 in respect of loss or damage to non-bamboo scaffolding; or
- (ix) The first HK\$200,000 for all other losses.

Deductibles to be applied to each contract separately. In the event of more than one deductible applying to a single occurrence of loss under a contract, only the highest applicable deductible shall apply.

2. **Third Party Liability Insurance**

2.1 **Insured**

- (1) the Borrower and Propco as principal;
 - (2) all Construction Contractors and/or their sub-contractors of any tier as contractors and/or consultants for their site activities only; and
 - (3) the Finance Parties,
- each for their respective rights and interests.

2.2 **Interest**

The Insurers will indemnify the Insured against all sums which the Insured shall be legally liable for, or have assumed liability under contract, for compensation or damages in respect of

- (a) death of or injury to or disease contracted or illness sustained by any person
- (b) damage to property not insured under 1 above

happening within the Territorial Limits during the Period of Insurance and arising out of the course of or in connection with the carrying out of the Project.

2.3 **Limit of Indemnity**

Not less than HK Dollars 400,000,000 in respect of any one occurrence, the number of occurrences being unlimited but not exceeding HK\$400,000,000 in respect of any one occurrence or in the aggregate during the period of Insurance, for liability resulting from vibration, weakening or removal of support, and products liability/completed operations.

2.4 **Territorial Limits/Jurisdiction**

Worldwide, subject to the laws of Macau SAR excluding legal proceedings brought in the USA or Canada or within their jurisdiction

2.5 **Period of Insurance**

As per the Construction All Risks Insurance.

2.6 **Permitted Exclusions**

To include:

- Liability for death, illness, disease or bodily injury sustained by employees of the Insured
- Liability for loss or damage to property which is reasonably foreseeable as being inevitable having regard for the nature of work undertaken

- Liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles
- Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the Insured
- Liability in respect of loss or damage to property in the care, custody and control of the Insured or to the permanent or temporary works
- Liability arising from the ownership, possession or use of any aircraft or waterborne vessel
- Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence
- War, civil war etc.
- Nuclear risks
- Terrorism
- The Works and Contractors plant and equipment
- Libel and slander
- Professional advice
- Asbestos
- Electronic data

2.7 **Required Extensions and Conditions**

- Cross Liability Clause
- Contractual Liability
- Underground Services
- Vibration Removal or Weakening of Support
- Munitions of War Clause
- Waiver of Subrogation for Secured Parties
- Costs and Expenses in addition to the Limit of Indemnity (other than North America)
- Worldwide jurisdiction, subject to the laws of Macau SAR excluding legal proceedings brought in the USA or Canada or within their jurisdiction
- Primary Insurance Clause

2.8 **Maximum Excess**

Not to exceed:

- (i) HK\$250,000 or 20% of loss whichever is the greater in respect of loss of or damage to third party property arising out of subsidence, collapse, vibration, removal or weakening of support, or other ground movement; or
- (ii) HK\$400,000 or 20% of loss whichever is the greater of the amount of loss or damage to underground services or Employers' property; or
- (iii) HK\$400,000 or 40% whichever is the greater of the amount of loss or damage to underground utility services, oil-filled cables or fibre optic cables; or
- (iv) HK\$150,000 for any other Third Party Property Damage; or
- (v) HK\$75,000 for any Third Party Bodily Injury.

Deductibles to be applied to each contract separately. In the event of more than one deductible applying to a single occurrence of loss under a contract, only the highest applicable deductible shall apply.

3. **Compulsory Insurance**

Insurances required to comply with all statutory requirements including Workers Compensation and Motor Liability Insurances as applicable.

**APPENDIX 3
FORM OF ENDORSEMENTS FOR DIRECT INSURANCES**

**PART I
OPERATION PERIOD INSURANCES**

MULTIPLE INSURED CLAUSE

- (i) Cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each insured party **provided that** the total liability of the Insurers to all of the insured parties collectively shall not exceed the sums insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.
- (ii) Any payment or payments by insurers to any one or more such insured parties shall reduce to the extent of that payment Insurers liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.
- (iii) The Insurers acknowledge that the Secured Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional co-insureds under this Policy and that the premium specified in this Policy provides consideration for their being co-insured parties.
- (iv) Neither the Security Agent nor any other of the Secured Parties shall be liable for the payment of any premium under this Policy although they may choose to pay the premium. This shall not relieve any other insured party from its obligations to pay any premium under this Policy.
- (v) Save in the case of the Secured Parties, each of the insured parties will at all times preserve and enforce the various contractual agreements entered into by such insured party and the contractual remedies of such party in the event of Damage.
- (vi) The insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any of the insured parties in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of this Policy committed by that insured party (other than where the first obligation to disclose or perform lies with parties other than the Secured Parties) (each referred to in this Policy as a “**Vitiating Act**”).
- (vii) However (save as provided in this Multiple Insured’s Clause) a Vitiating Act committed by one insured party shall not prejudice the right of indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.
- (viii) Insurers waive all rights of subrogation or action which they may have or acquire against any insured party except (save in the case of any Secured Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the vitiating party as an Insured.

LOSS PAYEE CLAUSE

Claims payments under this Policy shall be agreed with and payable to the Security Agent or as it directs. Notwithstanding any of the foregoing, any amounts of any kind payable to any Insured party shall be paid into the Insurance Proceeds Account or as the Security Agent may otherwise direct.

INTEREST OF OTHER PARTIES

The interests of the Secured Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the Insured is required to include such interest. All sums paid as claims under this Policy shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under this Policy, other Policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by this Policy effected jointly or severally by any of the Insured parties, this Policy shall be primary to, and receive no contribution from, such other insurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Insurer, the insured shall as soon as reasonably practicable give notice of such change with full particulars hereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by the insured to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, the insurer shall not exercise any rights to avoid this insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and provided the same shall be advised to the Insurer as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Insurers acknowledge to the Secured Parties alone that (i) they have received adequate information in order to evaluate the risk of insuring the Insured parties in respect of the risks hereby insured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Insurers in respect of their decision to co-insure the Secured Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Policy, they have not relied upon or taken into account any information supplied to them by any Secured Party. The acknowledgements provided by the Insurers in this clause shall have no effect on any rights that the Insurers might have had under or in relation to the Policy against any party (including the Borrower) other than the Secured Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by the Insured or anyone acting on its/their behalf to obtain any benefit under this Policy or if any loss or damage shall be occasioned with the support of the Insured, the benefit under this Policy shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this Policy.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

“**Affiliate**” has the meaning given in the Senior Facilities Agreement.

“**Agent**” means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

“**Borrower**” means Studio City Company Limited.

“**Finance Parties**” has the meaning given in the Senior Facilities Agreement.

“**Group Insured**” means any insured party comprising the Parent or any of its subsidiary companies.

“**Insurance Proceeds Account**” has the meaning given in the Senior Facilities Agreement.

“**Security Agent**” means Industrial and Commercial Bank of China (Macau) Limited in its capacity as trustee and/or security agent for the Secured Parties and includes its successors in that capacity.

“**Secured Parties**” has the meaning given to it in the Senior Facilities Agreement.

“**Senior Facilities Agreement**” means the agreement so entitled dated 28 January 2013 between, amongst others, the Borrower, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

PART II
CONSTRUCTION PERIOD INSURANCES

MULTIPLE INSURED CLAUSE

- (i) Cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each insured party **provided that** the total liability of the Insurers to all of the insured parties collectively shall not exceed the sums insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.
- (ii) Any payment or payments by insurers to any one or more such insured parties shall reduce to the extent of that payment Insurers liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.
- (iii) The Insurers acknowledge that the Secured Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional co-insureds under this Policy and that the premium specified in this Policy provides consideration for their being co-insured parties.
- (iv) Neither the Security Agent nor any other of the Secured Parties shall be liable for the payment of any premium under this Policy although they may choose to pay the premium. This shall not relieve any other insured party from its obligations to pay any premium under this Policy.
- (v) Save in the case of the Secured Parties, each of the insured parties will at all times preserve and enforce the various contractual agreements entered into by such insured party and the contractual remedies of such party in the event of Damage.
- (vi) The insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any of the insured parties in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of this policy committed by that insured party (other than where the first obligation to disclose or perform lies with parties other than Secured Parties) (each referred to in this Policy as a "**Vitiating Act**").
- (vii) However (save as provided in this Multiple Insured's Clause) a Vitiating Act committed by one insured party shall not prejudice the right of indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.
- (viii) Insurers waive all rights of subrogation or action which they may have or acquire against any insured party except (save in the case of any Secured Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the vitiating party as an Insured.

LOSS PAYEE CLAUSE

Subject to the terms, definitions, warranties, exclusions, provisions and conditions contained or endorsed or otherwise expressed in this Policy, claims payments shall be made as follows:

- (a) Claims payments under Section 1 of this Policy for losses (together with any other related loss, whether or not suffered by the same Insured) equal or below HK Dollars 150,000,000 or its equivalent shall be agreed and payable to the Insured.
- (b) Claims payments under Section 1 of this Policy for losses (together with any other related loss, whether or not suffered by the same Insured) exceeding HK Dollars 150,000,000 or its equivalent shall be agreed and payable to the Security Agent or as it directs.
- (c) Claims payments under Section 2 of this Policy shall be made directly to the third party entitled to payment there under.
- (d) Notwithstanding any of the foregoing, any amounts of any kind payable to any of the Group Insured shall be paid into the Insurance Proceeds Account or as the Security Agent may otherwise direct.

It is fully understood and agreed by each Group Insured that it is a condition of this Policy that payment of any claim to any of the co-Insureds hereunder in accordance with the Loss Payee Clause shall absolve the Insurer from making any payment in respect of such claim to the Group Insured or its receiver, assignee, trustee or successor and shall constitute a full discharge and release of all liabilities under this Policy in respect of such claim.

INTEREST OF OTHER PARTIES

The interest of the Secured Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the Insured is required to include such interest. All sums paid as claims under this Policy shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under this Policy, other Policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by this Policy effected jointly or severally by any of the Insured parties, this Policy shall be primary to, and receive no contribution from, such other insurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Insurer, the insured shall as soon as reasonably practicable give notice of such change with full particulars hereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by the insured to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, the insurer shall not exercise any rights to avoid this insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and provided the same shall be advised to the Insurer as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Insurers acknowledge to the Secured Parties alone that (i) they have received adequate information in order to evaluate the risk of insuring the Insured parties in respect of the risks hereby insured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Insurers in respect of their decision to co-insure the Secured Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Policy, they have not relied upon or taken into account any information supplied to them by any Secured Party. The acknowledgements provided by the Insurers in this clause shall have no effect on any rights that the Insurers might have had under or in relation to the Policy against any party (including the Borrower) other than the Secured Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by the Insured or anyone acting on its/their behalf to obtain any benefit under this Policy or if any loss or damage shall be occasioned with the support of the Insured, the benefit under this Policy shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this Policy.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

“**Agent**” means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

“**Borrower**” means Studio City Company Limited.

“**Finance Parties**” has the meaning given in the Senior Facilities Agreement.

“**Group Insured**” means any insured party comprising the Parent or any of its subsidiary companies.

“**Insurance Proceeds Account**” has the meaning given in the Senior Facilities Agreement.

“**Security Agent**” means Industrial and Commercial Bank of China (Macau) Limited in its capacity as trustee and/or security agent for the Secured Parties and includes its successors in that capacity.

“**Secured Parties**” has the meaning given to it in the Senior Facilities Agreement.

“**Senior Facilities Agreement**” means the agreement so entitled dated 28 January 2013 between, amongst others, the Borrower, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

APPENDIX 4
FORM OF ENDORSEMENTS FOR REINSURANCES

PART I
OPERATION PERIOD INSURANCES

MULTIPLE INSURED CLAUSE

- (i) Cover hereunder shall apply in the same manner and to the same extent as if individual contracts of reinsurance had been issued by the Reinsurer to each reinsured party **provided that** the total liability of the Reinsurers to all of the reinsured parties collectively shall not exceed the sums reinsured and any limits of indemnity including any inner limits set by memorandum or endorsement stated in the original policy.
- (ii) Any payment or payments by the Reinsurer to any one or more such reinsured parties shall reduce to the extent of that payment the Reinsurer's liability to all such parties arising from any one event giving rise to a claim under the reinsurance and (if applicable) in the aggregate.
- (iii) The Reinsurer acknowledges that the Secured Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional reinsured parties under the contract of reinsurance and that the premium specified in the original policy as ceded to this Reinsurer provides consideration for their being reinsured parties.
- (iv) Neither the Security Agent nor any other of the Secured Parties shall be liable for the payment of any premium under the original policy or this contract of reinsurance although they may choose to pay the premium. This shall not relieve any other reinsured parties or the insured parties from their obligations to pay any premium under the reinsurance or the original policy.
- (v) Save in the case of the Secured Parties, each of the reinsured parties will at all times preserve and enforce the various contractual agreements entered into by such reinsured party and the contractual remedies of such party in the event of Loss or Damage.
- (vi) The Reinsurer may be entitled to avoid liability to or (as may be appropriate) claim damages from any of the reinsured parties or any of the insured parties under the original policy in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of the reinsurance or the original policy committed by that reinsured or insured party (other than where the first obligation to disclose or perform lies with parties other than the Secured Parties) (each referred to in this reinsurance as a "**Vitiating Act**").
- (vii) However (save as provided in this Multiple Insured's Clause) a Vitiating Act committed by one reinsured or insured party shall not prejudice the right of indemnity of any other reinsured or insured party who has an insurable interest and who has not committed a Vitiating Act.

(viii) The Reinsurer waives all rights of subrogation or action which it may have or acquire against any reinsured or insured party under the original policy except (save in the case of any Secured Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Reinsurers may enforce any such rights notwithstanding the continuing or former status of the vitiating party as a reinsured or insured party.

LOSS PAYEE CLAUSE

Claims payments under this reinsurance shall be agreed with and payable to the Security Agent or as it directs. Notwithstanding any of the foregoing, any amounts of any kind payable to any reinsured or insured party shall be paid into the Insurance Proceeds Account or as the Agent may otherwise direct.

INTEREST OF OTHER PARTIES

The interests of the Secured Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the reinsured party is required to include such interest. All sums paid as claims under this contract of reinsurance shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under the reinsurance, other policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by the reinsurance effected jointly or severally by any of the reinsured or insured parties under the original policy, it is acknowledged that the original policy and the reinsurance shall be primary to, and receive no contribution from, such other insurance or reinsurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Reinsurer, the reinsured party shall as soon as reasonably practicable give notice of such change with full particulars thereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by any reinsured party or any party to the original policy to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, neither the Reinsurer nor the original insurer shall exercise any rights to avoid this Reinsurance or the original insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and provided the same shall be advised to the original insurer in accordance with the original policy as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Reinsurer acknowledges to the Secured Parties alone that (i) it has received adequate information in order to evaluate the risk of insuring the reinsured parties in respect of the risks hereby reinsured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Reinsurers in respect of its decision to co-insure the Secured Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Policy, the Reinsurer has not relied upon or taken into account any information supplied to them by any Secured Party. The acknowledgements provided by the Reinsurer in this clause shall have no effect on any rights that the Reinsurer might have had under or in relation to the reinsurance against any party (including the Borrower) other than the Secured Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by any of the reinsured party or anyone acting on its/their behalf to obtain any benefit under this reinsurance or if any loss or damage shall be occasioned with the support of such reinsured party, the benefit under this reinsurance shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this reinsurance.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

“**Agent**” means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

“**Borrower**” means Studio City Company Limited.

“**Finance Parties**” has the meaning given to it in the Senior Facilities Agreement.

“**Group Insured**” means any insured party comprising the Parent or any its subsidiary companies.

“**Insurance Proceeds Account**” has the meaning given in the Senior Facilities Agreement.

“**Security Agent**” means Industrial and Commercial Bank of China (Macau) Limited in its capacity as trustee and/or security agent for the Secured Parties and includes its successors in that capacity.

“**Secured Parties**” means has the meaning given to it in the Senior Facilities Agreement.

“**Senior Facilities Agreement**” means the agreement so entitled dated 28 January 2013 between, amongst others, the Borrower, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

PART II
CONSTRUCTION PERIOD INSURANCES

MULTIPLE INSURED CLAUSE

- (i) Cover hereunder shall apply in the same manner and to the same extent as if individual contracts of reinsurance had been issued by the Reinsurer to each reinsured party **provided that** the total liability of the Reinsurer to all of the reinsured parties collectively shall not exceed the sums reinsured and any limits of indemnity including any inner limits set by memorandum or endorsement stated in the original policy.
- (ii) Any payment or payments by the Reinsurer to any one or more such reinsured parties shall reduce to the extent of that payment the Reinsurer's liability to all such parties arising from any one event giving rise to a claim under the reinsurance and (if applicable) in the aggregate.
- (iii) The Reinsurer acknowledges that the Secured Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional reinsured parties under the contract of reinsurance and that the premium specified in the original policy as ceded to this Reinsurer provides consideration for their being reinsured parties.
- (iv) Neither the Security Agent nor any other of the Secured Parties shall be liable for the payment of any premium under the original policy or the contract of reinsurance although they may choose to pay the premium. This shall not relieve any other reinsured parties or insured parties from their obligations to pay any premium under the reinsurance or the original policy.
- (v) Save in the case of the Secured Parties, each of the reinsured parties will at all times preserve and enforce the various contractual agreements entered into by such reinsured party and the contractual remedies of such party in the event of Loss or Damage.
- (vi) The Reinsurer may be entitled to avoid liability to or (as may be appropriate) claim damages from any of the reinsured parties or any of the insured parties under the original policy in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of the reinsurance or the original policy committed by that reinsured party or insured party (other than where the first obligation to disclose or perform lies with parties other than the Secured Parties) (each referred to in this the reinsurance as a "**Vitiating Act**").
- (vii) However (save as provided in this Multiple Insureds Clause) a Vitiating Act committed by one reinsured party or insured party shall not prejudice the right of indemnity of any other reinsured party or insured party who has an insurable interest and who has not committed a Vitiating Act.
- (viii) The Reinsurer waives all rights of subrogation or action which it may have or acquire against any reinsured or any insured party under the original policy except (save in the case of any Secured Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Reinsurers may enforce any such rights notwithstanding the continuing or former status of the vitiating party as a reinsured or an insured party.

LOSS PAYEE CLAUSE

Subject to the terms, definitions, warranties, exclusions, provisions and conditions contained or endorsed or otherwise expressed in this reinsurance, payments shall be made in respect of claims under the original policy as follows:

- (a) payments in respect of claims under Section 1 of the original policy for losses (together with any other related loss, whether or not suffered by the same Insured) equal or below HK Dollars 150,000,000 or its equivalent shall be agreed and payable to the Insured, unless the Security Agent has notified the Insurer that an Enforcement Notice has been delivered to the Borrower, in which case, they shall be agreed by and payable to the Security Agent or as it directs.
- (b) payments in respect of claims under Section 1 of the original policy for losses (together with any other related loss, whether or not suffered by the same Insured) exceeding HK Dollars 150,000,000 or its equivalent shall be agreed and payable to the Security Agent or as it directs.
- (c) payments in respect of claims under Section 2 of the original policy shall be made directly to the third party entitled to payment there under.
- (d) Notwithstanding any of the foregoing, any amounts of any kind payable to or in respect of any claim by any of the Group Insured shall be paid into the Insurance Proceeds Account or as the Security Agent may otherwise direct.

It is fully understood and agreed by each Group Insured that it is a condition to this reinsurance that payment in respect of any claim made directly to any reinsured party in accordance with the Loss Payee Clause shall absolve the Reinsurer from making any payments in respect of such claim to the ceding insurer or to the Group Insured or its receiver, assignee, trustee or successor and shall constitute a full discharge of all liability under the reinsurance in respect of such claim.

INTEREST OF OTHER PARTIES

The interest of the Secured Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the reinsured party is required to include such interest. All sums paid as claims under the reinsurance shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under the reinsurance, other policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by the reinsurance effected jointly or severally by any of the reinsured or insured parties under the original policy, it is acknowledged that the original policy and the reinsurance shall be primary to, and receive no contribution from, such other insurance or reinsurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Reinsurer, the reinsured party shall as soon as reasonably practicable give notice of such change with full particulars thereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by any reinsured party or any party to the original policy to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, neither the Reinsurer nor the original Insurer shall exercise any rights to avoid this Reinsurance or the original insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and provided the same shall be advised to the original insurer in accordance with the original policy as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Reinsurer acknowledges to the Secured Parties alone that (i) it has received adequate information in order to evaluate the risk of insuring the reinsured parties in respect of the risks hereby reinsured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Reinsurers in respect of its decision to co-insure the Secured Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this reinsurance, the Reinsurer has not relied upon or taken into account any information supplied to it by any Secured Party. The acknowledgements provided by the Reinsurer in this clause shall have no effect on any rights that the Reinsurer might have had under or in relation to the reinsurance against any party (including the Borrower) other than the Secured Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by any of the reinsured parties or anyone acting on its/their behalf to obtain any benefit under this reinsurance or if any loss or damage shall be occasioned with the support of such reinsured party, the benefit under this reinsurance shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this reinsurance.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

“**Agent**” means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

“**Borrower**” means Studio City Company Limited.

“**Finance Parties**” has the meaning given in the Senior Facilities Agreement.

“**Group Insured**” means any insured party comprising the Parent or any of its subsidiary companies.

“**Insurance Proceeds Account**” has the meaning given in the Senior Facilities Agreement.

“**Security Agent**” means Industrial and Commercial Bank of China (Macau) Limited in its capacity as trustee and/or security agent for the Secured Parties and includes its successors in that capacity.

“**Secured Parties**” has the meaning given in the Senior Facilities Agreement.

“**Senior Facilities Agreement**” means the agreement so entitled dated 28 January 2013 between, amongst others, the Borrower, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

APPENDIX 5
FORM OF INSURANCE BROKER'S LETTER OF UNDERTAKING

To: [] as Agent
[] as Security Agent

[Date]

Dear Sirs,

1. We refer to Schedule 8 (*Insurance*) (the “**Insurance Schedule**”) to the Senior Facilities Agreement dated [•] between, amongst others, [•] and [*relevant Group Insured*] (the “**Companies**”) and the financial institutions referred to therein as Finance Parties, as amended, consolidated, supplemented, novated or replaced from time to time. Terms used herein shall bear the same meaning as in the Insurance Schedule. Any reference herein to a document being in substantially a specified form shall be construed as meaning such document being in the same form as the specified form save for the insertion of information left in blank or typographical errors.
2. We, in our capacity as insurance brokers to the Companies, confirm that each Direct Insurance as required pursuant to Clause 1.1 of the Insurance Schedule is in full force and effect as of the date of this letter on and in respect of the risks set out in the Direct Insurances and that all premiums which are required to have been paid at the date hereof in respect of such Direct Insurances have been paid in full.
3. We confirm that each Direct Insurance referred to in paragraph 2 above contains endorsements in substantially the form required by Appendix 3 (*Form of Endorsements for Direct Insurances*) to the Insurance Schedule.
4. Pursuant to instructions received from the Companies, we confirm in respect of the Direct Insurances:
 - (a) in the case of any such Direct Insurance, as and when the same is renewed, extended or replaced, and subject to market conditions current at the time of application for such renewal, extension or replacement, to use our best efforts to ensure that it complies with the requirements of the Insurance Schedule or such other requirements as you may reasonably approve in writing and that it contains endorsements in substantially the form required by Appendix 3 (*Form of Endorsements for Direct Insurances*) to the Insurance Schedule or in such other form as you may approve in writing;
 - (b) to pay to the accounts specified or as otherwise required in the relevant loss payee clauses in the relevant policy documents without any set-off or deduction of any kind for any reason any and all proceeds from or other payments made pursuant to the Direct Insurances (including refunds of premiums) received by us from the insurers except as might otherwise be permitted in the relevant policy endorsement provisions or required by law or court order or as you may otherwise agree in writing;

- (c) to advise you:
 - (i) as soon as practical upon our becoming aware of any actual or proposed:
 - (A) cancellation or suspension of cover under any Direct Insurance;
 - (B) reduction in limits or coverage or any increase in deductibles; and
 - (C) termination prior to the original expiry date of any Direct Insurance;
 - (ii) as soon as practical of any default in the payment of any premium for any of the Direct Insurances;
 - (iii) at least 45 days prior to the expiry of any Direct Insurance if we have not received instructions to negotiate the renewal thereof from the Companies and/or any jointly insured parties or the agents of any such party and at least 5 Business Days prior to the expiry thereof if such Direct Insurance has not been renewed;
 - (iv) if we receive instructions to negotiate the renewal of any Direct Insurance, the details of such instructions and, upon the renewal of such Direct Insurance, the terms of such renewal; and
 - (v) of any act or omission of any event of which we have actual knowledge and which might invalidate or render unenforceable in whole or in part any of the Direct Insurances promptly upon our becoming aware of the same;
- (d) to disclose to you any fact, change of circumstance or occurrence material to the risks insured against under the Direct Insurances or which would result in any reduction in limits or alteration in coverage or increase in deductions or exclusions promptly upon our becoming aware of the same;
- (e) to notify you promptly following our becoming aware that we shall cease to act as insurance broker to the Companies; and
- (f) on your reasonable request and at your expense and subject to any legal, contractual or regulatory restrictions, to make those documents contained within our placing and claims files to which the Companies would be entitled to have access available to you or your Insurance Adviser at reasonable times and places, and to provide you with copies of any such documents.

5. The above undertakings are given subject to our continuing appointment as insurance brokers to the Companies and in relation to the Direct Insurances and the handling of claims in relation to them.

6. The contents of this letter may not be disclosed to any other party other than to any person:
 - (a) to (or through) whom a Secured Party assigns or transfers (or may potentially assign or transfer) all or any of its rights, benefits and/or obligations under the Finance Documents;
 - (b) to (or through) whom a Secured Party enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, any of the Finance Documents or any Obligor; or
 - (c) to whom all or any contents of this letter may be required to be disclosed by any applicable law or pursuant to any regulatory or stock exchange requirement

(a “**Third Party**”) and, in the event that it is disclosed to a Third Party, any and all liability howsoever arising to such Third Party is hereby expressly excluded. No person except the Finance Parties has any rights arising out of this letter under the Contracts (Rights of Third Parties) Act 1999.
7. Our aggregate liability to you for any and all matters arising from this letter and the contents thereof shall in any and all events be limited to the sum of US\$1,000,000 (or its equivalent in other currencies) and confined to direct losses in contract. Any and all other liability including but not limited to liability in tort and liability for consequential losses is hereby expressly excluded. Notwithstanding the foregoing, nothing in this letter shall serve to limit our liability for death or personal injury caused by our negligence.
8. This letter shall be governed and construed in accordance with the laws of England and any disputes arising in connection with this letter shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules. The arbitration shall take place in Hong Kong and shall be conducted in English. The arbitration award shall be binding upon both parties.
9. We hereby acknowledge that you and the other Secured Parties may have a direct or indirect interest in the Direct Insurances but we hereby declare that we owe you no duty of care except as set out in this letter and by countersigning this letter you and the other Secured Parties agree to this declaration.
10. The Borrower has agreed to our giving you this letter, and it has signed below to signify this.
11. Please countersign and return a copy of this letter to indicate that you accept its terms, failing which neither you nor the other Secured Parties should rely upon the contents of this letter.
12. By signing you also warrant that you have authority to and do so bind yourself and the other Secured Parties for whom you are Agent or Security Agent to the terms of this letter.

13. Save as provided in this letter, it is to be understood by you and the other Secured Parties that they may not rely on any advice which we have given to the Borrower, and, save as set out herein, we do not represent that the Direct Insurances are suitable or sufficient to meet the needs of the Secured Parties, who must take such additional steps and advice of their own as they consider necessary in order to protect their own position.

Yours faithfully,

name of insurance broker

Borrower

[•]

By: _____

Name:

Date:

Agent

[•]

By: _____

Name:

Date:

Security Agent

[•]

By: _____

Name:

Date:

APPENDIX 6
FORM OF REINSURANCE BROKER'S LETTER OF UNDERTAKING

To: [] as Agent
 [] as Security Agent

[Date]

Dear Sirs,

1. We refer to Schedule 8 (*Insurance*) (the “**Insurance Schedule**”) to the Senior Facilities Agreement dated [•] between, amongst others, [•] and [*relevant Group Insured*] (the “**Companies**”) and the financial institutions referred to therein as Finance Parties, as amended, consolidated, supplemented, novated or replaced from time to time. Terms used herein shall bear the same meaning as in the Insurance Schedule. Any reference herein to a document being in substantially a specified form shall be construed as meaning such document being in the same form as the specified form save for the insertion of information left in blank or typographical errors.
2. We, in our capacity as reinsurance brokers to [•] (the “**Direct Insurer**”), confirm that facultative reinsurance of each Direct Insurance (other than those indicated by you) as required pursuant to Clause 1.2 of the Insurance Schedule are in full force and effect as of the date of this letter on and in respect of the risks set out in the Reinsurances and that all premiums which are required to have been paid at the date hereof in respect of such Reinsurances have been paid in full and such Reinsurances are placed with reinsurers and underwriters whose identities we have disclosed to you and whom we in good faith believe to be reputable and financially sound.
3. We confirm that each Reinsurance referred to in paragraph 2 above contains endorsements in substantially the form required by Appendix 4 (*Form of Endorsements for Reinsurances*) to the Insurance Schedule.
4. Pursuant to instructions received from the Direct Insurer, we confirm in respect of the Reinsurances:
 - (a) in the case of any such Reinsurance, as and when the same is renewed, extended or replaced, and subject to market conditions current at the time of application for such renewal, extension or replacement, to use our best efforts to ensure that it complies with the requirements of the Insurance Schedule or such other requirements as you may reasonably approve in writing and that it contains endorsements in substantially the form required by Appendix 4 (*Form of Endorsements for Reinsurances*) to the Insurance Schedule or in such other form as you may approve in writing;
 - (b) to pay to the accounts specified or as otherwise required in the relevant loss payee clauses in the relevant policy documents without any set-off or deduction of any kind for any reason any and all proceeds from or other payments made pursuant to the Reinsurances (including refunds of premiums) received by us from the reinsurers except as might otherwise be permitted in the relevant policy endorsement provisions or required by law or court order or as you may otherwise agree in writing;

- (c) to advise you:
 - (i) as soon as practical upon our becoming aware of any actual or proposed:
 - (A) cancellation or suspension of cover under any Reinsurance;
 - (B) reduction in limits or coverage or any increase in deductibles; and
 - (C) termination prior to the original expiry date of any Reinsurance;
 - (ii) as soon as practical of any default in the payment of any premium for any of the Reinsurances;
 - (iii) at least 45 days prior to the expiry of any Reinsurance if we have not received instructions to negotiate the renewal thereof from the Direct Insurer and/or any jointly insured parties or the agents of any such party and at least 5 Business Days prior to the expiry thereof if such Reinsurance has not been renewed;
 - (iv) if we receive instructions to negotiate the renewal of any Reinsurance, the details of such instructions and, upon the renewal of such Reinsurance, the terms of such renewal; and
 - (v) of any act or omission or any event of which we have knowledge and which might invalidate or render unenforceable in whole or in part any of the Reinsurances promptly upon our becoming aware of the same;
- (d) to disclose to you any fact, change of circumstance or occurrence material to the risks insured against under the Reinsurances or which would result in any reduction in limits or alteration in coverage or increase in deductions or exclusions promptly upon our becoming aware of the same;
- (e) to notify you promptly following our becoming aware that we shall cease to act as reinsurance broker to the Direct Insurer; and
- (f) on your reasonable request and at your expense and subject to any legal, contractual or regulatory restrictions, to make those documents contained within our placing and claims files to which the Direct Insurer would be entitled to have access available to you or your Insurance Adviser at reasonable times and places, and to provide you with copies of any such documents.

5. The above undertakings are given subject to our continuing appointment as reinsurance brokers to the Direct Insurer and in relation to the Reinsurances and the handling of claims in relation to them.

6. The contents of this letter may not be disclosed to any other party other than to any person:
 - (a) to (or through) whom a Secured Party assigns or transfers (or may potentially assign or transfer) all or any of its rights, benefits and/or obligations under the Finance Documents;
 - (b) to (or through) whom a Secured Party enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, the Finance Documents or any Obligor; or
 - (c) to whom all or any contents of this letter may be required to be disclosed by any applicable law or pursuant to any regulatory or stock exchange requirement

(a “**Third Party**”) and, in the event that it is disclosed to a Third Party, any and all liability howsoever arising to such Third Party is hereby expressly excluded. No person except the Finance Parties has any rights arising out of this letter under the Contracts (Rights of Third Parties) Act 1999.
7. Our aggregate liability to you for any and all matters arising from this letter and the contents thereof shall in any and all events be limited to the sum of US\$1,000,000 (or its equivalent in other currencies) and confined to direct losses in contract. Any and all other liability including but not limited to liability in tort and liability for consequential losses is hereby expressly excluded. Notwithstanding the foregoing, nothing in this letter shall serve to limit our liability for death or personal injury caused by our negligence.
8. This letter shall be governed and construed in accordance with the laws of England and any disputes arising in connection with this letter shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules. The arbitration shall take place in Hong Kong and shall be conducted in English. The arbitration award shall be binding upon both parties.
9. We hereby acknowledge that you and the other Secured Parties may have a direct or indirect interest in the Reinsurances but we hereby declare that we owe you no duty of care except as set out in this letter and by countersigning this letter you and the other Secured Parties agree to this declaration.
10. The Borrower has agreed to our giving you this letter, and it has signed below to signify this.
11. Please countersign and return a copy of this letter to indicate that you accept its terms, failing which neither you nor the other Secured Parties should rely upon the contents of this letter.
12. By signing you also warrant that you have authority to and do so bind yourself and the other Secured Parties for whom you are Agent to the terms of this letter.

13. Save as provided in this letter, it is to be understood by you and the other Secured Parties that they may not rely on any advice which we have given to the Borrower, and, save as set out herein, we do not represent that the Reinsurances are suitable or sufficient to meet the needs of the Secured Parties, who must take such additional steps and advice of their own as they consider necessary in order to protect their position.

Yours faithfully,

name of reinsurance broker

Borrower

[•]

By: _____
Name:

Date:

Agent

[•]

By: _____
Name:

Date:

Security Agent

[•]

By: _____
Name:

Date:

**SCHEDULE 9
EVENTS OF DEFAULT AND REVIEW EVENTS**

**PART I
EVENTS OF DEFAULT**

1. Non-payment

An Obligor or Grantor does not pay on the due date any amount payable by it pursuant to a Finance Document to which it is a party at the place at and in the currency in which it is expressed to be payable unless its failure to pay is caused by administrative or technical error or a Disruption Event and payment is made within three Business Days of its due date.

2. Financial covenants and other obligations

(a) An Obligor does not comply with the requirements of:

(i) paragraph 2.2(a) to (d) (*Financial condition*) of Schedule 6 (*Covenants*) (following the application of paragraph 2.4 (*Equity Cure*) of Schedule 6 (*Covenants*) (to the extent applicable)); or

(ii) Clause 3.32 (*Completion Support*) of Schedule 6 (*Covenants*) or clause 3 (*Completion Support*) of the Completion Support Agreement.

(b) The long-term unsecured and non credit-enhanced debt rating of the issuer of any Completion Support Letter of Credit falls below A- by S&P or Fitch Ratings or A3 by Moody's or a comparable rating from an internationally recognised credit rating agency and is not replaced and the Completion Support Letter of Credit is not replaced within 10 Business Days of such downgrade with one or more Completion Support Letters of Credit issued by issuers with a long-term unsecured and non credit-enhanced debt rating of at least A- by S&P or Fitch Ratings or A3 by Moody's and/or cash collateral in an amount which, together with the amounts of any replacement Completion Support Letters of Credit is equal to the amount of the relevant Completion Support Letter of Credit, is deposited into one or more accounts (within 10 Business Days of such downgrade) over which Security in favour of the Security Agent is granted in form and substance substantially similar to any fixed first ranking account Transaction Security or otherwise in form and substance reasonably satisfactory to the Security Agent.

3. Other obligations

(a) An Obligor or a Grantor does not comply with any provision of the Finance Documents (other than those referred to in paragraph 1 (*Non-payment*) and paragraph 2 (*Financial covenants and other obligations*)) above.

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 30 days of the Agent giving notice to the Parent, Obligor or Grantor (with a copy to the Parent) or the Parent, an Obligor or a Grantor becoming aware of the failure to comply.

4. **Misrepresentation**

- (a) Any representation or statement made or deemed to be made by an Obligor or Grantor in the Finance Documents to which it is a party or any other document delivered by or on behalf of any Obligor or Grantor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.
- (b) No Event of Default under paragraph (a) above will occur if the misrepresentation is capable of remedy and is remedied within thirty days of the earlier of the Agent giving notice to the relevant Obligor or Grantor and the relevant Obligor or Grantor becoming aware of the failure to comply.

5. **Cross default**

- (a) Any Financial Indebtedness of any Obligor is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any Obligor is cancelled or suspended by a creditor of any Obligor as a result of an event of default (however described).
- (d) Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness (other than Subordinated Debt) of any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).

No Event of Default will occur under this paragraph 5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than an amount of US\$10,000,000 (or its equivalent in other currencies).

6. **Insolvency**

- (a) An Obligor or Grantor is unable or admits inability to pay its debts as they fall due or is deemed or declared to be unable to pay its debts under applicable law or by reason of actual or anticipated financial difficulties, suspends or threatens to suspend making payments on any of its debts or commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any Obligor or Grantor is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any Obligor or Grantor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

7. **Insolvency proceedings**

(a) Any corporate action, legal proceedings or other procedure or formal step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or Grantor;
- (ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor or Grantor;
- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor or Grantor or any of its assets (other than assets that are in any way part of any Joint Venture and which do not form part of, and are not otherwise necessary for the operation of, the Project); or
- (iv) enforcement of any Security over any assets (other than assets that are in any way part of any Joint Venture and which do not form part of, and are not otherwise necessary for the operation of, the Project) of any Obligor or Grantor (other than any Sponsor or Direct Insurer),

or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) shall not apply to:

- (i) any winding-up petition in a jurisdiction other than the Macau SAR which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement or, if earlier, the date on which it is advertised; or
- (ii) any winding-up petition in the Macau SAR which is frivolous or vexatious (or any determination in respect of such frivolous or vexatious petition) and which is discharged, stayed or dismissed within 60 days of the date of notification of commencement of proceedings in respect of such petition or the date of publication of such determination in the Official Gazette of the Macau SAR, as applicable (**provided that** the relevant Obligor or Grantor has within 10 days of any such notification or publication challenged that commencement or determination, as the case may be, in the relevant courts of the Macau SAR).

8. **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Obligor (other than assets that are in any way part of any Joint Venture and which do not form part of, and are not otherwise necessary for the operation of, the Project) having an aggregate value of at least an amount of:

- (a) prior to the Completion Support Release Date, US\$5,000,000 (or its equivalent in other currencies); or
 - (b) on or after Completion Support Release Date, US\$10,000,000 (or its equivalent in other currencies);
- and (in each case) is not discharged within 30 days.

9. Unlawfulness and invalidity

- (a) It is or becomes unlawful for a Grantor or any Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective or any subordination created under the Subordination Deed is or becomes unlawful.
- (b) Any obligation or obligations of a Grantor or any Obligor under any of the Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable.
- (c) Any Finance Document ceases to be in full force and effect or any Transaction Security or any subordination created or expressed to be created under the Subordination Deed (including the subordination of any Sponsor Group Loans and other Subordinated Debt) is not or ceases to be legal, valid, binding, enforceable or effective or in either case, is alleged by a party to it (other than a Finance Party) to be ineffective.

10. Major Project Documents

- (a) Any Obligor breaches or defaults in any respect any term, condition, provision, covenant, representation or warranty contained in any Major Project Document (other than the Services and Right to Use Agreement, the Reimbursement Agreement and the Amended Land Concession) which would reasonably be expected to have a Material Adverse Effect and such breach or default shall continue unremedied for, or is not waived in full within, 30 days (provided that if the relevant Obligor is diligently pursuing action to remedy the breach or default and it is of a nature that is capable of being remedied, such breach or default shall continue for 60 days), in each case, after the earlier of:
 - (i) any Obligor becoming aware of such breach or default; and
 - (ii) receipt by the Parent of notice from the Agent of such breach or default.

- (b) Any Major Project Participant breaches or defaults in any term, condition, provision, covenant, representation or warranty contained in any Major Project Documents (other than the Services and Right to Use Agreement, the Reimbursement Agreement and the Amended Land Concession and, solely during the period prior to the First Utilisation, any Major Construction Contract (for the avoidance of doubt, on and following the First Utilisation each Major Construction Contract will be subject to the terms of this paragraph (b))) or any Direct Agreement referred to in paragraph (c) of the definition of “Direct Agreement” set out in Clause 1.1 (*Definitions*) (being a “**Specified Direct Agreement**”) and such breach or default shall continue unremedied for 30 days after the earlier of:
- (i) any Obligor becoming aware of such breach or default; and
 - (ii) receipt by the Parent of notice from the Agent of such breach or default,
- and such breach or default could reasonably be expected to have a Material Adverse Effect.
- (c) Any Major Project Document (other than the Services and Right to Use Agreement, the Reimbursement Agreement and the Amended Land Concession) or any Specified Direct Agreement is terminated or cancelled, becomes invalid or illegal or otherwise ceases to be in full force and effect prior to its stated expiration date **provided that** the occurrence of any of the foregoing events with respect to any Major Project Document (other than the Amended Land Concession or the Services and Right to Use Agreement or the Reimbursement Agreement) or any Specified Direct Agreement shall constitute an Event of Default under this paragraph (c) only if the same could reasonably be expected to have a Material Adverse Effect and the same shall continue unremedied for 30 days after the earlier of:
- (i) any Obligor becoming aware of such breach or default; and
 - (ii) receipt by the Parent of notice from the Agent of such breach or default.
- (d) **Provided that** in the case of any such Major Project Document (other than the Services and Right to Use Agreement, the Reimbursement Agreement and the Amended Land Concession) or any Specified Direct Agreement, if the occurrence is not the result of the breach or default by an Obligor in any material respect of any term, condition, provision, covenant, representation or warranty, then no Event of Default shall be deemed to have occurred as a result thereof under paragraph (b) or (c) if the Obligor provides written notice to the Agent immediately upon (but in no event more than 21 days after) the Obligor becoming aware of such occurrence that it intends to replace such Major Project Document and:
- (A) the Obligor obtains a replacement counterparty or counterparties for the affected party;
 - (B) the Obligor enters into a replacement Major Project Document (or, as the case may be, Specified Direct Agreement) within 75 (or, where it occurred in respect of a Major Construction Contract solely during the period prior to First Utilisation, 90) days of such occurrence; and
 - (C) such occurrence, after considering any replacement counterparty and replacement Major Project Document (or, as the case may be, Specified Direct Agreement) and the time required to implement such replacement, has not had and would not reasonably be expected to have a Material Adverse Effect.

- (e) Any Major Project Participant (during the period prior to the First Utilisation) breaches or defaults in any term, condition, provision, covenant, representation or warranty contained in any Major Construction Contract and such breach or default shall continue unremedied for:
- (i) (other than any breach or default referred to in sub-paragraph (ii) below) 90 days after the earlier of:
 - (A) any Obligor becoming aware of such breach or default; and
 - (B) receipt by the Parent of notice from the Agent of such breach or default; or
 - (ii) in respect of any breach or default under a Major Construction Contract which may be subsisting as at the date of this Agreement (if any), 90 days after the date of this Agreement,

and such breach or default could reasonably be expected to have a Material Adverse Effect **provided that**, if the occurrence is not the result of the breach or default by an Obligor in any material respect of any term, condition, provision, covenant, representation or warranty, then no Event of Default shall be deemed to have occurred as a result of thereof if the Obligor provides written notice to the Agent immediately upon (but in no event more than 21 days after) the Obligor becoming aware of such occurrence that it intends to replace, terminate, amend, waive, vary or modify such Major Construction Contract and:

- (A) the Obligor obtains a replacement counterparty or counterparties for the affected party or effects such termination, amendment, waiver, variation or modification of such Major Construction Contract;
- (B) the Obligor enters into a replacement Major Construction Contract or effects such termination, amendment, waiver, variation or modification of such Major Construction Contract within 90 days of such occurrence; and
- (C) such occurrence, after considering any replacement counterparty and replacement Major Project Document (or, as the case may be, such termination, amendment, waiver, variation or modification of such Major Construction Contract) and the time required to implement such replacement or such termination, amendment, waiver, variation or modification of such Major Construction Contract, has not had and could not reasonably be expected to have a Material Adverse Effect.

11. **Amended Land Concession and Gaming Subconcession**

- (a) Pursuant to Article Three of the Amended Land Concession, the Macau SAR imposes a fine on Propco for failing to complete development of the Site by the end of the development period for the Site unless:
- (i) the Macau SAR concurrently or, in any event, within 30 days from the date of imposition of the fine extends (in form and substance reasonably satisfactory to the Agent) the period by which completion of the development of the Site must occur;

- (ii) Propco concurrently or, in any event, within 30 days from the date of imposition of the fine provides (in form and substance reasonably satisfactory to the Agent) (including, without limitation, a long-stop date by which the Macau SAR will approve or reject such application for extension)) evidence that the Macau SAR is continuing to consider the application for extension of the development period for the Site (save that it shall be an Event of Default where the Macau SAR either rejects, or does not respond to, such extension request on or prior to that long-stop date);
- (iii) the notice from the Macau SAR imposing the fine or such other written notices confirm(s) (in form and substance reasonably satisfactory to the Agent) that the Macau SAR does not intend to take any measures seeking termination of the Amended Land Concession relative to that portion of the Site comprising the Project for failure to comply with such development obligation;
- (iv) Propco, within 21 days of the date of the notice from the Macau SAR imposing the fine or (if Propco has taken any administrative and/or judicial action which has had the effect of suspending the imposition of the fine, but that suspension has ceased to apply) the date on which such suspension ceases to apply, provides a report addressed to and capable of being relied upon by the Agent (for and on behalf of the Finance Parties) from the Technical Adviser in which the Technical Adviser reasonably determines that (based on its experience, familiarity with and review of the Project and the Phase II Project and the information and project schedule provided by Propco and the relevant contractors and having regard to any measures for expediting or accelerating the progress of the works) the practical completion of the development of the Site in accordance with the Amended Land Concession is reasonably likely to occur on or before, or has occurred on or before, the last day of a period of 120 days commencing on the date of the notice from the Macau SAR imposing the fine **provided that**, if Propco has taken any administrative and/or judicial action which has had the effect of suspending the imposition of the fine but such suspension has ceased to apply, the period of such suspension will not be deemed to be part of such period;
- (v) Propco, within 30 days from the date of the notice from the Macau SAR imposing the fine, takes any administrative and/or judicial action which has the effect of suspending the imposition of the fine (save that it shall be an Event of Default where, following such action, that suspension ceases to apply for whatever reason and Propco does not provide the documentation referred to in sub-paragraph (iv) above within 14 days of that suspension ceasing to apply).

- (b) After notice of the imposition of a fine by the Macau SAR on Propco, pursuant to Article Three of the Amended Land Concession, for Propco failing to comply with any of the terms set forth in paragraph 3 of Article Two of the Amended Land Concession unless:
- (i) prior to the end of a period of 90 days after the date of imposition of the fine, Propco complies with the obligations set forth in paragraph 3 of Article Two of the Amended Land Concession;
 - (ii) the notice from the Macau SAR imposing the fine or such other written notices confirm(s) (in form and substance reasonably satisfactory to the Agent) that the Macau SAR does not intend to take any measures seeking termination of the Amended Land Concession relative to that portion of the Site comprising the Project for failure to comply with such submission obligations;
 - (iii) the Macau SAR within a period of 90 days after notice of such imposition extends (in form and substance reasonably satisfactory to the Agent) the relevant period for compliance with paragraph 3 of Article Two of the Amended Land Concession;
 - (iv) Propco concurrently, or in any event within 90 days after notice of such imposition, provides (in form and substance reasonably satisfactory to the Agent) (including without limitation, a long-stop date by which the Macau SAR will approve or reject such application for extension) evidence that the Macau SAR is continuing to consider the application for extension of the relevant period for compliance with paragraph 3 of Article 2 of the Amended Land Concession (save that it shall be an Event of Default where the Macau SAR either rejects, or does not respond to, such extension request on or prior to that long-stop date); or
 - (v) Propco, on or before the date falling 90 days after the date of imposition of the fine takes any administrative and/or judicial action which has the effect of suspending the imposition of the fine (save that it shall be an Event of Default where, following such action, that suspension ceases to apply for whatever reason).
- (c) The Macau SAR, pursuant to article 94 or article 95 of the Code of Administrative Procedure of the Macau SAR, notifies Propco of its intent to terminate the Amended Land Concession relative to that portion of the Site comprising the Project, and assigns a term for Propco to submit its position on the intended termination or sets a hearing for the same purpose.
- (d) The Amended Land Concession is terminated or rescinded.
- (e) The Gaming Subconcession is terminated or rescinded without further judicial or administrative appeal being permitted or the Macau SAR takes any formal measure seeking termination of the Gaming Subconcession.

12. **Permits**

- (a) Any Obligor fails to observe, satisfy or perform, or there is a violation or breach of, any of the terms, provisions, agreements, covenants or conditions attaching to or under the issuance to such person of any Permit or any such Permit or any provision thereof is suspended, revoked, cancelled, terminated or materially and adversely modified or fails to be in full force and effect or any Governmental Authority challenges or seeks to revoke any such Permit if such failure to perform, violation, breach, suspension, revocation, cancellation, termination, modification, failure to be in full force and effect, challenge or seeking revocation would reasonably be expected to have a Material Adverse Effect.
- (b) For the avoidance of doubt, paragraph (a) above does not apply in relation to any Permit required solely in respect of a Joint Venture or which is otherwise not required for, and is not otherwise necessary for the operation of, the Project or the Phase II Project.

13. **Project completion**

- (a) A Forecast Funding Shortfall occurs and continues for 30 Business Days without being cured.
- (b) The Opening Date is not achieved by the Opening Long Stop Date or, where a Completion Plan has been submitted and approved, the opening date specified in the Completion Plan is not achieved by the opening long stop date as specified in the Completion Plan.
- (c) The Construction Completion Date is not achieved by the Construction Completion Long Stop Date or, where a Completion Plan has been submitted and approved, the construction completion date specified in the Completion Plan is not achieved by the construction completion long stop date as specified in the Completion Plan.
- (d) The Technical Adviser reasonably determines (based on its experience, familiarity with and review of the Project and the information and schedule provided by the Borrower and the relevant Contractors and having regard to any measures for expediting or accelerating the progress of the Project Works), that either:
 - (i) the Opening Date is not likely to occur on or prior to the Opening Long Stop Date or, as the case may be, the opening date specified in the Completion Plan is not likely to occur on or prior to the opening long stop date specified in the Completion Plan; or
 - (ii) the Construction Completion Date is not likely to occur on or prior to the Construction Completion Long Stop Date or, as the case may be, the construction completion date specified in the Completion Plan is not likely to occur on or prior to the construction completion long stop date specified in the Completion Plan,

and the Borrower is not able, within 7 days of the Technical Advisor reaching its determination, to demonstrate that:

- (i) the Opening Date will occur on or prior to the Opening Long Stop Date or (as the case may be) the opening date specified in the Completion Plan will occur on or prior to the opening long stop date specified in the Completion Plan; or
 - (ii) the Construction Completion Date will occur on or prior to the Construction Completion Long Stop Date or (as the case may be) the construction completion date specified in the Completion Plan will occur on or prior to the construction completion long stop date specified in the Completion Plan.
- (e) Propco or the Borrower abandons all or a material part of the Project (or otherwise ceases to pursue it).
 - (f) Substantial loss or destruction of all or substantially all of the Project.
 - (g) Any Construction Cost Drawstop continues for more than three consecutive Months from the date the Agent becomes aware of such event.

14. **Insurance**

Any insurance or reinsurance policy required by Schedule 8 (*Insurance*) or any other provision of this Agreement, or any endorsement required by this Agreement to be made thereon, is not maintained in full force and effect in accordance therewith (or, in respect of any such endorsement, the terms thereof are not complied with) **provided that** if the occurrence is not the result of the breach or default by an Obligor in any material respect of any material term, condition, provision, covenant, representation or warranty, then no Event of Default shall be deemed to have occurred as a result thereof under this paragraph if the Parent provides written notice to the Agent immediately upon (but in no event more than 21 days after) the Borrower becoming aware of such occurrence that it intends to replace the relevant insurance or new reinsurance policy and:

- (A) the relevant Obligor obtains a replacement insurance or new reinsurance policy which complies with the requirements of this Agreement (including Schedule 8 (*Insurance*));
- (B) the relevant Obligor enters into such replacement insurance or new reinsurance policy within 75 days of such occurrence; and
- (C) such occurrence, after considering any replacement insurance or new reinsurance policy and the time required to implement such replacement, has not had and would not reasonably be expected to have a Material Adverse Effect.

15. **Cessation of Business**

Any Obligor suspends or ceases to carry on all or substantially all of the Project.

16. **Change of Control**

A Change of Control occurs.

17. **Audit qualification**

The Auditors of the Parent qualify the audited annual consolidated financial statements of the Parent with a “going concern” or like qualification or exception or any other qualification arising out of the scope of their audit or any qualification which the Agent reasonably considers to be material.

18. **Expropriation**

The authority or ability of Propco, Hotelco or SCE or the Obligors taken as a whole (other than in respect of any business solely related to any Joint Venture or any assets that otherwise relate to or are in any way part of the foregoing and which are not otherwise necessary for the operation of, the Project) to conduct its or their business or operation (or a material part thereof), pursue the Project or enjoy the use of all or any material part of its or their assets is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action (including as a result of any change in (or in the interpretation, administration or application of), or the introduction of, any Legal Requirement) by or on behalf of any Governmental Authority in relation to any Obligor or any of its assets and, in the case of any such seizure, expropriation, intervention, restriction or other action which is capable of remedy, such seizure, expropriation, intervention, restriction or other action or the effects thereof, are not remedied, removed or stayed within 45 days of the occurrence of such seizure, expropriation, intervention, restriction or other action.

19. **Repudiation and rescission of agreements**

- (a) A Grantor or an Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.
- (b) Any party to any Major Project Documents or any Specified Direct Agreement (such term having the meaning given thereto in paragraph 10(b) above rescinds or purports to rescind or repudiates or purports to repudiate any such Major Project Document or Specified Direct Agreement in whole or in part where to do so has or could have a Material Adverse Effect, **provided that** in the case of any rescission or repudiation (or any purported rescission or repudiation) by a Major Project Participant in relation to a Major Project Document (other than the Amended Land Concession, the Services and Right to Use Agreement or the Reimbursement Agreement) or any Specified Direct Agreement and such rescission or repudiation (or purported rescission or repudiation) is not the result of the breach or default by an Obligor in any material respect of any material term, condition, provision, covenant, representation or warranty, then no Event of Default shall be deemed to have occurred as a result thereof under this paragraph (b) if the Parent provides written notice to the Agent promptly upon (but in no event more than 21 days after) the Parent becoming aware of such occurrence that it intends to replace such Major Project Participant and Major Project Document (or, as the case may be, such Specified Direct Agreement) and:

- (i) the relevant Obligor (or other Obligor) obtains a counterparty or counterparties for the affected party;
- (ii) the relevant Obligor (or other Obligor) enters into a replacement Major Project Document or Specified Direct Agreement within 75 days of such occurrence; and
- (iii) such occurrence, after considering any replacement obligor and replacement Major Project Document or Specified Direct Agreement and the time required to implement such replacement, has not had and would not reasonably be expected to have a Material Adverse Effect.

20. **Judgments and litigation**

- (a) One or more judgments or decrees are entered against any Obligor involving in aggregate, a liability in an amount equal to or in excess of:
 - (i) prior to the Completion Support Release Date, US\$5,000,000 (or its equivalent in other currencies); or
 - (ii) on or after Completion Support Release Date, US\$10,000,000 (or its equivalent in other currencies),all of which have not been vacated, discharged, stayed or appealed within 30 days from the entry thereof and which, if adversely determined, would have a Material Adverse Effect.
- (b) Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings are commenced or threatened in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against any Obligor or its assets which has or would reasonably be expected to have a Material Adverse Effect.

21. **Material adverse change**

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

22. **High Yield Notes**

An event of default (howsoever described) occurs under or in respect of the High Yield Notes.

23. **Services and Right to Use Agreement**

- (a) Melco Crown Gaming suspends performance of its obligations under each of the Services and Right to Use Agreement and the Reimbursement Agreement for more than 7 days.

- (b) The Services and Right to Use Agreement or the Reimbursement Agreement is terminated, becomes invalid or illegal or otherwise ceases to be in full force and effect prior to its stated termination.

24. **Review Event of Default**

The Agent is instructed by the Majority Lenders, following a vote being sought by the Agent in accordance with Clause 24.3(c) (*Effect of Review Event*), that a Review Event of Default shall have occurred and gives notice accordingly in accordance with Clause 24.3(c) (*Effect of Review Event*) or the Agent issues written notice to the Borrower as contemplated by Clause 24.3(e) (*Effect of Review Event*).

25. **Phase II**

- (a) At any time, the Technical Adviser determines that the Phase II Fully Funded Plan (as approved by the Majority Lenders) is not being complied with or the construction completion long stop date agreed as part of the Phase II Fully Funded Plan is not likely to be met or the in-balance test agreed for the Phase II Project cannot be met.
- (b) The construction, development or operation of the Phase II Project has a material adverse effect on the Project.

**PART II
REVIEW EVENTS**

1. Qualifying Phase II Plan

The Borrower fails to submit a Qualifying Phase II Plan, certified by the Technical Adviser (such certification confirming, amongst other things, that it meets the residual development obligation set out in the Amended Land Concession, and is capable of completion (and can be completed) prior to the expiry of the development period set out in the Amended Land Concession (in each case, as the same may be amended or extended from time to time), by 30 April 2017 unless the Borrower has, prior to such date, delivered a Phase II Fully Funded Plan that has been approved by the Majority Lenders.

2. Information on Qualifying Phase II Plan

To the extent that a Qualifying Phase II Plan is required to be and has been submitted pursuant to paragraph 1 above, the Borrower fails to provide any information reasonably requested by the Technical Adviser to facilitate its ongoing monitoring of the Qualifying Phase II Plan or to enable the Technical Adviser to provide a quarterly certificate confirming that it has no reason to believe that the then current construction schedule relating to the Phase II Project is not accurate, cannot be completed by the expiry of the development period set out in the Amended Land Concession and/or cannot meet the development obligations set out in the Amended Land Concession (in each case, as the same may be amended or extended from time to time).

3. Compliance with Qualifying Phase II Plan

To the extent that a Qualifying Phase II Plan is required to be and has been submitted pursuant to paragraph 1 above, at any time, the Technical Adviser determines that the Qualifying Phase II Plan is not likely to be completed by the expiry of the development period under the Amended Land Concession or does not meet the development obligation requirements under the Amended Land Concession (in each case, as the same may be amended or extended from time to time).

SCHEDULE 10
FORM OF TRANSFER CERTIFICATE AND FINANCE PARTY ACCESSION UNDERTAKING

To: [•] as Agent and [•] as Security Agent

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated:

Studio City Company Limited and others – HK\$10,855,880,000 Senior Facilities Agreement
dated [•] January 2013 (the “Senior Facilities Agreement”)

1. We refer to the Senior Facilities Agreement. This agreement (the “Agreement”) shall take effect as a Transfer Certificate and Finance Party Accession Undertaking for the purpose of the Senior Facilities Agreement. Terms defined in the Senior Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. We refer to Clause 25.5 (*Procedure for transfer*) of the Senior Facilities Agreement:
 - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with Clause 25.5 (*Procedure for transfer*).
 - (b) The Existing Lender transfers by novation to the New Lender all the rights of the Existing Lender under the Onshore Security Documents and in respect of the Transaction Security created or expressed to be created thereunder which correspond to that portion of the Existing Lender’s Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.
 - (c) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.
 - (d) The proposed Transfer Date is [•].
 - (e) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 39.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 25.4 (*Limitation of responsibility of Existing Lenders*).

4. The new Lender confirms that it [is]/[is not] a Non-Acceptable L/C Lender.
5. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
6. This Agreement and any non-contractual obligations arising out of or in connection with it is governed by and construed in accordance with English law.

The execution of this Transfer Certificate and Finance Party Accession Undertaking may not entitle the New Lender to a proportionate share of the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]

[New Lender]

By: _____

By: _____

This Agreement is accepted as a Transfer Certificate and Finance Party Accession Undertaking for the purposes of the Senior Facilities Agreement by the Agent, and the Transfer Date is confirmed as [•].

[Agent]

By: _____

SCHEDULE 11
FORM OF ASSIGNMENT AGREEMENT AND FINANCE PARTY ACCESSION UNDERTAKING

To: [•] as Agent and [•] as Security Agent

From: [the Existing Lender] (the “Existing Lender”) and [the New Lender] (the “New Lender”)

Dated:

Studio City Company Limited and others – HK\$10,855,880,000 Senior Facilities Agreement
dated [•] January 2013 (the “Senior Facilities Agreement”)

1. We refer to the Senior Facilities Agreement. This is an Assignment Agreement and Finance Party Accession Undertaking. This agreement (the “Agreement”) shall take effect as an Assignment Agreement and Finance Party Accession Undertaking for the purpose of the Senior Facilities Agreement.
2. We refer to Clause 25.6 (*Procedure for assignment*) of the Senior Facilities Agreement:
 - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Onshore Security Documents and in respect of the Transaction Security created or expressed to be created thereunder which correspond to that portion of the Existing Lender’s Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.
 - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.
 - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The proposed Transfer Date is [•].
4. On the Transfer Date the New Lender becomes:
 - (a) party to the Finance Documents as a Lender; and
 - (b) [other relevant agreements in other relevant capacity].
5. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 25.4 (*Limitation of responsibility of Existing Lenders*).

6. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 39.2 (*Addresses*) are set out in the Schedule.
7. The new Lender confirms that it [is]/[is not] a Non-Acceptable L/C Lender.
8. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
9. This Agreement and any non-contractual obligations arising out of or in connection with it is governed by and construed in accordance with English law.
10. This Agreement has been [executed and delivered as a deed] [entered into] on the date stated at the beginning of this Agreement.

The execution of this Assignment Agreement and Finance Party Accession Undertaking may not entitle the New Lender to a proportionate share of the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred by assignment, release and accession

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By: _____

By: _____

This Agreement is accepted as an Assignment Agreement and Finance Party Accession Undertaking for the purposes of the Senior Facilities Agreement by the Agent, and the Transfer Date is confirmed as [•].

[Signature of this Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.]

[Agent]

By: _____

[Security Agent]

By: _____

SCHEDULE 13
FORM OF COMPLIANCE CERTIFICATE

From: Studio City Investments Limited

To: [Agent]

Dated:

Dear Sirs

**Studio City Company Limited and others – HK\$10,855,880,000 Senior Facilities
Agreement dated [•] January 2013 (the “Senior Facilities Agreement”)**

1. We refer to the Senior Facilities Agreement. This is a Compliance Certificate. Terms defined in the Senior Facilities Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
 - (a) in respect of the Relevant Period ending on [•] Cashflow for the Relevant Period was [•] and Debt Service for the Relevant Period was [•]. Therefore Cashflow for such Relevant Period was [•] times Debt Service for such Relevant Period and the covenant contained in paragraph 2.2(a) of paragraph 2 (*Financial Covenants*) of Schedule 6 [has/has not] been complied with;
 - (b) in respect of the Relevant Period ending on [•] Consolidated EBITDA for such Relevant Period was [•] and Consolidated Finance Charges for such Relevant Period were [•]. Therefore Consolidated EBITDA for such Relevant Period was [•] times Consolidated Finance Charges for such Relevant Period and the covenant contained in paragraph 2.2(b) of paragraph 2 (*Financial Covenants*) of Schedule 6 [has/has not] been complied with;
 - (c) on the last day of the Relevant Period ending on [•] Consolidated Senior Debt was [•] and Consolidated EBITDA for such Relevant Period was [•]. Therefore Consolidated Senior Debt at such time [did/did not] exceed [•] times Consolidated EBITDA for such Relevant Period and the covenant contained in paragraph 2.2(c) of paragraph 2 (*Financial Covenants*) of Schedule 6 [has/has not] been complied with;
 - (d) on the last day of the Relevant Period ending on [•] Consolidated Total Debt was [•] and Consolidated EBITDA for such Relevant Period was [•]. Therefore Consolidated Total Debt at such time [did/did not] exceed [•] times Consolidated EBITDA for such Relevant Period and the covenant contained in paragraph 2.2(d) of paragraph 2 (*Financial Covenants*) of Schedule 6 [has/has not] been complied with;
 - (e) Capital Expenditure for the period from [•] ending on [•] was [•]. Therefore Capital Expenditure during that period [was/was not] in excess of US\$50,000,000 (or its equivalent in other currencies) (being the maximum expenditure permitted in that period) [and the covenant contained in paragraph 2 (*Financial covenants*) of Schedule 6 [has/has not] been complied with];

(f) Total Leverage Ratio is [•]:1 and therefore the Margin applicable to each Loan outstanding under the Term Loan Facility or the Revolving Facility should be [•] per cent. p.a.; and

(g) Excess Cashflow for the Financial Quarter of the Group ending [•] was [•] and cumulative Excess Cashflow up to and including the last day of the Financial Quarter of the Group ending [•] was [•] (of which cumulative Excess Cashflow of [•] has been utilised).

3. [We confirm that no Default is continuing.]*

Signed _____

Chief Financial Officer of
Studio City Investments Limited

NOTES:

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

**SCHEDULE 14
TIMETABLES**

**PART I
LOANS**

| <u>Action</u> | <u>Loans</u> |
|---|---|
| Delivery of a duly completed Utilisation Request (Clause 5.1 (<i>Delivery of a Utilisation Request</i>)) or a Selection Notice (Clause 13.1 (<i>Selection of Interest Periods and Terms</i>)) | U-5 11.00 a.m. |
| Agent notifies the Lenders of the Loan in accordance with Clause 5.4 (<i>Lenders' participation</i>) | U-4 Noon |
| HIBOR is fixed | Quotation Date as of 11:00 a.m. (Hong Kong time) |
| “U” | = date of utilisation or, if applicable, in the case of a Term Loan Facility Loan that has already been borrowed, the first day of the relevant Interest Period for that Term Loan Facility Loan. |
| “U – X” | = X Business Days prior to date of utilisation |

PART II
LETTERS OF CREDIT

| Action | Letters of Credit |
|---|--------------------------|
| Delivery of a duly completed Utilisation Request (Clause 6.2 (<i>Delivery of a Utilisation Request for Letters of Credit</i>)) | U-3 9.30 am |
| Agent notifies the Issuing Bank and Lenders of the Letter of Credit in accordance with paragraph (d) of Clause 6.5 (<i>Issue of Letters of Credit</i>). | U-2 noon |
| Delivery of duly completed Renewal Request (Clause 6.6 (<i>Renewal of a Letter of Credit</i>)) | |

“U” = date of utilisation, or, if applicable, in the case of a Letter of Credit to be renewed in accordance with Clause 6.6 (*Renewal of a Letter of Credit*), the first day of the proposed term of the renewed Letter of Credit

“U-X” = Business Days prior to date of utilisation

SCHEDULE 15
HEDGING ARRANGEMENTS

PART I
HEDGING ARRANGEMENTS

This Schedule 15 (*Hedging Arrangements*) is subject to the terms of the Hedging Letter.

1. The Borrower shall, within 120 days after First Utilisation, enter into agreements to the extent necessary to ensure that at least 50 per cent. of the Term Loan Facility outstanding (from time to time) is subject, through interest rate swap transactions, caps, collars or other derivative products agreed with the Agent, for interest rate protection for a period of not less than 3 years from the effective date or the date such transactions was agreed ("**Interest Rate Hedging**").
2. The purchase price of any such products may be paid for out of the amount provided in the "**Pre-Opening Expenses**" Line Item set out in the Group Budget (as updated from time to time) (**provided that** the sum of the purchase prices (in respect of any interest rate derivative product for which a purchase price is payable), interest and any other amounts payable by the Borrower in respect of all such products does not exceed such amount).
3. A Lender or an Affiliate of a Lender may act as a Hedge Counterparty in respect of the arrangements referred to in paragraph 1 above. However, nothing in this Schedule 15 shall oblige any Obligor to enter into any such Hedging Agreements with a Lender or Affiliate of a Lender if that Lender (or Affiliate of a Lender, as the case may be) cannot provide the required Interest Rate Hedging or is unwilling to provide the Interest Rate Hedging at the lowest bid price.
4. The Hedging Agreements are to be on the terms of either the 1992 (Multicurrency-Cross Border) ISDA Master Agreement or the 2002 ISDA Master Agreement (each, an "**ISDA Master Agreement**") and Schedule thereto, in such form as is reasonably acceptable to the Agent. All Hedging Agreements for swap transactions will provide for full two way payments (in the case of interest rate swaps, with the Borrower Paying Fixed Amounts (as defined in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "**2006 Definitions**")) and the Hedge Counterparty Paying Floating Amounts (as defined in the 2006 Definitions)) and the payment measure and payment method for such swap transactions in the event of early termination, whether upon a "**Termination Event**" or an "**Event of Default**", shall be "**Second Method**" and "**Market Quotation**" respectively where parties have executed a 1992 (Multicurrency-Cross Border) ISDA Master Agreement. Terms in quotations in this paragraph 4 shall have the meaning ascribed in the 1992 ISDA Master Agreement. The Borrower shall deliver a copy of each Hedging Agreement (and each confirmation thereunder) to the Agent within 10 Business Days of entry into such document.
5. The Hedge Counterparties shall have equal Security over the Charged Property with the other Finance Parties in accordance with the terms of this Agreement.

6. Any amounts due from the Borrower under the Hedging Agreements, including any Realised Hedge Loss plus any accrued default interest in accordance with paragraph 10 below, shall be a permitted Project Cost.
- In this paragraph and paragraphs 7 and 10 below, “**Realised Hedge Loss**” means, in relation to a Hedge Counterparty at any time, the amount (if any) payable (but unpaid) by the Borrower to such Hedge Counterparty under the Hedging Agreement to which such Hedge Counterparty is a party (but excluding any default interest) upon an early termination of any transaction or transactions thereunder which has been terminated in accordance with paragraph 9 below. The amount is to be calculated on a net basis across the transactions terminated under such Hedging Agreement in accordance with the terms of the applicable Hedging Agreement.
7. Payments due from the Borrower under the Hedging Agreements, including any Realised Hedge Loss plus any accrued default interest in accordance with paragraph 10 below, shall be included in Consolidated Finance Charges.
8. Except with the prior consent of the Agent, no amendments may be made to a Hedging Agreement to an extent that might reasonably be expected to result in:
- (a) any payment under the Hedging Agreement being required to be made by the Borrower on any date other than the dates originally provided for in the Hedging Agreement;
 - (b) the Borrower becoming liable to make an additional payment under any Hedging Agreement which liability does not arise from the original provisions of the Hedging Agreement; or
 - (c) the Borrower becoming liable to make any payment under the Hedging Agreement in any currency other than in the currencies provided for under the original provisions of the Hedging Agreement.
- 9.
- (a) The Borrower may terminate a transaction under a Hedging Agreement prior to its stated termination date only in circumstances provided for in such Hedging Agreement and with the approval of the Agent (acting on the instructions of the Majority Lenders) **provided that** the approval of the Agent shall not be required in the case of any termination by reason of illegality when the requirements of paragraph 1 above are met following such termination.
 - (b) A Hedge Counterparty may terminate a transaction under a Hedging Agreement prior to its termination date maturity only in the circumstances provided for in such Hedging Agreement.
 - (c) Unless a Hedge Counterparty has already exercised such rights in accordance with sub-paragraph (b) above, the Agent may require a Hedge Counterparty to (and if so required, such Hedge Counterparty shall) terminate the swap transactions under a Hedging Agreement where a declaration has been made by the Agent pursuant to Clause 24.2 (*Acceleration*) and the provisions permit the termination of the swap transactions.

- (d) If a voluntary or mandatory prepayment is to be made in accordance with Clause 9 (*Illegality, Voluntary Prepayment and Cancellation*) or Clause 10 (*Mandatory Prepayment and Cancellation*) and following such prepayment the aggregate amount of the “**Notional Amounts**” and/or “**Currency Amounts**” (as each are defined in the 2006 Definitions) of all Hedging Agreements at such time would be greater than 100 per cent. of the Total Commitments under the Term Loan Facility, the Borrower may (but is not obliged to) terminate or close out swap transactions under the Hedging Agreements in order to ensure that the aggregate Notional Amounts and/or Currency Amounts of all swap transactions under the Hedging Agreements are not in excess of 100 (but not less than 50) per cent. of the aggregate principal amount outstanding under the Term Loan Facility at the relevant time. If the Borrower so chooses to terminate or close out it shall so notify the Hedge Counterparties promptly of its intention. Following such notice, swap transactions under the Hedging Agreements shall be terminated or closed out by reducing the Notional Amounts and/or Currency Amounts thereunder on a *pro rata* basis as between the Hedge Counterparties (unless otherwise agreed by the Agent), on the first Payment Date (as defined in the 2006 Definitions) (or, where such prepayment falls within 5 Business Days (as defined in the relevant Hedging Agreement) prior to such first Payment Date, the second Payment Date) in respect of such swap transaction immediately succeeding such prepayment such that, following such terminations or close outs, the aggregate Notional Amounts and/or Currency Amount of all swap transactions under all Hedging Agreements is not more than 100 (but not less than 50) per cent. of the aggregate principal amount outstanding under the Term Loan Facility at the relevant time. The Borrower shall pay any termination costs associated with any such termination or close out at the time of that termination or close out.
10. In the event that a Hedging Agreement is terminated and the Borrower fails to pay any Realised Hedge Loss, such Realised Hedge Loss shall comprise an Unpaid Sum and interest shall accrue in respect thereof accordingly.

PART II
FORM OF HEDGE COUNTERPARTY ACCESSION UNDERTAKING

THIS DEED dated [•] is supplemental to (i) a senior facilities agreement (the “**Agreement**”) dated [•] between [•] as the Borrower, the financial institutions named therein as Original Lenders, [•] as facility agent and [•] as security agent and (ii) each of the Transaction Security Documents to which the Secured Parties are expressed to be party (the “**Security Documents**”).

Words and expressions defined in the Agreement have the same meaning when used in this Deed and the principles of construction and rules of interpretation set out therein shall also apply.

[*name of new Hedge Counterparty*] (the “**New Hedge Counterparty**”) of [*address*] hereby agrees with each other person who is or who becomes a party to the Agreement that with effect on and from the date of this Deed it shall be bound by the Agreement and be entitled to exercise rights and be subject to obligations thereunder as a Hedge Counterparty.

The New Hedge Counterparty hereto agrees with each other person who is or who becomes a party to the Transaction Security Documents that with effect on and from the date of this Deed it shall be bound by each of the Transaction Security Documents and be entitled to exercise rights and be subject to obligations thereunder as a Secured Party.

The initial telephone number, fax number, address and person designated by the New Hedge Counterparty for the purposes of Clause 39 (*Notices*) of the Agreement are:

Address: [•]

Fax: [•]

Telephone: [•]

Attention: [•]

This Deed is governed by and shall be construed in accordance with English law.

EXECUTED as a **DEED** by)
[*insert name of New Hedging*])
Counterparty and execution)
clause appropriate thereto)
and to manner of execution])

Accepted by the Agent:

for and on behalf of
[*Insert name of Agent*]

Date:

SCHEDULE 16
PERMITS

PART I
PERMITS REQUIRED BEFORE FIRST UTILISATION

1. Publication of the Amended Land Concession in the Macau Official Gazette;
2. Registration of the provisional rights of Propco to the land which is the subject of the Amended Land Concession;
3. Macau SAR Chief Executive authorization for the execution of the Services and Right to Use Agreement dated 23 April 2007 as confirmed by letter from the DICJ dated 25 April 2007;
4. Macau Secretary for Economy and Finance Dispatch dated 23 May 2012 as confirmed by letter from the DICJ dated 31 May 2012 approving the entry into the supplemental agreement for the Services and Right to Use Agreement and the Reimbursement Agreement;
5. Piling Permit for the Project dated 14 August 2012; and
6. Macau government authorization/approval for the entering into the Services and Right to Use Direct Agreement and Reimbursement Agreement Direct Agreement (or confirmation that such authorization/approval is not required).

PART II
PERMITS REQUIRED AFTER FIRST UTILISATION

1. Project Certificate(s) of Occupancy in respect of the Project or the relevant part thereof;
2. License for the operation of the hotel or hotels to be operated at the Site as part of the Project;
3. Auxiliary licenses required for the operation of the hotel related facilities of the hotel or hotels to be operated at the Site as part of the Project such as bars, restaurants and spa (if any); and
4. Macau SAR government authorization for the operation of the gaming of fortune and chance in casino at the gaming area of the Project.

**SCHEDULE 17
FORM OF GROUP BUDGET**

Date: [•]

I. PROJECTED DRAWDOWN SCHEDULE FOR UTILISATIONS UNDER THE FACILITIES

| <u>Month</u> | <u>Year</u> | <u>Projected Amount (US\$ equivalent)</u> |
|--------------|-------------|---|
| [•] | [•] | [•] |
| [•] | [•] | [•] |
| [•] | [•] | [•] |

II. SOURCES AND USES OF FUNDS

A. SOURCES OF FUNDS

| <u>(US\$ equivalent)</u> | <u>W Drawn</u> | <u>X Available</u> | <u>Y = W+X Total</u> |
|---|--------------------|------------------------|--------------------------|
| 1. Term Loan Facility | | | |
| 2. Revolving Credit Facility (as defined in paragraph (a) of the definition of Available Funding) | | | |
| 3. The amounts standing to the credit of the High Yield Note Disbursement Account, the High Yield Note Proceeds Account, the High Yield Note Debt Service Accrual Account and the High Yield Note Interest Reserve Account or equivalents in which such balances may be held and (without double counting) any Cash, Cash Equivalent Investments and Permitted Investments meeting the requirements of paragraph (b) of the definition of "Available Funding" | | | |
| 4. Equity Contributions | | | |
| 5. Total Base Funding = A.1+A.2+A.3+A.4 | | | |
| 6. The amount standing to the credit of the Accounts, and (without double counting) any Cash, Cash Equivalent Investments and Permitted Investments or equivalents in which such balances may be held to the extent such balances are available to meet Remaining Project Costs | | N.A. | |

| | (US\$ equivalent) | <u>W</u> <u>Drawn</u> | <u>X</u> <u>Available</u> | <u>Y = W+X</u> <u>Total</u> |
|-----|--|--------------------------|------------------------------|--------------------------------|
| 7. | Proceeds of any liquidated damages or other amounts payable by the relevant Construction Contractor or by other contract counterparties under or in relation to a Construction Contract or other contract meeting the requirements of paragraph (f) of the definition of “Available Funding” | | N.A. | |
| 8. | Any insurance proceeds meeting the requirements of paragraph (f) of the definition of “Available Funding” | | | |
| 9. | Other claim proceeds and any other amounts meeting the requirements of paragraph (f) of the definition of “Available Funding” | | | |
| 10. | Other committed funds, including available Subordinated Debt and Equity commitments, meeting the requirements of paragraphs (d) and (g) of the definition of “Available Funding” | | | |
| 11. | Total Sources of Funds = A.5+sum of A.6 to A.10 | | | |
| 12. | Amounts available under the Completion Support Agreement to meet Remaining Project Costs | | | |
| 13. | Grand Total Sources of Funds = A.11+A.12 | | | |

B. USES OF FUNDS¹⁸

| | (US\$ equivalent) | V Group Budget as at date of Senior Facilities Agreement | W Variance ¹⁹ | X = V+W Current Group Budget ²⁰ | Y Used | Z = X - Y Remaining Project Costs |
|-----|--|--|-----------------------------|--|-----------|--|
| 1. | Project wide works | | | | | |
| 2. | Main contract defined works | | | | | |
| 3. | Main contract named sub-contracts | | | | | |
| 4. | Contingency | | | | | |
| 5. | Total Construction Cost = sum of B.1 to B.4 | | | | | |
| 6. | Attractions | | | | | |
| 7. | Entertainment studio | | | | | |
| 8. | ELV | | | | | |
| 9. | FF&E and mock-ups | | | | | |
| 10. | Consultants' Fees | | | | | |
| 11. | Total Project Cost = sum of B.5 and B.6 to B.10 | | | | | |
| 12. | Land Cost | | | | | |

¹⁸ Broken down, where relevant, for each Project by Line Item.

¹⁹ From Group Budget as at the signing date

²⁰ Up to Final Completion as projected by the Project Schedule.

| | <u>V</u> Group Budget as at date of Senior Facilities Agreement | <u>W</u> Variance¹⁹ | <u>X = V+W</u> Current Group Budget²⁰ | <u>Y</u> Used | <u>Z = X - Y</u> Remaining Project Costs |
|-----|--|--|--|-------------------------|--|
| | <u>(US\$ equivalent)</u> | | | | |
| 13. | Pre-Opening Expenses, capitalised interest, financing costs and other expenses (together "Pre-Opening Expenses") | | | | |
| 14. | Sponsor and Developer Costs | | | | |
| 15. | Insurances | | | | |
| 16. | Grand Total Project Cost = sum of B.12 and B.11 to B.15 | | | | |
| 17. | Capex | | | | |
| 18. | Maintenance capex | | | | |
| 19. | Total Uses of Funds = sum of B.16 + B.17 + B.18 + B.19 | | | | |

III. **IN-BALANCE TEST CALCULATION**

A. **REMAINING PROJECT COSTS**

(US\$ equivalent)

20. = Remaining Project Costs in Column Z of II.B.19

B. **AVAILABLE FUNDING**

(US\$ equivalent)

21. = The sum in Column X of A.13

C. IN-BALANCE TEST

The Borrower confirms that no breach of the In-Balance Test has occurred or is continuing.

IV. PROJECT COSTS

A. The amount of Project Costs and other Capital Expenditure expended to the date of this Group Budget is US\$[*] equivalent.

B. The amount drawn under the Facilities to the date of this Group Budget is US\$[*] equivalent.

V. EXCHANGE RATE

The HKD/US\$ exchange rate used in calculating the US\$ equivalent amounts set out in this Group Budget is 7.78:1.

Name:
Director
for and on behalf of
[Parent]

SCHEDULE 18
FORM OF LETTER OF CREDIT

To: [Beneficiary] (the “Beneficiary”)

Date: [•]

Irrevocable Standby Letter of Credit no. [•]

At the request of [•], [Issuing Bank] (the “Issuing Bank”) issues this irrevocable standby Letter of Credit (“Letter of Credit”) in your favour on the following terms and conditions:

1. Definitions

In this Letter of Credit:

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong.*

“Demand” means a demand for a payment under this Letter of Credit in the form of the schedule to this Letter of Credit.

“Expiry Date” means [•].

“Total L/C Amount” means [•].

2. Issuing Bank’s agreement

- (a) The Beneficiary may request a drawing or drawings under this Letter of Credit by giving to the Issuing Bank a duly completed Demand. A Demand must be received by the Issuing Bank by no later than [•] p.m. (Hong Kong time) on the Expiry Date.
- (b) Subject to the terms of this Letter of Credit, the Issuing Bank unconditionally and irrevocably undertakes to the Beneficiary that, within ten Business Days of receipt by it of a Demand, it must pay to the Beneficiary the amount demanded in that Demand.
- (c) The Issuing Bank will not be obliged to make a payment under this Letter of Credit if as a result the aggregate of all payments made by it under this Letter of Credit would exceed the Total L/C Amount.

3. Expiry

- (a) The Issuing Bank will be released from its obligations under this Letter of Credit on the date (if any) notified by the Beneficiary to the Issuing Bank as the date upon which the obligations of the Issuing Bank under this Letter of Credit are released.
- (b) Unless previously released under paragraph (a) above, at [•] p.m.(Hong Kong time) on the Expiry Date the obligations of the Issuing Bank under this Letter of Credit will cease with no further liability on the part of the Issuing Bank except for any Demand validly presented under the Letter of Credit that remains unpaid.

(c) When the Issuing Bank is no longer under any further obligations under this Letter of Credit, the Beneficiary must return the original of this Letter of Credit to the Issuing Bank. However, any failure by the Beneficiary to return the original of the Letter of Credit shall not affect its expiry in accordance with Clause 3.²¹

4. **Payments**

All payments under this Letter of Credit shall be made in [•] and for value on the due date to the account of the Beneficiary specified in the Demand.

5. **Delivery of Demand**

Each Demand shall be in writing, and, unless otherwise stated, may be made by letter, fax or telex and must be received in legible form by the Issuing Bank at its address and by the particular department or office (if any) as follows:

[•]

6. **Assignment**

The Beneficiary's rights under this Letter of Credit may not be assigned or transferred.

7. **ISP**

Except to the extent it is inconsistent with the express terms of this Letter of Credit, this Letter of Credit is subject to the International Standby Practices (ISP 98), International Chamber of Commerce Publication No. 590.

8. **Governing Law**

This Letter of Credit and any non-contractual obligations arising out of or in connection with it are governed by English law.

9. **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter of Credit (including a dispute relating to any non-contractual obligation arising out of or in connection with this Letter of Credit).

²¹ Issuing Bank to confirm.

Yours faithfully

[*Issuing Bank*]

By: _____

NOTES:

* This may need to be amended depending on the currency of payment under the Letter of Credit.

**THE SCHEDULE
Form of Demand**

To: [ISSUING BANK]

[Date]

Dear Sirs

Standby Letter of Credit no. [•] issued in favour of [BENEFICIARY] (the “Letter of Credit”)

1. We refer to the Letter of Credit. Terms defined in the Letter of Credit have the same meaning when used in this Demand.
2. We certify that the sum of [•] is due [and has remained unpaid for at least [•] Business Days] [under [set out underlying contract or agreement]]. We therefore demand payment of the sum of [•].
3. Payment should be made to the following account:
Name:
Account Number:
Bank:
4. The date of this Demand is not later than the Expiry Date.

Yours faithfully

(Authorised Signatory)

(Authorised Signatory)

For
[BENEFICIARY]

SCHEDULE 19
MONTHLY CONSTRUCTION PERIOD REPORT

List of Minimum Information to be Included

A. Summary

B. Project Schedule

1. Describe (in respect of both work under the Major Construction Contracts and Propco's scope including FF&E and pre-opening activities):
 - 1.1 Overall progress of work broken down by major area
 - 1.2 Major activities that have taken place in the period since the last report
 - 1.3 Major activities scheduled to take place in the period until the next report
 - 1.4 Propco's estimate of:
 - (a) the date of Practical Completion for the Project
 - (b) the Opening Date (and satisfaction of the Opening Conditions) for the Project
 - (c) the date of Construction Completion for the Project
 - (d) the date of Final Completion for the Project
2. With reference to the attached Project Schedule:
 - 2.1 highlight changes in the Project Schedule from the last report
 - 2.2 highlight major milestones achieved in the period since the last report
 - 2.3 describe remedial activities being taken to accelerate the works (if any)

C. Group Budget

With reference to the attached Group Budget:

- (a) highlight changes in the Group Budget from the last report
- (b) highlight any breach of the In-Balance Test (if any)

D. Manpower

1. Indicate current staffing level vs. projected for Propco and the Construction Contractors
2. Indicate any fatalities or injuries associated with the Project incurred by Propco, the Construction Contractors, any Subcontractor or any other person in the period since the previous report with detail as to the nature of injuries incurred and cumulative figures since the issuance of the Notice to Proceed
3. Highlight any major executive positions filled or vacated in the period since the last report

- E. **Other**
1. List material Permits issued or made by or with a Governmental Authority in the period since the last report
 2. List any requests for change orders or variations under the Major Construction Contracts received, requested, agreed or approved in the period since the last report
 3. In respect of all actions taken or things undertaken (since the last report) pursuant to paragraph 3.28(a)(iv) and/or 3.39(c) of Schedule 6 (*Covenants*) which involve additional Project Costs or additional project costs relating to the Phase II Project (in each case, in an amount of less than HK\$20,000,000), confirmation that such actions or things have occurred, that no such action or thing involved (individually) such additional Project Costs or project costs in excess of HK\$20,000,000 and (in respect of all such actions or things taken together) confirming the matters contemplated by paragraph 3.28(a)(iv)(D) and/or 3.39(c)(iv) of Schedule 6 (*Covenants*) (as the case may be) and that such action or thing could not reasonably be expected to cause the delays referred to in paragraph 3.28(a)(iv)(F)(1) and/or 3.39(c)(vi) of Schedule 6 (*Covenants*) (as the case may be).

- F. **Lease and Right to Use Agreements**
1. List total space leased vs. vacant for each of the following categories:
 - 1.1 Restaurants
 - 1.2 Retail
 - 1.3 Other facilities (including self operated facilities)
 2. List tenants secured and target date of opening for each space indicated as leased

- G. **Schedules**
Photographs

H. **Attachments**

1. Project Schedule
2. Group Budget
3. Actual vs. projected expenditure "S" curve
4. Construction Progress Report

SCHEDULE 20
FORMS OF OPENING CONDITIONS CERTIFICATES

PART I
FORM OF PARENT'S OPENING CONDITIONS CERTIFICATE

From: [Parent]

To: [Agent]

Date:

Dear Sirs

Studio City Company Limited and Others - HK\$10,855,880,000 Senior Facilities Agreement
dated [•] January 2013 (the "Senior Facilities Agreement")

1. We refer to the Senior Facilities Agreement. Terms defined in the Senior Facilities Agreement shall have the same meaning herein unless given a different meaning in this certificate.
2. This certificate is provided for the purposes of the definition of "**Opening Conditions**" in Clause 1.1 (*Definitions*) of the Senior Facilities Agreement in respect of the Project.
3. We hereby certify, as at the date of this certificate, that:
 - (a) furnishings, fixtures and equipment necessary to use and occupy the various portions of the Project (which are required to be open under this paragraph 3) for their intended uses have been installed and are operational;
 - (b) the relevant Project Certificate(s) of Occupancy in respect of the Project or the relevant part thereof have been issued and (other than any Permit made or issued by or with a Governmental Authority the failure of which to obtain could not reasonably be expected to affect the operations of the Project in any material respect) each other Permit made or issued by a Governmental Authority required under applicable Legal Requirements to be obtained prior to the Opening Date has been made, issued or obtained;
 - (c) the Project or part thereof is fully open for business to the general public, with no fewer than 400 gaming tables available for operation and, notwithstanding the foregoing, at least 80 per cent. of the floor space comprised in the Project (which by its nature is open to the general public in the ordinary course of business) has been occupied and open to the general public and, in addition, any areas or facilities required to allow such floor space to function (which areas or facilities by their nature are not opened to the general public in the ordinary course of business) are operating;
 - (d) any remaining work shall be such that it will not materially affect the operation of the Project;

- (e) the failure to complete the remaining work will not materially affect the operation of the Project; and
- (f) the relevant Obligor has available sufficient fully trained staff to operate the relevant part of the Project that is required to be open and sufficient fully trained staff have been made available by Melco Crown Gaming to operate those parts of the project in which any operation of casino games of chance or other forms of gaming will be carried out.

Yours faithfully

Name:
authorised signatory for and on behalf of
[Parent]

PART II
FORM OF TECHNICAL ADVISER'S OPENING CONDITIONS CERTIFICATE

From: [Technical Adviser]

To: [Agent]

Date:

Dear Sirs

**Studio City Company Limited and Others – HK\$10,855,880,000 Senior Facilities Agreement
dated [•] January 2013 (the “Senior Facilities Agreement”)**

1. We refer to the Senior Facilities Agreement. Terms defined in the Senior Facilities Agreement shall have the same meaning herein unless given a different meaning in this certificate.
2. This certificate is provided for the purposes of the definition of “**Opening Conditions**” in Clause 1.1 (*Definitions*) of the Senior Facilities Agreement in respect of the Project.
3. We hereby certify, as at the date of this certificate, that:
 - (a) furnishings, fixtures and equipment necessary to use and occupy the various portions of the Project (which are required to be open under this paragraph 3) for their intended uses have been installed and shall be operational;
 - (b) the relevant Project Certificate(s) of Occupancy in respect of the Project or the relevant part thereof have been issued and (other than any Permit made or issued by or with a Governmental Authority the failure of which to obtain could not reasonably be expected to affect the operations of the Project in any material respect) each other Permit made or issued by a Governmental Authority required under applicable Legal Requirements to be obtained prior to the Opening Date has been made, issued or obtained;
 - (c) the Project or part thereof is fully open for business to the general public, with no fewer than 400 gaming tables available for operation and, notwithstanding the foregoing, at least 80 per cent. of the floor space comprised in the Project (which by its nature is open to the general public in the ordinary course of business) has been occupied and open to the general public and, in addition, any areas or facilities required to allow such floor space to function (which areas or facilities by their nature are not opened to the general public in the ordinary course of business) are operating;
 - (d) any remaining work shall be such that it will not materially affect the operation of the Project;
 - (e) the failure to complete the remaining work will not materially affect the operation of the Project; and

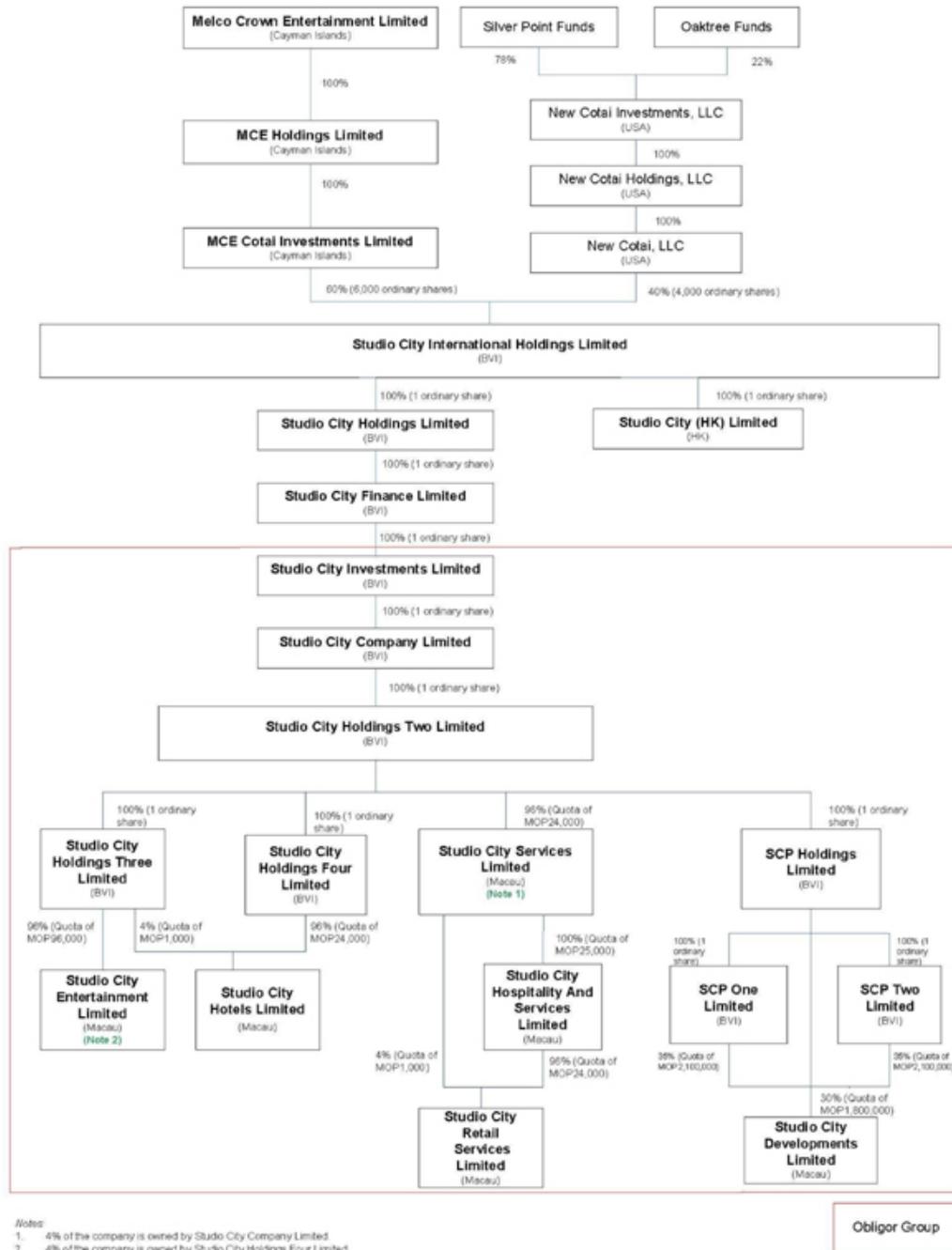
- (f) the relevant Obligor has available sufficient fully trained staff to operate the relevant part of the Project that is required to be open and sufficient fully trained staff have been made available by Melco Crown Gaming to operate those parts of the project in which any operation of casino games of chance or other forms of gaming will be carried out.

Yours faithfully,

Name:
authorised signatory for and on behalf of
[*Technical Adviser*]

**SCHEDULE 21
CORPORATE STRUCTURE CHART**

Corporate Structure Chart – Studio City



Notes:
 1. 4% of the company is owned by Studio City Holdings Limited
 2. 4% of the company is owned by Studio City Holdings Four Limited

HK-0940514 Studio City_Corporate Structure Chart - 14 January 2013

SCHEDULE 22
FORMS OF NOTIFIABLE DEBT PURCHASE TRANSACTION NOTICE

PART I
FORM OF NOTICE ON ENTERING INTO NOTIFIABLE DEBT PURCHASE TRANSACTION

To: [] as Agent

From: [The Lender]

Dated:

Studio City Company Limited – HK\$10,855,880,000 Senior Facilities Agreement
dated [•] January 2013 (the “Facilities Agreement”)

1. We refer to paragraph (b) of Clause 26.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*) of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. We have entered into a Notifiable Debt Purchase Transaction.
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

Commitment

Amount of our Commitment to which Notifiable Debt Purchase Transaction relates [(HK\$)]

[Term Loan Facility Commitment

[insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies]

[Revolving Facility Commitment

[insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies]

[Lender]

By:

PART II
FORM OF NOTICE ON TERMINATION OF NOTIFIABLE DEBT PURCHASE
TRANSACTION/NOTIFIABLE DEBT PURCHASE TRANSACTION CEASING TO
BE WITH SPONSOR AFFILIATE

To: [] as Agent

From: [The Lender]

Dated:

Studio City Company Limited – HK\$10,855,880,000 Senior Facilities Agreement
dated [•] January 2013 (the “Facilities Agreement”)

1. We refer to paragraph (c) of Clause 26.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Sponsor Affiliates*) of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. A Notifiable Debt Purchase Transaction which we entered into and which we notified you of in a notice dated [] has [terminated]/[ceased to be with a Sponsor Affiliate].*
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

| Commitment | Amount of our Commitment to which Notifiable Debt Purchase Transaction relates [(HK\$)] |
|---------------------------------|--|
| [Term Loan Facility Commitment] | [insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies] |
| [Revolving Facility Commitment] | [insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies] |
| [Lender] | |

By:

* Delete as applicable

SCHEDULE 23
FORM OF TECHNICAL ADVISOR'S CERTIFICATE

From: [The Technical Advisor]

To: [Agent] as the agent of the Finance Parties

Date:

Dear Sirs

**Studio City Company Limited and Others – HK\$10,855,880,000 Senior Facilities
Agreement dated [•] January 2013 (the “Senior Facilities Agreement”)
Technical Advisor’s Certificate**

1. We refer to the Senior Facilities Agreement. Terms defined in the Senior Facilities Agreement have the same meaning in this Certificate unless given a different meaning in this Certificate.
2. We hereby certify that:
 - (a) we have no reason to believe:
 - (i) the current Group Budget is not accurate in all material respects or that it does not fairly represent the Remaining Project Costs; or
 - (ii) the current Project Schedule is not accurate in all material respects;
 - (b) to the best of our knowledge and belief:
 - (i) the current Group Budget and the current Project Schedule demonstrate that the Opening Date will be achieved on or before the Opening Long Stop Date and the Construction Completion Date will be achieved on or before the Construction Completion Long Stop Date;
 - (ii) (x) the Project Costs specified in the Utilisation Request towards which the Utilisation is proposed to be applied (in payment, reimbursement or refinancing) have been paid or are (or will within the 35 day period following the proposed Utilisation Date be) due and payable, and (y) the Utilisation requested in the Utilisation Request is required on or prior to the date falling 35 days after the Utilisation Request in order to make payments in accordance with the Group Budget or to reimburse or refinance such payments previously made; and
 - (iii) the In-Balance Test (assuming that the sources and amounts of Available Funding as set out in the current Group Budget are correct) is satisfied.

Yours faithfully

Name:
authorised signatory for and on behalf of
[*Technical Advisor*]

SCHEDULE 24
FORM OF INCREASE CONFIRMATION

To: [•] as Agent, [•] as Security Agent, [[•] as Issuing Bank*] and [•] as Borrower, for and on behalf of each Obligor

From: [the *Increase Lender*] (the “**Increase Lender**”)

Dated:

Studio City Company Limited—HK\$10,855,880,000 Senior Facilities Agreement
dated [•] January 2013 (the “Agreement”)

1. We refer to the Agreement. This is an Increase Confirmation. Terms defined in the Agreement have the same meaning in this Increase Confirmation unless given a different meaning in this Increase Confirmation.
2. We refer to Clause 2.4 (*Increase*) of the Agreement.
3. The Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the “**Relevant Commitment**”) as if it was an Original Lender under the Agreement.
4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the “**Increase Date**”) is [•].
5. On the Increase Date, the Increase Lender becomes party to the Finance Documents as a Lender.
6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 39.2 (*Addresses*) are set out in the Schedule.
7. The Increase Lender expressly acknowledges the limitations on the Lenders’ obligations referred to in paragraph (g) of Clause 2.4 (*Increase*).
8. [The Increase Lender confirms that it [is]/[is not]** a Non-Acceptable L/C Lender.]***
9. This Increase Confirmation may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Increase Confirmation.
10. This Increase Confirmation and any non-contractual obligations arising out of or in connection with it are governed by English law.
11. This Increase Confirmation has been entered into on the date stated at the beginning of this Increase Confirmation.

NOTES

- * Only include if the increase is in the Revolving Facility Commitments.
- ** Delete as applicable.
- *** Include only if the increase involves the assumption of a revolving Commitment.

Note: The execution of this Increase Confirmation may not be sufficient for the Increase Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Increase Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Relevant Commitment/rights and obligations to be assumed by the Increase Lender

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Increase Confirmation is accepted as an Increase Confirmation for the purposes of the Agreement by the Agent [and the Issuing Bank]* and the Increase Date is confirmed as [•].

Agent

By:

[Issuing Bank

By:]* *

Security Agent

By:

[NOTE:

* Include only if the increase is in the Revolving Facility Commitments.]

SCHEDULE 25
FORM OF CONFIDENTIALITY UNDERTAKING
CONFIDENTIALITY UNDERTAKING

Re: STUDIO CITY COMPANY LIMITED
SENIOR HK\$10,855,880,000 TERM LOAN AND REVOLVING FACILITIES (“FACILITIES”)

Dear Sir / Madam,

We understand that you [are considering participating in/acting as [•] under] ²²/[are considering acquiring an interest in] ²³/[have been appointed by [•] to receive communications on its behalf in relation to] ²⁴/[are considering financing or investing in a participation or the acquisition of an interest in]²⁵ the Facilities. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. **Confidentiality Agreement.** You undertake:

- (a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;
- (b) to use the Confidential Information only for the Permitted Purpose;
- (c) to use all reasonable endeavours to ensure that any person to whom you pass any Confidential Information (unless disclosed under paragraph 2(b) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and
- (d) not to make enquiries of any member of the Borrower Group or any of their officers, directors, employees or professional advisers relating directly or indirectly to the Facilities, except with our prior consent.

²² To be used in relation to disclosure under paragraph (b)(i) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

²³ To be used in relation to disclosure under paragraph (b)(ii) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

²⁴ To be used in relation to disclosure under paragraph (b)(iii) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

²⁵ To be used in relation to disclosure under paragraph (b)(iv) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

2. **Permitted Disclosure.**

We agree that you may disclose Confidential Information and such of those matters referred to in paragraph 1(b) above as you shall consider appropriate:

- (a) to any member of the Participant Group, its legal professional advisers, officers, directors, employees and (unless it relates to any Services and Right to Use Agreement Confidential Information) auditors and other persons providing services to it (provided that such person is under a duty of confidentiality in relation to the Confidential Information, professional, contractual or otherwise, to you), to the extent necessary for the Permitted Purpose if such person to whom the Confidential Information is to be given pursuant to this paragraph is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information and in the case of any Services and Right to Use Confidential Information, that the Borrower Group is subject to a duty of confidentiality to the Macau SAR Government;
- (b) (i) where requested or required by any court of competent jurisdiction or any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group; and
- (c) to any person, with the prior written consent of us and the Borrower.

3. **Notification of Required or Unauthorised Disclosure.**

To the extent practicable and permitted by law and regulation, you will inform us:

- (a) of the full circumstances of any disclosure under paragraph 2(b) above as soon as practicable upon becoming aware of any such requirement or request to enable us or the Borrower Group to seek an appropriate protective order or other remedy and to consult with you with respect to us and/or the Borrower Group taking steps to resist or narrow the scope of such request or requirement, and if we and/or the Borrower Group fail to obtain such appropriate remedy, and you are (as advised by your legal counsel) compelled by law to disclose any Confidential Information, you may disclose only that portion of the Confidential Information which you are (as advised by your legal counsel) compelled by law to disclose except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. **Return of Copies/ Destruction of Confidential Information**

If you do not [participate in/act as [•] under]²⁶/[acquire an interest in] ²⁷/[continue to be appointed by [•] to receive communications on its behalf in relation to] ²⁸/[finance or invest in a participation or the acquisition of an interest in]²⁹ the Facilities, you shall promptly:

- (a) return or destroy all Confidential Information supplied to you by us and/or the Borrower Group;
- (b) destroy or permanently erase all copies of Confidential Information made by you; and
- (c) use reasonable endeavours to ensure that anyone who has received any Confidential Information destroys or permanently erases such Confidential Information and all copies made by them,

in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body or where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or in accordance with internal policy, or, subject to paragraph 3(a), where the Confidential Information has been disclosed under paragraph 2(b) above.

However, you and any such recipients shall not be under any obligation to return, destroy or permanently erase any Confidential Information:

- (a) contained in any work produced by any member of the Participant Group, its legal professional advisers or (unless it relates to any Services and Right to Use Confidential Information) other persons providing services to it, to the extent that any of them are required by any applicable law, rule or regulation or by any competent banking, taxation, judicial, governmental, supervisory, regulatory or equivalent body or stock exchange or by internal policy to retain such work in which case you or any member of the Participant Group shall keep any such retained Confidential Information in accordance with the provisions of this letter; or
- (b) contained in any computer record or file which has been created by or pursuant to any automatic electronic archiving system or IT back-up procedure, in which case you or any member of the Participant Group shall keep any such retained Confidential Information in accordance with the provisions of this letter.

²⁶ To be used in relation to disclosure under paragraph (b)(i) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

²⁷ To be used in relation to disclosure under paragraph (b)(ii) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

²⁸ To be used in relation to disclosure under paragraph (b)(iii) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

²⁹ To be used in relation to disclosure under paragraph (b)(iv) of Clause 43.2 (*Disclosure of Confidential Information*) of the Facilities Agreement. If applicable delete other options.

5. **Continuing Obligations.**

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease on the earliest of:

- (a) if you become a party to the Facilities Agreement, the date on which you become party to the Facilities Agreement;
- (b) 12 months after you have returned all Confidential Information supplied to you by us and destroyed or permanently erased all copies of Confidential Information made by you (other than any such Confidential Information or copies which have been disclosed under paragraph 2(b) or (c) above or which, pursuant to paragraph 4 above, are not required to be returned or destroyed); and
- (c) 24 months after the date of your final receipt (in whatever manner) of any Confidential Information.

6. **No Representation; Consequences of Breach, etc.** You acknowledge and agree that:

- (a) neither we nor any of our officers, employees, affiliates or advisers (each a “**Relevant Person**”) (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Borrower Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Borrower Group or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and
- (b) we or members of the Borrower Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person or member of the Borrower Group may be granted an injunction or specific performance for any threatened or actual breach by you of the provisions of this letter.

If you become a party to the Finance Documents, the terms of paragraph (a) above are without prejudice to your right to enforce and enjoy any term of any Finance Document on and from the date on which you become a party to the Finance Documents.

7. **No Waiver; Amendments, etc.**

This letter sets out the full extent of your obligations of confidentiality owed to us in relation to the information the subject of this letter and supersedes any previous agreement, whether express or implied, regarding the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege under this letter. The terms of this letter and your obligations under this letter may be amended or modified only by written agreement between you and us.

8. **Inside Information.**

You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities laws relating to insider dealing or market misconduct and you undertake not to use any Confidential Information for any unlawful purpose.

9. **Nature of Undertakings.**

The undertakings given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of each member of the Borrower Group.

10. **Third Party Rights.**

Except as expressly provided in paragraph 6 and paragraph 9, the terms of this letter may be enforced and relied upon only by you and us, and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded; and, notwithstanding any provision of this letter, the consent of any Relevant Person or any member of the Borrower Group is not required to rescind or vary this letter at any time.

11. **Governing Law and Jurisdiction.**

This letter (including the agreement constituted by your acknowledgement of its terms) and any non-contractual obligations arising from this letter shall be governed by and construed in accordance with the laws of England and the parties submit to the non-exclusive jurisdiction of the English courts.

12. **Definitions.** In this letter (including the acknowledgement set out below):

“**Borrower**” means Studio City Company Limited.

“**Borrower Group**” means the Borrower and each of its Holding Companies and Subsidiaries and each Subsidiary of each of its Holding Companies.

“**Confidential Information**” means the Finance Documents, any information relating to the Borrower, the Borrower Group, any Obligor, the Project, the Services and Right to Use Agreement, the Finance Documents and the Facilities (including, without limitation, the information memorandum) provided to you by us and/or the Borrower Group or any of our and/or its affiliates or advisers, in whatever form, and:

- (a) includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information, but
- (b) excludes information that:
 - (i) is or becomes public knowledge other than as a direct or indirect result of any breach by you of this letter, or
 - (ii) is known by you before the date the information is provided to you by us or any of our affiliates or advisers, or
 - (iii) is lawfully disclosed to you, other than from a source which is connected with the Borrower Group, after the date it is provided to you by us or any of our affiliates or advisers,

and which, in the case of sub-paragraphs (b)(ii) and (b)(iii), as far as you are aware, has not been disclosed in violation of, and is not otherwise subject to, any obligation of confidentiality.

“**Facilities Agreement**” means the facilities agreement entered into or to be entered into in relation to the Facilities.

“**Finance Documents**” means the documents defined in the Facilities Agreement as Finance Documents.

“**Holding Company**” means, in relation to any company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“**Macau SAR Government**” means the government and/or the relevant public regulatory authorities of the Macau Special Administrative Region of the People’s Republic of China;

“**Obligor**” has the meaning given to that term in the Facilities Agreement.

“**Participant Group**” means you, your head office and any other branch, each of your Holding Companies and Subsidiaries and each Subsidiary of each of your Holding Companies.

“**Permitted Purpose**” means [considering and evaluating whether to participate in the Facilities]/[considering and evaluating whether to acquire an interest in the Facilities]/[receive communications for [•] in relation to the Facilities]/[are considering and evaluating whether to finance or invest in a participation or the acquisition of an interest in the Facilities].³⁰

“**Project**” has the meaning given to that term in the Facilities Agreement.

“**Reimbursement Agreement**” means the reimbursement agreement dated 15 June 2012 and made between Studio City Entertainment Limited and Melco Crown Gaming (Macau) Limited (as may be amended and supplemented from time to time).

³⁰ Complete as appropriate.

“**Services and Right to Use Agreement**” means the services and right to use agreement dated 11 May 2007 and originally made between Studio City Entertainment Limited (formerly known as MSC Diversões, Limitada and New Cotai Entertainment (Macau) Limited), New Cotai Entertainment, LLC and Melco Crown Gaming (Macau) Limited (formerly known as Melco PBL Gaming (Macau) Limited) as amended, restated and supplemented from time to time, including pursuant to a supplemental agreement dated 15 June 2012 made between Studio City Entertainment Limited, Melco Crown Gaming (Macau) Limited and New Cotai Entertainment, LLC.

“**Services and Right to Use Confidential Information**” means any Confidential Information relating to, which contains or is derived or copied from the Services and Right to Use Agreement and/or the Reimbursement Agreement.

“**Subsidiary**” means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

Please acknowledge your agreement to the above by signing and returning the enclosed copy, and your acceptance of this agreement shall be effective upon our receipt of such fax from you.

Yours faithfully

For and on behalf of *[Insert name of disclosing party]*

To : *[Insert name of disclosing party]*

Attention : [Y]

Email : [Y]

**Re: STUDIO CITY COMPANY LIMITED
SENIOR HK\$[•] TERM LOAN AND REVOLVING FACILITIES (“FACILITIES”)**

We acknowledge and agree to the above:

On behalf of *[Insert name of recipient of information]*

Date:

The details of the key contacts to whom all Confidential Information should be passed are:

Name(s) : _____

Title(s) : _____

Telephone(s) : _____

E-Mail(s) : _____

SCHEDULE 26
MAJOR CONSTRUCTION CONTRACTS

- (a) Piling Contract for the Contract between Studio City Developments Limited and Paul Y. Construction Company, Limited (Contract Number: MSC/W/2/001) dated 12 September 2012 between Studio City Developments Limited and Paul Y. Construction Company, Limited as amended by the Supplemental Agreement dated 12 September 2012 between Studio City Developments Limited and Paul Y. Construction Company, Limited;
- (b) Contract No. SCM/M/1/001 for the Main Contract Works for Studio City Developments Limited entered into pursuant to the Letter of Acceptance dated 29 October 2012 between Studio City Developments Limited, PY Construction (Macau) Limited and Yau Lee Construction (Macau) Company Limited;
- (c) Umbrella Agreement for Supply and Advisory Services for the Erection, Installation, Testing & Commissioning of the Golden Wheel (Contract No. SCM/A/2/000) dated 17 December 2012 between Studio City Developments Limited and Intamin Amusement Rides, Int. Corp. Est.;
- (d) Supply Contract Golden Wheel (Contract No. SCM/A/2/001) dated 17 December 2012 between Studio City Developments Limited and Intamin Amusement Rides, Int. Corp. Est.;
- (e) Services Contract for Advisory Services for the Erection, Installation, Testing and Commission of the Golden Wheel (Contract No. SCM/A/2/002) dated 17 December 2012 between Studio City Developments Limited and Intamin Amusement Rides, Int. Corp. Est.;
- (f) Agreement for Design and Implementation of a Live Magic Entertainment Experience currently entitled Franz Harary's Magic and the Related Performance and Retail Venue (Entertainment Specialist Contract No. SCM/A/7/001) dated 3 January 2013 between Studio City Developments Limited and Miziker Entertainment Group Ltd;
- (g) Contract for the Sub-Station Works (Contract No. MSC/W/3/001) for Studio City Developments Limited entered into pursuant to the Letter of Acceptance dated 16 May 2012 between Studio City Developments Limited, Siemens Ltd. and EHY Construction and Engineering Company Limited; and
- (h) Consultancy for Executive Architect (Contract Number MSC-D-1-008) dated 12 September 2012, between Studio City Developments Limited and Leigh and Orange (Hong Kong) Ltd.

SIGNATURES

THE PARENT

STUDIO CITY INVESTMENTS LIMITED

By: _____
Print name:

THE BORROWER

STUDIO CITY COMPANY LIMITED

By: _____
Print name:

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL GUARANTORS

STUDIO CITY INVESTMENTS LIMITED

By: _____
Print name:

STUDIO CITY HOLDINGS TWO LIMITED

By: _____
Print name:

STUDIO CITY HOLDINGS THREE LIMITED

By: _____
Print name:

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

STUDIO CITY HOLDINGS FOUR LIMITED

By: _____
Print name:

STUDIO CITY ENTERTAINMENT LIMITED

By: _____
Print name:

STUDIO CITY SERVICES LIMITED

By: _____
Print name:

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

STUDIO CITY HOTELS LIMITED

By: _____
Print name:

SCP HOLDINGS LIMITED

By: _____
Print name:

STUDIO CITY HOSPITALITY AND SERVICES LIMITED

By: _____
Print name:

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

SCP ONE LIMITED

By: _____
Print name:

SCP TWO LIMITED

By: _____
Print name:

STUDIO CITY DEVELOPMENTS LIMITED

By: _____
Print name:

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

STUDIO CITY RETAIL SERVICES LIMITED

By: _____
Print name:

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By: _____
Print name:

By: _____
Print name:

Address: 17/F, Lincoln House
Taikoo Place, 979 King's Road
Quarry Bay
Hong Kong

Attention: Ginny Wong / Damon Chan
Telephone: +852 3559 6938/ +852 3559 6942

Fax: +852 3918-7138

With copy to:

Address: 10 Collyer Quay
#22-00 Ocean Financial Centre
Singapore 049315

Attention: Sally Chong / Janice Leom / Elizabeth Thia
Telephone: +65 6681 2105 / +65 6681 2104 / +65 6681 2106

Fax: +65 6681 8034

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER

BANK OF AMERICA, N.A.

By: _____

Print name:

Address: 15/F, Citibank Tower
3 Garden Road, Central
Hong Kong

Attention: Ashish Sharma

Telephone: +852 2536 3661

Fax: +852 2161 7573

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER
BANK OF CHINA LIMITED, MACAU BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 17/F Bank of China Building
Avenida Doutor Mario Soares
Macau

Attention: Ms. Wendy Sun / Ms. Sonia Chong

Telephone: +853 8792 1623 / +852 8792 1321

Fax: +853 8792 1677

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER
CITIGROUP GLOBAL MARKETS ASIA LIMITED

By: _____
Print name:

Address: 50/F Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Attention: Mr. Asghar Ali

Telephone: +852 2501 2571

Fax: +852 2521 8725

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: _____
Print name:

By: _____
Print name:

For credit issues and amendments:

Address: 30th Floor, Two Pacific Place
88 Queensway
Hong Kong
Attention: Kenneth Yeung / Bill Doramus
Telephone: +852 2826 7401 / +852 2826 1025
Fax: +852 2826 9861

For administrative matters:

Address: 30th Floor, Two Pacific Place
88 Queensway
Hong Kong
Attention: Nelson To / Fanny Lai / Sally Yuen
Telephone: +852 2826 7349 / +852 2826 7431 / +852 2826 7316
Fax: +852 3910 5039

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER
DEUTSCHE BANK AG, HONG KONG BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 52/F, International Commerce Centre
1 Austin Road West
Kowloon

Attention: Deepak Dangayach / Kenneth Ting / Boram Kim

Telephone: +852 2203 8888

Fax: +852 2203 7300

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

By: _____
Print name:

By: _____
Print name:

For loan administration matters:

Address: 18/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Linda Chan / David Chan

Telephone: +853 8398 2452 / 8398 2222

Fax: +853 2858 4496

For credit matters:

Address: 24/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Wanny Lei / Alex Li

Telephone: +853 8398 2723 / 8398 7313

Fax: +853 8398 2160

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

BOOKRUNNER MANDATED LEAD ARRANGER

UBS AG HONG KONG BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 50/F. Two International Finance Centre
8 Finance Street,
Hong Kong

Attention: Mohamed Atmani

Telephone: +852 2971 7214

Fax: +852 3712 4979

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

MANDATED LEAD ARRANGER

BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH

By: _____

Print name:

Address: 1603-1608, 16/F, AIA Tower
251A-301 Avenida Comercial De Macau
Macau

Attention: Mr. Jacky Lei / Ms. Ariel Tang

Telephone: +853 8898 8212 / +853 8898 8211

Fax: +853 2828 6686

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

LEAD ARRANGER

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.

By: _____

Print name:

Address: Avenida Doutor Mário Soares,
n° 323, Edifício Banco da China
28° andar A e E-F, em Macau

Attention: Mr. José Morgado / Mr. Carlos Freire / Mr. Paul Ieong

Telephone: +853 2878 5222

Fax: +853 2878 5228

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

LEAD ARRANGER

BANCO NACIONAL ULTRAMARINO, S.A.

By: _____

Print name:

For credit matters:

Address: N° 22, Avendia de Almeida Ribeiro
Macau

Attention: Ms. Evonne Chiu / Mr. Raymond Fong

Telephone: +853 8398 9184 / +853 8398 9822

Fax: +853 2833 1206

For administrative matters:

Address: N° 22, Avendia de Almeida Ribeiro
Macau

Attention: Ms. Monica Wong / Ms. Violet Choi / Ms. Elaine Yu / Ms. Kristie Cheong

Telephone: +853 8398 9288 / +853 8398 9106 / +853 8398 9307 / +853 8398 9250

Fax: +853 28356867

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

LEAD ARRANGER

NATIONAL AUSTRALIA BANK LIMITED, HONG KONG BRANCH

By: _____

Print name:

For credit matters:

Address: Level 27, One Pacific Place
88 Queensway
Hong Kong

Attention: Tim Finucane / Hoi-Chau Ng / Alex H Liu

Telephone: +852 2826 8136 / +852 2822 9782 / +852 2822 9887

Fax: +852 2845 9251

For administrative matters:

Address: Level 24, 255 George Street
Sydney NSW 2000
Australia

Attention: Barnaby Webb / Sie Koo / Anthony Tran

Telephone: +61 2 8220 5887 / +61 2 9237 8005 / +61 2 9237 9506

Fax: +61 1300 764 759

With copy to:

Address: Level 27, One Pacific Place
88 Queensway
Hong Kong

Attention: Jo Jo Law / Teresa Chung / Jackie Wan

Telephone: +852 2822 9896 / +852 2826 8110 / +852 2822 53699

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

LEAD ARRANGER

TAI FUNG BANK LIMITED

By: _____
Print name:

Address: 418 Alameda Dr. Carlos d'Assumpcao
Macau

Attention: Mr. Ivan Lam / Ms. Silvia Leong

Telephone: +853 8797 0383 / +853 8797 0328

Fax: +853 2875 2716

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

LEAD ARRANGER

THE BANK OF EAST ASIA, LIMITED, MACAU BRANCH

By: _____

Print name:

By: _____

Print name:

For credit matters:

Address: Alameda Dr. Carlos D'Assumpcao No. 322
Fu Tat Fa Yuen, R/C AP to AW
Macau

Attention: Ms Lydia Chan / Ms Terry Lam/Mr Kou Peng Kit / Mr Wong Chon Pan

Telephone: +853 8598 3321 / +853 8598 3383 / +853 8598 3303 / +853 8598 3365

Fax: +853 2833 7557

For administrative matters:

Address: Alameda Dr. Carlos D'Assumpcao No. 322
Fu Tat Fa Yuen, R/C AP to AW
Macau

Attention: Mr. Kou Peng Kit / Ms. Cecilia Lei

Telephone: +853 8598 3303 / +853 8598 3331

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

LEAD ARRANGER

THE BANK OF NOVA SCOTIA

By: _____

Print name:

For credit matters:

Address: 25th Floor, United Centre
95 Queensway
Hong Kong

Attention: Mr. Kenneth Ho / Ms. Seikey Lam

Telephone: + 852 2861 4873 / +852 2861 4872

Fax: +852 2527 2527

For administrative matters:

Address: 25th Floor, United Centre
95 Queensway
Hong Kong

Attention: Mr. Kenneth Ho / Ms. Phyllis Leung

Telephone: + 852 2861 4873 / +852 2861 4860

Fax: +852 2527 2527

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

LEAD ARRANGER

WING LUNG BANK LIMITED, MACAU BRANCH

By: _____

Print name:

By: _____

Print name:

For credit matters:

Address: 18/F, Finance and IT Center
Macau Nam Van Lake Quarteirao 5
Lote A, Macau

Attention: Partrick Wong / Ivy Leong

Telephone: +852 8799 3801 / +853 8799 3807

Fax: +853 2875 0918

For administrative matters:

Address: 18/F, Finance and IT Center
Macau Nam Van Lake Quarteirao 5
Lote A, Macau

Attention: Ivy Leong / Angel Chan

Telephone: +853 8799 3807 / +853 8799 3804

Fax: +853 2875 0918

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ARRANGER

CHINA CITIC BANK INTERNATIONAL LIMITED

By: _____

Print name:

For credit matters:

Address: 80/F, International Commerce Centre
1 Austin Road West
Kowloon

Attention: Mr Dennis Cheung / Mr Nyen Aun Chew / Ms Ivy Cheng

Telephone: +852 3603 6015 / +852 3603 6107 / +852 3603 6215

Fax: +852 3603 4343

For administrative matters:

Address: 18/F, Somerset House, Tai Koo Place
79 King's Road
Quarry Bay
Hong Kong

Attention: Mr Edward Koo/ Mr. Felix Fung / Ms. Mandy Wu

Telephone: +852 3603 2552 / +852 3603 2550 / +852 3603 2571

Fax: +852 3603 4517

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

SENIOR MANAGER

CATHAY UNITED BANK COMPANY, LIMITED, HONG KONG BRANCH

By: _____

Print name:

For credit matters

Address: 20th Floor, LHT Tower
31 Queen's Road Central
Hong Kong

Attention: Wade Lee / Ivy Lai

Telephone: +852 2596 7069 / +852 2596 7026

Fax: +852 2527 0966

For administrative matters

Address: 20th Floor, LHT Tower
31 Queen's Road Central
Hong Kong

Attention: Grace Yem / Kitty Lin

Telephone: +852 3921 7320 / +852 3921 7389

Fax: +852 2527 0966

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

SENIOR MANAGER

CREDIT INDUSTRIEL ET COMMERCIAL, SINGAPORE BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 63 Market Street #15-01
Singapore 048942
Attention: Mr. Leon Phan / Mr. Daryl Sim / Ms Leo Huey
Telephone: +65 6231 9888 / +65 6212 9318 / +65 6231 9891
Fax: +65 6348 0625

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

MANAGER

BANCO WENG HANG, S.A.

By: _____
Print name:

By: _____
Print name:

For credit matters:

Address: 241 Avenida de Almeida Ribeiro, Macau
Attention: Corporate Banking Department—Mr.Lo Tong Chun / Mr.Ng Iong Kei / Mr. Chan Weng Man
Telephone: +853 8398 3304 / +853 8398 3302 / +853 83983602
Fax: +853 2832 2024

For administrative matters:

Address: 241 Avenida de Almeida Ribeiro, Macau
Attention: Loans Operation Department- Mr. Chan Kin Leong / Mr. William Lei / Ms. Jill CH Hoi
Telephone: +853 8398 3282 / +853 8398 3285 / +853 8398 3292
Fax: +853 2832 2452

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

MANAGER

CHANG HWA COMMERCIAL BANK LTD., OFFSHORE BANKING BRANCH

By: _____
Print name:

Address: 10F, 57, Sec.2
Chung Shan N. Road
Taipei
Taiwan

Attention: Vita Huang

Telephone: +886 2 2536 2951 #1712

Fax: +886 2 2521 4873

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

MANAGER

CHONG HING BANK LIMITED, MACAU BRANCH

By: _____

Print name:

By: _____

Print name:

For credit matters:

Address: Avenida da Praia Grande
No. 693 Edificio Tai Wah, Shop A
Macau

Attention: Jeff Chan / Lau Hing Keung / Winnie Chan

Telephone: +852 3768 8753 / +853 2833 9989 / +853 2833 9982

Fax: +853 2833 1055

For administrative matters:

Address: Avenida da Praia Grande
No. 693 Edificio Tai Wah, Shop A
Macau

Attention: Winnie Chan / Iris Fung

Telephone: +853 2833 9982

Fax: +853 2833 1055

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

MANAGER
DAH SING BANK, LIMITED

By: _____
Print name:

By: _____
Print name:

For credit matters:

Address: 34/F, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Attention: Ms. Sybil Chan

Telephone: +852 2507 8102

Fax: 2588 3371 / 2589 5761

For administrative matters:

Address: 32/F, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Attention: Ms. Patricia Kwan / Mr. Alex Liu

Telephone: +852 2507 6033 / +852 2507 6030

Fax: +852 2511 2168 / +852 2519 6525

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

MANAGER

FIRST COMMERCIAL BANK MACAU BRANCH

By: _____

Print name:

For credit matters:

Address: Unit B-C, 16/F Finance and IT Centre of Macau
Avenida Comercial De Macau
Macau

Attention: Benny Tsai

Telephone: +853 2891 6131

Fax: +853 2872 2772

For administrative matters:

Address: Unit B-C, 16/F Finance and IT Centre of Macau
Avenida Comercial De Macau
Macau

Attention: Shu Chen Kao

Telephone: +853 2857 5088

Fax: +853 2872 2772

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

AGENT

DEUTSCHE BANK AG, HONG KONG BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 52/F, International Commerce Centre
1 Austin Road West
Kowloon

Attention: Trust and Securities Services

Telephone: +852 2203 7858

Fax: +852 2203 7320

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

SECURITY AGENT

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

By: _____
Print name:

By: _____
Print name:

For loan administration matters:

Address: 18/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Linda Chan / David Chan

Telephone: +853 8398 2452 / 8398 2222

Fax: +853 2858 4496

For credit matters:

Address: 24/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Wanny Lei / Alex Li

Telephone: +853 8398 2723 / 8398 7313

Fax: +853 8398 2160

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

DISBURSEMENT AGENT

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

By: _____

Print name:

By: _____

Print name:

For loan administration matters:

Address: 18/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Linda Chan / David Chan

Telephone: +853 8398 2452 / 8398 2222

Fax: +853 2858 4496

For credit matters:

Address: 24/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Wanny Lei / Alex Li

Telephone: +853 8398 2723 / 8398 7313

Fax: +853 8398 2160

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

POA AGENT

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

By: _____

Print name:

By: _____

Print name:

For loan administration matters:

Address: 18/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Linda Chan / David Chan

Telephone: +853 8398 2452 / 8398 2222

Fax: +853 2858 4496

For credit matters:

Address: 24/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Wanny Lei / Alex Li

Telephone: +853 8398 2723 / 8398 7313

Fax: +853 8398 2160

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ISSUING BANK

BANK OF CHINA LIMITED, MACAU BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 13/F Bank of China Building
Avenida Doutor Mario Soares
Macau
Attention: Mr. James Wong / Ms. Amy Cheong
Telephone: +853 8792 1639/1682
Fax: +853 8792 1659]

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By: _____
Print name:

By: _____
Print name:

Address: 17/F, Lincoln House
Taikoo Place, 979 King's Road
Quarry Bay
Hong Kong

Attention: Ginny Wong / Damon Chan

Telephone: +852 3559 6938 / +852 3559 6942

Fax: +852 3918-7138

With copy to:

Address: 10 Collyer Quay
#22-00 Ocean Financial Centre
Singapore 049315

Attention: Sally Chong / Janice Leom / Elizabeth Thia

Telephone: +65 6681 2105 / +65 6681 2104 / +65 6681 2106

Fax: +65 6681 8034

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.

By: _____
Print name:

Address: Avenida Doutor Mário Soares,
n° 323, Edifício Banco da China
28° andar A e E-F, em Macau

Attention: Mr. José Morgado / Mr. Carlos Freire / Mr. Paul Ieong

Telephone: +853 2878 5222

Fax: +853 2878 5228

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

BANCO NACIONAL ULTRAMARINO, S.A.

By: _____

Print name:

For credit matters:

Address: N° 22, Avendia de Almeida Ribeiro
Macau

Attention: Ms. Evonne Chiu / Mr. Raymond Fong

Telephone: +853 8398 9184 / +853 8398 9822

Fax: +853 2833 1206

For administrative matters:

Address: N° 22, Avendia de Almeida Ribeiro
Macau

Attention: Ms. Monica Wong / Ms. Violet Choi / Ms. Elaine Yu / Ms. Kristie Cheong

Telephone: +853 8398 9288 / +853 8398 9106 / +853 8398 9307 / +853 8398 9250

Fax: +853 28356867

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

BANCO WENG HANG, S.A.

By: _____

Print name:

By: _____

Print name:

For credit matters:

Address: 241 Avenida de Almeida Ribeiro, Macau

Attention: Corporate Banking Department—Mr.Lo Tong Chun / Mr.Ng Iong Kei / Mr. Chan Weng Man

Telephone: +853 8398 3304 / +853 8398 3302 / +853 83983602

Fax: +853 2832 2024

For administrative matters:

Address: 241 Avenida de Almeida Ribeiro, Macau

Attention: Loans Operation Department- Mr. Chan Kin Leong / Mr. William Lei / Ms. Jill CH Hoi

Telephone: +853 8398 3282 / +853 8398 3285 / +853 8398 3292

Fax: +853 2832 2452

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

BANK OF AMERICA, N.A.

By: _____

Print name:

Address: 15/F, Citibank Tower
3 Garden Road, Central
Hong Kong

Attention: Ashish Sharma

Telephone: +852 2536 3661

Fax: +852 2161 7573

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

BANK OF CHINA LIMITED, MACAU BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 13/F Bank of China Building
Avenida Doutor Mario Soares
Macau
Attention: Mr. James Wong / Ms. Amy Cheong
Telephone: +853 8792 1639/1682
Fax: +853 8792 1659

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH

By: _____
Print name:

Address: 1603-1608, 16/F, AIA Tower
251A-301 Avenida Comercial De Macau
Macau

Attention: Mr. Jacky Lei / Ms. Ariel Tang

Telephone: +853 8898 8212 / +853 8898 8211

Fax: +853 2828 6686

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

CATHAY UNITED BANK COMPANY, LIMITED, HONG KONG BRANCH

By: _____

Print name:

For credit matters

Address: 20th Floor, LHT Tower
31 Queen's Road Central
Hong Kong

Attention: Wade Lee / Ivy Lai

Telephone: +852 2596 7069 / +852 2596 7026

Fax: +852 2527 0966

For administrative matters

Address: 20th Floor, LHT Tower
31 Queen's Road Central
Hong Kong

Attention: Grace Yem / Kitty Lin

Telephone: +852 2877 5488

Fax: +852 2527 0966

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

CHANG HWA COMMERCIAL BANK LTD., OFFSHORE BANKING BRANCH

By: _____

Print name:

Address: 10F, 57, Sec.2, Chung Shan N. Road
Taipei
Taiwan

Attention: Vita Huang

Telephone: +886 2 2536 2951 #1712

Fax: +886 2 2521 4873

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

CHINA CITIC BANK INTERNATIONAL LIMITED

By: _____

Print name:

For credit matters:

Address: 80/F, International Commerce Centre
1 Austin Road West
Kowloon

Attention: Mr Dennis Cheung / Mr Nyen Aun Chew / Ms Ivy Cheng

Telephone: +852 3603 6015 / +852 3603 6107 / +852 3603 6215

Fax: +852 3603 4343

For administrative matters:

Address: 18/F, Somerset House, Tai Koo Place
79 King's Road
Quarry Bay
Hong Kong

Attention: Mr Edward Koo/ Mr. Felix Fung / Ms. Mandy Wu

Telephone: +852 3603 2552 / +852 3603 2550 / +852 3603 2571

Fax: +852 3603 4517

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

CHONG HING BANK LIMITED, MACAU BRANCH

By: _____

Print name:

By: _____

Print name:

For credit matters:

Address: Avenida da Praia Grande
No. 693 Edificio Tai Wah, Shop A
Macau

Attention: Jeff Chan / Lau Hing Keung / Winnie Chan

Telephone: +852 3768 8753 / +853 2833 9989 / +853 2833 9982

Fax: +853 2833 1055

For administrative matters:

Address: Avenida da Praia Grande
No. 693 Edificio Tai Wah, Shop A
Macau

Attention: Winnie Chan / Iris Fung

Telephone: +853 2833 9982

Fax: +853 2833 1055

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

CITIBANK, N.A., HONG KONG BRANCH

By: _____
Print name:

Address: 44/F Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Attention: Mr. William Chu

Telephone: +852 2868 8005

Fax: +852 2868 6355

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HONG KONG BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 30th Floor, Two Pacific Place
88 Queensway
Hong Kong

Attention: Nelson To / Fanny Lai / Sally Yuen

Telephone: +852 2826 7349 / +852 2826 7431 / +852 2826 7316

Fax: +852 3910 5039

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

CREDIT INDUSTRIEL ET COMMERCIAL, SINGAPORE BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 63 Market Street #15-01
Singapore 048942
Attention: Mr. Leon Phan / Mr. Daryl Sim / Ms Leo Huey
Telephone: +65 6231 9888 / +65 6212 9318 / +65 6231 9891
Fax: +65 6348 0625

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

DAH SING BANK, LIMITED

By: _____

Print name:

By: _____

Print name:

For credit matters:

Address: 34/F, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Attention: Ms. Sybil Chan

Telephone: +852 2507 8102

Fax: 2588 3371 / 2589 5761

For administrative matters:

Address: 32/F, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Attention: Ms. Patricia Kwan / Mr. Alex Liu

Telephone: +852 2507 6033 / +852 2507 6030

Fax: +852 2511 2168 / +852 2519 6525

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

DEUTSCHE BANK AG, HONG KONG BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 52/F, International Commerce Centre
1 Austin Road West
Kowloon

Attention: Deepak Dangayach / Kenneth Ting / Boram Kim

Telephone: +852 2203 8888

Fax: +852 2203 7300

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

FIRST COMMERCIAL BANK MACAU BRANCH

By: _____

Print name:

For credit matters:

Address: Unit B-C, 16/F Finance and IT Centre of Macau
Avenida Comercial De Macau
Macau

Attention: Benny Tsai

Telephone: +853 2891 6131

Fax: +853 2872 2772

For administrative matters:

Address: Unit B-C, 16/F Finance and IT Centre of Macau
Avenida Comercial De Macau
Macau

Attention: Shu Chen Kao

Telephone: +853 2857 5088

Fax: +853 2872 2772

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

By: _____

Print name:

By: _____

Print name:

For loan administration matters:

Address: 18/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Linda Chan / David Chan

Telephone: +853 8398 2452 / +852 8398 2222

Fax: +853 2858 4496

For credit matters:

Address: 24/F, ICBC Tower, Macau Landmark
555 Avenida da Amizade
Macau

Attention: Wanny Lei / Alex Li

Telephone: +853 8398 2723 / +852 8398 7313

Fax: +853 8398 2160

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

NATIONAL AUSTRALIA BANK LIMITED, HONG KONG BRANCH

By: _____

Print name:

For credit matters:

Address: Level 27, One Pacific Place
88 Queensway
Hong Kong

Attention: Tim Finucane / Hoi-Chau Ng / Alex H Liu

Telephone: +852 2826 8136 / +852 2822 9782 / +852 2822 9887

Fax: +852 2845 9251

For administrative matters:

Address: Level 24, 255 George Street
Sydney NSW 2000
Australia

Attention: Barnaby Webb / Sie Koo / Anthony Tran

Telephone: +61 2 8220 5887 / +61 2 9237 8005 / +61 2 9237 9506

Fax: +61 1300 764 759

With copy to:

Address: Level 27, One Pacific Place
88 Queensway
Hong Kong

Attention: Jo Jo Law / Teresa Chung / Jackie Wan

Telephone: +852 2822 9896 / +852 2826 8110 / +852 2822 53699

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

TAI FUNG BANK LIMITED

By: _____
Print name:

Address: 418 Alameda Dr. Carlos d'Assumpcao
Macau

Attention: Mr. Ivan Lam / Ms. Silvia Leong

Telephone: +853 8797 0383 / +853 8797 0328

Fax: +853 2875 2716

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

THE BANK OF EAST ASIA, LIMITED, MACAU BRANCH

By: _____
Print name:

By: _____
Print name:

For credit matters:

Address: Alameda Dr. Carlos D'Assumpcao No. 322
Fu Tat Fa Yuen, R/C AP to AW
Macau

Attention: Ms Lydia Chan / Ms Terry Lam/Mr Kou Peng Kit / Mr Wong Chon Pan

Telephone: +853 8598 3321 / +853 8598 3383 / +853 8598 3303 / +853 8598 3365

Fax: +853 2833 7557

For administrative matters:

Address: Alameda Dr. Carlos D'Assumpcao No. 322
Fu Tat Fa Yuen, R/C AP to AW
Macau

Attention: Mr. Kou Peng Kit / Ms. Cecilia Lei

Telephone: +853 8598 3303 / +853 8598 3331

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

THE BANK OF NOVA SCOTIA

By: _____

Print name:

For credit matters:

Address: 25th Floor, United Centre
95 Queensway
Hong Kong

Attention: Mr. Kenneth Ho / Ms. Seikey Lam

Telephone: + 852 2861 4873 / +852 2861 4872

Fax: +852 2527 2527

For administrative matters:

Address: 25th Floor, United Centre
95 Queensway
Hong Kong

Attention: Mr. Kenneth Ho / Ms. Phyllis Leung

Telephone: + 852 2861 4873 / +852 2861 4860

Fax: +852 2527 2527

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

UBS AG, SINGAPORE BRANCH

By: _____
Print name:

By: _____
Print name:

Address: 50/F, Two International Finance Centre
8 Finance Street
Hong Kong

Attention: Mohamed Atmani

Telephone: +852 2971 7214

Fax: +852 3712 4979

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

ORIGINAL LENDER

WING LUNG BANK LIMITED, MACAU BRANCH

By: _____

Print name:

By: _____

Print name:

For credit matters:

Address: 18/F, Finance and IT Center
Macau Nam Van Lake Quarteirao 5
Lote A, Macau

Attention: Partrick Wong / Ivy Leong

Telephone: +852 8799 3801 / +853 8799 3807

Fax: +853 2875 0918

For administrative matters:

Address: 18/F, Finance and IT Center
Macau Nam Van Lake Quarteirao 5
Lote A, Macau

Attention: Ivy Leong / Angel Chan

Telephone: +853 8799 3807 / +853 8799 3804

Fax: +853 2875 0918

SIGNATURE PAGE TO THE SENIOR FACILITIES AGREEMENT

MCE FINANCE LIMITED,

as Company

THE SUBSIDIARY GUARANTORS PARTIES HERETO,

5.00% SENIOR NOTES DUE 2021

INDENTURE

February 7, 2013

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Trustee, Principal Paying Agent, Registrar and Transfer Agent

TABLE OF CONTENTS

Page

ARTICLE 1 DEFINITIONS

| | |
|------------------------------------|----|
| Section 1.01 Definitions | 5 |
| Section 1.02 Other Definitions | 33 |
| Section 1.03 Rules of Construction | 34 |

ARTICLE 2 THE NOTES

| | |
|--|----|
| Section 2.01 Form and Dating | 34 |
| Section 2.02 Execution and Authentication | 35 |
| Section 2.03 Registrar and Paying Agent | 35 |
| Section 2.04 Paying Agent to Hold Money in Trust | 36 |
| Section 2.05 Holder Lists | 36 |
| Section 2.06 Transfer and Exchange | 36 |
| Section 2.07 Replacement Notes | 46 |
| Section 2.08 Outstanding Notes | 46 |
| Section 2.09 Treasury Notes | 47 |
| Section 2.10 Temporary Notes | 47 |
| Section 2.11 Cancellation | 47 |
| Section 2.12 Defaulted Interest | 47 |
| Section 2.13 Additional Amounts | 47 |

ARTICLE 3 REDEMPTION AND PREPAYMENT

| | |
|--|----|
| Section 3.01 Notices to Trustee | 49 |
| Section 3.02 Selection of Notes to Be Redeemed or Purchased | 49 |
| Section 3.03 Notice of Redemption | 50 |
| Section 3.04 Effect of Notice of Redemption | 51 |
| Section 3.05 Deposit of Redemption or Purchase Price | 51 |
| Section 3.06 Notes Redeemed or Purchased in Part | 51 |
| Section 3.07 Optional Redemption | 51 |
| Section 3.08 Mandatory Redemption | 52 |
| Section 3.09 Offer to Purchase by Application of Excess Proceeds | 52 |
| Section 3.10 Redemption for Taxation Reasons | 54 |
| Section 3.11 Gaming Redemption | 55 |

ARTICLE 4 COVENANTS

| | |
|---|----|
| Section 4.01 Payment of Notes | 56 |
| Section 4.02 Maintenance of Office or Agency | 56 |
| Section 4.03 Reports | 57 |
| Section 4.04 Compliance Certificate | 58 |
| Section 4.05 Taxes | 58 |
| Section 4.06 Stay, Extension and Usury Laws | 58 |
| Section 4.07 Restricted Payments | 59 |
| Section 4.08 Dividend and Other Payment Restrictions Affecting Subsidiaries | 63 |
| Section 4.09 Incurrence of Indebtedness and Issuance of Preferred Stock | 65 |

| | |
|--|----|
| Section 4.10 Asset Sales | 68 |
| Section 4.11 Transactions with Affiliates | 70 |
| Section 4.12 Liens | 72 |
| Section 4.13 Business Activities | 72 |
| Section 4.14 Corporate Existence | 72 |
| Section 4.15 Offer to Repurchase upon Change of Control | 72 |
| Section 4.16 Payments for Consents | 74 |
| Section 4.17 Additional Note Guarantees | 74 |
| Section 4.18 Designation of Restricted and Unrestricted Subsidiaries | 75 |
| Section 4.19 Listing | 75 |
| Section 4.20 [Intentionally Omitted] | 75 |
| Section 4.21 [Intentionally Omitted.] | 75 |
| Section 4.22 [Intentionally Omitted.] | 76 |
| Section 4.23 [Intentionally Omitted.] | 76 |
| Section 4.24 [Intentionally Omitted.] | 76 |
| Section 4.25 [Intentionally Omitted.] | 76 |
| Section 4.26 Suspension of Covenants | 76 |

ARTICLE 5
SUCCESSORS

| | |
|---|----|
| Section 5.01 Merger, Consolidation, or Sale of Assets | 77 |
| Section 5.02 Successor Corporation Substituted | 78 |

ARTICLE 6
DEFAULTS AND REMEDIES

| | |
|---|----|
| Section 6.01 Events of Default | 78 |
| Section 6.02 Acceleration | 80 |
| Section 6.03 Other Remedies | 80 |
| Section 6.04 Waiver of Past Defaults | 81 |
| Section 6.05 Control by Majority | 81 |
| Section 6.06 Limitation on Suits | 81 |
| Section 6.07 Rights of Holders to Receive Payment | 82 |
| Section 6.08 Collection Suit by Trustee | 82 |
| Section 6.09 Trustee May File Proofs of Claim | 82 |
| Section 6.10 Priorities | 83 |
| Section 6.11 Undertaking for Costs | 83 |

ARTICLE 7
TRUSTEE

| | |
|--|----|
| Section 7.01 Duties of Trustee | 83 |
| Section 7.02 Rights of Trustee | 84 |
| Section 7.03 [Intentionally Omitted.] | 86 |
| Section 7.04 Individual Rights of Trustee | 86 |
| Section 7.05 Trustee's Disclaimer | 86 |
| Section 7.06 Notice of Defaults | 86 |
| Section 7.07 [Intentionally Omitted.] | 86 |
| Section 7.08 Compensation and Indemnity | 86 |
| Section 7.09 Replacement of Trustee | 87 |
| Section 7.10 Successor Trustee by Merger, etc. | 88 |
| Section 7.11 Eligibility; Disqualification | 88 |
| Section 7.12 Appointment of Co-Trustee | 88 |

| | |
|---|-----|
| Section 7.13 [Intentionally Omitted] | 89 |
| Section 7.14 Rights of Trustee in Other Roles | 89 |
| ARTICLE 8 | |
| LEGAL DEFEASANCE AND COVENANT DEFEASANCE | |
| Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance | 89 |
| Section 8.02 Legal Defeasance and Discharge | 89 |
| Section 8.03 Covenant Defeasance | 90 |
| Section 8.04 Conditions to Legal or Covenant Defeasance | 90 |
| Section 8.05 Deposited Money and U.S. Government Securities to be Held in Trust; Other Miscellaneous Provisions | 92 |
| Section 8.06 Repayment to Company | 92 |
| Section 8.07 Reinstatement | 92 |
| ARTICLE 9 | |
| AMENDMENT, SUPPLEMENT AND WAIVER | |
| Section 9.01 Without Consent of Holders of Notes | 93 |
| Section 9.02 With Consent of Holders of Notes | 94 |
| Section 9.03 Supplemental Indenture | 95 |
| Section 9.04 Revocation and Effect of Consents | 95 |
| Section 9.05 Notation on or Exchange of Notes | 95 |
| Section 9.06 Trustee to Sign Amendments, etc. | 95 |
| ARTICLE 10 | |
| [INTENTIONALLY OMITTED] | |
| ARTICLE 11 | |
| Section 11.01 Guarantee | 96 |
| Section 11.02 Limitation on Liability | 98 |
| Section 11.03 Successors and Assigns | 98 |
| Section 11.04 No Waiver | 98 |
| Section 11.05 Modification | 98 |
| Section 11.06 Execution of Supplemental Indenture for Future Guarantors | 98 |
| Section 11.07 Non-Impairment | 99 |
| Section 11.08 Release of Guarantees | 99 |
| ARTICLE 12 | |
| SATISFACTION AND DISCHARGE | |
| Section 12.01 Satisfaction and Discharge | 100 |
| Section 12.02 Application of Trust Money | 100 |
| ARTICLE 13 | |
| MISCELLANEOUS | |
| Section 13.01 [Intentionally Omitted] | 101 |
| Section 13.02 Notices | 101 |
| Section 13.03 Communication by Holders of Notes with Other Holders of Notes | 102 |
| Section 13.04 Certificate and Opinion as to Conditions Precedent | 102 |
| Section 13.05 Statements Required in Certificate or Opinion | 103 |
| Section 13.06 Rules by Trustee and Agents | 103 |
| Section 13.07 No Personal Liability of Directors, Officers, Employees and Stockholders | 103 |
| Section 13.08 Governing Law | 103 |
| Section 13.09 No Adverse Interpretation of Other Agreements | 103 |

| | |
|--|-----|
| Section 13.10 Successors | 103 |
| Section 13.11 Severability | 104 |
| Section 13.12 Counterpart Originals | 104 |
| Section 13.13 Table of Contents, Headings, etc. | 104 |
| Section 13.14 Patriot Act | 104 |
| Section 13.15 Submission to Jurisdiction; Waiver of Jury Trial | 105 |

EXHIBITS

| | |
|---|-----|
| Exhibit A FORM OF NOTE | A-1 |
| Exhibit B FORM OF CERTIFICATE OF TRANSFER | B-1 |
| Exhibit C FORM OF CERTIFICATE OF EXCHANGE | C-1 |
| Exhibit D FORM OF SUPPLEMENTAL INDENTURE | D-1 |

INDENTURE dated as of February 7, 2013 among MCE Finance Limited, a Cayman Islands exempted company with limited liability incorporated under the laws of the Cayman Islands (the “Company”), certain subsidiaries of the Company from time to time parties hereto and Deutsche Bank Trust Company Americas, as Trustee, Principal Paying Agent, Registrar and Transfer Agent.

Each party agrees as follows for the benefit of each other and for the other parties and for the equal and ratable benefit of the Holders (as defined herein) of the 5.00% Senior Notes due 2021 (the “Notes”):

ARTICLE 1
DEFINITIONS

Section 1.01 *Definitions.*

“144A Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

“Acquired Debt” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Notes” means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof, as part of the same series as the Initial Notes; *provided* that any Additional Notes that are not fungible with the Notes for U.S. federal income tax purposes shall have a separate CUSIP number than any previously issued Notes, unless the Notes and the Additional Notes are issued with no more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes, but shall otherwise be treated as a single class with all other Notes issued under this Indenture.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Agent” means any Registrar, co-registrar, Paying Agent, Transfer Agent or additional paying agents or transfer agents.

“Altira Macau Business” means the operation, ownership, leasing and/or management of a hotel, entertainment and casino or gaming area as described in the Offering Memorandum.

“*Applicable Premium*” means, with respect to any Note on any redemption date, the greater of:

- (1) 1.0% of the principal amount of the Note; or
- (2) the excess of: (a) the present value at such redemption date of (i) the redemption price of the Note at February 15, 2016 (such redemption price being set forth in the table appearing in Section 3.07 hereof) plus (ii) all required interest payments due on the Note through February 15, 2016 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the principal amount of the Note, if greater.

“*Applicable Procedures*” means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear and Clearstream, Luxembourg that apply to such transfer or exchange.

“*Asset Sale*” means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of this Indenture described in Section 4.15 hereof and/or the provisions described in Section 5.01 hereof and not by the provisions of Section 4.10 hereof;
- (2) the issuance of Equity Interests in any of the Company’s Restricted Subsidiaries or the sale of Equity Interests in any of its Subsidiaries; and
- (3) any Event of Loss.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US\$5.0 million;
- (2) a transfer of assets between or among the Company and/or its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;
- (4) the sale, license, transfer, lease (including the right to use) or other disposal of products, services, accounts receivable or other current assets in the ordinary course of business and any sale or other disposition of damaged, worn-out, surplus or obsolete assets in the ordinary course of business;
- (5) operating leases, licenses, right to use or equivalent interest under Macau law entered into in the ordinary course of business in connection with the operation of a Permitted Business;
- (6) any transfer, termination or unwinding or other disposition of Hedging Obligations in the ordinary course of business;

(7) a transaction covered under Section 5.01 or Section 4.15;

(8) the lease of, right to use or equivalent interest under Macau law of that portion of real property granted to Melco Crown (COD) pursuant to the applicable land concession granted by the government of the Macau SAR in connection with the development of an apart hotel on such real property in accordance with such applicable land concession;

(9) the sale or disposition of cash or Cash Equivalents;

(10) a Restricted Payment (including any payments made under, pursuant to or in connection with, any services agreements and any related agreements or arrangements, including reimbursement agreements, with Excluded Projects) that does not violate the provisions of Section 4.07 hereof or a Permitted Investment, and any transactions or arrangements involving contractual rights under, pursuant to or in connection with any services agreements and related agreements or arrangements, including reimbursement agreements, with Excluded Projects, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals;

(11) the dedication of space or other dispositions of property in connection with and in furtherance of constructing structures or improvements reasonably related to the development, construction and operation of the business of the Company and its Restricted Subsidiaries;

(12) the granting of easements, rights of way, rights of access and/or similar rights to any governmental authority, utility providers, cable or other communication providers and/or other parties providing services or benefits to the Company or a Restricted Subsidiary;

(13) any sale of Capital Stock of an Excluded Project Subsidiary;

(14) transfers, assignments or dispositions constituting an Incurrence of a Permitted Lien (but not the actual sale or other disposition of the property subject to such Lien); and

(15) any surrender or waiver of contractual rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business.

“*Bankruptcy Law*” means (i) the United States Bankruptcy Code of 1978 or any similar U.S. federal or state law for the relief of debtors, (ii) the provisions of the Code of Civil Procedure of Macau that deal with the placement of a debtor into liquidation, the administration and disposal of its assets, the distribution of the proceeds thereof and the alternatives to such liquidation, or any laws of similar effect, and (iii) those laws included, principally within (but not limited to) the BVI Business Companies Act, 2004 (as amended) and the Insolvency Act, 2007 (as amended) concerning the solvency and insolvency of BVI companies.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Business Day*” means any day other than a Legal Holiday.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;
- (2) demand deposits, certificates of deposit, time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any commercial bank organized under the laws of Macau, Hong Kong, a member state of the European Union or of the United States of America or any state thereof having capital and surplus in excess of US\$500.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated “A-3” or higher by Moody’s or “A-” or higher by S&P or the equivalent rating category or another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within 12 months after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Casualty*" means any casualty, loss, damage, destruction or other similar loss with respect to real or personal property or improvements.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) of the Exchange Act) (other than a Sponsor or a Related Party of a Sponsor);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) subject to the proviso below, the Sponsors cease collectively to beneficially own, directly or indirectly, at least 51% of the outstanding Capital Stock of Melco Crown Gaming (including any and all agreements, warrants, rights or options to acquire any Capital Stock)(measured in each case, by both voting power and size of equity interests); or

(4) the first day on which Parent ceases to own, directly or indirectly, 100% of the outstanding Equity Interests of the Company,

provided that clause (3) of this definition of "Change of Control" will only result in a Change of Control upon the occurrence of the events set forth in clause (3) and a Ratings Decline.

"*Clearstream, Luxembourg*" means Clearstream Banking société anonyme.

"*City of Dreams Business*" means the operation, ownership, leasing, and/or management of hotel, entertainment and casino gaming area as described in the Offering Memorandum (and, for the avoidance of doubt, shall not include the construction and development of any apartment hotel tower).

"*Company*" means MCE Finance Limited, and any and all successors thereto.

"*Condemnation*" means any taking by a Governmental Authority of assets or property, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, by reason of any public improvement or condemnation or in any other manner.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*, without duplication,

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) provision for taxes including deferred Taxes, based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(4) depreciation, amortization (including amortization of intangibles but excluding amortization of period cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(5) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards; *plus*

(6) any goodwill or other intangible asset impairment charge; *minus*

(7) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

“*Consolidated Leverage*” means, with respect to any Person as of any date of determination, the sum without duplication of (a) the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis, *plus* (b) an amount equal to the greater of the liquidation preference or the maximum fixed redemption or repurchase price of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

“*Consolidated Leverage Ratio*” means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated Cash Flow of such Person for the four most recent full fiscal quarters ending immediately prior to such date for which financial statements are available; *provided, however*, that for purposes of calculating the Consolidated Cash Flow for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the “*Calculation Date*”) (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect as if they had occurred on the first day of the four quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition, (a) whenever pro forma effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated Cash Flow associated therewith, the pro forma calculation shall be determined in good faith by a responsible financial or accounting Officer of the Company and (b) turnover contribution shall not be included in the calculation of Consolidated Cash Flow for any period. In determining the amount of Indebtedness outstanding on any date of determination, pro forma effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness on such date.

“*Consolidated Net Income*” means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided that*:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) notwithstanding clause (1) of this definition, the Net Income of any Unrestricted Subsidiary will be excluded, whether or not distributed to the specified Person or one of its Subsidiaries; and

(5) the Net Income attributable to any Excluded Projects will be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

“*Corporate Trust Office of the Trustee*” will be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

“*Credit Facilities*” means one or more debt facilities (including, without limitation, the Senior Credit Agreement) or commercial paper facilities, in each case, with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part.

“*Custodian*” means Deutsche Bank Trust Company Americas, as custodian with respect to the Notes in global form, or any successor entity thereto.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Definitive Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Depository*” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means any public sale or private issuance of Capital Stock (other than Disqualified Stock) of (1) the Company or (2) a direct or indirect parent of the Company to the extent the net proceeds from such issuance are contributed in cash to the common equity capital of the Company (in each case other than pursuant to a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Company).

“*Euroclear*” means Euroclear Bank SA/NV.

“*Event of Loss*” means, with respect to Melco Crown Gaming, Melco Crown (Café) Limited, Melco Crown (COD) Hotels Limited, Melco Crown (COD) Developments Limited, Altira Hotel Limited and Altira Developments Limited or any Restricted Subsidiary that is a Significant Subsidiary, any (1) Casualty, (2) Condemnation or seizure (other than pursuant to foreclosure) or (3) settlement in lieu of clause (2) above, in each case having a fair market value in excess of US\$10.0 million.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Excluded Project Revenues*” means an amount equal to the net cash proceeds of any payments received by the Company or a Restricted Subsidiary subsequent to the Issue Date from revenues and receipts, distributions or sale proceeds generated or derived from an Excluded Project.

“*Excluded Project Subsidiary*” means an Unrestricted Subsidiary established for the purposes of developing, operating or financing an Excluded Project; *provided* the Indebtedness of such Excluded Project Subsidiary may be guaranteed by the Company or a Restricted Subsidiary to the extent such guarantee would be permitted to be incurred under Section 4.09 hereof.

“*Excluded Projects*”

(1) prior to the termination of the Senior Credit Agreement, projects designated as Excluded Projects by a Restricted Subsidiary in accordance with the Senior Credit Agreement, including those described in the Offering Memorandum; and

(2) after the termination of the Senior Credit Agreement, any or all of the following designated as “Excluded Projects” by the Company:

(a) any gaming, hotel or resort related business, development, project, undertaking, property development or management business or venture in a Permitted Business and any necessary for, incidental to, arising out of, supportive of or connected to any such business, development, project, undertaking or venture, in each case carried out by an Unrestricted Subsidiary or any Person that is not a Restricted Subsidiary; and

(b) any casino or gaming related business, development, project, undertaking or venture, in each case carried out by Melco Crown Gaming *provided* that the foregoing neither involves nor permits any claim, interest, liability or right of recourse of any kind in connection therewith against or in the Company, any Subsidiary Guarantor or any of their respective assets (including, without limitation, any project) except for claims against Melco Crown Gaming in respect of Melco Crown Gaming’s obligations to casino owners under casino management, right to use, services or similar agreements entered into in connection therewith, *provided further* that such business, development, project, undertaking or venture is designated as an Excluded Project on or prior to the later of (i) 10 business days after the execution date of the relevant casino management, right to use, services or similar agreements related to such Excluded Project (to which Melco Crown Gaming is a party) or (ii) *provided* that none of the Company or any Restricted Subsidiary has made any prior contribution to the equity or capital expenditure in respect of such Excluded Project, the opening date of such Excluded Project.

(3) The Company may at any time un-designate any Excluded Project, *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary or Excluded Project entity, and such designation will only be permitted if, at the time of such designation, (1) such Indebtedness is permitted by Section 4.09 hereof calculated on a pro forma basis as if such designation had occurred at the beginning of the reference period; and (2) no Default or Event of Default would be in existence following such designation.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company (unless otherwise provided in this Indenture).

“Fixed Charge Coverage Ratio” means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect (in accordance with Regulation S-X under the Securities Act) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

“*Fixed Charges*” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary of the Company, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP.

“*GAAP*” means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

“*Gaming Authorities*” means, in any jurisdiction in which the Company or any of its Subsidiaries or any Sponsor manages or conducts any casino, gaming business or activities, the applicable gaming board, commission, or other governmental gaming regulatory body or agency which (a) has, or may at any time after issuance of the Notes have, jurisdiction over the gaming activities of the Company or any of its Subsidiaries, or any successor to such authority or (b) is, or may at any time after the issuance of the Notes be, responsible for interpreting, administering and enforcing the Gaming Laws.

“*Gaming Laws*” means all applicable constitutions, treatises, resolutions, laws, regulations, instructions and statutes pursuant to which any Gaming Authority possesses regulatory, licensing or permit authority over gaming, gambling or casino activities, and all rules, rulings, orders, ordinances, regulations of any Gaming Authority applicable to the gambling, casino, gaming businesses or activities of Melco Crown Gaming (or any other operator of the casino including the Sponsors or any of their Affiliates) or the Company or any of its Subsidiaries or any Sponsor in any jurisdiction, as in effect from time to time, including the policies, interpretations and administration thereof by the Gaming Authorities.

“*Gaming License*” means any license concession, subconcession or other authorization from any government authority required on the date hereof or at any time thereafter to own or operate casino games of fortune and chance by Melco Crown Gaming or any permitted transferee.

“*Global Note Legend*” means the legend set forth in Section 2.06(f)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“*Global Notes*” means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4), and with Section 2.06(d)(2) or 2.06(f) hereof.

“*Governmental Authority*” means the government of the Macau SAR or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“*Guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“*Holder*” means a Person in whose name a Note is registered.

“*Incur*” means, with respect to any Indebtedness, Capital Stock or other Obligation of any Person, to create, issue, assume, guarantee, incur (by conversion, exchange, or otherwise) or otherwise become liable in respect of such Indebtedness, Capital Stock or other Obligation or the recording, as required pursuant to GAAP or otherwise, of any such Indebtedness or other Obligation on the balance sheet of such Person. Indebtedness or Capital Stock otherwise Incurred by a Person before it becomes a Restricted Subsidiary of the Company shall be deemed to be Incurred at the time at which such Person becomes a Restricted Subsidiary of the Company. The accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock shall not be considered an Incurrence of Indebtedness.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; or
- (6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term “*Indebtedness*” includes all *Indebtedness* of others secured by a Lien on any asset of the specified Person (whether or not such *Indebtedness* is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any *Indebtedness* of any other Person.

Notwithstanding the foregoing, “*Indebtedness*” will not include Shareholder Subordinated Debt (other than for purposes of the definition of “Shareholder Subordinated Debt”) and Shareholder Subordinated Debt and its related interest and other expenses shall be excluded for the purposes of calculating Fixed Charges, Consolidated Leverage and Secured *Indebtedness*. In addition “*Indebtedness*” will not include (i) any capital commitments, deposits or advances from customers or any contingent obligations to refund payments (including deposits) to customers (or any guarantee thereof), or (ii) obligations of the Company or a Restricted Subsidiary to pay the deferred and unpaid purchase price of property or services due to suppliers of equipment or other assets (including parts thereof) not more than one year after such property is acquired or such services are completed and the amount of unpaid purchase price retained by the Company or any Restricted Subsidiary in the ordinary course of business in connection with an acquisition of equipment or other assets (including parts thereof) pending full operation or contingent on certain conditions during a warranty period of such equipment or assets in accordance with the terms of the acquisition; *provided* that, in each case, such *Indebtedness* is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of *Indebtedness* of any Person at any time shall be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* that:

- (A) the amount outstanding at any time of any *Indebtedness* issued with original issue discount is the face amount of such *Indebtedness* less the remaining unamortized portion of the original issue discount of such *Indebtedness* at such time as determined in conformity with GAAP;

(B) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and

(C) that the amount of or the principal amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if such Hedging Obligation terminated at or prior to that time due to a default by such Person.

“*Indenture*” means this Indenture, as amended or supplemented from time to time.

“*Indirect Participant*” means a Person who holds a beneficial interest in a Global Note through a Participant.

“*Initial Notes*” means the first US\$1,000,000,000 aggregate principal amount of Notes issued under this Indenture on the date hereof.

“*Initial Purchasers*” means Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, Citigroup Global Markets Inc. or Merrill Lynch International and any of their respective subsidiaries or Affiliates.

“*Investment Company Act*” means the U.S. Investment Company Act of 1940, and the rules and regulations of the SEC promulgated thereunder.

“*Investment Grade*” means a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch), a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s), and the equivalent ratings of any other “nationally recognized statistical rating organization” that is registered as such pursuant to Section 15E of the Exchange Act and Rule 17g thereunder selected by the Company as having been substituted as a Rating Agency for S&P, Fitch or Moody’s, as the case may be.

“*Investment Grade Status*” shall apply at any time the Notes receive (i) a rating equal to or higher than BBB- (or the equivalent) from S&P and (ii) a rating equal to or higher than Baa3 (or the equivalent) from Moody’s.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company’s Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.07 hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“*Issue Date*” means the date on which the Notes (other than any Additional Notes) are originally issued.

“*Legal Holiday*” means a Saturday, a Sunday or a day on which banking institutions in the City of New York, Hong Kong, Macau or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

“*Melco Crown Gaming*” means Melco Crown Gaming (Macau) Limited.

“*Melco Crown (COD)*” means Melco Crown (COD) Developments Limited.

“*Mocha Club Business*” means the operation, ownership, leasing and/or management of the Mocha Clubs as described in the Offering Memorandum.

“*Moody’s*” means Moody’s Investors Service, Inc. and any of its successors.

“*MPEL International*” means MPEL International Limited.

“*Net Income*” means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (but not loss), together with any related provision for taxes on such gain (or loss), realized in connection with:

(A) any Asset Sale; or

(B) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss).

“*Net Proceeds*” means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

“*Non-Recourse Debt*” means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

“*Non-U.S. Person*” means a Person who is not a U.S. Person.

“*Note Guarantee*” means the Guarantee by each Subsidiary Guarantor of the Company’s obligations under this Indenture and the Notes.

“*Notes*” has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Offering Memorandum*” means the offering memorandum dated January 29, 2013 in respect of the Notes.

“*Officer’s Certificate*” means a certificate signed on behalf of the Company by an Officer of the Company which meets the requirements of Section 13.05 hereof.

“*Opinion of Counsel*” means a written opinion from legal counsel who is acceptable to the Trustee that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company or the Trustee.

“*Parent*” means Melco Crown Entertainment Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands.

“*Participant*” means, with respect to the Depository, Euroclear or Clearstream, Luxembourg, a Person who has an account with the Depository, Euroclear or Clearstream, Luxembourg, respectively (and, with respect to DTC, shall include Euroclear and Clearstream, Luxembourg).

“Permitted Business” means (1) ownership, operation and management of casinos and gaming areas in accordance with the Subconcession, (2) the City of Dreams Business, the Altira Macau Business and the Mocha Club Business, (3) the Excluded Projects, (4) provision of credit to gaming patrons, food and beverage, spa, entertainment, entertainment production, convention, advertising, marketing, retail, foreign exchange, transportation, travel and outsourcing of in-house facilities and other businesses and activities which are necessary for, incidental to, arising out of, supportive of, or connected or complementary to, any Permitted Business, and (5) without limiting the foregoing, (a) owning the shares of any of the Company’s Restricted Subsidiaries, (b) the making of any investments permitted by clause (1) of the definition of “Permitted Investments,” or (c) the provision of administrative services to the Company or any of its Restricted Subsidiaries, so long as such actions are otherwise permitted by the terms of this Indenture.

“Permitted Investments” means:

- (1) any Investment in the Company or in a Restricted Subsidiary of the Company;
- (2) any Investment in cash or Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
 - (A) such Person becomes a Restricted Subsidiary of the Company; or
 - (B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;
- (5) any acquisition of assets or Capital Stock in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;
- (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;
- (7) Investments represented by Hedging Obligations;
- (8) loans or advances to employees, officers, or directors made in the ordinary course of business of the Company or any Restricted Subsidiary of the Company in an aggregate principal amount not to exceed US\$1.0 million at any one time outstanding;
- (9) repurchases of the Notes;
- (10) any Investments consisting of gaming credit extended to customers and junket operators in the ordinary course of business and consistent with applicable law and any Investments made or deemed to be made in connection with or through any transactions or arrangements involving contractual rights under, pursuant to or in connection with any services agreements and related agreements or arrangements, including reimbursement agreements, with Excluded Projects, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals;

(11) deposits made by the Company or any of its Restricted Subsidiaries in the ordinary course of business to comply with statutory or regulatory obligations (including land grants) to maintain deposits for the purposes specified by the applicable statute or regulation (including land grants) from time to time;

(12) any Investment consisting of a Guarantee permitted by Section 4.09 hereof and performance guarantees that do not constitute Indebtedness entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(13) [Intentionally Omitted]

(14) advances to contractors and suppliers and accounts and notes receivables created or acquired in the ordinary course of business;

(15) receivables owing to the Company or any of its Restricted Subsidiaries if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(16) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; *provided* that the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the Issue Date of this Indenture or (y) as otherwise permitted under this Indenture;

(17) Investments in prepaid expenses, negotiable instruments held for collection, deposits made in connection with self-insurance, and performance and other similar deposits and prepayments made in connection with an acquisition of assets or property in the ordinary course of business by the Company or any Restricted Subsidiary;

(18) deposits made by the Company or any Restricted Subsidiary in the ordinary course of business to comply with statutory or regulatory obligations (including land grants) to maintain deposits for the purposes specified by the applicable statute or regulation (including land grants) from time to time;

(19) to the extent constituting an Investment, licenses of intellectual property rights granted by the Company or a Restricted Subsidiary of the Company in the ordinary course of business; *provided*, that such grant does not interfere in any material respect with the ordinary conduct of the business of such Person;

(20) Investments consisting of purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights or licenses or leases of intellectual property, in each case, in the ordinary course of business;

(21) Investments held by a Person that becomes a Restricted Subsidiary; *provided, however*, that such Investments were not acquired in contemplation of the acquisition of such Person;

(22) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(23) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens”;

(24) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons; and

(25) other Investments in any Person other than an Affiliate of the Company having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (25) that are at the time outstanding, not to exceed US\$20.0 million.

“Permitted Liens” means:

(1) Liens on assets of the Company or any of its Restricted Subsidiaries securing Indebtedness Incurred pursuant to of Section 4.09(b)(1) hereof;

(2) Liens in favor of the Company or the Subsidiary Guarantors;

(3) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Subsidiary of the Company; *provided* that such Liens were not created in connection with, or in the contemplation of, such Person becoming a Restricted Subsidiary of the Company or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Company or is merged into or consolidated with the Company or the Subsidiary;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business, any netting or set-off arrangement entered into by the Company or any Restricted Subsidiary with Citibank, N.A., Banco Nacional Ultramarino, S.A. or Bank of China, Macau Branch in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of the Company or any Restricted Subsidiary but only so long as: (i) such arrangement does not permit credit balances of the Company or the Restricted Subsidiaries to be netted or set off against debit balances of persons which are other Persons; and (ii) such arrangement does not give rise to other Liens over the assets of the Company or any Restricted Subsidiary in support of liabilities of persons other than the Company or its Restricted Subsidiaries;

(6) Liens created in favor of a plaintiff or defendant in any proceedings as security for costs or expenses;

(7) Liens arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Company or its Restricted Subsidiaries in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Company or its Restricted Subsidiaries, *provided* that the aggregate value of all assets subject to any such Liens shall not exceed US\$5.0 million;

(8) Liens incurred or deposits made in the ordinary course of business in connection with workmen's compensation or unemployment obligations or other obligations of a like nature, including any Lien securing letters of credit issued in the ordinary course of business in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(9) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(4) covering only the assets acquired with or financed by such Indebtedness and directly related assets such as proceeds (including insurance proceeds), improvements, replacements and substitutions thereto;

(10) Liens existing on the Issue Date (other than Liens securing the Senior Credit Agreement);

(11) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(12) Liens over goods, documents of title to goods and related documents and insurances and their proceeds to secure liabilities of the Company or any of its Restricted Subsidiaries in respect of letters of credit, trust receipts, import loans or shipping guarantees issued or granted for all or part of the purchase price and costs of shipment, insurance and storage of goods acquired by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(13) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods in the ordinary course of business;

(14) Liens or deposits in connection with workers' compensation, unemployment insurance and other social security legislation of all applicable laws *provided* that such Liens are contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets are available to discharge such Liens;

(15) Liens on assets deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets if such sale is otherwise permitted under the Indenture;

(16) Liens arising, subsisting or imposed by law, including but not limited to, carriers, warehousemen's, landlord's, suppliers' and mechanics' Liens, in each case, incurred in the ordinary course of business;

(17) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(18) Liens created for the benefit of (or to secure) the Notes or the Note Guarantees;

(19) Liens to secure any Permitted Refinancing Indebtedness permitted to be Incurred under this Indenture; *provided, however*, that:

- (A) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (*plus* improvements and accessions to, such property or proceeds or distributions thereof); and
- (B) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(20) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under this Indenture, secured by a Lien on the same assets or property securing such Hedging Obligations;

(21) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the money borrowed, (ii) relating to pooled deposit or sweep accounts of the Company or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(22) Liens arising out of judgments against such Person not giving rise to an Event of Default, with respect to which such Person shall then be proceeding with an appeal or other proceedings for review, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(23) Liens granted to the Trustee for its compensation and indemnities pursuant to this Indenture;

(24) Liens arising out of or in connection with licenses, sublicenses, leases (other than capital leases) and subleases (including rights to use) of assets (including, without limitation, intellectual property) entered into in the ordinary course of business;

(25) Liens upon specific items of inventory or other goods and proceeds of the Company or any Restricted Subsidiary securing obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;

(26) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangement for the sale of goods in the ordinary course of business;

(27) Liens arising under customary provisions limiting the disposition or distribution of assets or property or any related restrictions thereon in operating agreements, joint venture agreements, partnership agreements, contracts for sale and other agreements arising in the ordinary course of business; *provided, that* such Liens do not extend to any assets of the Company or any Restricted Subsidiary other than the assets subject to such agreements or contracts;

(28) Liens on deposits made in the ordinary course of business to secure liability to insurance carriers;

(29) Liens on the Equity Interests of Unrestricted Subsidiaries;

(30) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(31) Liens securing Indebtedness Incurred pursuant to Section 4.09(a) hereof; *provided* that at the time of Incurrence and after giving effect to the Incurrence of such Indebtedness and the application of the proceeds therefrom on such date, the Secured Leverage Ratio of the Company would not exceed 2.5 to 1.00, and provided further that for the purposes of this clause (31), the Company may elect pursuant to an Officer's Certificate delivered to the Trustee to treat all or any portion of the commitment under any Indebtedness as being Incurred at such time, in which case any subsequent Incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this clause (31) only and not for purposes of any other provision of the Indenture, to be an Incurrence at such subsequent time; and

(32) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to obligations that do not exceed US\$10.0 million at any one time outstanding.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (*plus* all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes with subordination terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Private Placement Legend*” means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“*QIB*” means a “qualified institutional buyer” as defined in Rule 144A.

“*Rating Agencies*” means any of (i) S&P, (ii) Moody’s, (iii) Fitch or (iv) if any or all of them shall not make a rating of the Notes publicly available, any other “nationally recognized statistical rating organization” that is registered as such pursuant to Section 15E of the Exchange Act and Rule 17g thereunder selected by the Company as a replacement agency.

“*Rating Category*” means (1) with respect to S&P, any of the following categories: “AAA,” “AA,” “A,” “BBB,” “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Aaa,” “Aa,” “A,” “Baa,” “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (3) with respect to Fitch, any of the following categories “AAA,” “AA,” “A,” “BBB,” “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories) and (4) the equivalent of any such category of S&P, Moody’s or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Fitch; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “B+” to “B-,” will constitute a decrease of one gradation).

“*Rating Date*” means that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control.

“*Ratings Decline*” means the occurrence on, or within six months after, the date, or public notice of the occurrence of the events set forth in clause (3) of the definition of Change of Control or the announcement by the Company or any other Person or Persons of the intention by the Company or such other Person or Persons to effect a Change of Control (which period will be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below:

(1) in the event either of the Notes or the Company is rated by two Rating Agencies on the Rating Date as Investment Grade, such rating of the Notes or the Company by either such Rating Agency shall be below Investment Grade;

(2) in the event either of the Notes or the Company is rated by one, and only one, of the Rating Agencies on the Rating Date as Investment Grade, such rating of the Notes or the Company by such Rating Agency shall be below Investment Grade; or

(3) in the event either of the Notes or Parent is rated below Investment Grade by any two Rating Agencies on the Rating Date, such rating of the Notes or the Company by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“*Regulation S*” means Regulation S promulgated under the Securities Act.

“*Regulation S Global Note*” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

“*Related Party*” means:

(1) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Sponsor; or

(2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Sponsors and/or such other Persons referred to in the immediately preceding clause (1).

“*Responsible Officer*,” when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“*Restricted Definitive Note*” means a Definitive Note bearing the Private Placement Legend.

“*Restricted Global Note*” means a Global Note bearing the Private Placement Legend.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Period*” means the 40-day distribution compliance period as defined in Regulation S.

“*Restricted Subsidiary*” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“*Rule 144*” means Rule 144 promulgated under the Securities Act.

“*Rule 144A*” means Rule 144A promulgated under the Securities Act.

“*Rule 903*” means Rule 903 promulgated under the Securities Act.

“*Rule 904*” means Rule 904 promulgated under the Securities Act.

“*S&P*” means Standard & Poor’s Ratings Group and any of its successors.

“SEC” means the Securities and Exchange Commission.

“Secured Indebtedness” means any Indebtedness of the Company or any of its Restricted Subsidiaries secured by a Lien (other than Capital Lease Obligations Incurred under clause (4) of the second paragraph of Section 4.09).

“Secured Leverage Ratio” means, with respect to any specified Person as of any date of determination, the ratio of (1) Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date to (2) Consolidated Cash Flow of such Person for four most recent full fiscal quarters ending immediately prior to such date for which financial statements are available; *provided, however*, that for the purpose of calculating Consolidated Cash Flow for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Secured Leverage Ratio is made (the “Calculation Date”) (including transactions giving rise to the need to calculate such Secured Leverage Ratio) will be given pro forma effect as if they had occurred on the first day of the four quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Secured Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition, (a) whenever pro forma effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated Cash Flow associated therewith, the pro forma calculation shall be determined in good faith by a responsible financial or accounting Officer of the Company and (b) turnover contribution shall not be included in the calculation of Consolidated Cash Flow for any period. In determining the amount of Indebtedness outstanding on any date of determination, pro forma effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness on such date. In the event that the Company or any of its Restricted Subsidiaries Incurs or redeems any Secured Indebtedness subsequent to the commencement of the period for which the Secured Leverage Ratio is being calculated but prior to the event for which the calculation of the Secured Leverage Ratio is made, then the Secured Leverage Ratio shall be calculated giving pro forma effect to such Incurrence or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four full fiscal quarter period.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Senior Credit Agreement*” means the Senior Credit Agreement, dated as of September 5, 2007, by and among Melco Crown Gaming, as Original Borrower, arranged by Australia and New Zealand Banking Group Limited, Bank of America Securities Asia Limited, Barclays Capital, Deutsche Bank AG, Hong Kong Branch, and UBS AG Hong Kong Branch as Coordinating Lead Arrangers, with Deutsche Bank AG, Hong Kong Branch acting as Agent and DB Trustees (Hong Kong) Limited acting as Security Agent, as amended pursuant to a transfer agreement between, *inter alios*, the parties thereto dated October 17, 2007, a supplemental deed in respect of the deed of appointment between, *inter alios*, the parties thereto, dated November 19, 2007, an amendment agreement between the parties thereto dated December 7, 2007, a second amendment agreement between the parties thereto dated September 1, 2008, a third amendment agreement between the parties thereto dated December 1, 2008, a letter agreement between the parties thereto dated October 8, 2009, and as further amended pursuant to a fourth amendment agreement between the parties thereto dated May 10, 2010 and a fifth amendment agreement between the parties dated June 22, 2011, providing for up to US\$1,750,000,000 of revolving credit and term loan borrowings, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, as such agreement may be further amended from time to time in compliance with the terms of the Indenture, and including any Credit Facility that is a refinancing thereof pursuant to clause (1) of the second paragraph of Section 4.09.

“*Shareholder Subordinated Debt*” means, collectively, any debt provided to the Company by any direct or indirect parent holding company of the Company (or any Sponsor), in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Shareholder Subordinated Debt; *provided* that such Shareholder Subordinated Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confer on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes and this Indenture; and

(7) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company.

“*Significant Subsidiary*” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

“*Sponsors*” means Melco International Development Limited and Crown Limited.

“*Sponsor Group Shareholder*” means the Parent or any direct or indirect shareholder of MPEL Nominee One Limited which is a Sponsor, a Subsidiary of a Sponsor or which would be a Subsidiary of a Sponsor were the rights and interests of each Sponsor in respect thereof combined.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subconcession*” means the trilateral agreement dated September 9, 2006 entered into between the government of the Macau SAR, Wynn Resorts (Macau), S.A. (as concessionaire for the operation of casino games of chance and other casino games in Macau, under the terms of the concession contract dated June 24, 2002 between the government of the Macau SAR and Wynn Resorts (Macau), SA, and Melco Crown Gaming.

“*Subordinated Indebtedness*” means (a) with respect to the Company, any Indebtedness of the Company which is by its terms subordinated in right of payment to the Notes, and (b) with respect to any Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor which is by its terms subordinated in right of payment to such Subsidiary Guarantor’s Obligations in respect of its Note Guarantee.

“*Subsidiary*” means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholder’s agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“*Subsidiary Guarantor*” means each of (1) MPEL International, Melco Crown Gaming, Altira Hotel Limited, Altira Developments Limited, Melco Crown (COD) Hotels Limited, Melco Crown (COD) Developments Limited, Melco Crown (Cafe) Limited, Golden Future (Management Services) Limited, Melco Crown Hospitality and Services Limited, Melco Crown (COD) Retail Services Limited, Melco Crown (COD) Ventures Limited, COD Theatre Limited, Melco Crown COD (HR) Hotel Limited, Melco Crown COD (CT) Hotel Limited and Melco Crown COD (GH) Hotel Limited; and (2) any other Subsidiary of the Company that provides a Note Guarantee in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“*Total Assets*” means, as of any date, the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person.

“*Treasury Rate*” means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to February 15, 2016; *provided, however*, that if the period from the redemption date to February 15, 2016 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“*Trustee*” means Deutsche Bank Trust Company Americas until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“*Unrestricted Definitive Note*” means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Global Note*” means a Global Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11 hereof, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries,

provided that, as of the date hereof, the only Unrestricted Subsidiaries are Melco Crown (Macau Peninsula) Hotel Limited and Melco Crown (Macau Peninsula) Developments Limited.

“U.S. Government securities” means securities that are:

- (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or
- (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such U.S. Government securities or a specific payment of principal of or interest on any such U.S. Government securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government securities or the specific payment of principal of or interest on the U.S. Government securities evidenced by such depository receipt.

“U.S. Person” means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.

Section 1.02 Other Definitions.

| <u>Term</u> | <u>Defined in Section</u> |
|----------------------------------|---------------------------|
| “Additional Amounts” | 2.13 |
| “Affiliate Transaction” | 4.11 |
| “Asset Sale Offer” | 3.09 |
| “Authentication Order” | 2.02 |
| “Change of Control Offer” | 4.15 |
| “Change of Control Payment” | 4.15 |
| “Change of Control Payment Date” | 4.15 |
| “Covenant Defeasance” | 8.03 |
| “DTC” | 2.03 |
| “Event of Default” | 6.01 |
| “Excess Proceeds” | 4.10 |
| “Guaranteed Obligations” | 11.01 |
| “Legal Defeasance” | 8.02 |
| “Offer Amount” | 3.09 |
| “Offer Period” | 3.09 |
| “Paying Agent” | 2.03 |
| “Permitted Debt” | 4.09 |
| “Payment Default” | 6.01 |
| “Purchase Date” | 3.09 |
| “Registrar” | 2.03 |
| “Relevant Jurisdiction” | 2.13 |
| “Restricted Payments” | 4.07 |
| “Reversion Date” | 4.26 |
| “Suspended Covenants” | 4.26 |
| “Suspension Period” | 4.26 |
| “Taxes” | 2.13 |

Section 1.03 *Rules of Construction.*

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) “or” is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) “will” shall be interpreted to express a command;
- (6) provisions apply to successive events and transactions; and
- (7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General.* The Notes and the Trustee’s certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Subsidiary Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes*. Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Registrar, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) *Euroclear and Clearstream, Luxembourg Procedures Applicable*. The provisions of the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” and the “General Terms and Conditions—Clearstream Banking, Luxembourg” and “Customer Handbook” of Clearstream, Luxembourg will be applicable to transfers of beneficial interests in the Regulation S Global Note that are held by Participants through Euroclear or Clearstream, Luxembourg.

Section 2.02 *Execution and Authentication*.

At least one Officer must sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Company signed by an Officer or a director (an “*Authentication Order*”), authenticate Notes for original issue that may be validly issued under this Indenture, including any Additional Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 *Registrar and Paying Agent*.

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange (“*Registrar*”) and an office or agency where Notes may be presented for payment (“*Paying Agent*”). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term “Registrar” includes any co-registrar and the term “Paying Agent” includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder and shall so notify the Trustee and each Paying Agent thereof in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company (“DTC”) to act as Depository with respect to the Global Notes.

The Company initially appoints Deutsche Bank Trust Company Americas to act as the Registrar and Paying Agent and to act as Custodian, with respect to the Global Notes.

If and for so long as the Notes are listed on the SGX-ST, and the rules of the SGX-ST so require, in the event that the Global Notes are exchanged for notes in definitive form, the Company will appoint and maintain a paying agent in Singapore where the Notes may be presented or surrendered for payment or redemption. In the event that the Global Notes are exchanged for notes in definitive form, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the Singapore paying agent by way of an announcement to the SGX-ST, for so long as the Notes are listed on the SGX-ST.

Section 2.04 Paying Agent to Hold Money in Trust.

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Additional Amounts, if any, or interest on the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 Holder Lists.

The Trustee, through the Registrars, will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.06 Transfer and Exchange.

(a) *Transfer and Exchange of Global Notes.* A Global Note may not be transferred except as a whole by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 120 days after the date of such notice from the Depository;

(2) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in (1) or (2) above, Definitive Notes shall be issued in such names as the Depository shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes.* The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however,* that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depository to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b) (2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any Holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and, in each such case set forth, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to the paragraph above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to the paragraph above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any Holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A Holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(i) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any Holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of the appropriate Restricted Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (1)(B), (1)(D) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications and certificates required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER FOR THE BENEFIT OF THE ISSUER AND THE GUARANTORS AND ANY OF THEIR SUCCESSORS IN INTEREST (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY [RULE 144A] [REGULATION S] UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE DATE OF ORIGINAL ISSUE AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR THERETO) (THE “RESALE RESTRICTION TERMINATION DATE”) RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE EXCEPT (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON THAT THE SELLER, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. PROVIDED THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR PURSUANT TO CLAUSE (D) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES,” AND “U.S. PERSON” HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.”

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(2), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend.* Each Global Note will bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(g) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Registrar at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Registrar at the direction of the Trustee to reflect such increase.

(h) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.06, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Subsidiary Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Subsidiary Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes.*

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation.*

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest.*

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner *plus*, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than ten (10) days prior to the related payment date for such defaulted interest. At least fifteen (15) days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 *Additional Amounts.*

(a) All payments by or on behalf of the Company of principal of, and premium, if any, and interest on the Notes and all payments by or on behalf of any Subsidiary Guarantor under the Note Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever ("*Taxes*") nature imposed or levied by the Cayman Islands or Macau (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "*Relevant Jurisdiction*"), unless such withholding or deduction is required by law. In such event, the Company or the applicable Subsidiary Guarantor, as the case may be, will make such withholding or deduction, make payment of the amount so withheld or deducted to the appropriate governmental authority as required by applicable law and will pay such additional amounts ("*Additional Amounts*") as will result in receipt by the Holder of such amounts as would have been received by such holder had no such withholding or deduction been required, *provided* that no Additional Amounts will be payable with respect to any Note or Note Guarantee for or on account of:

(1) any Taxes that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Note Guarantee, as the case may be, and the Relevant Jurisdiction including, without limitation, such holder or beneficial owner being or having been a citizen or resident of such Relevant Jurisdiction, being or having been treated as a resident of such Relevant Jurisdiction or being or having been present or engaged in a trade or business in such Relevant Jurisdiction or having or having had a permanent establishment in such Relevant Jurisdiction, other than merely holding such Note or the receipt of payments thereunder or under the Note Guarantee;

(B) the presentation of such Note (where presentation is required) more than thirty (30) days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the Holder or beneficial owner of such Note or Note Guarantee to comply with a timely request of the Company or any Subsidiary Guarantor addressed to such Holder or beneficial owner to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Jurisdiction;

(D) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere; or

(E) any withholding or deduction that is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or otherwise pursuant to Section 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an inter-government approach thereto;

(2) any estate, inheritance, gift, sale, transfer, excise, personal property, net income or similar Tax;

(3) any withholding or deduction where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (or any amendment thereof) or any other Directive (or any amendment thereof) implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives or amendments;

(4) any Taxes that are payable other than withholding or deduction from payments of principal of, or premium, if any, or interest on the Note or payments under the Note Guarantees; or

(5) any combination of Taxes referred to in the preceding clauses (1), (2), (3) and (4); or

(b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note or any payment under any Note Guarantee to or for the account of a fiduciary, partnership or other fiscally transparent entity or any other person (other than the sole beneficial owner of such payment) to the extent that a beneficiary or settlor with respect to that fiduciary, or a partner or member of that partnership or fiscally transparent entity or a beneficial owner with respect to such other person, as the case may be, who would not have been entitled to such Additional Amounts had such beneficiary, settlor, partner, member or beneficial owner held directly the Note with respect to which such payment was made.

(c) Whenever there is mentioned in any context the payment of principal of, and any premium or interest, on any Note or under any Note Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

ARTICLE 3 REDEMPTION AND PREPAYMENT

Section 3.01 *Notices to Trustee.*

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, the Registrars and the Paying Agent, at least 30 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth:

- (1) the clause of this Indenture pursuant to which the redemption shall occur;
- (2) the redemption date;
- (3) the principal amount of Notes to be redeemed; and
- (4) the redemption price.

Section 3.02 *Selection of Notes to Be Redeemed or Purchased.*

If fewer than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee will select Notes for redemption or purchase (i) in compliance with the requirements of the principal national securities exchange, if any, on which Notes are listed and any applicable depository procedures, (ii) by lot or such other similar method in accordance with the applicable procedures of the Depository or any other applicable clearing system (if the Notes are Global Notes), or (iii) if there are no such requirements of such exchange or the Notes are not then listed on a national securities exchange or cleared through the Depository or any other applicable clearing system, on a *pro rata* basis or by such other method the Trustee deems fair and reasonable. No Notes of a principal amount of US\$200,000 or less may be redeemed or purchased in part, and if Notes are redeemed or purchased in part, the remaining outstanding amount must be at least equal to US\$200,000 and integral multiples of US\$1,000 in excess thereof.

In the event of partial redemption or purchase by lot, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption or purchase date by the Registrar from the outstanding Notes not previously called for redemption or purchase.

The Registrar will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of US\$200,000 or integral multiples of US\$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date (with prior notice to the Trustee) if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 12 hereof.

The notice will identify the Notes to be redeemed and will state:

- (1) the redemption date;
- (2) the redemption price;
- (3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note, *provided* that the unredeemed portion has a minimum denomination of US\$200,000;
- (4) the name and address of the Paying Agent;
- (5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and
- (8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company has delivered to the Trustee, at least 45 days prior to the redemption date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become due and payable on the redemption date at the redemption price stated in the notice, *provided*, that any notice of redemption given in respect of the redemption referred to in Section 5 of the Notes may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent, to the extent permitted by Section 5 of the Notes.

Section 3.05 *Deposit of Redemption or Purchase Price.*

No later than 10 a.m. New York time two Business Days prior to the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest and Additional Amounts, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest and Additional Amounts, if any, on all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) At any time prior to February 15, 2016, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture at a redemption price of 105.00% of the principal amount thereof, *plus* accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that:

- (1) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 45 days of the date of the closing of such Equity Offering.

Any redemption notice given in respect of the redemption referred to in the preceding paragraph may be given prior to completion of the related Equity Offering, and any such redemption or notice may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent, including the completion of the related Equity Offering.

(b) At any time prior to February 15, 2016, the Company may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed *plus* the Applicable Premium as of, and accrued and unpaid interest, if any, to, the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date. Any such redemption and notice may, at the discretion of the Company, be subject to satisfaction of one or more conditions precedent.

(c) Except pursuant to the two preceding paragraphs, the Notes will not be redeemable at the Company's option prior to February 15, 2016.

(d) On or after February 15, 2016, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on February 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

| <u>Year</u> | <u>Percentage</u> |
|---------------------|-------------------|
| 2016 | 103.750% |
| 2017 | 102.500% |
| 2018 | 101.250% |
| 2019 and thereafter | 100.000% |

Any such redemption and notice may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent. Unless the Company defaults in the payment of the redemption price or fails to satisfy the conditions precedent to the redemption and thereby terminates the redemption, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(e) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.08 *Mandatory Redemption.*

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09 *Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an offer to all Holders to purchase Notes (an "*Asset Sale Offer*"), it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the “Offer Period”). No later than five Business Days after the termination of the Offer Period (the “Purchase Date”), the Company will apply all Excess Proceeds (the “Offer Amount”) to the purchase of Notes and such other *pari passu* Indebtedness (on a *pro rata* basis, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest and Additional Amounts, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof only;

(6) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, if the aggregate principal amount of Notes and other *pari passu* Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Company will select the Notes and other *pari passu* Indebtedness to be purchased in accordance with Section 3.02 based on the principal amount of Notes and such other *pari passu* Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of US\$200,000, or integral multiples of US\$1,000 in excess thereof, will be purchased); and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer), *provided* that the unpurchased portion has a minimum denomination of US\$200,000.

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary (but subject to Section 3.02), the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the Depository or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company will promptly issue a new Note, and the Trustee, upon written request from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered, *provided* that the unpurchased portion has a minimum denomination of US\$200,000. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.10 Redemption for Taxation Reasons.

The Notes may be redeemed, at the option of the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (the "*Tax Redemption Date*") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective on or after the date of this Indenture with respect to any payment due or to become due under the Notes, this Indenture or a Note Guarantee, the Company or a Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the Company or a Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; *provided* that for the avoidance of doubt, changing the jurisdiction of the Company or a Subsidiary Guarantor is not a reasonable measure for the purposes of this Section 3.10; *provided, further*, that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company or a Subsidiary Guarantor will deliver to the Trustee:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Company or such Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant of recognized international standing stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Section 3.11 *Gaming Redemption.*

Each Holder, by accepting a Note, shall be deemed to have agreed that if the Gaming Authority of any jurisdiction in which the Company, any of its Subsidiaries or any Sponsor conducts or proposes to conduct gaming requires that a person who is a holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable Gaming Laws, such holder or beneficial owner, as the case may be, shall apply for a license, qualification or a finding of suitability within the required time period. If such Person fails to apply or become licensed or qualified or is found unsuitable, the Company shall have the right, at its option:

(1) to require such Person to dispose of its Notes or beneficial interest therein within 30 days of receipt of notice of the Company's election or such earlier date as may be requested or prescribed by such Gaming Authority; or

(2) to redeem such Notes, which redemption may be less than 30 days following the notice of redemption if so requested or prescribed by the applicable gaming authority, at a redemption price equal to:

(A) the lesser of:

(1) the person's cost, plus accrued and unpaid interest, if any, to the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; and

(2) 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; or

(B) such other amount as may be required by applicable law or order of the applicable Gaming Authority.

The Company shall notify the Trustee in writing of any such redemption as soon as practicable. Neither the Company nor the Trustee shall be responsible for any costs or expenses any Holder may incur in connection with such Holder's application for a license, qualification or a finding of suitability.

ARTICLE 4 COVENANTS

Section 4.01 *Payment of Notes.*

The Company will pay or cause to be paid the principal of, premium, if any, and interest and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest and Additional Amounts, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. New York Time two Business Days prior to the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02 *Maintenance of Office or Agency.*

The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates Deutsche Bank Trust Company Americas as one such office or agency of the Company in accordance with Section 2.03 hereof.

Section 4.03 Reports.

(a) The Company will furnish to the Holders or, at the written request and expense of the Company, cause the Trustee to furnish to the Holders, and make available to potential investors:

(1) within 120 days after the end of the Company's fiscal year, annual reports of the Company containing: (a) information with a level of detail that is substantially comparable to the sections in the Offering Memorandum entitled "Selected Consolidated Financial Information", "Business", "Management", "Related Party Transactions" and "Description of Other Indebtedness"; (b) the Company's audited consolidated (i) balance sheet as of the end of the two most recent fiscal years (or such shorter period as the Company has been in existence) and (ii) income statement and statement of cash flow for the two most recent fiscal years (or such shorter period as the Company has been in existence), in each case prepared in accordance with GAAP and including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (c) an operating and financial review of the two most recent fiscal years (or such shorter period as the Company has been in existence) for the Company and its Restricted Subsidiaries, including a discussion of (i) the financial condition and results of operations of the Company on a consolidated basis and any material changes between such two fiscal years (or such shorter period as the Company has been in existence) and (ii) any material developments in the business of the Company and its Restricted Subsidiaries; and (d) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any Change of Control or material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year, unless *pro forma* information has been provided in a previous report pursuant to paragraph (2)(c) below;

(2) within 60 days after the end of each day of the first three fiscal quarters in each fiscal year of the Company, quarterly reports containing: (a) the Company's unaudited condensed consolidated (i) balance sheet as of the end of such quarter and (ii) statement of income and cash flow for the quarterly and year to date periods ending on the most recent balance sheet date, and the comparable prior year periods, in each case prepared in accordance with U.S. GAAP; (b) an operating and financial review of such periods for the Company and its Restricted Subsidiaries including a discussion of (i) the financial condition and results of operations of the Company on a consolidated basis and material changes between the current period and the period of the prior year and (ii) any material developments in the business of the Company and its Restricted Subsidiaries; (c) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any Change of Control or material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter, *provided* that the Company may provide any such *pro forma* information relating to a material acquisition within 75 days following such quarterly report in the form of a report provided pursuant to clause (3) below; and

(3) promptly from time to time after the occurrence of any of the events listed in (a) to (e) of this clause (3) information with respect to (a) any change in the independent accountants of the Company or any of its Significant Subsidiaries, (b) resignation of any member of the Board of Director or management of the Company, (c) any material acquisition or disposition, (d) any material event that the Company or any Restricted Subsidiary announces publicly and (e) any information that the Company is required to make publicly available under the requirements of the Singapore Exchange Securities Trading Limited or such other exchanges on which the securities of the Company or its Subsidiaries are then listed.

(b) If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Company, then the annual and quarterly information required by the paragraphs (a)(1) and (a)(2) hereof shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

(c) In addition, so long as any Notes remain outstanding, the Company and the Subsidiary Guarantors shall furnish to the holders of Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Section 4.04 Compliance Certificate.

(a) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) [Intentionally Omitted].

(c) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, as soon as possible and in any event within ten (10) days after the Company becomes aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto. The Trustee shall not be deemed to have a duty to monitor compliance by the Company, nor to have knowledge of a Default or an Event of Default (other than a payment default on a scheduled interest payment date) unless a Responsible Officer of the Trustee receives written notice thereof, stating that it is a notice of default and referencing the applicable section of this Indenture.

Section 4.05 Taxes.

The Company will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies required to be paid by the Company or such Subsidiaries except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders.

Section 4.06 Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments*.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such, except (a) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or in Shareholder Subordinated Debt and (b) dividends or distributions payable to the Company or a Restricted Subsidiary of the Company;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness of the Company or any Subsidiary Guarantor (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except a payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(A) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(B) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least US\$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the date hereof (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7), (8), (15) and (16) of Section 4.07(b), is less than the sum, without duplication, of:

(i) 75% of the Consolidated Cash Flow of the Company less 2.25 times Fixed Charges for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after May 17, 2010 to the end of the fiscal quarter commencing September 30, 2012 (or, if such Consolidated Cash Flow for such period is a deficit, less 100% of such deficit); plus

(ii) 75% of the Consolidated Cash Flow of the Company 2.0 times Fixed Charges for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing on January 1, 2013 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Cash Flow for such period is a deficit, less 100% of such deficit); *plus*

(iii) 100% of the aggregate net cash proceeds received by the Company since May 17, 2010 as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company); *plus*

(iv) to the extent that any Restricted Investment that was made after May 17, 2010 (x) is reduced as a result of payment of dividends to the Company or any Restricted Subsidiary or (y) is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment or (z) is reduced upon the release of a Guarantee of the Company or a Restricted Subsidiary that constituted such a Restricted Investment; *plus*

(v) to the extent that any Unrestricted Subsidiary of the Company designated as such after May 17, 2010 is re-designated as a Restricted Subsidiary after May 17, 2010, the lesser of (i) the Fair Market Value of the Company's Investment in such Subsidiary as of the date of such re-designation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the date of this Indenture; *plus*

(vi) 100% of the aggregate amount received from the sale of the stock of any Unrestricted Subsidiary of the Company after the Issue Date or 100% of any dividends received by the Company or a Restricted Subsidiary of the Company that is a Subsidiary Guarantor after May 17, 2010 from an Unrestricted Subsidiary of the Company, to the extent that such dividends were not otherwise included in the Consolidated Cash Flow of the Company for such period.

(b) The provisions of Section 4.07(a) hereof will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.07(a)(C)(ii) hereof;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the net cash proceeds from a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a *pro rata* basis;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed US\$1.0 million in any twelve-month period;

(6) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary of the Company issued on or after May 7, 2010 in accordance with the Fixed Charge Coverage Ratio test described in Section 4.09(a) hereof;

(8) any Restricted Payment (including any payments made under, pursuant to or in connection with any services agreements and any related agreements or arrangements, including reimbursement agreements, with Excluded Projects) made from net revenues and receipts, distributions or sale proceeds derived from Excluded Projects; *provided* the amount of such Restricted Payment will be excluded from Section 4.07(a)(4)(c)(vi) hereof;

(9) any Restricted Payments, to the extent required to be made by any Gaming Authority having jurisdiction over the Company or any of its Restricted Subsidiaries;

(10) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company or any Restricted Subsidiary; *provided, however*, that any such cash payment shall not be for the purpose of evading the limitation of this Section 4.07;

(11) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company or any Subsidiary Guarantor pursuant to provisions similar to those described under Section 4.15, *provided* that all Notes tendered by holders of the Notes in connection with a Change of Control Offer have been repurchased, redeemed or acquired for value;

(12) payments or distributions to dissenting stockholders of Capital Stock of the Company pursuant to applicable law in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, that complies with Section 5.01; *provided* that as a result of such consolidation, merger or transfer of assets, the Company shall have made a Change of Control Offer (if required by this Indenture) and that all Notes tendered by holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value; and

(13) any Restricted Payment; *provided* that the Consolidated Leverage Ratio does not exceed 2.5 to 1.0 on a pro forma basis after giving effect to any such Restricted Payment;

(14) the making of Restricted Payments, if applicable,

(A) in amounts required for any direct or indirect parent of the Company to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any direct or indirect parent of the Company and general corporate operating and overhead expenses of any direct or indirect parent of the Company in each case to the extent such fees and expenses are attributable to the ownership or operation of the Company, if applicable, and its Subsidiaries, in an aggregate amount not to exceed US\$1.0 million per annum;

(B) in amounts required for any direct or indirect parent of the Company, if applicable, to pay interest and/or principal on Indebtedness the proceeds of which have been contributed to the Company or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Company Incurred in accordance with Section 4.09 hereof; *provided* that the amount of any such proceeds will be excluded from Section 4.07(a)(4)(c)(iii),

(15) any Restricted Payment in an aggregate amount, when taken together with all other Restricted Payments made pursuant to this clause (15), not to exceed US\$400.0 million to fund the development of Studio City which is currently envisioned to be an approximately 463,000 gross square meter project to be constructed on an approximately 130,789 square meter parcel of land in the reclaimed area between Taipa and Coloane Island (Cotai), Lotes G300, G310 and G400, registered with the Macau Real Estate Registry under no. 23059 and which is currently envisioned to contain retail, hotel, gaming, entertainment, food and beverage outlets and entertainment studios and other facilities;

(16) Restricted Payments made in connection with the repayment of the RMB2.3 billion 3.75% bonds due 2013 issued by the Parent as disclosed in the Offering Memorandum; and

(17) and any other Restricted Payments in aggregate amount, when taken together with all other Restricted Payments made pursuant to this clause 17, not to exceed US\$15.0 million.

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (13), (14) and (17) of this Section 4.07(b), no Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.07 will be determined by the Board of Directors of the Company whose resolution with respect thereto will be delivered to the Trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of international standing if the Fair Market Value exceeds US\$30.0 million.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Subsidiaries.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;
- (2) make loans or advances to the Company or any of its Restricted Subsidiaries; or
- (3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Indebtedness or any other agreements in existence on the Issue Date as in effect on the date hereof and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in those agreements on the date hereof;
- (2) the Credit Facilities, and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in the Credit Facilities on the date hereof;
- (3) the Indenture, the Notes and the Note Guarantees;
- (4) applicable law, rule, regulation or order, or governmental license, permit or concession;
- (5) any agreement or instrument governing Indebtedness or Capital Stock of a Person or assets acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was Incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired (and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements or instruments; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in those agreements or instruments at the time of such acquisition); *provided further, that*, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be Incurred;

(6) customary non-assignment provisions in contracts and licenses including, without limitation, with respect to any intellectual property, entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in Section 4.08(a)(3);

(8) any agreement for the sale or other disposition of Equity Interests or property or assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of Section 4.12 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting dividends or the disposition or distribution of assets, property or Equity Interests in joint venture or operating agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements, merger agreements and other similar agreements entered into with the approval of the Company's Board of Directors, which limitation is applicable only to the assets, property or Equity Interests that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers under contracts entered into in the ordinary course of business; and

(13) any agreement or instrument with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals, supplements or amendments or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced.

Section 4.09 *Incurrence of Indebtedness and Issuance of Preferred Stock.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Debt) and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Subsidiary Guarantor may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio of the Company for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The provisions of Section 4.09(a) hereof do not apply to any of the following (collectively, "*Permitted Debt*"):

(1) the Incurrence by the Company and any Subsidiary Guarantor of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed US\$2 billion, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any of its Restricted Subsidiaries since the date hereof to repay any term Indebtedness Incurred pursuant to this clause (1) or to repay any revolving credit indebtedness Incurred under this clause (1) and effect a corresponding commitment reduction thereunder pursuant to Section 4.10 hereof;

(2) the Incurrence by the Company and its Restricted Subsidiaries of Indebtedness existing on the date hereof (other than Indebtedness described in clauses (1) and (3) of this Section 4.09(b));

(3) the Incurrence by the Company and the Subsidiary Guarantors of Indebtedness represented by the Notes (other than Additional Notes) and the related Note Guarantees;

(4) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (4), not to exceed the greater of (x) US\$50.0 million and (y) 2.0% of Total Assets;

(5) the Incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5) or (15) of this Section 4.09(b);

(6) (a) Obligations in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, bid, appeal and surety bonds and completion or performance guarantees (including the guarantee of any land grant) provided by the Company or any Restricted Subsidiary in the ordinary course of business and (b) Indebtedness constituting reimbursement obligations with respect to letters of credit or trade or bank guarantees (including for land grants) issued in the ordinary course of business to the extent that such letters of credit, trade or bank guarantees (including for land grants) are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than thirty (30) days following receipt of a demand for reimbursement;

(7) the Incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and/or any of its Restricted Subsidiaries; *provided, however*, that:

(A) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Subsidiary Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company, will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of shares of preferred stock; *provided, however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(B) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (8).

(9) the Incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(10) the guarantee by the Company or any of the Subsidiary Guarantors of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be Incurred by another provision of this Section 4.09; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(11) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is extinguished within five (5) Business Days of its Incurrence;

(12) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds, or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary of the Company, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided, that* the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received in connection with such disposition;

(13) Obligations in respect of Shareholder Subordinated Debt;

(14) any guarantees made solely in connection with (and limited in scope to) the giving of a Lien of the type specified in clause (22) of "Permitted Liens" to secure Indebtedness of an Unrestricted Subsidiary, the only recourse of which to the Company and its Restricted Subsidiaries is to the Equity Interests subject to the Liens;

(15) Indebtedness of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such acquisition); *provided, however*, with respect to this clause, that at the time of such acquisition or other transaction, the Company would have been able to Incur US\$1.00 of additional Indebtedness pursuant to this Section 4.09 after giving pro forma effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (15); and

(16) the Incurrence by the Company or the Subsidiary Guarantors of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (16), not to exceed US\$50.0 million.

The Company will not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its Incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.09. Indebtedness under the Credit Facilities outstanding on the date on which Notes are first issued and authenticated hereunder will initially be deemed to have been incurred in reliance on the exception provided by clause (1) of the definition of Permitted Debt. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; provided, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of the Company as accrued. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Section 4.10 *Asset Sales.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale, unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;

(B) any securities, notes or other Obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion; and

(C) any stock or assets of the kind referred to in Section 4.10(b)(2) or Section 4.10(b)(4).

Section 4.10(a) will not apply to any Asset Sale pursuant to clause (3) of the definition of “Asset Sale”

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

(1) to repay (a) Indebtedness incurred under Section 4.09 (b)(1), (b) other Indebtedness of the Company or a Subsidiary Guarantor secured by the asset that is the subject of such Asset Sale, and, in each case, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, or (c) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, a Person undertaking another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Person is or becomes a Restricted Subsidiary of the Company (*provided* that (a) such acquisition funded with any proceeds from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that a binding agreement to acquire such assets or Capital Stock is entered into on or prior to the date that is 360 days after receipt of the Net Proceeds from the relevant Event of Loss, and (b) if such acquisition is not consummated within the period set forth in clause (a), the Net Proceeds not so applied will be deemed to be Excess Proceeds);

(3) to make a capital expenditure (*provided* that any such capital expenditure funded with any proceeds from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that filings with the relevant Macau authorities have been made within 360 days of such Event of Loss, and (b) if such capital expenditure is not commenced in the time period set forth in clause (a), the Net Proceeds not so applied will be deemed to be Excess Proceeds); or

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business (*provided* that (a) such acquisition funded from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that a binding agreement to acquire such assets is entered into on or prior to the date that is 360 days after receipt of the Net Proceeds from the relevant Event of Loss, and (b) if such acquisition is not consummated within the period set forth in clause (a), the Net Proceeds not so applied will be deemed to be Excess Proceeds);

or enter into a binding commitment regarding clauses (2) or (4) above (in addition to the binding commitments expressly referenced in those clauses), *provided* that such binding commitment shall be treated as a permitted application of Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 360 day period. To the extent such acquisition or expenditure is not consummated on or before such 180th day and the Company or such Restricted Subsidiary shall not have applied such Net Proceeds pursuant to clauses (2) or (4) above on or before such 180th day, such commitment shall be deemed not to have been a permitted application of Net Proceeds, and such Net Proceeds will constitute Excess Proceeds.

(c) Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(d) Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this Section 4.10 will constitute “Excess Proceeds”. When the aggregate amount of Excess Proceeds exceeds US\$5.0 million, within ten (10) days thereof, the Company will make an Asset Sale Offer to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Company will purchase all tendered Notes and such other *pari passu* Indebtedness to be purchased on a *pro rata* basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(e) The Company will comply with the requirements of Rule 14e-1, of applicable, under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of Section 3.09 hereof or this Section 4.10, the Company will comply with applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.09 hereof or this Section 4.10 by virtue thereof.

Section 4.11 *Transactions with Affiliates.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an “*Affiliate Transaction*”), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$30.0 million, a resolution of the Board of Directors of the Company set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with clause (1) of this Section 4.11(a) and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company or, if the Board of Directors of the Company has no disinterested directors, approved in good faith by a majority of the members of the Board of Directors of the Company; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$45.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of national standing with experience appraising the terms and conditions of the type of transaction or series of related transactions.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

(1) any employment agreement, employee benefit plan (including compensation, retirement, disability, severance and other similar plan), officer or director indemnification, stock option or incentive plan or agreement, employee equity subscription agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable officers' and directors' fees and reimbursement of expenses (including the provision of indemnity to officers and directors) to Persons who are not otherwise Affiliates of the Company;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company or contribution to the common equity capital of the Company;

(6) Restricted Payments (including any payments made under, pursuant to or in connection with any services agreements and any related agreements or arrangements, including reimbursement agreements, in connection with Excluded Projects) that do not violate Section 4.07 hereof;

(7) any agreement or arrangement existing on the Issue Date, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals (so long as any such agreement or arrangement together with all such amendments, modifications, supplements, extensions, replacements, terminations and renewals, taken as a whole, is not materially more disadvantageous to the Company and its Restricted Subsidiaries, taken as a whole, than the original agreement or arrangement as in effect on the Issue Date, unless any such amendments, modifications, supplements, extensions, replacements, terminations or renewals are imposed by any Gaming Authority or any other public authority having jurisdiction over the Company or any of its Restricted Subsidiaries, including, but not limited to, the government of the Macau SAR);

(8) transactions or arrangements pursuant to any services agreements in effect as of the date hereof as disclosed in the Offering Memorandum;

(9) [Intentionally Omitted];

(10) transactions or arrangements with customers, clients, suppliers or sellers of goods or services in the ordinary course of business and otherwise in compliance with the terms of this Indenture, on terms that are fair to the Company or any of its Restricted Subsidiaries, as applicable, or are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arms-length basis from a Person that is not an Affiliate of the Company, unless any such amendments, modifications, supplements, extensions, replacements, terminations or renewals are imposed by any Gaming Authority or any other public authority having jurisdiction over the Company or any of its Restricted Subsidiaries, including, but not limited to, the government of the Macau SAR;

(11) execution, delivery and performance of any tax sharing agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(12) provision by or from Persons who may be deemed Affiliates of the Company of group administrative, treasury, legal, accounting and similar services; and

(13) loans or advances to employees in the ordinary course of business not to exceed US\$1.0 million in the aggregate at any one time outstanding.

Section 4.12 *Liens*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind on any asset now owned or hereafter acquired or any proceeds, income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens, or, if such Lien is not a Permitted Lien, unless the Notes and the Note Guarantees are secured on a *pari passu* basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Section 4.13 *Business Activities*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Section 4.14 *Corporate Existence*.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(1) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(2) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

Section 4.15 *Offer to Repurchase upon Change of Control*.

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require the Company to repurchase all or any part of such Holder's Notes pursuant to a Change of Control Offer (as defined below) as set forth below. In the Change of Control Offer, the Company will offer to purchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Company has previously or concurrently elected to redeem the Notes pursuant to Section 3.07 hereof. Within twenty (20) days following any Change of Control, except to the extent that the Company has exercised its right to redeem the Notes by delivery of a notice of redemption pursuant to Section 3.03 hereof, the Company shall mail a notice (a "*Change of Control Offer*") to each Holder with a copy to the Trustee stating:

(1) that a Change of Control has occurred and that such Holder has the right to require the Company to repurchase such Holder's Notes at a repurchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date (the "Change of Control Payment"));

(2) the circumstances and relevant facts and financial information regarding such Change of Control;

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");

(4) that any Note not tendered will continue to accrue interest;

(5) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(6) the Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(7) the Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased, and

(8) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, *provided* that the unpurchased portion has a minimum denomination of US\$200,000.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any, *provided* that the unpurchased portion has a minimum denomination of US\$200,000. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 hereof and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 3.03 hereof, unless and until there is a default in payment of the applicable redemption price.

(d) A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

(e) Notes repurchased by the Company pursuant to a Change of Control Offer will have the status of Notes issued but not outstanding or will be retired and cancelled at the option of the Company. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

(f) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of the Notes pursuant to this Section 4.15. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

Section 4.16 Payments for Consents.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is (1) offered to be paid; and (2) is paid to all Holders that consent, waive or agree to amend within the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.17 Additional Note Guarantees.

(a) If the Company or any of its Restricted Subsidiaries acquires or creates another Restricted Subsidiary after the date hereof, the Company will cause that newly acquired or created Restricted Subsidiary to become a Subsidiary Guarantor and execute a supplemental indenture in the form attached as Exhibit D hereto and deliver an Opinion of Counsel satisfactory to the Trustee within ten (10) business days of the date on which it was acquired or created to the effect that such supplemental indenture and any other documents required to be delivered have been duly authorized, executed and delivered by such Restricted Subsidiary and constitute legal, valid, binding and enforceable Obligations of such Restricted Subsidiary, *provided* that this Section 4.17(a) will not apply to a Restricted Subsidiary that is an "investment company" as such term is defined in the Investment Company Act.

(b) Notwithstanding Section 4.17(a), the Company shall not be obliged to cause any such Restricted Subsidiary to Guarantee the Notes to the extent that such Note Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (i) any liability for the officers, directors or shareholders of such Restricted Subsidiary or (ii) a violation of applicable law.

Section 4.18 *Designation of Restricted and Unrestricted Subsidiaries.*

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.07 hereof or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company may re-designate any Unrestricted Subsidiary to be a Restricted Subsidiary if that re-designation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by delivering to the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09 hereof, the Company will be in Default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the reference period; and (2) no Default or Event of Default would be in existence following such designation. Any designation of a Subsidiary of the Company as a Restricted Subsidiary will be evidenced to the Trustee by delivering to the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof.

Section 4.19 *Listing.*

The Company will use its commercially reasonable efforts to list and maintain the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited or another comparable exchange.

Section 4.20 *[Intentionally Omitted].*

Section 4.21 *[Intentionally Omitted.]*

Section 4.22 [Intentionally Omitted.]

Section 4.23 [Intentionally Omitted.]

Section 4.24 [Intentionally Omitted.]

Section 4.25 [Intentionally Omitted.]

Section 4.26 *Suspension of Covenants*

(a) The following covenants (the “*Suspended Covenants*”) will not apply during any period during which the Notes have an Investment Grade Status (a “*Suspension Period*”): Section 4.07, Section 4.08, Section 4.09, Section 4.10, Section 4.11, Section 4.12, Section 4.17 and Section 5.01(a)(3). During any Suspension Period, the Company will not and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create incur, assume or suffer to exist any Lien of any kind securing Indebtedness of the Company that is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is listed, quoted or traded on any stock exchange or in any securities market (including any over-the-counter market) unless the Notes are secured on a *pari passu* basis with such Indebtedness. For the avoidance of doubt, such Indebtedness does not include any Indebtedness under any Credit Facilities. Additionally, during any Suspension Period, the Company will no longer be permitted to designate any Restricted Subsidiary as an Unrestricted Subsidiary.

(b) In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the “*Reversion Date*”) the Notes cease to have Investment Grade Status, then the Suspended Covenants will apply with respect to events occurring following the Reversion Date (unless and until the Notes subsequently attain an Investment Grade Status, in which case the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Status); *provided, however*, that no Default or Event of Default will be deemed to exist under the Indenture with respect to the Suspended Covenants, and none of the Company or any of its Subsidiaries will bear any liability for any actions taken or events occurring during a Suspension Period and before any related Reversion Date, or any actions taken at any time pursuant to any contractual obligation or binding commitment arising prior to such Reversion Date, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period.

(c) On each Reversion Date, all Indebtedness Incurred during the Suspension Period prior to such Reversion Date will be deemed to be Indebtedness existing on the Issue Date and all Liens Incurred during any Suspension Period prior to such Reversion Date will be deemed to be Liens existing on the Issue Date. For purposes of calculating the amount available to be made as Restricted Payments under Section 4.07(a)(D) hereof on or after the Reversion Date, calculations under such covenant shall be made as though such covenant had been in effect during the entire period of time after the Issue Date (including the Suspension Period) except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended and the amount available to be made as a Restricted Payment under Section 4.07(a)(4)(C) hereof shall not be reduced to below zero.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger, Consolidation, or Sale of Assets.*

(a) The Company will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company survives); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(1) either:

(A) if the transaction or series of transactions is a consolidation of the Company with or a merger of the Company with or into any other Person, the Company shall be the surviving corporation of such merger or consolidation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made shall be a corporation organized and existing under the laws of the British Virgin Islands, Cayman Islands, Hong Kong, Macau, Singapore, United States, any state of the United States or the District of Columbia, and such Person shall expressly assume all the Obligations of the Company under the Notes and this Indenture pursuant to supplemental indentures or other documents or agreements reasonably satisfactory to the Trustee;

(2) immediately after such transaction, no Default or Event of Default exists; and

(3) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made, would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof.

(b) No Subsidiary Guarantor will, and the Company will not permit any Subsidiary Guarantor to, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor in one or more related transactions, to another Person, unless:

(1) either:

(A) if the transaction or series of transactions is a consolidation of such Subsidiary Guarantor with or a merger of such Subsidiary Guarantor with or into any other Person, such Subsidiary Guarantor shall be the surviving corporation of such consolidation or merger; or

(B) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, conveyance or other disposition has been made shall be a corporation organized and existing under the laws of the British Virgin Islands, Cayman Islands, Hong Kong, Macau, Singapore, United States, any state of the United States or the District of Columbia, and such Person shall expressly assume all the Obligations of such Subsidiary Guarantor under its Note Guarantee and this Indenture pursuant to supplemental indentures or other documents or agreements reasonably satisfactory to the Trustee; and

(2) immediately after such transaction, no Default or Event of Default exists;

provided, however, that the provisions of this Section 5.01(b) shall not apply if such Subsidiary Guarantor is released from its Note Guarantee as a result of such consolidation, merger, sale or other disposition pursuant to Section 11.08 hereof.

(c) This Section 5.01 will not apply to:

(1) a merger of the Company or a Subsidiary Guarantor, as the case may be, with an Affiliate solely for the purpose of reincorporating the Company or a Subsidiary Guarantor, as the case may be, in another jurisdiction; *provided* such jurisdiction is a jurisdiction listed in Section 5.01(b)(1)(B); or

(2) any consolidation or merger, or any sale, assignment, transfer, conveyance, or other disposition of assets between or among the Company and the Subsidiary Guarantors or between or among the Subsidiary Guarantors.

Section 5.02 Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 Events of Default.

(a) Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with its obligations under the provisions of Sections 3.09, 4.10, 4.15 or 5.01 hereof;

(4) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture;

(5) default under any mortgage, indenture or instrument (other than the Senior Credit Agreement) under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Note Guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$20.0 million or more;

(6) default under the Senior Credit Agreement that results in the acceleration thereof prior to the final maturity thereof;

(7) any direct or indirect parent of Melco Crown Gaming becomes an obligor under any Senior Credit Facility (other than any such parent that is an obligor under any Senior Credit Facility on the date hereof or that is required become an obligor under the Senior Credit Facility, as such Indebtedness is in effect on the date hereof)

(8) failure by the Company or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction (other than any judgment as to which a reputable third party insurer has accepted full responsibility and coverage) aggregating in excess of US\$20.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(9) the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due;

(10) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Company or of any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or of any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary;

(11) except as permitted by this Indenture, (a) any Note Guarantee is held in any judicial proceeding in a competent jurisdiction to be unenforceable or invalid or ceases for any reason to be in full force and effect, or (b) any Person acting on behalf of any Subsidiary Guarantor, denies or disaffirms its Obligations under its Note Guarantee; and

(12) the termination or rescission of any Gaming License or the Macau government takes any formal measure to do so.

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in Section 6.01(a)(9) or 6.01(a)(10) hereof, with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration and its consequences, if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest, premium or Additional Amounts, if any, that has become due solely because of the acceleration) have been cured or waived.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium and Additional Amounts, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 Waiver of Past Defaults.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder; *provided* that Holders of not less than 90% of the aggregate principal amount of the then outstanding Notes shall be required to waive a continuing Default or Event of Default in the payment of the principal of, premium, Additional Amounts, if any, or interest on, the Notes (including in connection with an offer to purchase); *provided further*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 Control by Majority.

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability.

Section 6.06 Limitation on Suits.

(a) Subject to the provisions of this Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee reasonable indemnity or security to its satisfaction against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts, if any, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have made a written request to the Trustee to pursue the remedy;
- (3) such Holders have offered the Trustee security or indemnity to its satisfaction against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity to its satisfaction;

and

(5) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request.

(b) A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07 Rights of Holders to Receive Payment.

Subject to Section 9.02 hereof, the right of any Holder to receive payment of principal, premium, Additional Amounts, if any, and interest on the Notes, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of Holders of not less than 90% of the aggregate principal of the then outstanding Notes; *provided* that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

Section 6.08 Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(a)(1) or (a)(2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, Additional Amounts, if any, and interest remaining unpaid on, the Notes and interest on overdue principal and premium, if any and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.08 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.08 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, the Agents, and their respective agents and attorneys for amounts due under Section 7.08 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee or any Agent, and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, Additional Amounts, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, Additional Amounts, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(3) other than with respect to a payment default, the Trustee shall not be charged with knowledge of any Default or Event of Default unless the Company has delivered written notice of such default or Event of Default to a Responsible Officer at the Corporate Trust Office of the Trustee referencing the applicable provision of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may engage and consult with professional advisors and counsel selected by it and the Trustee may rely conclusively upon advice of such professional advisors and counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon by the Trustee and any of its directors, officers, employees or agents duly appointed.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care. The Trustee shall have no duty to monitor the performance of such agents.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture. The Trustee shall not be required to take action at the direction of the Company or Holders which conflicts with the requirements of this Indenture, or for which it is not indemnified to its satisfaction, or which involves undue risk or would be contrary to applicable law or regulation.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer or a director of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee in its sole discretion against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(h) The recitals contained herein and in the Notes are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Indenture or the Notes.

(i) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(j) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(k) The rights, privileges, indemnity, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder, *provided, however* any such agent or custodian shall not be deemed to be a fiduciary;

(l) The Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture; and

(m) So long as any of the Notes remains outstanding, the Company shall provide the Agents with a sufficient number of copies of this Indenture and each of the documents sent to the Trustee or which are required to be made available by stock exchange regulations or stated in the Offering Memorandum relating to the Notes, to be available and, subject to being provided with such copies, each of the Agents will procure that such copies shall be available at its specified office during normal office hours for examination by the Holders and that copies thereof will be furnished to the Holders upon written request at their own expense.

Section 7.03 *[Intentionally Omitted.]*

Section 7.04 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. The Trustee is also subject to Section 7.11 hereof.

Section 7.05 *Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication. The Trustee shall not be deemed to be required to calculate any Fixed Charges, Treasury Rates, Additional Amounts, any make-whole amount, any Fixed Charge Coverage Ratio or other coverage ratio, or otherwise.

Section 7.06 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee will mail to Holders a notice of the Default or Event of Default within ninety (90) days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, Additional Amounts, if any, or interest on, any Note, the Trustee shall not be deemed to have such actual knowledge and may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Section 7.07 *[Intentionally Omitted.]*

Section 7.08 *Compensation and Indemnity.*

(a) The Company will pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder pursuant to a written fee agreement executed by the Trustee and the Company. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses properly incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Subsidiary Guarantors will indemnify the Trustee (which for purposes of this Section 7.08, shall be deemed to include its officers, directors, employees and agents) against any and all losses, liabilities or expenses (including the fees and expenses of counsel) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Subsidiary Guarantors (including this Section 7.08) and defending itself against any claim (whether asserted by the Company, the Subsidiary Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable solely to its negligence, bad faith, willful default or fraud by a court of competent jurisdiction in a final non-appealable order. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Subsidiary Guarantors of their obligations hereunder. The Company or such Subsidiary Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. Neither the Company nor any Subsidiary Guarantor need to pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Subsidiary Guarantors under this Section 7.08 will survive the satisfaction and discharge of this Indenture, and the resignation or removal of the Trustee and/or any Agent, but only in relation to anything done or omitted to be done by the Trustee and/or any such Agent on or prior to such resignation or removal.

(d) To secure the Company's and the Subsidiary Guarantors' payment obligations in this Section 7.08, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(a)(9) or Section 6.01(a)(10) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.09 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.09.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.11 hereof;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one (1) year after the successor Trustee takes office, the holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee at the sole expense of the Company.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.11 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.08 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.09, the Company's obligations under Section 7.08 hereof will continue for the benefit of the retiring Trustee.

Section 7.10 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.11 Eligibility; Disqualification.

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof, the United Kingdom or Hong Kong that is authorized under such laws to exercise corporate trustee power and that has a combined capital and surplus of at least US\$100.0 million as set forth in its most recent published annual report of condition.

Section 7.12 Appointment of Co-Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction or otherwise, the Trustee shall have the power and may execute and deliver all instruments necessary to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustees, of all or any part of this Indenture, and to vest in such Person or Persons, in such capacity and for the benefit of the Holders, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 7.09 and no notice to the Holders of the appointment of any co-trustee or separate trustee shall be required.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(1) All rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee.

(2) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(3) The Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Section 7.12. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies, and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 7.13 *[Intentionally Omitted]*.

Section 7.14 *Rights of Trustee in Other Roles*.

All rights, powers and indemnities contained in this Article 7 shall apply to the Trustee in its other roles hereunder and the Agents, *provided, however*, that each Agent is an agent and not a fiduciary.

ARTICLE 8 LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance*.

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 *Legal Defeasance and Discharge*.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their Obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Company and the Subsidiary Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on, such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(2) the Company's Obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(3) the rights, powers, trusts, duties and immunities of the Trustee, the Paying Agent and the Registrar hereunder, and the Company's and the Subsidiary Guarantors' Obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 Covenant Defeasance.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19 and 5.01(a)(3) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, *Covenant Defeasance* means that, with respect to the outstanding Notes and Note Guarantees, the Company and the Subsidiary Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(a)(3) through 6.01(a)(7) hereof will not constitute Events of Default.

Section 8.04 Conditions to Legal or Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government securities, or a combination of cash in U.S. dollars and non-callable U.S. Government securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, and Additional Amounts, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of an election under Section 8.02 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that:

(A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(B) since the date of this Indenture, there has been a change in the applicable federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

(8) The Trustee shall be entitled to its usual fees and, in addition, any fees and expenses properly incurred or charged by the Trustee and its counsel in connection with defeasance, satisfaction and discharge, and investment or custody services provided hereunder.

Section 8.05 Deposited Money and U.S. Government Securities to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06 hereof, all money and non-callable U.S. Government securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the “Trustee”) pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the holders of such Notes of all sums due and to become due thereon in respect of principal, premium, and Additional Amounts, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable U.S. Government securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 Repayment to Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium or Additional Amounts, if any, or interest on, any Note and remaining unclaimed for two (2) years after such principal, premium, or Additional Amounts, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than thirty (30) days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.07 Reinstatement.

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable U.S. Government securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company’s and the Subsidiary Guarantors’ obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium or Additional Amounts, if any, or interest on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

Notwithstanding Section 9.02 of this Indenture, the Company, the Subsidiary Guarantors, the Trustee, and each Agent, as the case may be, may amend or supplement this Indenture, the Notes and the Note Guarantees, without the consent of any Holder:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of the Company's or a Subsidiary Guarantor's obligations to Holders and under the Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable;
- (4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any such Holder;
- (5) to conform the text of this Indenture or the Notes to any provision of the "Description of Notes" section of the Offering Memorandum, to the extent that such provision in that "Description of Notes" section of the Offering Memorandum was intended to be a verbatim recitation of a provision of the Notes or this Indenture;
- (6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date of this Indenture; or
- (7) to allow any Subsidiary Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes or to release any Subsidiary Guarantor from its Note Guarantee in accordance with the terms of this Indenture.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee and each Agent will join with the Company and the Subsidiary Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but neither the Trustee nor any Agent will be obligated to (although they may at their discretion) enter into such amended or supplemental indenture that affects their own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders of Notes.*

Except as provided below in this Section 9.02, the Company, the Trustee and each Agent may amend or supplement this Indenture (including, without limitation, Section 3.09, 4.10 and 4.15 hereof) and the Notes, and the Company, the Subsidiary Guarantors and the Trustee, as the case may be, may amend or supplement the Note Guarantees, with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium or Additional Amounts, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Notes or the Note Guarantees, may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes).

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon delivery to the Trustee of evidence satisfactory to the Trustee of the consent of the holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02, 9.06, 13.04 and 13.05 hereof, the Trustee and each Agent will join with the Company and the Subsidiary Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects either the Trustee's or any Agent's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee and each Agent (as the case may be) may in their discretion, but will not be obligated to, enter into such amended or supplemental indenture.

It is not necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of Holders of 90% of the aggregate principal amount of Notes (including the Additional Notes) affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes (including the Additional Notes) held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of, premium, if any, or change the fixed maturity of any Note or alter or waive any provisions with respect to the redemption of the Notes (except as provided above with respect to Sections 3.09, 4.10 and 4.15 hereof);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest, premium or Additional Amounts, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest, premium or Additional Amounts, if any, on, the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by Sections 3.09, 4.10 or 4.15 hereof);

(8) release any Subsidiary Guarantor from any of its Obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture;

(9) make any change in the preceding amendment and waiver provisions.

Section 9.03 *Supplemental Indenture.*

Every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture.

Section 9.04 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amended or supplemental indenture until the Board of Directors of the Company approves it. In executing any amended or supplemental indenture, the Trustee will (subject to Section 7.01 hereof and in addition to Section 7.02 hereof) be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture, that the supplemental indenture is legal, valid, binding and enforceable against the Company in accordance with its terms and such other matters as the Trustee may request. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE 10
[INTENTIONALLY OMITTED]

ARTICLE 11
NOTE GUARANTEES

Section 11.01 *Guarantee.*

(a) Each Subsidiary Guarantor hereby jointly and severally, irrevocably and unconditionally guarantees to each Holder and to the Trustee, successors and assigns (1) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Company under this Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, interest, premium or Additional Amounts, if any, on the Notes and all other monetary obligations of the Company under this Indenture and the Notes and (2) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for fees, expenses, indemnification or otherwise under this Indenture and the Notes (all the foregoing being hereinafter collectively called the “*Guaranteed Obligations*”). Each Subsidiary Guarantor further agrees that the *Guaranteed Obligations* may be extended or renewed, in whole or in part, without notice or further assent from each such Subsidiary Guarantor, and that each such Subsidiary Guarantor shall remain bound under this Article 11 notwithstanding any extension or renewal of any *Guaranteed Obligation*.

(b) Each Subsidiary Guarantor waives presentation to, demand of payment from and protest to the Company of any of the *Guaranteed Obligations* and also waives notice of protest for nonpayment. Each Subsidiary Guarantor waives notice of any default under the Notes or the *Guaranteed Obligations*. The obligations of each Subsidiary Guarantor hereunder shall not be affected by (1) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Notes or any other agreement or otherwise; (2) any extension or renewal of any thereof; (3) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (4) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of the *Guaranteed Obligations*; or (5) any change in the ownership of such Subsidiary.

(c) Each Subsidiary Guarantor hereby waives any right to which it may be entitled to have its obligations hereunder divided among the Subsidiary Guarantors, such that such Subsidiary Guarantor’s obligations would be less than the full amount claimed. Each Subsidiary Guarantor hereby waives any right to which it may be entitled to have the assets of the Company first be used and depleted as payment of the Company’s or such Subsidiary Guarantor’s obligations hereunder prior to any amounts being claimed from or paid by such Subsidiary Guarantor hereunder. Each Subsidiary Guarantor hereby waives any right to which it may be entitled to require that the Company be sued prior to an action being initiated against such Subsidiary Guarantor.

(d) Each Subsidiary Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the *Guaranteed Obligations*.

(e) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, the obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or would otherwise operate as a discharge of any Subsidiary Guarantor as a matter of law or equity.

(f) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, each Subsidiary Guarantor agrees that its Note Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Each Subsidiary Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

(g) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Subsidiary Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (1) the unpaid principal amount of such Guaranteed Obligations, (2) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (3) all other monetary obligations of the Company to the Holders and the Trustee.

(h) Each Subsidiary Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of any Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Subsidiary Guarantor for the purposes of Section 11.01.

(i) Each Subsidiary Guarantor also agrees to pay any and all costs and expenses (including attorneys' fees and expenses) incurred by the Trustee in enforcing any rights under this Section 11.01.

(j) Upon request of the Trustee, each Subsidiary Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 11.02 *Limitation on Liability.*

Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Subsidiary Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the applicable Subsidiary Guarantor without rendering the Note Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to ultra vires, fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally or other considerations under applicable law.

Section 11.03 *Successors and Assigns.*

This Article 11 shall be binding upon each Subsidiary Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

Section 11.04 *No Waiver.*

Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 11 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 11 at law, in equity, by statute or otherwise.

Section 11.05 *Modification.*

No modification, amendment or waiver of any provision of this Article 11, nor the consent to any departure by any Subsidiary Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in the same, similar or other circumstances.

Section 11.06 *Execution of Supplemental Indenture for Future Guarantors.*

Each Restricted Subsidiary which is required to become a Subsidiary Guarantor pursuant to Section 4.17 shall promptly execute and deliver to the Trustee a supplemental indenture in the form attached as Exhibit D hereto pursuant to which such Subsidiary shall become a Subsidiary Guarantor under this Article 11 and shall guarantee the Guaranteed Obligations. Concurrently with the execution and delivery of such supplemental indenture, the Company shall deliver to the Trustee an Opinion of Counsel and an Officer's Certificate to the effect that such supplemental indenture has been duly authorized, executed and delivered by such Restricted Subsidiary and that, subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Note Guarantee of such Subsidiary Guarantor is a legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms and or to such other matters as the Trustee may reasonably request.

Section 11.07 *Non-Impairment.*

The failure to endorse a Note Guarantee on any Note shall not affect or impair the validity thereof.

Section 11.08 *Release of Guarantees.*

(a) Subject to paragraphs (b), (c) and (d), each Note Guarantee, once it becomes due, is a continuing guarantee and shall (i) remain in full force and effect until payment in full of all the Guaranteed Obligations, (ii) be binding upon each Subsidiary Guarantor and its successors and (iii) inure to the benefit of, and be enforceable by, the Trustee, the Holders and their successors, transferees and assigns.

(b) Each Note Guarantee by a Subsidiary Guarantor shall be automatically and unconditionally released and discharged, and each Subsidiary Guarantor and its obligations under the Note Guarantee and this Indenture shall be released and discharged:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or, consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Sections 3.09 or 4.15 hereof;

(2) in connection with any sale or other disposition of the Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Sections 3.09 or 4.15 hereof;

(3) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with Section 4.18 hereof;

(4) upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of the Indenture as provided by Articles 8 and 12 of this Indenture;

(5) [Intentionally Omitted];

(6) upon the merger or consolidation of any Subsidiary Guarantor with and into the Company or a Wholly-Owned Subsidiary Guarantor (or a Wholly-Owned Restricted Subsidiary that becomes a Subsidiary Guarantor concurrently with the transaction) that is the surviving Person in such merger or consolidation, or upon the liquidation of such Subsidiary Guarantor following the transfer of all or substantially all of its assets to the Company or a Wholly-Owned Subsidiary Guarantor (or a Wholly-Owned Restricted Subsidiary that becomes a Subsidiary Guarantor concurrently with the transaction); or

(c) [Intentionally Omitted];

(d) Each Holder hereby authorizes the Trustee to take all actions to effectuate any release in accordance with the provisions of this Section 11.08, subject to customary and reasonably satisfactory protections and indemnifications provided by the Company to the Trustee.

ARTICLE 12
SATISFACTION AND DISCHARGE

Section 12.01 *Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(A) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(B) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one (1) year and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government securities, or a combination of cash in U.S. dollars and non-callable U.S. Government securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(3) the Company or any Subsidiary Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section 12.01, the provisions of Sections 12.02 and 8.06 hereof will survive.

Section 12.02 *Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium and Additional Amounts, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any cash in U.S. dollars or non-callable U.S. Government securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; *provided* that if the Company has made any payment of principal of, premium or Additional Amounts, if any, or interest on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the cash in U.S. dollars or non-callable U.S. Government securities held by the Trustee or Paying Agent.

ARTICLE 13
MISCELLANEOUS

Section 13.01 *[Intentionally Omitted]*.

Section 13.02 *Notices*.

Any notice or communication by the Company or the Trustee to the others is duly given if in writing, in the English language, and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Subsidiary Guarantor:

MCE Finance Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9005
Cayman Islands

c/o Melco Crown Entertainment Limited
36th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong
Facsimile No.: +852 2230 9438
Attention: Company Secretary

With a copy to:
Latham & Watkins
18th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong
Facsimile No.: +852.2912.2600
Attention: Bryant Edwards

If to the Trustee, Principal Paying Agent or Registrar:
Deutsche Bank Trust Company Americas
60 Wall Street
MSNYC 60-2710
New York, New York 10005

Facsimile No.: +1 732 578 4635
Attention: Trust and Agency Services

The Company, any Subsidiary Guarantor, the Trustee and any Agent, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee and each Agent at the same time.

Section 13.03 *Communication by Holders of Notes with Other Holders of Notes.*

Holders may communicate with other Holders with respect to their rights under this Indenture or the Notes.

Section 13.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

- (1) a statement that the Person making such certificate or opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and
- (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.06 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.07 *No Personal Liability of Directors, Officers, Employees and Stockholders.*

No past, present or future director, officer, employee, incorporator or stockholder of the Company or any Subsidiary Guarantor, as such, will have any liability for any obligations of the Company or the Subsidiary Guarantors under the Notes or this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 13.08 *Governing Law.*

THE LAWS OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES.

Section 13.09 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.10 *Successors.*

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee and each Agent in this Indenture will bind their respective successors. All agreements of each Subsidiary Guarantor in this Indenture will bind their respective successors, except as otherwise provided in Section 11.05 hereof.

Section 13.11 *Severability*.

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.12 *Counterpart Originals*.

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

Section 13.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 13.14 *Patriot Act*

The parties hereto acknowledge that in accordance with Section 326 of the USA Patriot Act, Deutsche Bank Trust Company Americas, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with Deutsche Bank Trust Company Americas or any of its Affiliates. The parties to this Agreement agree that they will provide Deutsche Bank Trust Company Americas with such information as it may request in order for Deutsche Bank Trust Company Americas or any of its Affiliates to satisfy the requirements of the USA Patriot Act. The parties agree that Deutsche Bank Trust Company Americas may take and instruct any delegate to take any action which in their sole discretion considers appropriate so as to comply with any applicable law, regulation, request of a public or regulatory authority or any policy of Deutsche Bank Trust Company Americas which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities. Such action may include but is not limited to the interception and investigation of transactions on the Company's accounts (particularly those involving the international transfer of funds) including the source of the intended recipient of funds paid into or out of the Company's accounts. In certain circumstances, such action may delay or prevent the processing of the Company's instructions, the settlement of transactions over the Company's accounts or Deutsche Bank Trust Company Americas' performance of its obligations under this Agreement and the Notes. Deutsche Bank Trust Company Americas will endeavor to notify the Company of the existence of such circumstances. Neither Deutsche Bank Trust Company Americas nor any delegate will be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) caused in whole or in part by any actions which are taken by Deutsche Bank Trust Company Americas or any delegate pursuant to this Section 13.14.

Section 13.15 *Submission to Jurisdiction; Waiver of Jury Trial*

THE COMPANY AND EACH SUBSIDIARY GUARANTOR HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTE GUARANTEES, THE NOTES AND ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN FEDERAL AND STATE COURTS IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT OR PROCEEDING IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE TRUSTEE OR ANY HOLDER OF THE NOTES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION. THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY APPOINTS LAW DEBENTURE CORPORATE SERVICES INC., 4TH FLOOR, 400 MADISON AVENUE, NEW YORK, NEW YORK, 10017, AS ITS AUTHORIZED AGENT IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK UPON WHICH PROCESS MAY BE SERVED IN ANY SUCH SUIT OR PROCEEDING, AND AGREES THAT SERVICE OF PROCESS UPON SUCH AGENT, AND WRITTEN NOTICE OF SAID SERVICE TO THE COMPANY BY THE PERSON SERVING THE SAME TO THE ADDRESS PROVIDED IN SECTION 13.02, SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON THE COMPANY OR ANY SUBSIDIARY GUARANTOR, AS THE CASE MAY BE, IN ANY SUCH SUIT OR PROCEEDING. THE COMPANY AND EACH SUBSIDIARY GUARANTOR FURTHER AGREES TO TAKE ANY AND ALL ACTION AS MAY BE NECESSARY TO MAINTAIN SUCH DESIGNATION AND APPOINTMENT OF SUCH AGENT IN FULL FORCE AND EFFECT FOR A PERIOD OF NINE YEARS FROM THE DATE OF THIS INDENTURE.

EACH PARTY HERETO HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS INDENTURE, THE NOTES, THE NOTE GUARANTEES, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION 13.15 HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, SUPPLEMENTS OR MODIFICATIONS TO (OR ASSIGNMENTS OF) THIS INDENTURE. IN THE EVENT OF LITIGATION, THIS INDENTURE MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL (WITHOUT A JURY) BY THE COURT.

[Signatures on following page]

SIGNATURES

Dated as of _____, 2013

The Company

MCE FINANCE LIMITED

By _____
Name: _____
Title: _____

Subsidiary Guarantor

MELCO CROWN GAMING (MACAU) LIMITED

By _____
Name: _____
Title: _____

Subsidiary Guarantor

MPEL INTERNATIONAL LIMITED

By _____
Name: _____
Title: _____

Subsidiary Guarantor

ALTIRA HOTEL LIMITED

By _____
Name: _____
Title: _____

Subsidiary Guarantor

ALTIRA DEVELOPMENTS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD) HOTELS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD) DEVELOPMENTS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (CAFE) LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

GOLDEN FUTURE (MANAGEMENT SERVICES) LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN HOSPITALITY AND SERVICES LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD) RETAIL SERVICES LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD) VENTURES LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

COD THEATRE LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN COD (HR) HOTEL LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN COD (CT) HOTEL LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN COD (GH) HOTEL LIMITED

By _____

Name:

Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee, Principal Paying Agent, Registrar and Transfer Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

CUSIP:
ISIN:
COMMON CODE:

5.00% Senior Notes due 2021

No. _____

US\$ _____

MCE FINANCE LIMITED

Promises to pay to Cede & Co. or its registered assigns, the principal sum of _____ [NUMBER IN WORDS] U.S. DOLLARS on February 15, 2021.

Interest Payment Dates: February 15 and August 15

Record Dates: February 1 and August 1

Dated: _____, 20 __

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by the duly authorized officer referred to below.

Dated: _____, 20 __

MCE FINANCE LIMITED, as Company

By: _____
Name:
Title:

Certificate of Authentication

This is one of the Notes referred to in the within-mentioned Indenture.

Dated: _____, 20 __

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: _____
Name:
Title:

[Back of Note]
MCE FINANCE LIMITED
5.00% Senior Notes due 2021

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST.* MCE Finance Limited, a Cayman Islands exempted company with limited liability incorporated under the laws of the Cayman Islands (the “Company”), promises to pay or cause to be paid interest on the principal amount of this Note at 5.00% per annum from _____, 20____ until maturity. The Company will pay interest and Additional Amounts, if any, semi-annually in arrears on February 15 and August 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an “Interest Payment Date”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be _____, 20____. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace period) at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year comprising twelve 30-day months.

(2) *METHOD OF PAYMENT.* The Company will pay interest on the Notes (except defaulted interest) and Additional Amounts, if any, to the Persons who are registered Holders of Notes at the close of business on the February 1 or August 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, and Additional Amounts, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Additional Amounts, if any, may be made by check mailed to the Holders at their address set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Additional Amounts, if any, on, all Global Notes and all other Notes, the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent, and shall so notify the Trustee and each Paying Agent thereof. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *PAYING AGENT AND REGISTRAR.* Initially, Deutsche Bank Trust Company Americas will act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without notice to any holders of the Notes. The Company or any of its Subsidiaries may act in any such capacity.

(4) *INDENTURE.* The Company issued the Notes under an Indenture dated as of February 7, 2013 (the “Indenture”) among the Company, each Subsidiary Guarantor, the Trustee, the Paying Agent and the Registrar. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) *OPTIONAL REDEMPTION.*

(a) Except as set forth in subparagraphs (b) and (c) of this Paragraph 5, the Company will not have the option to redeem the Notes prior to February 15, 2016. On or after February 15, 2016, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on February 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

| <u>Year</u> | <u>Percentage</u> |
|---------------------|-------------------|
| 2016 | 103.750% |
| 2017 | 102.500% |
| 2018 | 101.250% |
| 2019 and thereafter | 100.000% |

Any such redemption and notice may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent. Unless the Company defaults in the payment of the redemption price or fails to satisfy the conditions precedent to the redemption and thereby terminates the redemption, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(b) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to February 15, 2016, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture at a redemption price equal to 105.00% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Amounts, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that at least 65% in aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption and that such redemption occurs within 45 days of the date of the closing of such Equity Offering.

Any redemption notice given in respect of the redemption referred to in the preceding paragraph may be given prior to completion of the related Equity Offering, and any such redemption or notice may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent, including the completion of the related Equity Offering.

(c) At any time prior to February 15, 2016, the Company may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed *plus* the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date. Any such redemption and notice may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent.

(d) The Notes may also be redeemed in the circumstances described in Section 3.10 and 3.11 of the Indenture.

(6) *MANDATORY REDEMPTION*. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) *REPURCHASE AT THE OPTION OF HOLDER*. The Notes may be subject to a Change of Control Offer or an Asset Sale Offer, as further described in Sections 3.09, 4.10 and 4.15 of the Indenture.

(8) *NOTICE OF REDEMPTION*. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than US\$200,000 may be redeemed in part but only in integral multiples of US\$1,000 *provided* that the unredeemed part has a minimum denomination of US\$200,000, unless all of the Notes held by a Holder are to be redeemed.

(9) *DENOMINATIONS, TRANSFER, EXCHANGE*. The Notes are in registered form without coupons in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

(10) *PERSONS DEEMED OWNERS*. The registered Holder may be treated as its owner for all purposes.

(11) *AMENDMENT, SUPPLEMENT AND WAIVER*. The Indenture, the Notes or the Note Guarantees, may be amended as set forth in the Indenture.

(12) *DEFAULTS AND REMEDIES*. The events listed in Section 6.01 of the Indenture shall constitute “*Events of Default*” for the purpose of this Note.

(13) *TRUSTEE DEALINGS WITH COMPANY*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(14) *NO RECOURSE AGAINST OTHERS*. A director, officer, employee, incorporator or stockholder of the Company, as such, will not have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

(15) *AUTHENTICATION*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) *ABBREVIATIONS*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) *CUSIP NUMBERS*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(18) *GOVERNING LAW*. THE LAWS OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE AND THIS NOTE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

MCE Finance Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9005
Cayman Islands

c/o Melco Crown Entertainment Limited
36th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong
Attention: Company Secretary.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

_____ (Insert assignee's legal name)

_____ (Insert assignee's soc. sec. or tax I.D. no.)

_____ (Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

Section 4.10 Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

US\$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

| <u>Date of Exchange</u> | Amount of decrease in Principal Amount of <u>this Global Note</u> | Amount of increase in Principal Amount of <u>this Global Note</u> | Principal Amount of this Global Note following such decrease <u>(or increase)</u> | Signature of authorized officer of Trustee or <u>Custodian</u> |
|-------------------------|---|---|---|---|
|-------------------------|---|---|---|---|

FORM OF CERTIFICATE OF TRANSFER

[Company address block]

[Registrar address block]

Re: 5.00% Senior Notes due 2021 of MCE Finance Limited

Reference is hereby made to the Indenture, dated as of February 7, 2013 (the “*Indenture*”), among MCE Finance Limited, as issuer (the “*Company*”), each Subsidiary Guarantor and Deutsche Bank Trust Company Americas, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of US\$_____ in such Note[s] or interests (the “*Transfer*”), to _____ (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “*Securities Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Restricted Definitive Note pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. **Check and complete if Transferee will take delivery of a beneficial interest in a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.**

(a) **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) a beneficial interest in the:
 - (i) 144A Global Note (CUSIP _____), or
 - (ii) Regulation S Global Note (CUSIP _____); or
- (b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) a beneficial interest in the:
 - (i) 144A Global Note (CUSIP _____), or
 - (ii) Regulation S Global Note (CUSIP _____), or
 - (iii) Unrestricted Global Note (CUSIP _____); or
- (b) a Restricted Definitive Note; or
- (c) an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

FORM OF CERTIFICATE OF EXCHANGE

[Company address block]

[Registrar address block]

Re: 5.00% Senior Notes due 2021 of MCE Finance Limited

(CUSIP _____)

Reference is hereby made to the Indenture, dated as of February 7, 2013 (the “*Indenture*”), among MCE Finance Limited, as issuer (the “*Company*”), each Subsidiary Guarantor and Deutsche Bank Trust Company Americas, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of US\$_____ in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner’s Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] 144A Global Note, Regulation S Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name: _____

Title: _____

Dated: _____

FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this “*Supplemental Indenture*”) dated as of _____, among [name of New Guarantor[s]] (the “*New Guarantor*”), MCE Finance Limited, a Cayman Islands exempted company with limited liability incorporated under the laws of the Cayman Islands (the “*Company*”), Deutsche Bank Trust Company Americas, as trustee (in such role, the “*Trustee*”) Principal Paying Agent, Registrar and Transfer Agent.

WITNESSETH:

WHEREAS the Company, the Trustee and each of the parties described above are parties to an Indenture, dated as of February 7, 2013, as amended (as amended, supplemented, waived or otherwise modified, the “*Indenture*”), providing for the issuance of the Company’s 5.00% Senior Secured Notes due 2021;

WHEREAS, pursuant to Section 9.03 of the Indenture, each New Guarantor is required to execute a supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Company, the Trustee and the other parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article 11 of the Indenture, [each][the] New Guarantor (which term includes each other New Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Guarantor and all Subsidiary Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Company under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the “Guaranteed Obligations”). [Each][The] New Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from such New Guarantor and that such New Guarantor[s] will remain bound under Article 11 of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of [each][the] New Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Note Guarantee.

[*Relevant limitations imposed by local law analogous to Section 11.02 of the Indenture to be inserted, if and as applicable*].

3. Ratification of Indenture: Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; *provided, however*, that [the][each] New Guarantor and each Subsidiary Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article 8 of the Indenture.

4. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

6. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[NAME OF NEW GUARANTOR], as New Guarantor,

By: _____
Name:
Title:

MCE FINANCE LIMITED, as Company

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Trustee, Principal Paying Agent, Registrar and Transfer Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

DATED 01 MARCH 2013
STUDIO CITY INVESTMENTS LIMITED
AS PARENT
AND
DEUTSCHE BANK AG, HONG KONG BRANCH
AS AGENT

AMENDMENT AGREEMENT
RELATING TO A SENIOR FACILITIES AGREEMENT
DATED 28 JANUARY 2013

CONTENTS

| Clause | Page |
|--|------|
| 1. Definitions and Interpretation | 1 |
| 2. Amendment | 2 |
| 3. Continuity and Further Assurance | 2 |
| 4. Miscellaneous | 2 |
| 5. Governing Law | 2 |
| Schedule 1 Amendments to Senior Facilities Agreement | 3 |
| Part I Original Lenders | 3 |

BETWEEN:

- (1) **STUDIO CITY INVESTMENTS LIMITED**, a company incorporated under the laws of The British Virgin Islands (registered number 1673083), whose registered office is at Appleby Corporate Services (BVI) Limited, Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands (the “**Parent**”); and
- (2) **DEUTSCHE BANK AG, HONG KONG BRANCH**, as facility agent of the other Finance Parties (the “**Agent**”).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Amended Facilities Agreement**” means the Senior Facilities Agreement, as amended by this Agreement.

“**Senior Facilities Agreement**” means the senior facilities agreement dated 28 January 2013 between, among others, the Parent and the Agent.

1.2 Incorporation of defined terms

- (a) Unless a contrary indication appears, a term defined in the Senior Facilities Agreement has the same meaning in this Agreement.
- (b) The principles of construction set out in the Senior Facilities Agreement shall have effect as if set out in this Agreement.

1.3 Clauses

In this Agreement any reference to a “Clause” or a “Schedule” is, unless the context otherwise requires, a reference to a Clause in or a Schedule to this Agreement.

1.4 Third party rights

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.5 Designation

In accordance with the Senior Facilities Agreement, the Agent and the Parent (on behalf of the Borrower) designates this Agreement as a Finance Document.

2. AMENDMENT

With effect from the date of this Agreement, the Senior Facilities Agreement shall be amended as set out in Schedule 1 (*Amendments to Senior Facilities Agreement*).

3. CONTINUITY AND FURTHER ASSURANCE

3.1 Continuing obligations

The provisions of the Senior Facilities Agreement and the other Finance Documents shall, save as amended by this Agreement, continue in full force and effect.

3.2 Further assurance

The Parent shall (and shall ensure that each Obligor, shall), at the request of the Agent and at the Agent's expense, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Agreement.

4. MISCELLANEOUS

4.1 Incorporation of terms

The provisions of clause 39 (*Notices*), clause 41 (*Partial invalidity*), clause 42 (*Remedies and waivers*) and clause 48 (*Enforcement*) of the Senior Facilities Agreement shall be incorporated into this Agreement as if set out in full in this Agreement and as if references in those clauses to "this Agreement" or "the Finance Documents" are references to this Agreement.

4.2 Costs and expenses

The Agent confirms that it has not incurred any costs and expenses (including legal fees) in connection with the negotiation, preparation, printing, execution and perfection of this Agreement and therefore acknowledges that it will not be making any claim for reimbursement in relation to any such costs and expenses under Clauses 20.1 (*Transaction expenses*) or 20.2 (*Amendment costs*) of the Senior Facilities Agreement.

4.3 Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

5. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1
AMENDMENTS TO SENIOR FACILITIES AGREEMENT

Part I (*Original Lenders*) of Schedule 1 (*Original Parties*) shall be deleted and replaced by the form of Part I (*Original Lenders*) of Schedule 1 (*Amendments to Senior Facilities Agreement*) set out below.

PART I
ORIGINAL LENDERS

| <u>Name of Original Lender</u> | <u>Term Loan Facility Commitment (HK Dollars)</u> | <u>Revolving Facility Commitment (HK Dollars)</u> |
|---|---|---|
| Australia and New Zealand Banking Group Limited | \$ 540,024,642.86 | \$ 41,540,357.14 |
| Banco Espírito Santo do Oriente, S.A. | \$ 288,013,142.86 | \$ 22,154,857.14 |
| Banco Nacional Ultramarino, S.A. | \$ 468,021,357.14 | \$ 36,001,642.86 |
| Banco Weng Hang, S.A. | \$ 57,602,628.57 | \$ 4,430,971.43 |
| Bank of America, N. A. | \$ 540,024,642.86 | \$ 41,540,357.14 |
| Bank of China Limited, Macau Branch | \$2,160,098,571.43 | \$166,161,428.57 |
| Bank of Communications Co., Ltd. Macau Branch | \$ 720,032,857.14 | \$ 55,387,142.86 |
| Cathay United Bank Company, Limited, Hong Kong Branch | \$ 72,003,285.71 | \$ 5,538,714.29 |
| Chang Hwa Commercial Bank Ltd., Offshore Banking Branch | \$ 36,001,642.86 | \$ 2,769,357.14 |
| China CITIC Bank International Limited | \$ 144,006,571.43 | \$ 11,077,428.57 |
| Chong Hing Bank Limited, Macau Branch | \$ 36,001,642.86 | \$ 2,769,357.14 |
| Citibank, N.A., Hong Kong Branch | \$ 540,024,642.86 | \$ 41,540,357.14 |
| Crédit Agricole Corporate and Investment Bank, Hong Kong Branch | \$ 468,021,357.14 | \$ 36,001,642.86 |
| Crédit Industriel et Commercial, Singapore Branch | \$ 72,003,285.71 | \$ 5,538,714.29 |
| Dah Sing Bank, Limited | \$ 36,001,642.86 | \$ 2,769,357.14 |
| Deutsche Bank AG, Hong Kong Branch | \$ 540,024,642.84 | \$ 41,540,357.16 |

| <u>Name of Original Lender</u> | <u>Term Loan Facility Commitment (HK Dollars)</u> | <u>Revolving Facility Commitment (HK Dollars)</u> |
|---|---|---|
| First Commercial Bank Macau Branch | \$ 36,001,642.86 | \$ 2,769,357.14 |
| Industrial and Commercial Bank of China (Macau) Limited | \$ 1,800,082,142.86 | \$ 138,467,857.14 |
| National Australia Bank Limited, Hong Kong Branch | \$ 288,013,142.86 | \$ 22,154,857.14 |
| Tai Fung Bank Limited | \$ 151,206,900.00 | \$ 11,631,300.00 |
| The Bank of East Asia, Limited, Macau Branch | \$ 288,013,142.86 | \$ 22,154,857.14 |
| The Bank of Nova Scotia | \$ 216,009,857.14 | \$ 16,616,142.86 |
| UBS AG, Singapore Branch | \$ 432,019,714.29 | \$ 33,232,285.71 |
| Wing Lung Bank Limited, Macau Branch | \$ 151,206,900.00 | \$ 11,631,300.00 |
| Total | <u>10,080,460,000.00</u> | <u>775,420,000.00</u> |

SIGNATURES

THE PARENT

STUDIO CITY INVESTMENTS LIMITED

By: /s/ Geoffrey Davis

Print name: GEOFFREY DAVIS

AGENT

DEUTSCHE BANK AG, HONG KONG BRANCH

By: _____ /s/ Stuart Harding
Print name: Stuart Harding
Authorised Signatory

By: _____ /s/ Ng Yue Min
Print name: Ng Yue Min
Authorised Signatory

Address: 52/F, International Commerce Centre
1 Austin Road West
Kowloon

Attention: Trust and Securities Services

Telephone: +852 2203 7858

Fax: +852 2203 7320

**AMENDMENT NO. 1
TO
SHAREHOLDERS' AGREEMENT**

This AMENDMENT NO. 1 TO SHAREHOLDERS' AGREEMENT (**Amendment**), dated as of September __, 2012, is entered into by and among MCE Cotai Investments Limited, a company incorporated in the Cayman Islands (**MCE Cotai**), New Cotai, LLC, a Delaware limited liability company (**New Cotai**), Melco Crown Entertainment Limited, a company incorporated in the Cayman Islands (**MCE**), and Studio City International Holdings Limited (formerly known as Cyber One Agents Limited), a company incorporated in the British Virgin Islands (**Company**).

BACKGROUND

- A. MCE Cotai, New Cotai, MCE and the Company entered into a Shareholders' Agreement, dated July 27, 2011 (**Shareholders' Agreement**), which governs their relationship in connection with, and the conduct and operations of, the Company and its Subsidiaries;
- B. Pursuant to clause 17 of the Shareholders' Agreement, MCE Cotai and New Cotai agreed to invest equity capital in the Company up to an aggregate amount of US\$800 million (**Original Capital Commitments**), of which US\$150 million has been funded by the Shareholders prior to the date of this Amendment;
- C. On 25 July, 2012, an amendment to the Land Grant was published in the Macau Official Gazette which provides, amongst other things, that the MSC Property must have a total gross floor area of at least 707,078 square meters (**Minimum GFA Requirement**) and be completed no later than the seventy-two month anniversary of the gazetting of the amended Land Grant;
- D. To facilitate the continued development, construction and funding of the MSC Property, the Shareholders have agreed, on the terms set forth herein, to commit to invest an additional US\$350 million of equity capital in the Company;
- E. MCE and MCE Cotai have agreed to commit to invest the additional US\$350 million equity capital, subject to the New Cotai Equity Option described herein, on the terms set out in this Amendment;
- F. MCE agrees, and will procure that the Group Companies agree, to provide certain information to New Cotai on request, and MCE must procure that the Group Company personnel cooperate and assist New Cotai, with any New Cotai Financing, on, and subject to, the terms of this Amendment; and
- G. This Amendment is being executed and delivered by the parties in accordance with clause 41.1 of the Shareholders' Agreement.

1. **Definitions**

In this document:

- (a) **New Cotai Financing** means the issuance or sale of equity interests in New Cotai and/or one or more of its Affiliates and/or the arranging of loans or other borrowings by New Cotai or such Affiliates for the purposes of, or in connection with, raising funds to enable New Cotai to exercise the New Cotai Equity Option.
- (b) **Option Period** means the period commencing on the Project Financing Closing Date and ending on the six month anniversary thereof.
- (c) **Project Financing Closing Date** means the first date on which both the following are satisfied:
 - (i) the Company has received, on a cumulative basis, signed commitment letters executed by the lead arrangers; and
 - (ii) the proceeds from a high yield debt financing to be undertaken by the Company have been received into the high yield financing escrow account, in each case for the financing of the development and construction of the MSC Property in an aggregate amount at least equal to US\$2,200 million (such amount being prior to the payment of any underwriters' fees and any other expenses or costs incurred by the Company in connection with such financing).
- (d) **Specified Project Value** means the sum of (x) US\$1,560 million, plus (y) the aggregate amount funded from time to time pursuant to the MCE Follow On Commitment (whether funded by MCE Cotai or New Cotai).

All other capitalized terms used herein without definition shall have the respective meanings given to such terms in the Shareholders' Agreement.

2. **MCE Follow On Commitment**

- (a) MCE Cotai hereby agrees to purchase additional Securities up to a maximum aggregate amount equal to US\$350 million (**MCE Follow On Commitment**). The Company must issue such Securities under clause 17 of the Shareholders' Agreement pursuant to a valid Capital Call made in accordance with such clause, except:

- (i) such Capital Call may only be made and such Securities may only be issued by the Company after the remaining portion of the Original Capital Commitments have been funded by the Shareholders in full or otherwise exhausted pursuant to clause 20.2(a) of the Shareholders' Agreement;
 - (ii) such Capital Call must be made only on the Shareholders that from time to time hold a Financial Interest in the MCE Follow On Commitment; and
 - (iii) despite clause 17.2(e) of the Shareholders' Agreement, the per share issue price for such Securities shall be determined based on an aggregate equity value equal to the Specified Project Value (computed by MCE in good faith and in accordance herewith immediately prior to the issuance of such Securities), which per share issue price shall be binding upon the parties absent manifest error.
- (b) Schedule 1 of the Shareholders' Agreement is hereby supplemented to reflect the MCE Follow On Commitment and the Financial Interests held by each Shareholder therein. As of the date hereof, such Financial Interests are held 100% by MCE Cotai and 0% by New Cotai. From and after the date hereof, references to "Financial Interests" in the Shareholders' Agreement shall mean, as the context requires, (i) the Financial Interests held by the Shareholders from time to time in the Original Capital Commitments, and (ii) the Financial Interests held by the Shareholders from time to time in the MCE Follow On Commitment.
- (c) Clause 17.5 of the Shareholders' Agreement is hereby amended to increase the maximum amount payable on all Capital Calls under clause 17 of the Shareholders' Agreement by the amount of the MCE Follow On Commitment.
- (d) Concurrent herewith, MCE will execute and deliver to the Company a commitment letter in the form set out in **annexure A** to this Amendment.
- (e) For the avoidance of any doubt, any Securities issued pursuant to this Amendment shall be taken into account in determining the percentage of Securities held by a Shareholder for the purposes of any threshold in the Shareholders' Agreement or the policy on Related Party Transactions.

3. **New Cotai Equity Option**

- (a) At any time during the Option Period, subject to the terms set out in this **clause 3**, New Cotai shall have the option, exercisable in its sole discretion, to acquire from MCE Cotai a Financial Interest in the MCE Follow On Commitment in an amount up to but not exceeding 40% (**New Cotai Equity Option**). For the avoidance of doubt, the New Cotai Equity Option may only be exercised once.

- (b) If New Cotai wishes to exercise the New Cotai Equity Option it must serve a notice on MCE Cotai and the Company (Exercise Notice) specifying:
- (i) that it is exercising the New Cotai Equity Option;
 - (ii) the Financial Interest in the MCE Follow On Commitment that it is acquiring from MCE Cotai (which, for the avoidance of doubt, may be any amount greater than zero and up to but not exceeding 40%); and
 - (iii) the date and time for the closing of the New Cotai Equity Option, which date shall be no later than 30 days after the New Cotai Equity Option is exercised in accordance with **clause 3(c)** below and shall coincide with the execution and delivery of the commitment letters referred to in **clause 3(d)** below and, to the extent applicable, the Transfer of Subject Securities as set out in **clause 3(e)** below.
- (c) The New Cotai Equity Option shall be taken to have been exercised on the date the Exercise Notice is deemed given in accordance with clause 39 of the Shareholders' Agreement.
- (d) At the closing of the exercise of the New Cotai Equity Option:
- (i) Schedule 1 of the Shareholders' Agreement shall be amended to reflect the change in the Financial Interests held by the Shareholders in the MCE Follow On Commitment as a result of the closing of the New Cotai Equity Option;
 - (ii) New Cotai shall procure that the Silver Point Funds and the Oaktree Funds, or other parties reasonably acceptable to MCE, execute and deliver to the Company commitment letters with a maximum aggregate commitment equal to (A) the product of (x) the Financial Interest in the MCE Follow On Commitment being acquired by New Cotai, multiplied by (y) US\$350 million less (B) any amounts payable by New Cotai to MCE Cotai pursuant to **clause 3(e)** below. Such commitment letters shall be in substantially the same form as the MCE commitment letter referred to in **clause 2(d)** above and be provided on a several and not joint basis;
 - (iii) the MCE commitment letter referred to in **clause 2(d)** above shall be amended to reduce the maximum commitment thereunder by an amount corresponding to the amount computed in **clause 3(d)(ii)** above; and
 - (iv) unless **clause 3(e)** below applies, no monies or other consideration of any kind must be paid by New Cotai to MCE, MCE Cotai, the Company or any other Person on account of the exercise by New Cotai of the New Cotai Equity Option or the closing thereof.

- (e) If, at the closing of the exercise of the New Cotai Equity Option, there are Securities outstanding that were issued to MCE Cotai in respect of the MCE Follow On Commitment (**Subject Securities**), then at such closing:
- (i) New Cotai shall purchase and acquire from MCE Cotai, and MCE Cotai shall Transfer to New Cotai, a number of Subject Securities equal to the product of (x) the total number of Subject Securities then held by MCE Cotai, multiplied by (y) the Financial Interest in the MCE Follow On Commitment being acquired by New Cotai at the closing of the New Cotai Equity Option;
 - (ii) such Subject Securities shall be Transferred to New Cotai free of any Encumbrances (except any Encumbrances in favor of any Project Lender that were granted in accordance with the Shareholders' Agreement and which are common to all Securities);
 - (iii) the purchase price for such Subject Securities shall be the same as the issue price for such Subject Securities; and
 - (iv) the Company shall update the share register to reflect the Transfer of such Subject Securities from MCE Cotai to New Cotai.

If at the time of the purchase of the Subject Securities by New Cotai, those Subject Securities are not the subject of an existing Encumbrance granted by New Cotai to any Project Lender, New Cotai agrees that, if requested by any Project Lender, it will grant such Encumbrances over the Subject Securities as may be purchased by New Cotai under this clause on such terms as any Project Lender may reasonably request and as are common to all Securities.

- (f) All amounts in **clause 3(e)** above must be paid by New Cotai in immediately available funds by wire transfer to an account that has been notified by MCE to New Cotai at least three Business Days prior to the payment date. If required, New Cotai must also pay to MCE Cotai on demand and upon presentation of reasonable supporting documentation any documentary, sales, use, registration, transfer, stamp, recording, or similar tax (for the avoidance of doubt and without limitation, not including income, gains, profits, or any similar Taxes or any withholding or deduction with respect thereto) suffered or incurred by MCE Cotai arising solely as a result of the Transfer of any Subject Securities under this **clause 3**. The parties shall use commercially reasonable endeavors to effect the Transfer of Subject Securities in a manner that minimizes any such documentary, sales, use, registration, transfer, stamp, recording, or similar tax.

- (g) Any rights attaching to Subject Securities transferred under this **clause 3** will be transferred with effect from the date of transfer to New Cotai.
- (h) Any provisions contained in the Shareholders' Agreement that purport to restrict the Transfer of Securities by an MCE Shareholder shall not apply to the Transfer of Securities contemplated by **clause 3(e)** above.
- (i) If New Cotai fails to subscribe for any Securities required to be subscribed by it under clause 17 of the Shareholders' Agreement on or before the date specified in the relevant Call Notice then, and without limiting any rights that MCE Cotai and MCE may have under the Shareholders' Agreement, a portion of the New Cotai Equity Option equal to the percentage of such Securities New Cotai fails to subscribe for will be immediately cancelled and New Cotai will cease to have any rights under this **clause 3** with respect to such portion of the New Cotai Equity Option so cancelled. By way of example, if New Cotai fails to subscribe for 50% of the Securities required to be subscribed by it under clause 17 of the Shareholders' Agreement on or before the date specified in the relevant Call Notice, then 50% of the New Cotai Equity Option will be cancelled such that New Cotai will only be entitled to acquire from MCE Cotai a Financial Interest in the MCE Follow On Commitment in an amount up to but not exceeding 20%.

4. **Financing Cooperation**

- (a) If New Cotai requires any information (including financial information) relating to a Group Company in connection with the New Cotai Financing, New Cotai may request MCE for that information and MCE shall use its commercially reasonable endeavors to provide such information, or procure the provision of such information by a Group Company, to such persons and subject to such conditions that are reasonable under the circumstances having regard to the information requested, the purpose of the information requested and its intended use and subject to **clause 4(c)** below. Such conditions may include the entry into a confidentiality agreement by the recipient on reasonable and customary terms (and in any event on terms no more onerous to them than the terms of the Confidentiality Deed).
- (b) If New Cotai requires any cooperation or assistance from Group Company personnel in connection with the New Cotai Financing, including but not limited to, making senior management reasonably available for management meetings with prospective investors or lenders in Hong Kong and cooperating with prospective investors or lenders in performing their due diligence, New Cotai may request the Group Company for that cooperation and assistance (with notice to MCE) and MCE shall use its commercially reasonable endeavors to procure such cooperation and assistance, subject to such conditions that are reasonable under the circumstances having regard to the cooperation or assistance required, the purpose of such cooperation and assistance and subject to **clause 4(c)** below.

- (c) Despite **clauses 4(a)** and **4(b)** above, MCE shall not be required to provide information, cooperation or assistance, or to cause any Group Company to so provide, in connection with the New Cotai Financing, to the extent that:
- (i) to do so would violate any applicable law, order, regulation or rule, including the rules of any stock exchange on which MCE's securities are listed at the relevant time; or
 - (ii) such information, cooperation or assistance is requested during a share trading black out period of MCE or its affiliates, and the cooperation and assistance (including the provision of any information) could reasonably be expected to lead to disclosure of material price sensitive information of MCE or its affiliates, or the cooperation or assistance could reasonably be expected to lead to a request for the provision of, or a query in connection with, any material price sensitive information of MCE or its affiliates.
- (d) New Cotai shall, promptly upon request by MCE, reimburse MCE and, to the same extent (if any) as MCE reimburses the Group for similar assistance, each relevant Group Company for all reasonable and documented out-of-pocket costs and expenses incurred by MCE or the relevant Group Company in connection with any information provided for in **clause 4(a)** or any cooperation and assistance provided for in **clause 4(b)** above.
- (e) Any cooperation or assistance or information provided by MCE, or procured by MCE on behalf of any Group Company, under this **clause 4** is provided on a no liability basis, and New Cotai agrees to indemnify MCE and any Group Company from any claim or loss suffered or incurred by MCE or any Group Company arising from, or in connection with:
- (i) any cooperation or assistance provided by Group Company personnel under this **clause 4**;
 - (ii) any statements made or information provided by MCE or any Group Company to New Cotai under this **clause 4** (including where any statements or information are relied upon in any document or representations made in connection with the New Cotai Financing);
 - (iii) any documentation prepared in connection with the New Cotai Financing;

- (iv) any breach of this **clause 4** by New Cotai;
 - (v) any breach of any law, order, regulation or rule, including the rules of any stock exchange that is a direct result of a breach of this **clause 4** by New Cotai; or
 - (vi) any breach of any securities law by New Cotai in connection with the New Cotai Financing.
- (f) Despite **clause 4(e)**, New Cotai will not be liable to MCE or any Group Company, nor will MCE be relieved from liability, in connection with any claim or loss arising from, or in connection with:
- (i) the fraud of MCE or any Group Company; or
 - (ii) any act or omission of MCE or any Group Company that amounts to gross negligence or wilfully misleading or deceptive conduct.
- (g) The provisions of this **clause 4** shall apply only to the extent of any cooperation or assistance or information that New Cotai is not already entitled to receive under the Shareholders' Agreement.

5. **General**

- (a) Except as expressly modified by this Amendment, all of the terms, covenants, agreements, conditions and other provisions of the Shareholders' Agreement shall remain in full force and effect in accordance with their respective terms. As used in the Shareholders' Agreement, the terms "this Agreement," "herein," "hereinafter," "hereunder," "hereto" and words of similar import shall mean and refer to, from and after the date hereof, unless the context otherwise requires, the Shareholders' Agreement as amended by this Amendment.
- (b) This Amendment may be executed in multiple counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which shall together be considered one and the same agreement, and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission or by electronic transmission of a .pdf or other electronic file shall be as effective as delivery of a manually signed counterpart of this Amendment.
- (c) This Amendment is governed by and is to be construed in accordance with the laws applicable in Hong Kong.

* * * * *

Executed as an agreement

SIGNED by _____)

_____)

for and on behalf of _____)

MCE COTAI INVESTMENTS LIMITED)

as its authorised representative)

with authority from the board)

in the presence of: _____)

Name of witness:

Title of witness:

Authorised Representative

SIGNED by _____)

_____)

for and on behalf of _____)

MELCO CROWN ENTERTAINMENT LIMITED)

as its authorised representative)

with authority from the board)

in the presence of: _____)

Name of witness:

Title of witness:

Authorised Representative

SIGNED by _____)

_____)

for and on behalf of _____)

NEW COTAI, LLC _____)

as its authorised representative _____)

with authority from the board _____)

in the presence of: _____)

Name of witness:

Title of witness:

Authorised Representative

SIGNED by _____)

_____)

for and on behalf of _____)

**STUDIO CITY INTERNATIONAL
HOLDINGS LIMITED** _____)

as its authorised representative _____)

with authority from the board _____)

in the presence of: _____)

Name of witness:

Title of witness:

Authorised Representative

COOPERATION AGREEMENT

dated _____

among

SM INVESTMENTS CORPORATION

for itself and on behalf of the other companies listed in Schedule 2

BELLE CORPORATION PREMIUMLEISURE

AND AMUSEMENT, INC. and

MCE LEISURE (PHILIPPINES) CORPORATION

for itself and on behalf of MCE Holdings (Philippines) Corporation and

MCE Holdings No. 2 (Philippines) Corporation



MARTINEZ VERGARA GONZALEZ & SERRANO

COOPERATION AGREEMENT

This Cooperation Agreement (the "Agreement") is made and entered into this _____ at _____, by and among:

- (1) SM INVESTMENTS CORPORATION, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at the 10th Floor, One E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("SMIC"), for itself and on behalf of the other companies of the SM Group each a corporation duly organized and existing under and by virtue of Philippine laws with office address opposite their names as listed in Schedule 2,
(each of the companies in the SM Group other than SMIC, a "SM Subsidiary" and together the "SM Subsidiaries");
- (2) BELLE CORPORATION, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("Belle");
- (3) PREMIUMLEISURE AND AMUSEMENT, INC., a corporation duly organized and existing under and by virtue of Philippine laws, with office address 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("PLAI"),
(SMIC, Belle and PLAI shall each be known as a "Philippine Party", and collectively as the "Philippine Parties"); and
- (4) MCE LEISURE (PHILIPPINES) CORPORATION, ("MCE Leisure") a corporation duly organized and existing under and by virtue of Philippine laws, with office address at c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines for itself and on behalf of MCE Holdings (Philippines) Corporation ("MCE Holdings") and MCE Holdings No. 2 (Philippines) Corporation ("MCE Holdings 2"), each a corporation duly organized and existing under and by virtue of Philippine laws, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines,
(each of MCE Holdings and MCE Holdings No. 2 shall be known as a "MCE PHP Subsidiary" and each MCE PHP Subsidiary and MCE Leisure shall be known as a "MCE Party" and collectively as the "MCE Parties"),
(SMIC, each of the other companies of the SM Group, Belle, PLAI, and the MCE Parties shall each be known as a "Party", and collectively as the "Parties").

RECITALS

- (A) The Philippine Parties and the MCE Parties will be the Licensees on and from Closing.
- (B) The Parties desire to enter into this Agreement to, among other things (i) regulate the relationship of the Philippine Parties and the MCE Parties as Licensees, and (ii) provide for the contribution of certain amounts to the Project, in each case on and from Closing.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

SECTION 1. DEFINITIONS AND CONSTRUCTION

1.01 Defined Terms

When used in this Agreement, unless the context requires otherwise, capitalized terms shall have the meanings ascribed to such terms in this Agreement.

1.02 Principles of Construction

- (a) Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing a gender include every gender.
- (b) If a word or phrase is defined, its other grammatical forms have corresponding meanings.
- (c) A reference to “includes” means includes without limitation.
- (d) References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any statutory provision of which they are re-enactments (whether with or without modification).
- (e) Save where the contrary is indicated, any reference to this Agreement or any other agreement or document shall be construed as a reference to this Agreement, or other agreement or document as the same may have been, or may from time to time be (subject to any restrictions therein), amended, varied, novated, supplemented, replaced or substituted and shall include all the schedules, annexes, exhibits and supplements to all of the foregoing.
- (f) Reference to “Person” denotes natural persons, corporations, partnerships, joint ventures, trusts, unincorporated organizations, political subdivisions, agencies or instrumentalities, and such reference to a “Person” shall include its respective successors and permitted assigns.
- (g) References herein to “Sections”, “Schedules” and “Exhibits” are to be construed as references to the Sections, Schedules and Exhibits of and to this Agreement unless the context requires otherwise.
- (h) The “winding-up” of a company shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or any jurisdiction in which such company carries on business.
- (i) A “month” is the period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the immediately succeeding calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month).
- (j) The headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.
- (k) No rule of construction will apply to a Section to the disadvantage of a Party merely because that Party put forward the Section or would otherwise benefit from it.
- (l) Any undertaking given by, or obligation of, the Philippine Parties together under this Agreement binds them jointly and severally, and the liability of those Parties under this Agreement will be joint and several, except in relation to Sections 8.04(d), 12.03(c), and 13.06(c) where the liability will be owed jointly and severally by each of Belle and PLAI.

Cooperation Agreement

(m) The obligations of the MCE Parties together under this Agreement shall be joint and several.

1.03 Schedules and Exhibits

The following Schedules and Exhibits form integral parts of this Agreement:

| | |
|------------|---|
| Schedule 1 | Defined Terms |
| Schedule 2 | The SM Group |
| Schedule 3 | Construction obligations |
| Exhibit A | Layout/Plan of the Land and Building Structures |
| Exhibit B | FCPA Certificate |
| Exhibit C | Project Plan |

Cooperation Agreement

SECTION 2. EFFECTIVENESS OF THIS AGREEMENT

2.01 Scope and Purpose of this Agreement

This Agreement governs (among other things), with effect on and from Closing, the relationship and the rights and obligations of the Philippine Parties and the MCE Parties as Licensees.

2.02 Effectiveness

Despite anything to the contrary in this Agreement, the Parties shall have no rights or obligations under this Agreement (except for this Section 2.02 and Sections 2.04, 2.05, 7, 8.06, 14, 15, 17 and 18) until, and subject to, Closing.

2.03 Philippine Parties Agreements

- (a) On Closing, all agreements, understandings, arrangements and commitments among any or all of Belle, PLAI, and the SM Group in relation to, or in connection with, the Project, the Casino License, the Land and Building Structures (including the 2008 Consortium Agreement and the 2009 MOA, and being collectively the "Philippine Parties Agreements") are terminated.
- (b) Belle, PLAI and the SM Group agree that the MCE Parties shall not in any way be bound by, or be liable under, or in connection with, the Philippine Parties Agreements.
- (c) With effect from Closing, the SM Subsidiaries will cease to have any rights under this Agreement.

2.04 Liability prior to Closing

None of the MCE Parties or any of their Affiliates shall, except as specified in Section 2.02, have any obligation or liability to the Philippine Parties or the SM Subsidiaries under this Agreement until Closing.

2.05 Termination

- (a) The Parties agree that if the Closing Arrangement Agreement is terminated on or before Closing, this Agreement shall automatically terminate without any further action by any of the Parties.
- (b) The Parties agree that if this Agreement is terminated under Section 2.05(a) each Party will be released from any rights or liabilities it has or may have under this Agreement except those accrued by a Party under this Agreement prior to termination or under Sections 7.01, 7.02, 7.03, 7.04, 8.06, 14, 15, 17 or 18.

Cooperation Agreement

SECTION 3. LICENSEE ACKNOWLEDGMENTS

3.01 The Licensees

On Closing:

- (a) the Philippine Parties and the MCE Parties shall be the only Licensees; and
- (b) the rights and obligations of the Licensees shall be as set out in this Agreement and the Casino License (only).

3.02 Licensee Appointments and Designations

- (a) On Closing the Licensees irrevocably:
 - (i) designate MCE Leisure as the Special Purpose Entity;
 - (ii) appoint MCE Leisure as the sole and exclusive representative of the Licensees in connection with the Casino License and the operation and management of the Project; and
 - (iii) agree that MCE Leisure shall have the exclusive management, operation and control of the Project on the terms of the Operating Agreement.
- (b) For the avoidance of doubt, nothing in Section 3.02(a) limits any obligations the Philippine Parties have under any Transaction Document (including Schedule 3).

3.03 Number of Licensees

The number of Licensees shall not exceed six.

3.04 Restrictions

A Licensee shall not use the Casino License for any business or operations other than the Project, unless otherwise agreed in writing by all the Licensees.

3.05 Pre-existing Liabilities

- (a) The Philippine Parties acknowledge and agree that they are solely liable for:
 - (i) any arrangement, agreement, understanding, commitment, obligation or liability to any Person (including to a Government Authority) entered into or incurred by any or all of the named licensees and holders of the Casino License (including on behalf of all of them) prior to Closing (including any such arrangement, agreement, understanding, commitment, obligation or liability which is, or may be, binding on, or impose any liability on, the Licensees or any Licensee) without the prior written consent of the MCE Parties; and
 - (ii) any breach of the Casino License on or prior to Closing, and any facts, matters, circumstances or things occurring (or failing to occur) on or prior to Closing and which result in, or may reasonably be expected to result in, a breach of the Casino License (whenever occurring).
- (b) The Philippine Parties indemnify each MCE Group Company for any Loss suffered or incurred by them arising out of, or in connection with, any of the matters in Section 3.05(a) (except where such matter has been expressly consented to in writing by the MCE Parties).

Cooperation Agreement

4.01 Assignment

- (a) No Licensee shall assign, transfer or convey its rights and interests in the Casino License:
- (i) except under Section 4.01(b); or
 - (ii) without the prior written consent of the other Licensees.
- (b) A Licensee (“Assigning Licensee”) may, in the case of a Philippine Party, after the Philippine Parties have funded their Investment Commitment in full, and in the case of an MCE Party, after MCE Leisure has funded its Investment Commitment in full, in each case as required under Section 5.02, assign, transfer or convey its rights and interests in the Casino License to an Affiliate of that Assigning Licensee (“Permitted Assignee”) provided that:
- (i) the Assigning Licensee provides written notice to each of the other Licensees not less than five (5) Business Days prior to such transfer specifying the proposed date of transfer and the name of the Affiliate;
 - (ii) the Assigning Licensee can prove to the satisfaction of the other Licensees (acting reasonably) that the Affiliate has the same or better financial resources as the Assigning Licensee;
 - (iii) the Affiliate is not a Competitor;
 - (iv) none of the Affiliate’s shareholders, officers, directors or employees is an Official;
 - (v) the Affiliate is not the subject of any Sanctions or located, organized or resident in a country or territory that is the subject of Sanctions;
 - (vi) the Assigning Licensee transfers all of its rights and obligations under each Transaction Document and Ancillary Document to which it is a party to the Affiliate; and
 - (vii) such Affiliate executes and delivers to each of the other Licensees a deed of accession on terms reasonably acceptable to the other Licensees under which the Affiliate agrees to be bound by each of the Transaction Documents and Ancillary Documents (as applicable) to the same extent and in the same manner as the Assigning Licensee (including the covenants, representations and warranties in Section 7).
- (c) An Assigning Licensee unconditionally and irrevocably guarantees the performance of the terms of each Transaction Document and Ancillary Document by any Permitted Assignee to whom that Assigning Member transfers its rights and interests in the Casino License under this Section 4.
- (d) No Licensee may assign, transfer or convey any of its rights and interests in the Casino License except in accordance with this Section 4.01.
- (e) This Section 4.01 shall not restrict or limit in any way the exercise by the MCE Parties of any of their rights under Section 18.

Cooperation Agreement

4.02 Consent of PAGCOR

Despite Section 4.01, the Licensees acknowledge that no Licensee may assign, transfer or convey its rights and interests in the Casino License without the prior written approval of PAGCOR.

4.03 Encumbrances

- (a) No Licensee shall create, permit to subsist, or suffer the existence of, any Encumbrance over, or rights in favour of any Person over, its rights and interests in the Casino License, or its rights or interests in the Project (including the fit-out, Land and Building Structures), the Casino License or any Transaction Document or Ancillary Document, except:
- (i) in the case of the MCE Parties and MCE Designated Entities, in connection with any financing or loan facility to be obtained by the MCE Parties, any MCE Designated Entities, or any of their Affiliates in connection with the Project (including from BDO); or
 - (ii) in the case of Belle, the Belle Encumbrances in the form in effect as at the date of this Agreement (other than as to the amount secured by the Belle Encumbrances, which the Licensees agree may be increased or decreased without the MCE Parties' consent), or with such amendments or variations as may be approved by the MCE Parties, such approval not to be unreasonably withheld.
- (b) The Licensees agree to do all things reasonably required by any MCE Party (including execute any document and deliver any notice) in connection with the creation by any MCE Party, any MCE Designated Entity, or any of its or their Affiliates, of any Encumbrance over, or rights in favour of any Person over, their rights and interests in the Casino License (including the Escrow Account), the Project, or under any Transaction Document or Ancillary Document or in connection with the enforcement of any rights under any such Encumbrance or in favour of any Person.

Cooperation Agreement

5.01 Equal Contribution

Each of the Philippine Parties and MCE Leisure shall make contributions under this Section 5 in order to fund the Investment Commitment.

5.02 Contribution of Licensees

The Licensees contribution to the Investment Commitment shall be as follows:

- (a) For the amount of U.S. Dollars: Six Hundred Fifty Million (US\$650,000,000.00):
 - (i) the Philippine Parties agree to contribute to the Project, the Land and Building Structures (including Podium Façade up to the amount of U.S. Dollars: One Million (US\$1,000,000.00)) and having an aggregate value as determined by PAGCOR of not less than U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00); and
 - (ii) MCE Leisure agrees to contribute, or cause an MCE Designated Entity to contribute, to the Project the fit-out and furniture, gaming equipment, additional improvements, inventory and supplies as well as intangible property and entertainment facilities inside or outside of the Building Structures and having an aggregate value as determined by PAGCOR of not less than U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00).
- (b) For the remaining amount of the Investment Commitment, being U.S. Dollars: Three Hundred Fifty Million (US\$350,000,000.00): the Philippine Parties and MCE Leisure will make equal contributions of U.S. Dollars: One Hundred Seventy Five Million (US\$175,000,000.00) to the Project (as may be reduced in respect of each of the Philippine Parties and MCE Leisure in accordance with Sections 5.02(c) or 5.03 (as applicable)) and in each case without set-off or deduction (except as expressly provided in this Agreement).
- (c) The Philippine Parties and the MCE Parties agree that any working capital contributed to the Project by the MCE Parties or any of the MCE Designated Entities after Opening shall be counted towards, and taken into account for the purposes of determining, the amount contributed by MCE Leisure under Section 5.02(b).
- (d) The Philippine Parties and the MCE Parties agree that for the purposes of this Section 5.02, (i) amounts contributed by the MCE Parties under Section 5.02(a) (ii) prior to Closing will, subject to that Section, count towards the MCE Parties' contribution to the Investment Contribution, and (ii) working capital shall include cage cash (gaming), opening cash balance (non-gaming) and inventories (including guest supplies, food and beverage).

5.03 PAGCOR Determination

- (a) The Philippine Parties agree that if, for whatever reason, the value of the Land and Building Structures contributed by the Philippine Parties under Section 5.02(a)(i) is determined by PAGCOR for the purposes of calculating the amount contributed by the Licensees under the Casino License to:
 - (i) be less than U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00) then the Philippine Parties shall be liable to contribute to the Project the amount by which the value determined by PAGCOR is less than U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00);
 - or

Cooperation Agreement

- (ii) exceed U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00) then the amount required to be contributed by the Philippine Parties under Section 5.02(b) shall be reduced by the amount of that excess.
- (b) The Philippine Parties must within ten (10) Business Days of becoming liable to make any contribution to the Project under Section 5.03(a)(i), promptly pay into the Escrow Account the amount liable to be contributed by them under that Section.
- (c) MCE Leisure agrees that if, for whatever reason, the amount contributed by MCE Leisure under Section 5.02(a)(ii) is determined by PAGCOR for the purposes of calculating the amount contributed by the Licensees under the Casino License to:
 - (i) be less than U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00) then MCE Leisure shall be liable to contribute to the Project the amount by which the value determined by PAGCOR is less than U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00); or
 - (ii) exceed U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00) then the amount required to be contributed by MCE Leisure under Section 5.02(b) shall be reduced by the amount of that excess.
- (d) MCE Leisure must within ten (10) Business Days of becoming liable to make any contribution to the Project under Section 5.03(c)(i), promptly pay into the Escrow Account the amount liable to be contributed by it under that Section.

5.04 Contribution Timing and Mechanism

- (a) The Licensees agree that the Investment Commitment will be contributed as follows:
 - (i) in the case of the Land, on Closing;
 - (ii) in the case of the Building Structures, in relation to such structures as are constructed on the Land on Closing, on that date, and thereafter on a daily basis as the structures are constructed (or any maintenance or repair undertaken);
 - (iii) in relation to the value to be contributed, or caused to be contributed, by MCE Leisure under Section 5.02(a)(ii) as it is installed in the Building Structures or provided to the Project;
 - (iv) in relation to any working capital, as it is provided by, or caused to be provided by, MCE Leisure in connection with the operation of the Project; or
 - (v) in relation to any cash amount, in accordance with Sections 5.03(b), 5.03(d) or 5.05 (as applicable).
- (b) The Licensees agree that if the Land and Building Structures cease to be leased to MCE Leisure or an MCE Designated Entity under the Belle Lease, or the Belle Lease ceases to be registered on the Certificate of Title of the Land (noting MCE Leisure or an MCE Designated Entity's rights under the Belle Lease), then the Land and Building Structures will cease to be contributed to the Investment Commitment for the purposes of this Section 5 and must be immediately re-contributed.

5.05 Contributions under Section 5.02(b)

- (a) The Licensees agree that if MCE Leisure determines that a contribution is required to be made by the Licensees towards the Investment Commitment under Section 5.02(b) it shall serve a notice on each Licensee (“Proposal Notice”):
 - (i) specifying in reasonable detail the purpose for which the contribution is required to be made to the Project (“Proposal”);
 - (ii) specifying the total amount required to be contributed in U.S. Dollars and the date the amount is required to be contributed; and
 - (iii) convening a meeting of the Licensee Committee (“First Meeting”) for the purposes of considering, and if thought fit, approving the submission of the Proposal to PAGCOR for its consideration and review.
- (b) The Licensees agree that if the Proposal is not approved to be submitted to PAGCOR at the First Meeting (subject to such amendments as the Licensee Committee members may agree at that meeting), the meeting of the Licensee Committee will be dissolved and a new meeting convened at the same time and place ten (10) Business Days later (“Second Meeting”).
- (c) If the First Meeting is dissolved, the Philippine Parties may, not less than five (5) Business Days prior to the Second Meeting, serve notice on each other Licensee (“Counter Proposal Notice”):
 - (i) specifying in reasonable detail an alternative purpose to which the contribution in the Proposal Notice should be put (“Counter Proposal”);
 - (ii) specifying the total amount required to be contributed in U.S. Dollars (which must be substantially the same as the amount specified in the Proposal Notice);
 - (iii) specifying the date the amount is required to be contributed; and
 - (iv) requesting that the Licensee Committee consider at the Second Meeting, and if thought fit, approve the submission of the Counter Proposal (in place of the Proposal) to PAGCOR for its consideration and review.
- (d) If a Counter Proposal Notice is not received on or before the date specified in Section 5.05(c), the Second Meeting shall be automatically cancelled and MCE Leisure shall:
 - (i) notify the Philippine Parties of the proposed date and time it intends to submit the Proposal to PAGCOR (with a copy of such notice to any representative appointed by the Philippine Parties under Section 5.05(i)); and
 - (ii) submit the Proposal to PAGCOR for its consideration and review.
- (e) If at the Second Meeting the Licensee Committee does not approve the Counter Proposal to be submitted to PAGCOR (with such amendments as the Licensee Committee members agree) in place of the Proposal:
 - (i) the Second Meeting will be dissolved;
 - (ii) MCE Leisure shall notify the Philippine Parties of the proposed date and time it intends to submit the Proposal and Counter Proposal to PAGCOR (with a copy of such notice to any representative appointed by the Philippine Parties under Section 5.05(i)); and

- (iii) MCE Leisure shall:
 - 1. submit both the Proposal and Counter Proposal to PAGCOR for its consideration and review; and
 - 2. request PAGCOR provide guidance as to which of the Proposal and the Counter Proposal it recommends be implemented (subject to any amendments PAGCOR may suggest).
- (f) MCE Leisure shall, as soon as reasonably practicable after PAGCOR has considered and reviewed the Proposal and Counter Proposal and provided its guidance (in each case as applicable), serve a notice on each other Licensee (“Contribution Notice”):
 - (i) attaching the Proposal or Counter Proposal recommended by PAGCOR to be implemented (as applicable) together with such amendments as may be reasonably required to reflect PAGCOR’s recommendations;
 - (ii) specifying the total amount required to be contributed in U.S. Dollars;
 - (iii) specifying the amount (which must be in U.S. Dollars) required to be contributed by the Licensees (which may be different for each of the Licensees);
 - (iv) specifying the date by which payment is required to be made (but which must be no earlier than the date ten (10) Business Days after the date of the Contribution Notice); and
 - (v) specifying the MCE Leisure bank account into which the contribution must be deposited.
- (g) Each of the Licensees must deposit into the account specified in the Contribution Notice the amount specified in that notice as required to be contributed by them, in each case, on or before the date specified for payment.
- (h) MCE Leisure agrees that it shall use the contributions made under Section 5.05(g) for the purpose specified in the Proposal or Counter Proposal (as applicable) as amended to reflect PAGCOR’s suggested amendments.
- (i) The Philippine Parties shall collectively be entitled to appoint on written notice to the MCE Parties a representative to attend any meetings as an observer to be held between MCE Leisure and PAGCOR for the purposes of presenting and discussing the Proposal or Counter Proposal.

5.06 BDO Loan Documents

- (a) The Philippine Parties and MCE Parties acknowledge and agree that prior to Closing, MCE Leisure and certain of its Affiliates, and BDO and certain of its Affiliates may enter into definitive agreements for the purposes of enabling MCE Leisure to fund approximately U.S. Dollars: Three Hundred Twenty Five Million (US\$325,000,000.00) of its contribution of the Investment Commitment (“BDO Loan Documents”).
- (b) The Philippine Parties agree that if for whatever reason (other than due to the default by MCE Leisure or its Affiliates) BDO or its Affiliates does not advance to MCE Leisure or its Affiliates any amount required to be advanced under the BDO Loan Documents on or before the date such advance is required to be made under those documents, then MCE Leisure will not, despite any provision of this Agreement to the contrary, be in breach of this Agreement and the Philippine Parties will co-operate with, and do all things reasonably required to assist MCE Leisure and its relevant Affiliates to arrange for other financiers to advance to MCE Leisure the relevant amount.

5.07 Failure to make a Contribution

- (a) Should either the Philippine Parties or MCE Leisure fail to contribute (or in the case of MCE Leisure, cause to be contributed) any amount under Section 5.02 (“Non- Contributing Party”), MCE Leisure or the Philippine Parties (as applicable) (“Contributing Party”) may, without limiting any rights any of them may have under any Transaction Document:
- (i) contribute to the Project, on behalf of the Non-Contributing Party, the amount failed to be contributed by that Party; and
 - (ii) charge the Non-Contributing Party a fee equal to twenty-five percent (25%) of the amount contributed by the Contributing Party under Section 5.07(a)(i).
- (b) The Licensees agree that, without limiting any rights they have under this Agreement, the Non-Contributing Party shall pay to the Contributing Party on demand and in any event before the date two (2) years after the date of the contribution in Section 5.07(a)(i) :
- (i) any amount contributed by the Contributing Party under Section 5.07(a)(i); plus
 - (ii) the amount charged to the Non-Contributing Party under Section 5.07(a)(ii); plus
 - (iii) an amount of interest equal to equal to fifteen percent (15%) per annum of the aggregate of the amounts in Sections 5.07(a)(i) and 5.07(a)(ii) (calculated on a daily basis from the date of the contribution until those amounts are paid in full).

5.08 Limitation of Contributions

- (a) The maximum aggregate amount to be contributed, or caused to be contributed, by MCE Leisure to the Investment Commitment shall be U.S. Dollars: Five Hundred Million (US\$500,000,000.00).
- (b) The Licensees agree that if, for any reason, PAGCOR increases or proposes to increase, the amount of the Investment Commitment, the Licensees will, as soon as reasonably practicable on becoming aware of the increase or proposed increase, meet to discuss the increase or proposed increase (as the case may be).

5.09 Confirmation of total design and construction costs

- (a) The Philippine Parties agree that no later than five (5) Business Days after the date of practical completion of the Phase 2 Building they will deliver to the MCE Parties a report, prepared at the Philippine Parties’ sole cost, by Langdon & Seah Philippines, Inc.:
- (i) specifying in reasonable detail the costs incurred by the Philippine Parties in respect of the design and construction of the Phase 1 Building and the Phase 2 Building; and
 - (ii) certifying that the total costs incurred as specified in Section 5.09(a)(i) are not less than U.S. Dollars: One Hundred Seventy Five Million (US\$175,000,000.00).
- (b) The Licensees acknowledge and agree that MCE Leisure may, but is not required to, submit a copy of the report referred to in Section 5.09(a) to PAGCOR.

Cooperation Agreement

6.01 Right of First Refusal for Additional Opportunities

- (a) The Philippine Parties and the MCE Parties agree that if PAGCOR grants, offers to grant, or proposes to grant or offer to grant (in each whether conditional or otherwise) to:
- (i) the Philippine Parties or any of their respective Affiliates from time to time, the right to either or both develop and operate a Casino Complex situated in the Philippines; or
 - (ii) any of the MCE Parties or any of their respective Affiliates from time to time, the right to either or both develop and operate a Casino Complex situated in the Philippines,
- and whether or not under the Casino License or otherwise (in each case, an “Additional Site Opportunity” and the Party being granted, offered to grant, or proposed to be offered or granted, or whose Affiliate is being granted, offered to grant, or proposed to be offered or granted, the Additional Site Opportunity, the “Procuring Licensee”), the Procuring Licensee shall not accept, or agree to accept, any such offer or exercise any such rights granted to it by PAGCOR, and shall procure none of its Affiliates accept, or agree to accept, any such offer or exercise any rights granted to any of them by PAGCOR, without first complying with this Section 6.01.
- (b) The Procuring Licensee must within ten (10) Business Days of being given, or any of their Affiliates (as applicable) being given, an Additional Site Opportunity, provide a notice (“Offer Notice”) to the Philippine Parties if the Procuring Licensee is an MCE Party, or to the MCE Parties if a Procuring Licensee is a Philippine Party (“Receiving Licensees”):
- (i) specifying all the material terms and conditions of the Additional Site Opportunity known to them including the amount, form of investment commitment and location;
 - (ii) attaching copies of all correspondence received from PAGCOR or any other Government Authority in relation to, or in connection with, the Additional Site Opportunity;
 - (iii) offering the Receiving Licensees either:
 - 1. the opportunity to participate in the Additional Site Opportunity together with Procuring Licensee (“Joint Offer”); or
 - 2. the Additional Site Opportunity (“Sole Offer” and together with the Joint Offer, the “Offer”); and
 - (iv) specifying the time period for acceptance of the Offer, which must be not less than thirty (30) Business Days and not more than sixty (60) Business Days from the date of receipt of the Offer Notice (unless PAGCOR specifies a shorter period, in which case it shall be that shorter period) (“Offer Period”).
- (c) The Receiving Licensees must notify the Procuring Licensee during the Offer Period if they wish to accept or reject the relevant Offer and, if they wish to accept the Offer, which of the Receiving Licensees wishes to accept it.

- (d) If the Receiving Licensees do not notify the Procuring Licensee within the Offer Period that they wish to accept the relevant Offer, they will be deemed to have declined the Offer.
- (e) If a Joint Offer is made, and the Receiving Licensees notify the Procuring Licensee that they wish to accept the Joint Offer, the Procuring Licensee must, and must procure that each of the other Philippine Parties or the MCE Parties (as the case may be) and their respective Affiliates (as applicable) must:
 - (i) not accept the Additional Site Opportunity;
 - (ii) notify PAGCOR that the Procuring Licensees and the Receiving Licensees (or any one of them) wish to accept the Additional Site Opportunity together; and
 - (iii) do all things reasonably required by the Receiving Licensees to assist the Receiving Licensees (or any one of them) to jointly accept the Additional Site Opportunity (including execute any document and deliver any notice or communication).
- (f) If a Joint Offer is made to, and accepted by, the Receiving Licensees, the Procuring Licensees and the Receiving Licensee agree to co-operate with each other, and to meet on or before the date ten (10) Business Days after the date of acceptance of the Joint Offer by the Receiving Licensees to negotiate in good faith, for a period of not less than three (3) months from the date the Licensees first meet under this Section 6.01(f) the terms on which they will jointly participate in the Additional Site Opportunity.
- (g) If a Sole Offer is made, and the Receiving Licensees notify the Procuring Licensee that they wish to accept the Sole Offer, the Procuring Licensee must, and must procure that each of the other Philippine Parties or the MCE Parties (as the case may be) and their respective Affiliates (as applicable) must:
 - (i) not accept the Additional Site Opportunity;
 - (ii) at the request of the Receiving Licensees (or any one of them) notify PAGCOR that the Receiving Licensees (or any one of them) wishes to accept the Additional Site Opportunity; and
 - (iii) do all things reasonably required by the Receiving Licensees to assist the Receiving Licensees (or any one of them) to accept the Additional Site Opportunity (including execute any document and deliver any notice or communication) and including transfer any rights the Procuring Licensee or its Affiliates (as applicable) may have been granted by PAGCOR in connection with any such Additional Site Opportunity.
- (h) If the Receiving Licensees do not accept (or are deemed not to have accepted) the relevant Offer within the Offer Period, then the Procuring Licensee may (and its Affiliates may) on or before the date forty (40) Business Days after the expiry of the Offer Period:
 - (i) accept the Additional Site Opportunity and Section 6.03 will not apply to that Additional Site Opportunity (but only to the extent the terms of that Additional Site Opportunity accepted by the Procuring Licensee or its Affiliate are no more favourable than the terms set out in the original Offer Notice); or

- (ii) offer to a third party the Additional Site Opportunity or the opportunity to participate in the Additional Site Opportunity with Procuring Licensee (“Third Party Offeree”), provided that the terms on which the Additional Site Opportunity is offered to the Third Party Offeree are no more favourable to that party than the terms offered to the Receiving Licensees in the Offer Notice.
 - (i) The Philippine Parties and MCE Parties agree that if the Procuring Licensee (or any of its Affiliates) does not accept, or a Third Party Offeree does not accept, the Additional Site Opportunity on or before the date specified in Section 6.01(h), then neither the Procuring Licensee (or any of its Affiliates), nor the Third Party Offeree, may accept that Additional Site Opportunity without the Procuring Licensee offering that Additional Site Opportunity again under Section 6.01(b).
- 6.02 Right of Refusal for Acquisition Opportunities
- (a) The Philippine Parties and the MCE Parties agree that if any of them (“Proposed Acquirer”) or any of their respective Affiliates from time to time, proposes to acquire any direct interest in (“Acquisition Opportunity”):
 - (i) a Casino Complex in the Philippines; or
 - (ii) any hotel or similar venue in the Philippines which includes a Casino Complex;the Proposed Acquirer shall not acquire, or agree to acquire, any such interest, and shall procure none of its Affiliates acquire, or agree to acquire, any such interest without first complying with this Section 6.02.
 - (b) The Proposed Acquirer must prior to acquiring, or agreeing to acquire, the Acquisition Opportunity, provide a notice (“Acquisition Notice”) to the MCE Parties or the Philippine Parties (as the case may be) (“Receiving Party”):
 - (i) specifying all the material terms and conditions of the Acquisition Opportunity (including any proposed agreement for the acquisition of the Acquisition Opportunity);
 - (ii) offering the Receiving Parties either:
 1. the opportunity to participate in the Acquisition Opportunity together with Procuring Licensee (“Joint Acquisition Offer”); or
 2. the Acquisition Opportunity (“Sole Acquisition Offer” and together with the Joint Acquisition Offer, the “Acquisition Offer”); and
 - (iii) specifying the time period for acceptance of the Acquisition Offer, which must be not less than thirty (30) Business Days and not more than sixty (60) Business Days from the date of receipt of the Acquisition Notice (“Acquisition Offer Period”).
 - (c) The Receiving Parties must notify the Proposed Acquirer during the Acquisition Offer Period if they wish to accept or reject the relevant Acquisition Offer and, if they wish to accept the relevant Acquisition Offer, which of the Receiving Parties wishes to accept it.
 - (d) If the Receiving Parties do not notify the Proposed Acquirer within the Acquisition Offer Period that they wish to accept the relevant Acquisition Offer, they will be deemed to have declined the Acquisition Offer.
 - (e) If a Joint Acquisition Offer is made, and the Receiving Parties notify the Procuring Licensee that they wish to accept the Joint Acquisition Offer, the Procuring Licensee must, and must procure that each of the other Philippine Parties or the MCE Parties (as the case may be) and their respective Affiliates (as applicable) must:

- (i) not accept the Acquisition Opportunity;
 - (ii) notify PAGCOR that the Procuring Licensees and the Receiving Parties (or any one of them) wish to accept the Acquisition Opportunity together; and
 - (iii) do all things reasonably required by the Receiving Parties to assist the Receiving Parties (or any one of them) to jointly accept the Acquisition Opportunity (including execute any document and deliver any notice or communication).
- (f) If a Joint Acquisition Offer is made to, and accepted by, the Receiving Parties, the Procuring Licensees and the Receiving Parties agree to co-operate with each other, and to meet on or before the date ten (10) Business Days after the date of acceptance of the Joint Acquisition Offer by the Receiving Licensees to negotiate in good faith, for a period of not less than three (3) months from the date the Licensees first meet under this Section 6.02(f), the terms on which they will jointly participate in the Acquisition Opportunity.
- (g) If a Sole Acquisition Offer is made, and the Receiving Parties notify the Proposed Acquirer that they wish to accept the Sole Acquisition Offer, the Proposed Acquirer must, and must procure that each of its respective Affiliates (as applicable) must:
- (i) not accept the Acquisition Opportunity;
 - (ii) at the request of the Receiving Parties (or any one of them) notify the proposed seller that the Receiving Parties (or any one of them) wishes to accept the Acquisition Opportunity; and
 - (iii) do all things reasonably required by the Receiving Licensees to assist the Receiving Parties (or any one of them) to accept the Acquisition Opportunity (including execute any document and deliver any notice or communication).
- (h) If the Receiving Parties do not accept (or are deemed not to have accepted) the Acquisition Offer within the Acquisition Offer Period, then the Proposed Acquirer may (and its Affiliates may) on or before the date forty (40) Business Days after the expiry of the Offer Period accept the Acquisition Opportunity and Section 6.03 will not apply to the acquisition of that Acquisition Opportunity by the Proposed Acquirer (but only to the extent the terms of that Additional Site Opportunity accepted by the Proposed Acquirer are no more favourable to the Procuring Licensee or its Affiliate than the terms set out in the original Offer Notice).
- (i) The Philippine Parties and MCE Parties agree that if the Proposed Acquirer (or any of its Affiliates) does not accept, the Acquisition Opportunity on or before the date specified in Section 6.02(h), then none of the Proposed Acquirer (or any of its Affiliates), may accept that Acquisition Opportunity without the Proposed Acquirer offering that Acquisition Opportunity again under Section 6.02(b).

6.03 Non-Compete

- (a) Subject to Sections 6.01(h)(i), 6.02(h), 6.03(d) and 6.04 each of the Philippine Parties and MCE Parties hereby covenants and undertakes that it will not at any time during the period commencing on the date of this Agreement and, unless Section 6.04(c) applies, ending on the date five (5) years after the date of termination of this Agreement:

Cooperation Agreement

- (i) in the case of the Philippine Parties, be Involved In, and they must procure that their Affiliates are not Involved In, any Similar Business in the Philippines (in each case other than the Project);
 - (ii) in the case of the MCE Parties, be Involved In and they must procure that their Affiliates are not Involved In a Similar Business situated in whole or in part in the Philippines (other than the Project);
 - (iii) in the case of the Philippine Parties, be Involved In, and must procure that their Affiliates are not Involved In, a Similar Business in Macau S.A.R.
- (b) For the purposes of this Section 6.03:
“Involved In” means either directly or indirectly (whether as a shareholder, principal, agent, partner, licensee, operator, manager, counterparty, financier, beneficiary, trustee, joint venturer, adviser, consultant to or in any entity or otherwise), engage in, be involved in, carry on, provide management services to.
“Similar Business” means any integrated resort comprising gaming or casino operations, a hotel and entertainment venue.
- (c) The Philippine Parties and MCE Parties acknowledge that in the event of a breach of this Section 6.03:
- (i) damages may be inadequate as a means of redressing any Loss suffered by a Party; and
 - (ii) a Party is entitled to seek injunctive relief or other equitable form of relief as it considers necessary.
- (d) Nothing in Section 6.03(a) will prevent:
- (i) any Philippine Party or any of its Affiliates from engaging in property construction, development and leasing in the Philippines provided that if any of the properties constructed, developed or leased by the Philippine Party comprise or include a Casino Complex (at any time), none of Philippine Parties or any of their Affiliates have any:
 1. rights to be provided with any information in relation to either or both the casino and gaming operations conducted on those properties except to the extent that the information is financial information only and that information is required for the determination of the amount of rent due to the Philippine Party;
 2. rights or ability to directly or indirectly control or participate in the management of the gaming or casino operations conducted on those properties; or
 3. rights to share in the profits of such gaming or casino operations (whether directly or indirectly), except where the rent payable on such properties comprises a fixed percentage of the revenue of such operations;
 - (ii) a Party holding up to ten (10%) percent (by number on issue) of the shares of any corporation listed on an internationally recognized stock exchange;
 - (iii) a Party holding, as part of that Party’s passive investment portfolio, up to twenty five (25%) percent of the shares of any unlisted corporation;

- (iv) any Philippine Party or any of their Affiliates leasing any real property to any Person where such lease is in existence on or before the date of this Agreement and that lease is not materially amended, varied, novated, supplemented, replaced or substituted;
 - (v) any lease of real or personal property by any Philippine Party or any of its Affiliates to PAGCOR provided that, in the case of any lease of real property, the Philippine Party or any of its Affiliates shall not have any of the rights specified in Sections 6.03(d)(i)1 to 6.03(d)(i)3 (inclusive) apply to that lease;
 - (vi) a Receiving Licensee (or Receiving Party, as applicable) or any of their Affiliates accepting an Additional Site Opportunity under Sections 6.01(c) or 6.01(e), or accepting any Acquisition Opportunity under Sections 6.02(c) or 6.02(e);
 - (vii) a Procuring Licensee (or Proposed Acquirer, as applicable) or any of their Affiliates accepting an Additional Site Opportunity under Section 6.01(h)(i) or accepting any Acquisition Opportunity under Section 6.02(h) which has not been accepted by, or which is deemed not to have been accepted by, the Receiving Licensees (or Receiving Party, as applicable) under Sections 6.01(d) or 6.02(d); or
- (e) any exercise of the right of sale, acquisition, or assumption of any of the Philippine Parties or any of their Affiliates under any encumbrance granted in favour of, or any financing arrangement entered into with, the Philippine Parties or any of their Affiliates.

6.04 Termination consequences

- (a) The restrictions in Section 6.03 will not apply to the MCE Parties if this Agreement is terminated by any of those Parties under Section 16.04(c).
- (b) The restrictions in Section 6.03 will not apply to the Philippine Parties if this Agreement is terminated by any of those Parties under Section 16.04(d).
- (c) If this Agreement is terminated under Sections 16.04(a) or 16.04(b) or this Agreement is terminated on expiry of the Casino License (as that license may be extended or renewed) the obligations of the Parties under Section 6.03(a) will cease on the date of termination.

6.05 Other Matters

The Philippine Parties and the MCE Parties agree that for the purposes of this Section 6 only, and for the avoidance of doubt the “Affiliates” shall not, in the case of the:

- (a) MCE Parties, include any MCE Shareholder; and
- (b) Philippine Parties, include the Sy Family and its Affiliates (other than SMIC, Belle and PLAI and any entity Controlled by any of them).

Cooperation Agreement

SECTION 7. REPRESENTATIONS AND WARRANTIES

7.01 Common Representations and Warranties

The Philippine Parties represent and warrant to the MCE Parties in respect of each Philippine Party and SM Subsidiary that, except as otherwise disclosed in the Philippine Parties Disclosure Letter, and the MCE Parties represent and warrant to the Philippine Parties in respect of each MCE Party that, except as otherwise disclosed in the MCE Disclosure Letter:

- (a) it is a corporation duly organized, validly existing and in good standing under Philippine laws, is duly qualified to do business in all jurisdictions where the ownership of its assets or the conduct of its business requires such qualification, has full legal capacity and possesses the capacity to sue or be sued in its own name, has the power to own its property and assets and carry on its business as it is now being conducted;
- (b) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, each Transaction Document and Ancillary Document to which it is a party, except for approvals as may be required to be subsequently obtained in accordance with the terms of any relevant Transaction Document or Ancillary Document;
- (c) it has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of each of the Transaction Documents and Ancillary Documents to which it is a party;
- (d) each Transaction Document and Ancillary Document to which it is a party constitutes its legal, valid and binding obligations, enforceable in accordance with their respective terms;
- (e) its execution, delivery and performance of each Transaction Document and Ancillary Document to which it is a party does not and will not (i) violate any Applicable Law; or (ii) conflict with or result in the breach of, or result in the imposition of any Encumbrance under any agreement or instrument to it is a party or by which any of its property is bound; and
- (f) no Insolvency Event has occurred in relation to it.

7.02 Representations and Warranties of SMIC

SMIC represents and warrants to each of the MCE Parties that, except as otherwise disclosed in the Philippine Parties Disclosure Letter:

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, each Transaction Document to which any SM Subsidiary is a party, for and on behalf of that SM Subsidiary, except for approvals as may be required to be subsequently obtained in accordance with the terms of any relevant Transaction Document; and
- (b) each SM Subsidiary has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance by SMIC of each Transaction Document for and on behalf of each SM Subsidiary to which that SM Subsidiary is a party.

7.03 Representations and Warranties of MCE Leisure

MCE Leisure represents and warrants to each of the Philippine Parties that, except as otherwise disclosed in the MCE Disclosure Letter:

Cooperation Agreement

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, each Transaction Document to which an MCE PHP Subsidiary is a party, for and on behalf of each that MCE PHP Subsidiary except for approvals as may be required to be subsequently obtained in accordance with the terms of any relevant Transaction Document or Ancillary Document; and
- (b) each MCE PHP Subsidiary has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance by MCE Leisure of each Transaction Document and Ancillary Document for and on behalf each MCE PHP Subsidiary to which that MCE PHP Subsidiary is a party.

7.04 Representations and Warranties of the Philippine Parties

Each of the Philippine Parties represents and warrants to the MCE Parties that:

- (a) each of the representations and warranties in Schedule 6 of the Closing Arrangement Agreement are, except as disclosed in the Philippine Parties Disclosure Letter, true and correct; and
- (b) it has complied with each of the representations, warranties, covenants and undertakings in Section 2 of the Closing Arrangement Agreement.

7.05 Repetition of Representations and Warranties

The representations and warranties in this Section 7 are given as at, and are true, complete and accurate as of, the date of this Agreement and Closing, other than the representations and warranties in Section 7.04(b) which are given as at, and are true, complete and accurate as of, Closing.

7.06 Reliance on Representations and Warranties

- (a) Each of the representations and warranties herein is deemed to be a separate representation and warranty and each of the Philippine Parties and MCE Parties has placed complete reliance thereon in agreeing to execute this Agreement.
- (b) Each representation and warranty shall survive the termination of this Agreement.

7.07 Indemnity

Each Party (the “first Party”) indemnifies each other Party (the “second Party”) against any Loss suffered or incurred by the second Party as a result of the breach of any warranty given by the first Party to the second Party in this Section 7.

Cooperation Agreement

SECTION 8. OBLIGATIONS OF THE PARTIES

8.01 The Land and Building Structures

- (a) Belle must not, without the prior written consent of the MCE Parties:
- (i) sell, assign, transfer or convey all or any part of the Owned Land or Building Structures or its rights over the Leased Land; or
 - (ii) terminate or give cause to terminate, novate, or amend, the SSS Lease.
- (b) The Philippine Parties agree that if the Land or Building Structures or any part of any of them is, or is proposed to be, foreclosed, attached, garnished or levied upon by any creditor or Government Authority (as the case may be) MCE Leisure or any of its Affiliates may, without limiting any rights any of them may have under any Transaction Document or Ancillary Document:
- (i) on prior consultation with the Philippine Parties, advance any sum or make any payment to any such creditor or applicable Government Authority, as the case may be, to prevent or delay such foreclosure, attachment, garnishment or levy; and
 - (ii) charge the Philippine Parties (which charge the Philippine Parties agrees to promptly pay on demand) a fee equal to twenty-five percent (25%) of the amount advanced or paid by MCE Leisure or any of its Affiliates under Section 8.01(b)(i).
- (c) The Philippine Parties agree that, without limiting any rights MCE Leisure shall have under this Agreement, the Philippine Parties shall pay to the MCE Parties on or before the date two (2) years after the date of the advance or payment in Section 8.01(b)(i):
- (i) any amount advanced or paid by the MCE Parties or any of their Affiliates under Section 8.01(b)(i); plus
 - (ii) the amount charged to the Philippine Parties under Section 8.01(b)(ii); plus
 - (iii) an amount of interest equal to equal to fifteen percent (15%) per annum of the aggregate of the amounts in Section 8.01(b)(i) and 8.01(b)(ii) (calculated on a daily basis from the date of the advance or payment until those amounts are paid in full).

8.02 Change of Control

- (a) The MCE Parties must not be Controlled by any Person other than an MCE Group Company or any successor of an MCE Group Company (including by merger or amalgamation).
- (b) Belle and PLAI must not be Controlled by any Person other than either or both SMIC and its Affiliates or any successor to any one of them (including by merger or amalgamation).
- (c) SMIC must not be Controlled by any Person other than the Sy Family and their Affiliates.

8.03 No Financial or Other Support

None of the Philippine Parties or MCE Parties have the obligation (but have the right subject to this Agreement):

Cooperation Agreement

- (a) to pledge or mortgage its membership rights or any of its assets in favour of any Party with respect to the Project;
- (b) to provide or extend guarantees in favour of any Party with respect to the Project, including, guarantees in favour of the lenders of the Project or otherwise subject any of its assets to any Encumbrance or condition with respect to the Project; or
- (c) provide any security for, or other financial support to, the Project.

8.04 PEZA Registration

- (a) Belle must maintain the PEZA Registration at all times. (b) The Philippine Parties must not:
 - (i) novate, suspend, breach, terminate, revoke, withdraw or amend the PEZA Registration; and
 - (ii) do or agree to do any matter or thing (or fail to do any matter or thing), and must procure that their Affiliates do not do or agree to do any matter or thing (or fail to do any matter or thing), which results in, or could result in, the novation, suspension, breach, termination, revocation, withdrawal, amendment or imposition of conditions on the PEZA Registration.
- (c) The Philippine Parties agree at all times to comply with all Applicable Laws (including the PEZA Registration) which affect, or could affect, the ability of MCE Leisure to operate the Project as a one hundred percent (100%) foreign-owned corporation.
- (d) The Philippine Parties shall indemnify the MCE Group from any Loss suffered or incurred by the MCE Group arising out of, or in relation to, any breach of this Section 8.04.

8.05 Incentives under Philippine Law

The Philippine Parties must use their best efforts to assist the MCE Parties to obtain:

- (a) the benefit of all of the attractive fiscal and non-fiscal incentives under all Applicable Laws in the Philippines (including the registration of any of the MCE Parties and MCE Designated Entities as a Tourism Ecozone Locator, and any income tax, custom tax or income duty rebates, waivers, concessions or allowances and any tax relief or holidays (as applicable)); and
- (b) any other permits, licenses, approvals or authorizations (other than the Casino License) required for, or in connection with, the operation of the Project.

8.06 Confidentiality

- (a) Each of the Philippine Parties, the SM Subsidiaries and MCE Parties agree that they will keep the Confidential Information confidential and will not disclose that information to any Person without the prior written consent of the MCE Parties, the SM Subsidiaries or Philippine Parties (as applicable), except on a need to know basis to:
 - (i) its employees, consultants, directors, officers, agents and/or advisors; or
 - (ii) its, or its Affiliates', shareholders, investors, financiers, insurers and their respective advisors in connection with the Project, and such persons have been informed of and have agreed in writing to comply with the terms of the confidentiality obligations under this Section 8.06.

Cooperation Agreement

- (b) The confidentiality obligations under this Agreement shall not apply to:
 - (i) information which at the time of disclosure was already in the public domain; (ii) information properly obtained by a Party in a manner not involving any breach of confidentiality under any Transaction Document or Ancillary Document by that Party or the other parties to the Transaction Document or Ancillary Document or its or their employees, directors, officers, agents, shareholders, consultants, financiers, insurers, investors, and their agents, and/or advisors;
 - (iii) disclosure required by Applicable Law; or
 - (iv) disclosure required by any court, Government Authority, stock exchange, with competent authority over any Party.
- (c) In the event of a breach of this Section 8.06 by a Party:
 - (i) damages may be inadequate as a means of redressing any loss or damage suffered by a Party; and
 - (ii) a Party is entitled to seek injunctive relief or other equitable form of relief as it considers necessary.
- (d) Subject to Section 8.06(e) below, no announcement, circular or communication (each an “Announcement”) concerning the existence or content of this Agreement or any Transaction Document or Ancillary shall be made by any Party without the prior written approval of the other party (such approval not to be unreasonably withheld or delayed).
- (e) Section 8.06(d) does not apply to any Announcement if, and to the extent that, it is required to be made by any stock exchange or any governmental, regulatory or supervisory body or court of competent jurisdiction to which the party making the Announcement is subject, whether or not any of the same has the force of law, provided that any Announcement shall, so far as is practicable, be made after consultation with the other party and after taking into account their reasonable requirements regarding the content, timing and manner of dispatch of the Announcement in question.

8.07 Indemnity

Despite any provision of this Agreement to the contrary, the Philippine Parties shall indemnify each MCE Group Company for any Loss suffered or incurred by any MCE Group Company arising out of or in connection with, any default by any MCE Group Company under, or any event of default under, any agreement entered into by any of them with BDO and its Affiliates for the purpose of funding some or all of MCE Leisure’s contribution under Section 5, in each case where such default, or event of default, arises out of, in connection with, is caused by, or contributed to by, the breach by any Philippine Party or SM Subsidiary of the Closing Arrangement Agreement, any Transaction Document or Ancillary Document.

Cooperation Agreement

9.01 Foreign Corrupt Practices Act Undertaking

Each of the Philippine Parties for itself and on behalf of, its officers, directors and employees, and anyone for whose acts or defaults they may be vicariously liable or anyone acting on behalf of any of them, including any of the Philippine Parties, in the course of their actions for, or on behalf of, the Philippine Parties, their shareholders (and for the purposes of this Section 9 and Sections 9.01(a) to 9.01(d) (inclusive), "shareholders" shall mean, in the case of Belle and SMIC only, their Controlling shareholders, or any shareholder who has entered into any agreement with Belle or SMIC (as applicable) or any other shareholder of any such corporation which may result in the first shareholder becoming a Controlling shareholder) or any of their respective subsidiaries or controlled affiliates:

- (a) undertakes that it shall:
 - (i) conduct its business in compliance with Applicable Laws, including those relating to anti-corruption, anti-bribery, anti-money laundering and sanctions;
 - (ii) promptly notify MCE Leisure in the event of any actual or alleged breach or violation of any such laws;
 - (iii) provide a written certification to MCE Leisure in substantially the form of Exhibit B, on Closing and thereafter, no later than 31 January of each year, signed by an authorized signatory of each Philippine Party;
- (b) hereby covenants and agrees to promptly notify MCE Leisure if any of its shareholders, officers, directors or employees becomes an Official or if it, or any of its shareholders, directors, officers or employees deals with any person, or in any country or territory, that is the subject of sanctions (which countries or territories consist of Iran, Myanmar, Sudan, North Korea, Cuba, Belarus and Zimbabwe as of the date of this Agreement);
- (c) hereby represents that:
 - (i) it is in compliance with all Applicable Laws and is conducting, and has conducted, its business in compliance with Applicable Laws. To its knowledge, no shareholder, officer, director or employee of any of the Philippine Parties, is or has at any time committed any criminal offense, or been in violation of any Applicable Law;
 - (ii) there is no investigation, disciplinary proceeding or enquiry by, or order, decree, decision or judgment of, any court, tribunal, arbitrator, Government Authority or regulatory body outstanding or anticipated against it or any person for whose acts or defaults it may be vicariously liable;
 - (iii) it has not received any notice or other communication (official or otherwise) from any court, tribunal, arbitrator, Government Authority or regulatory body with respect to an alleged, actual or potential violation and/or failure to comply with any such Applicable Law, or requiring it to take or omit to take any action;

- (iv) it is familiar with and has complied with all applicable anti-bribery, anti- corruption and anti-money laundering laws, including those prohibiting such persons from taking corrupt actions in furtherance of an offer, payment, promise to pay or authorization of the payment of anything of value, including, but not limited to, cash, checks, wire transfers, tangible and intangible gifts, favors, services, and those entertainment and travel expenses that go beyond what is reasonable and customary and of modest value to (i) an executive, official, employee or agent of a Government Authority or any other governmental department, agency or instrumentality, (ii) a director, officer, employee or agent of a wholly or partially government-owned or controlled company or business, (iii) a political party or official thereof, or candidate for political office or (iv) an executive, official, employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank) (an “Official”), while knowing or having a reasonable belief that all or some portion will be used for the purpose of:
 - 1. influencing any act, decision or failure to act by an Official in his official capacity;
 - 2. inducing an Official to use his influence with a government or instrumentality to affect any act or decision of such government or entity;
 - 3. securing an improper advantage; or
 - 4. in order to obtain, retain or direct business;
 - (v) it (i) is and has been acting in compliance with all applicable anti-bribery or anti-corruption laws, including those prohibiting the bribery of Officials, and will remain in compliance with all Applicable Laws, (ii) has not authorized, offered, been party to, made any payments or provided anything of value directly or indirectly to any Official and (iii) has not used, committed to have the intention of using the payments received, or to be received, by them from any MCE Party or MCE Designated Entity for any purpose that could constitute a violation of any Applicable Laws;
 - (vi) it maintains, has maintained and will maintain books and records that accurately reflect its assets and transactions in reasonable detail in compliance with applicable accounting standards, and maintains a system of internal accounting controls to ensure that all transactions are properly authorized by management;
 - (vii) it has not (i) ever been found by a Government Authority to have violated any criminal or securities law, (ii) been party to the establishment of any unlawful or unrecorded fund of monies or other assets or making of any unlawful or undisclosed payment or (iii) made any false or fictitious entries in the books or records of such company; and
- (d) hereby covenants and agrees that:
- (i) it has complied with all applicable anti-money-laundering laws and has established and maintained an anti-money-laundering program in accordance with all Applicable Laws;
 - (ii) none of its shareholders, directors, officers or employees is an Official; and
 - (iii) it is not currently the subject of any sanctions administered or enforced by the United States Department of Treasury’s Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority (collectively, “Sanctions”), and it is not located, organized or resident in a country or territory that is the subject of Sanctions (which countries or territories consist of Iran, Myanmar, Sudan, North Korea, Cuba, Belarus and Zimbabwe as of the date of this Agreement);

- (iv) it is not knowingly engaged in any dealings or transactions with any person, or in any country or territory, that is the subject of Sanctions; and
- (v) represents and covenants that it will immediately notify MCE Leisure should it determine to enter into any dealings or transactions with any person, or in any country or territory, that is the subject of Sanctions.

9.02 Rights of MCE Leisure

- (a) MCE Leisure shall, at its own expense, have the right (itself or through representatives or its accountants), on prior notice during normal business hours to examine and make copies of any and all documents, books and records of each Philippine Party relating to any Transaction Document, any Ancillary Document, the Project, the Land and Building Structures, or the Casino License. If such audit discloses any inconsistency, irregularity, impropriety or improper or illegal purpose the Philippine Parties shall within fourteen (14) days of a written notice reimburse MCE Leisure the cost of the audit failing which the same shall become a debt due to MCE Leisure and the Philippine Parties consent and agree that MCE Leisure may deduct or set off against other sums that it may be due or entitled to under any Transaction Document or Ancillary Document.
- (b) If at any time MCE Leisure believes in its reasonable opinion that any Philippine Party, or any of its officers, directors, employees, shareholders, agents and any other third parties acting on its behalf is in violation of the provisions of Section 9.01, MCE Leisure may immediately terminate this Agreement. In such an event:
 - (i) the Philippine Parties and SM Subsidiaries will waive any claims they may have against MCE Leisure and its parent, Affiliates, subsidiaries, and related companies, and the officers, directors and employees of each, as a result of such termination;
 - (ii) the Philippine Parties and SM Subsidiaries will indemnify, protect, defend and hold harmless MCE Leisure and its parent, shareholders, Affiliates, subsidiaries and related companies, and the officers, directors and employees of each, for any Loss incurred by them as a result of such actual or alleged violation; and
 - (iii) Section 16.04(c) applies.
- (c) Within twenty (20) Business Days of the date of this Agreement, the MCE Parties shall provide training to the Philippine Parties, including all officers, directors, employees and agents who will be performing services in connection with the Project (including relevant finance employees) regarding applicable anti-corruption laws. The cost of any training provided under this Section 9.02(c) will be borne equally by the Philippine Parties and MCE Parties.

9.03 Anti-Corruption

- (a) The Philippine Parties and MCE Parties will use best efforts to ensure that they will not, and will cause their employees and representatives not to, directly or indirectly through a third party intermediary, offer, pay, promise to pay or authorize the giving of money or anything of value to any Official for the purpose of inducing such Government Official to use his or her influence with the government to affect or influence any act or decision of such government in order to assist in obtaining or retaining business for, directing business to, or securing an improper advantage in connection with the Project. The Philippine Parties and MCE Parties will, and will cause its employees and representatives to, maintain accurate books and records with respect of the Project.

Cooperation Agreement

- (b) The Philippine Parties and MCE Parties will not engage in transactions with or provide services to those countries, territories, entities or individuals covered in Section 9.01(b).
- (c) The Philippine Parties and MCE Parties will provide, at their own cost, periodic training to officers, directors, employees, secondees and agents acting in relation to the Project of the type described in Section 9.02(c).
- (d) The Philippine Parties and MCE Parties will have unrestricted rights to take reasonable steps (including, for the avoidance of doubt, the right to conduct interviews of the representatives, agents and employees of the other Parties) to verify compliance with applicable anti-corruption laws, rules and regulations.

9.04 Probity

- (a) Each Philippine Party acknowledges and agrees that:
 - (i) by executing any Transaction Document or Ancillary Document, it may be subject to ongoing probity review (including suitability investigations and findings) by Government Authorities; and
 - (ii) if reasonably requested to do so by MCE Leisure or any of its Affiliates, it will and will procure that its respective Affiliates, shareholders, officers, directors and employees will cooperate with any information requests made by, or to comply with the rules of, any Government Authority (“Regulatory Review”).
- (b) Each Philippine Party shall cooperate in good faith in connection with any Regulatory Review so as to reduce the likelihood of termination of this Agreement by an MCE Party.
- (c) Each of the Philippine Parties acknowledges and agrees that MCE Leisure is an indirect wholly owned subsidiary of a company listed on the Hong Kong Stock Exchange (“HKEx”) and the NASDAQ Global Market (“Nasdaq”), and as such, MCE Leisure and its Affiliates may be required to comply with HKEx and Nasdaq rules, and other applicable laws of Hong Kong and the United States of America, including applicable security laws, US Sarbanes-Oxley Act, US Foreign Corrupt Practices Act and other legislation and that the MCE Leisure business, including its operation and management of the Casino, is required to be conducted in compliance with all internal controls, rules, procedures, policies and guidelines as may be in effect from time to time.
- (d) Each of the MCE Parties acknowledges that SMIC, SM Development Corporation and Belle are listed on the Philippine Stock Exchange (“PSE”) and as such, may be required to comply with PSE rules, and other Applicable Laws of the Philippines from time to time.

9.05 Compliance

- (a) The Philippine Parties agree:
 - (i) to take all commercially reasonable actions that may be reasonably requested by MCE Leisure so as not to materially adversely affect the goodwill or reputation of MCE Leisure or its Affiliates in their respective businesses (including their gaming operations in other jurisdictions);

Cooperation Agreement

- (ii) not do anything that may adversely affect the goodwill or reputation of any MCE Party, any MCE Designated Entity, or any of its or their Affiliates, as a gaming operator in any jurisdiction;
 - (iii) comply with all Applicable Laws (including, in relation to prevention of money laundering, financing of terrorism and corruption); and
 - (iv) to take all actions required to maintain all licenses under which they are licensees under Applicable Law in order for gaming to be operated at the Project (including the Casino License).
- (b) MCE Leisure agrees to:
- (i) take commercially reasonable actions that may be reasonably requested by the Philippine Parties so as not to materially adversely affect the reputation of the Philippine Parties in their respective businesses; and
 - (ii) comply with all Applicable Laws (including, in relation to prevention of money laundering, financing of terrorism and corruption).
- (c) Subject to Section 9.05(d), the Philippine Parties and the MCE Parties shall do all things reasonably required by the MCE Parties and the Philippine Parties (as applicable) (including provide any information requested by a Government Authority) to assist a Party to comply with any Applicable Law in connection with the Casino or the Project.
- (d) Nothing in Section 9.05(c) obliges or requires any MCE Party to do anything (including provide any information), which in the reasonable opinion of that MCE Party adversely affects, or may reasonably be expected to adversely affect, the operations or business of any MCE Party or any of its Affiliates.

9.06 Other matters

The Philippine Parties agree to ensure that no fact, matter, circumstance event or thing of the type specified or described in Sections 16.04(c)(vi) or 16.04(c)(vii) occurs or, if it were to occur, would give rise, or may reasonably be expected to give rise, to the right of the MCE Parties to terminate this Agreement under those Sections.

Cooperation Agreement

10.01 The Licensee Committee

- (a) The purpose of the Licensee Committee is to:
 - (i) consider, and if thought fit, approve the submission of the Proposal or Counter Proposal to PAGCOR for its consideration and review; and
 - (ii) meet from time to time to discuss matters relevant to Project, including the Project Plan and the Project Implementation Plan.
- (b) The Licensee Committee does not have any responsibilities, powers and duties except as set out in Section 10.01(a) only.

10.02 The Representatives

- (a) The Licensee Committee shall consist of one (1) person appointed by the Philippine Parties (together) and one (1) person appointed by the MCE Parties (together) (each a "Representative" and together the "Representatives").
- (b) Immediately following Closing the Representatives shall be:
 - (i) the person notified by the Philippine Parties to the MCE Parties prior to Closing; and
 - (ii) the person notified by the MCE Parties to the Philippine Parties prior to Closing.
- (c) The Philippine Parties and the MCE Parties may, by notice in writing to each of the other Licensees, remove the Representative appointed by them, and subject to Section 10.02(d) appoint another Representative in his or her place.
- (d) No person may be appointed as a Representative, and any such person must, if so appointed, be immediately removed by its appointors if that person is, or becomes, an officer or director of, or has any investments in, a Competitor or is, or becomes, an Official.
- (e) It is a condition of the appointment of a Representative that the Representative execute a confidentiality agreement in form and substance acceptable to the Licensee Committee.

10.03 Licensee Committee Meetings

- (a) A meeting of the Licensee Committee must be held at least once every calendar year as the Representatives may agree in writing.
- (b) Special meetings of the Licensee Committee may be called by any of the Philippine Parties or the MCE Parties.
- (c) Written notice of a meeting of the Licensee Committee ("Notice of Meeting") shall be sent to each Licensee at least ten (10) Business Days prior to the date on which the meeting is to be held, unless the Representatives agree to waive such notice.
- (d) The Notice of Meeting shall contain the matters to be discussed during the meeting and shall include all supporting documents, papers and materials where necessary. No matter shall be taken up during the meeting for which the Notice of Meeting was given that is not included in the Notice of Meeting except as agreed between the Licensee Committee members in the meeting.
- (e) A meeting of the Licensee Committee may be held via teleconference or video conference.

Cooperation Agreement

(f) There shall not be a chairperson of the Licensee Committee.

(g) A Representative shall not appoint an alternate or proxy.

10.04 Resolutions of the Licensee Committee

All resolutions of the Licensee Committee shall be adopted by the affirmative vote of all of the members of the Licensee Committee.

Cooperation Agreement

11.01 Assets of the Licensees

Each of the Licensees agree that any real or personal, tangible or intangible, property held, acquired or developed by a Licensee (including any property held, acquired or developed prior to the date of this Agreement, and including any property or assets contributed to the Project) is owned by that Licensee and is not owned by the Licensees as co-owners.

11.02 Obligations and power to bind the Licensees

- (a) With effect from Closing, none of the Licensees (other than MCE Leisure), shall on behalf of any or all of the Licensees enter into any arrangement, agreement, make any commitment, or incur any obligation or liability to any Person (including to any Government Authority) in connection with the Casino License or the Project without the prior consent of MCE Leisure.
- (b) The Philippine Parties and the MCE Parties (other than MCE Leisure) shall indemnify the MCE Parties and the Philippine Parties (as applicable) from any Loss suffered or incurred by them arising out of, or in relation to, any breach by them of Section 11.02(a).

11.03 Liabilities of the Licensees

- (a) Each Licensee acknowledges that the Licensees are jointly and severally liable to PAGCOR under the Casino License.
- (b) Each Licensee (the "first Licensee"):
 - (i) agrees to comply with the Casino License; and
 - (ii) agrees to indemnify each other Licensee (the "second Licensee") for any Loss suffered or incurred by the second Licensee finally determined to be arising out of, or in connection with, any breach by the first Licensee of the Casino License on and from Closing.
- (c) Each Licensee agrees that:
 - (i) it shall not bring any claim against any other Licensee under the Casino License; and
 - (ii) nothing in this Section 11.03(c) prohibits it from bringing any claim under any Transaction Document or Ancillary Document.
- (d) None of the Philippine Parties or MCE Parties shall be liable under Section 11.03(b) for any Loss suffered or incurred by any of the MCE Parties or Philippine Parties (as the case may be), arising out of or in connection with, or to the extent such Loss is contributed to, or increased by, any breach by the Philippine Parties or MCE Parties of that Section 11.03(b), in each case where such breach arises directly or indirectly out of, or in connection with, or is caused by, a breach by the MCE Parties or Philippine Parties (as the case may be) of any Transaction Document or Ancillary Document.

Cooperation Agreement

12.01 Role and powers of the Special Purpose Entity

The Licensees agree that MCE Leisure, as the Special Purpose Entity, shall:

- (a) be the sole and exclusive representative of the Licensees (in their capacity as Licensees only) in connection with the Casino License and the operation and management of the Project; and
- (b) have all the powers, rights, duties and obligations conferred on, or reserved to, that entity under the Casino License.

12.02 General Powers

- (a) The Licensees agree that MCE Leisure shall, as between the Licensees, be solely responsible for, and have power to:
 - (i) subject to Section 12.02(c), give any notice, communicate with, or enter into any correspondence with any Person (including any Government Authority) and enter into any arrangement, agreement, commitment or understanding, or incur any obligation or liability to any Person, by, in the name of or on behalf of any or all of the Licensees (but in their capacity as Licensees only) in connection with the Casino License or the Project; and
 - (ii) exercise any rights any Licensee (as that term is defined in the Casino License) has or may have under the Casino License for and on behalf of that Licensee.
- (b) MCE Leisure agrees to provide a copy of any notice received by it from PAGCOR to each of the other Licensees on or before the date ten (10) Business Days after receipt of that notice.
- (c) Section 12.02(a)(i) does not limit any rights or obligations:
 - (i) MCE Leisure may have under Section 12.01, the Operating Agreement, or as the Special Purpose Entity under the Casino License; or
 - (ii) the Philippine Parties may have under Schedule 3.

12.03 Obligations of the Licensees

- (a) Without limiting the powers of MCE Leisure under Sections 12.01 or 12.02 the Licensees shall:
 - (i) do all things reasonably required by MCE Leisure (including execute any document) to ensure:
 - 1. that the Casino License is valid and subsisting at all times; and
 - 2. the Casino License (including any Applicable Laws in respect of that license) is complied with at all times;
 - (ii) do all things reasonably required by MCE Leisure (including execute any document) to apply for, or in connection with, any extension of the Casino License (for such duration as determined by MCE Leisure) prior to its expiry;
 - (iii) on the written request of MCE Leisure, and after consultation with the Philippine Parties, and as directed by MCE Leisure, liaise and coordinate with any Government Authority (including PAGCOR) on any matter affecting or involving, or which may reasonably be expected to affect or involve, the Project or the Casino License;

Cooperation Agreement

- (iv) on the request of MCE Leisure, promptly file such information with such Government Authorities as MCE Leisure may require;
 - (v) comply with all internal policies and procedures adopted by MCE Leisure (in its sole discretion) in relation to the Project;
 - (vi) co-operate with, and provide such assistance to, MCE Leisure (as it may request from time to time) in relation to any matter affecting or involving, or which may reasonably be expected to affect or involve, the Project or the Casino License;
 - (vii) promptly provide to the MCE Leisure such information as it may require for the purposes of enabling MCE Leisure to comply with any of the obligations of the Licensees (as defined in the Casino License) under the Casino License (including any obligations of the Special Purpose Entity) or any obligation under the Casino License;
 - (viii) do anything MCE Leisure reasonably requires (including execute any document) to secure the required permits, licenses, approvals and consents from the relevant Government Authorities in relation to or in connection with the Project and the Casino (including the issue by PAGCOR of the Regular Casino License);
 - (ix) do all things reasonably requested by MCE Leisure to avoid any conflict with the obligations of MCE Leisure as the Special Purpose Entity and the manager and operator of the Project; and
 - (x) not do anything (or fail to do anything) which if done (or not done) would result in, or may reasonably be expected to result in:
 - 1. the suspension, amendment (except where required under this Agreement), termination, revocation, or withdrawal of the Casino License; or
 - 2. the imposition of any conditions on the Casino License.
- (b) Nothing in this Section 12.03 limits or reduces any of the obligations or duties of the Philippine Parties and MCE Parties under any of the Transaction Documents or Ancillary Documents.
- (c) The Philippine Parties shall indemnify the MCE Parties from any Loss any of them suffers or incurs arising out of, or in connection with, any breach by the Philippine Parties of this Section 12.03.

12.04 Correspondence

Each of the Licensees (other than MCE Leisure) shall:

- (a) promptly provide to MCE Leisure copies of any correspondence received from any Person in relation to any matter affecting or involving the Project or the Casino License;
- (b) promptly notify MCE Leisure of any notice, communication or correspondence required to be submitted by any of them to any Government Authority in relation to the Project or the Casino License prior to such submission; and
- (c) not have any meetings or discussions with, or submit or enter into any correspondence with, or notify, any Government Authority in relation to the Project or the Casino License unless MCE Leisure:

Cooperation Agreement

- (i) is given reasonable opportunity to participate in, and participates in (or declines to participate in), those meetings or discussions; and
- (ii) in the case of any correspondence or notice, has consented (such consent not to be unreasonably withheld, conditioned or delayed) to the form, content, manner and timing of that correspondence or notice;

provided, that this Section 12.04(c) shall not apply to any documents required by the rules of any internationally recognized stock exchange on which any Licensee is listed to be filed with that exchange.

12.05 Disputes

- (a) The Philippine Parties and MCE Parties agree that, without limiting Section 12.02, MCE Leisure shall be solely responsible for the commencement, settlement or defence of any claim, dispute, action or proceedings by or against any Person in connection with the Casino Licensee or the operation, management or maintenance of the Project, except for any claim the subject of Section 12.05(c).
- (b) The Philippine Parties and MCE Parties agree that the costs of any claim, dispute, action or proceedings commenced, settled or defended by MCE Leisure under Section 12.05(a) (including all legal fees) shall be borne by the Philippine Parties and the MCE Parties equally unless a non-appealable judgment or other final adjudication has established that such claim, dispute, action or proceeding was a result of the Philippine Parties' or the MCE Parties' gross negligence, wilful misconduct or bad faith, in which case the costs shall be payable by the Philippine Parties or the MCE Parties (as applicable).
- (c) The Philippine Parties agree to keep MCE Leisure informed at all times, and consult with MCE Leisure, in the defence of any claim, dispute, action or proceedings brought by PAGCOR against any of the Philippine Parties under, or in connection with, the Casino License.

12.06 Liability

- (a) MCE Leisure shall not have any liability to any other Licensee (or be liable for any Loss suffered or incurred by any of them) in the exercise of MCE Leisure's rights and powers as the Special Purpose Entity or under this Section 12 (including in respect of any arrangement, agreement, or commitment entered into by MCE Leisure under this Section) except in the case of gross negligence, wilful misconduct or bad faith.
- (b) Despite any provision of this Agreement to the contrary, MCE Leisure shall not be liable for any Loss suffered or incurred by any of the Philippine Parties or MCE Parties, arising out of or in connection with, or to the extent such Loss is contributed to, or increased by, any breach by MCE Leisure of this Agreement, in each case where such breach arises directly or indirectly out of, or in connection with, or is caused by, a breach by any of the Philippine Parties or MCE Parties (as the case may be) of any Transaction Document or by any of the Philippine Parties or MCE Parties (as the case may be) causing (whether by act or omission) MCE Leisure to breach any Applicable Laws or financing agreement to which it is a party.

Cooperation Agreement

13.01 Project Name

The Project shall be known by a name agreed to by the Licensees in writing from time to time.

13.02 Project Plan and Project Implementation Plan

- (a) The Project Plan and Project Implementation Plan must not be amended without the prior written consent of the Licensees or except as permitted under Section 13.02(b).
- (b) MCE Leisure may, on written prior notice to the Licensees, amend the Project Plan and the Project Implementation Plan, provided such amendments do not materially increase the obligations imposed on any of the Licensees.

13.03 Construction of Phase 1 Building and Phase 2 Building

- (a) The Philippine Parties agree to comply with the covenants and undertakings, and give the representations and warranties, in Schedule 3.
- (b) The Philippine Parties must not terminate the AB Leisure Contracts (other than those AB Leisure Contracts required to be terminated under the Closing Arrangement Agreement), without the prior written consent of the MCE Parties.

13.04 The Escrow Account

- (a) MCE Leisure must open the Escrow Account in its name on or before Closing.
- (b) From Closing until the opening of all, or any part, of the Project to the public, MCE Leisure shall maintain a minimum balance of U.S. Dollars: Fifty Million (US\$50,000,000.00) in the Escrow Account. Any interest accruing on the balance of Escrow Account prior to the date of deposit of the Philippine Parties' Escrow Share shall be to the benefit of MCE Leisure.
- (c) MCE Leisure may, at any time after the opening of all, or any part, of the Project to the public:
 - (i) notify the Philippine Parties of that fact and the Philippine Parties must, within ten (10) Business Days of being so notified deposit U.S. Dollars: Twenty Five Million (US\$25,000,000.00) into the Escrow Account ("Philippine Parties' Escrow Share"); and
 - (ii) withdraw up to a maximum of U.S. Dollars: Twenty Five Million (US\$25,000,000.00) together with any interest earned under Section 13.04(b).
- (d) Any interest accruing on the Escrow Account from the date of deposit of the Philippine Parties' Escrow Share shall be shared equally between the Philippine Parties and MCE Leisure.
- (e) If the Philippine Parties fail to fund in whole or in part the Philippine Parties' Escrow Share, MCE Leisure may, at its sole option and without prejudice to any rights or other remedies under this Agreement or Applicable Law:
 - (i) pay into the Escrow Account the amount of the Philippine Parties' Escrow Share that the Philippine Parties failed to fund; and
 - (ii) charge the Philippine Parties a fee equal to twenty-five percent (25%) of the amount paid by MCE Leisure under Section 13.04(e)(i).
- (f) The Licensees agree that, without limiting any rights they have under this Agreement or Applicable Law, the Philippine Parties shall pay to the MCE Parties on demand and in any event before the date two (2) years after the date of the payment in Section 13.04(e)(i):

Cooperation Agreement

- (i) any amount funded or charged to the Philippine Parties under Section 13.04(e)(i); plus
- (ii) the amount charged to the Philippine Parties under Section 13.04(e)(ii); plus
- (iii) an amount of interest equal to equal to fifteen percent (15%) per annum of the aggregate of the amounts in Section 13.04(e)(i) and 13.04(e)(ii) (calculated on a daily basis from the date of the payment until those amounts are paid in full).

13.05 Performance Assurance and Insurances

- (a) The Philippine Parties shall at all times maintain the Performance Assurance.
- (b) The MCE Parties indemnify the Philippine Parties in respect of any amount deducted by PAGCOR from the Performance Assurance where such a deduction is a direct consequence of any delay in Opening due to the delay in the fit-out of the Project by MCE Leisure (except where such delay arises out of, or is contributed to, by any delay of the Philippine Parties in the construction of the Building Structures).
- (c) The Philippine Parties shall obtain, at their own cost (and in each case covering all of assets contributed by the MCE Parties and MCE Designated Parties to the Project, and all the works undertaken by them in connection with the Project and naming the relevant MCE Parties and MCE Designated Entities as a beneficiary and named insured) (i) all-risk insurance as required under Article VIII of the Provisional License and approved by MCE Leisure (acting reasonably), except as otherwise notified in writing by PAGCOR and agreed in writing by MCE Leisure, and (ii) third party liability insurance approved by the MCE Parties acting reasonably for the period commencing on the date of this Agreement and ending on Opening.
- (d) The Philippine Parties and MCE Parties will each pay half of the cost of any valuations required to be obtained for insurance purposes.

13.06 Operational and Related Matters

- (a) The Philippine Parties must not:
 - (i) do or agree to do, and must procure that their Affiliates do not do or agree to do, any Operational Matter; and
 - (ii) suffer, or permit to suffer, any Operational Matter, in each case, without the prior written consent of the MCE Parties.
- (b) The “Operational Matters” means, for the purposes of this Section 13.06:
 - (i) any act or thing that affects or involves the Project or the Casino License and which may require, or may reasonably be expected to require, the participation, consent, approval or intervention of PAGCOR or any other Government Authority;
 - (ii) any (a) novation, variation, assignment, amendment, breach or termination of the SSS Lease Contract, or (b) matter or thing (or fail to do any matter or thing) which results in, or which if done could result in, the novation, variation, assignment, amendment, breach or termination of the SSS Lease Contract;

- (iii) any matter or thing (or fail to do any matter or thing) which adversely affects, or may reasonably be expected to affect, the operations of MCE Leisure or any MCE Designated Entity in relation to, or connection with, the Project;
 - (iv) any act or thing (or fail to do any matter or thing) which adversely affects or interferes with, or could reasonably be expected to adversely affect or interfere with:
 - 1. the Casino License;
 - 2. the operation and management of the Project by MCE Leisure;
 - 3. the gaming area to be operated in the Project;
 - 4. the fit-out of the Building Structures by MCE Leisure;
 - 5. the ability of any MCE Party, any MCE Designated Entity, or any of its or their respective Affiliates to obtain any financing in connection with the Project; or
 - 6. the performance by any MCE Party, any MCE Designated Entity, or any of its or their Affiliates of its obligations under any Transaction Document or Ancillary Document;
 - (v) any act or thing (or fail to do any act or thing) which causes, or may reasonably be expected to cause, the Casino to fail to be in compliance with any Applicable Law, including any applicable gaming laws in order to operate the Casino;
 - (vi) execute any contract, agreement, undertaking or guaranty or incur any obligation or liability which has the effect of directly or indirectly adversely affecting the Casino License, the Licensees or the Project;
 - (vii) threaten, commence, settle or defend any claim, dispute, action or proceedings by any Person under or in connection with the Casino License or the operation, management or maintenance of the Project or take any material step in the conduct of the defence of any such claim, dispute, action or proceedings; and
 - (viii) threaten, commence any claim, dispute, action or proceedings against PAGCOR under, or in connection, with the Casino License.
- (c) The Philippine Parties shall indemnify the MCE Group from any Loss suffered or incurred by the MCE Group arising out of, or in relation to, any breach of Section 13.06(a).

13.07 Unanimous consent

The Philippine Parties and MCE Parties must not do, or agree to do, any of the following matters without the prior written consent of each of the Philippine Parties and MCE Parties:

- (a) shorten the term of the Casino License;
- (b) enter into any agreement, arrangement or understanding (whether oral or written) restricting or prohibiting the Licensees' right to compete or engage in any business;
- (c) apply for any amendment to the Casino License (other than any amendments which are required in connection with the issue by PAGCOR of the Regular Casino License, or reasonably required in connection with the extension of the Regular Casino License);

Cooperation Agreement

- (d) make any investment by or on behalf of the Licensee's in a business or project, other than the Project or except as otherwise contemplated in any Transaction Document; or
- (e) transfer or assign the gaming operations at the Casino.

Cooperation Agreement

Page | 38

SECTION 14. POWERS

14.01 Powers of SMIC under this Agreement

- (a) Each SM Subsidiary irrevocably appoints SMIC as its agent and attorney, to the exclusion of that SM Subsidiary, to do anything permitted or required to be done by that SM Subsidiary under this Agreement, including:
 - (i) exercise any rights or powers the SM Subsidiary may have under this Agreement;
 - (ii) carry out any act, approve or consent to any matter under this Agreement; (iii) amend, vary or waive any rights the SM Subsidiary has or may have under this Agreement;
 - (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;
 - (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement; and
 - (vii) receive any amount owed or payable to it.
- (b) Each SM Subsidiary irrevocably agrees:
 - (i) that all acts and things done by SMIC in exercising powers under this Agreement on behalf of that SM Subsidiary will be as good and valid as if they had been done by that SM Subsidiary;
 - (ii) to ratify and confirm whatever is done by SMIC in exercising powers on behalf of that SM Subsidiary under this Agreement (including under Section 14.01(a)); and
 - (iii) that any rights the SM Subsidiary has or may have under this Agreement may only be exercised by SMIC and the SM Subsidiary will not exercise any such rights in its own name.
- (c) SMIC agrees that it is liable for, and must perform and discharge, any and all obligations and liabilities of each SM Subsidiary under or in connection with this Agreement.
- (d) SMIC indemnifies each MCE Party from any Loss suffered or incurred by as a result of:
 - (i) any breach by any SM Subsidiary of Section 14.01(b); and
 - (ii) the exercise by SMIC of any powers under Section 14.01(a).

14.02 Powers of MCE Leisure under this Agreement

- (a) Each MCE PHP Subsidiary irrevocably appoints MCE Leisure as its agent and attorney, to the exclusion of that MCE PHP Subsidiary, to do anything permitted or required to be done by that MCE PHP Subsidiary under this Agreement, including:
 - (i) exercise any rights or powers the MCE PHP Subsidiary may have under this Agreement;
 - (ii) carry out any act, approve or consent to any matter under this Agreement;

Cooperation Agreement

- (iii) amend, vary or waive any rights the MCE PHP Subsidiary has or may have under this Agreement;
 - (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;
 - (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement;
 - (vii) receive any amount owed or payable to it.
- (b) Each MCE PHP Subsidiary irrevocably agrees:
- (i) that all acts and things done by MCE Leisure in exercising powers under this Agreement on behalf of that MCE PHP Subsidiary will be as good and valid as if they had been done by that MCE PHP Subsidiary;
 - (ii) to ratify and confirm whatever is done by MCE Leisure in exercising powers on behalf of that MCE PHP Subsidiary under this Agreement (including under Section 14.02(a)); and
 - (iii) that any rights the MCE PHP Subsidiary has or may have under this Agreement may only be exercised by MCE Leisure and the MCE PHP Subsidiary will not exercise any such rights in its own name.
- (c) MCE Leisure agrees it is liable for, and must perform and discharge, any and all obligations and liabilities of each MCE PHP Subsidiary under or in connection with this Agreement.
- (d) MCE Leisure indemnifies each Philippine Party from any Loss suffered or incurred by as a result of:
- (i) any breach by any MCE PHP Subsidiary of Section 14.02(b); and
 - (ii) the exercise by MCE Leisure of any powers under Section 14.02(a).

15.01 Belle Guarantee

- (a) With effect from the date of this Agreement and in consideration of, among other things, the entry by the Parties into this Agreement, Belle unconditionally and irrevocably:
- (i) guarantees to each of the parties to the Relevant Documents other than the other Philippine Parties (“PHP Guaranteed Parties”) the due and punctual observance, performance and discharge of all the obligations of PLAI and each SM Group Company under those documents (“PHP Guaranteed Obligations”); and
 - (ii) indemnifies the PHP Guaranteed Parties against any and all Loss suffered or incurred by any of them arising out of or in connection with any default by the Philippine Parties in the performance of any of the PHP Guaranteed Obligations or from any such express or implied obligations being unenforceable.
- (b) The obligations and liability of Belle under this Section 15.01 are not revoked or discharged (in whole or in part) by any act, omission, event or circumstance, including:
- (i) any time, concession, waiver or other indulgence (including any release of any liability) being given by any PHP Guaranteed Parties to PLAI or any SM Group Company (or any surety) for or in relation to the observance or performance of any of their obligations under any of the Relevant Documents;
 - (ii) any variation being made to the terms of any Relevant Document or the subsequent termination or repudiation of any Relevant Document (otherwise than by the PHP Guaranteed Parties, by due exercise of its rights under any Relevant Document);
 - (iii) any contract replacing or substituting any Relevant Document;
 - (iv) any novation or assignment of any Relevant Document;
 - (v) any transfer of obligation or liabilities arising under any Relevant Document;
 - (vi) any other security or contractual obligations to secure the performance of PLAI or any SM Group Company’s obligations under any Relevant Document being or not being taken, held, renewed, varied, enforced or released by any PHP Guaranteed Party or such security being void, defective, informal or unenforceable;
 - (vii) any release of a co-surety;
 - (viii) any discharge or release by operation of law or equity;
 - (ix) any non-exercise or partial exercise of any right or remedy, including any right of termination or any non-enforcement of any right or remedy;
 - (x) any acquiescence in respect of breach of any Relevant Document;
 - (xi) any lack of capacity, any limitation on capacity or any lack of authority;
 - (xii) any composition with any creditors of PLAI or any SM Group Company or scheme of arrangement;

- (xiii) all or any of PLAI or any SM Group Company's obligations under any Relevant Document being discharged otherwise than by their due performance or by any Relevant Document being terminated by any PHP Guaranteed Party by due exercise of its rights under the Relevant Document;
 - (xiv) the liquidation, administration, bankruptcy or insolvency of any Belle or PLAI or any SM Group Company; or
 - (xv) by anything done or omitted to be done by any PHP Guaranteed Party or by anything else which, but for this Section, might operate to release wholly or partially or discharge or otherwise exonerate any PHP Guarantor from its liability under this guarantee.
- (c) Belle hereby waives any benefit of excussion under Article 2058 of the Civil Code of the Philippines, and agrees that a claim for enforcement may be made it for the PHP Guaranteed Obligations as if it were the principal obligor.
- (d) Belle will not exercise any rights which it may acquire by way of subrogation until the PHP Guaranteed Obligations shall have been fully and completely performed.
- (e) The guarantee given under this Section 15.01:
- (i) is a continuing guarantee and remains in force until the whole of the PHP Guaranteed Obligations have in all respects been duly performed, observed and discharged in full;
 - (ii) is irrevocable; and
 - (iii) constitutes a separate and independent obligation of Belle.
- (f) The PHP Guaranteed Parties may enforce the guarantee given under this Section 15.01 without first making any demand or taking any action or proceedings to enforce its rights or remedies against PLAI or any SM Group Company.
- (g) The obligations of Belle under this Section 15.01 continue to be effective or will be reinstated if at any time any amount under this Agreement is avoided or any payment must be replaced or restored, either in whole or in part, by PLAI or any SM Group Company for any reason whatsoever and the liability of Belle extends to any such payment as if that payment had not been made.

15.02 MCE Leisure Guarantee

- (a) With effect from the date of this Agreement, and in consideration of, among other things, the entry by the Parties into this Agreement, MCE Leisure unconditionally and irrevocably:
- (i) guarantees to each of the Philippine Parties a party to the Relevant Documents ("MCE PHP Guaranteed Parties") the due and punctual observance, performance and discharge of all the obligations of the MCE Parties and the relevant MCE Designated Entities a party to those documents (other than MCE Leisure) under the Relevant Documents ("MCE PHP Guaranteed Obligations"); and
 - (ii) indemnifies the MCE PHP Guaranteed Parties against any and all Loss suffered or incurred by any of them arising out of or in connection with any default by any of the MCE Parties and the relevant MCE Designated Entities in the performance of any of the MCE PHP Guaranteed Obligations or from any such express or implied obligations being unenforceable.

- (b) The obligations and liability of MCE Leisure under this Section 15.02 are not revoked or discharged (in whole or in part) by any act, omission, event or circumstance, including:
- (i) any time, concession, waiver or other indulgence (including any release of any liability) being given by any of the MCE PHP Guaranteed Parties to the MCE Parties or relevant MCE Designated Entities (or any surety) for or in relation to the observance or performance of any of their obligations under any of the Relevant Documents;
 - (ii) any variation being made to the terms of any Relevant Document or the subsequent termination or repudiation of any Relevant Document (otherwise than by the MCE PHP Guaranteed Parties, by due exercise of its rights under any Relevant Document);
 - (iii) any contract replacing or substituting any Relevant Document; (iv) any novation or assignment of any Relevant Document;
 - (v) any transfer of obligation or liabilities arising under any Relevant Document;
 - (vi) any other security or contractual obligations to secure the performance of any of the MCE Parties' or relevant MCE Designated Entities' obligations under any Relevant Document being or not being taken, held, renewed, varied, enforced or released by any MCE PHP Guaranteed Party or such security being void, defective, informal or unenforceable;
 - (vii) any release of a co-surety;
 - (viii) any discharge or release by operation of law or equity;
 - (ix) any non-exercise or partial exercise of any right or remedy, including any right of termination or any non-enforcement of any right or remedy;
 - (x) any acquiescence in respect of breach of any Relevant Document;
 - (xi) any lack of capacity, any limitation on capacity or any lack of authority;
 - (xii) any composition with any creditors of any of the MCE Parties or relevant MCE Designated Entities or scheme of arrangement;
 - (xiii) all or any of the MCE Parties or relevant MCE Designated Entities obligations under any Relevant Document being discharged otherwise than by their due performance or by any Relevant Document being terminated by any MCE PHP Guaranteed Party by due exercise of its rights under any Relevant Document;
 - (xiv) the liquidation, administration, bankruptcy or insolvency of MCE Leisure or any of the MCE Parties or relevant MCE Designated Entities; or
 - (xv) by anything done or omitted to be done by any MCE PHP Guaranteed Party or by anything else which, but for this Section 15.02, might operate to release wholly or partially or discharge or otherwise exonerate any MCE PHP Guarantor from its liability under this guarantee.
- (c) MCE Leisure hereby waives any benefit of excussion under Article 2058 of the Civil Code of the Philippines, and agrees that claim for enforcement may be made on MCE Leisure for the MCE PHP Guaranteed Obligations as if it were the principal obligor.

- (d) MCE Leisure will not exercise any rights which it may acquire by way of subrogation until the MCE PHP Guaranteed Obligations shall have been fully and completely performed.
- (e) The guarantee given under this Section 15.02:
 - (i) is a continuing guarantee and remains in force until the whole of the MCE PHP Guaranteed Obligations have in all respects been duly performed, observed and discharged in full;
 - (ii) is irrevocable; and
 - (iii) constitutes a separate and independent obligation of MCE Leisure.
- (f) The MCE PHP Guaranteed Parties may enforce the guarantee given under this Section 15.02 without first making any demand or taking any action or proceedings to enforce its rights or remedies against MCE Leisure.
- (g) The obligations of MCE Leisure under this Section 15.02 continue to be effective or will be reinstated if at any time any amount under this Agreement is avoided or any payment must be replaced or restored, either in whole or in part, by any MCE PHP Guaranteed Party for any reason whatsoever and the liability of MCE Leisure extends to any such payment as if that payment had not been made.

Cooperation Agreement

16.01 Term

- (a) This Agreement shall become effective on Closing (except for those Sections expressed to become effective or commence prior to that time) and shall remain in effect unless terminated under Section 16.04.
- (b) This Agreement may not be terminated except where permitted under this Section 16 or under Applicable Law.

16.02 Philippine Parties Rights and Obligations—No Fault

- (a) The Philippine Parties shall not exercise their rights under Section 16.04(a)(ii) to terminate this Agreement unless:
 - (i) a No-Fault Termination Event has occurred and the Philippine Parties have served a notice on the MCE Parties to that effect specifying, in reasonable detail, the relevant act or circumstance giving rise to the No-Fault Termination Event (“Philippine Parties Notice”); and
 - (ii) the time period for the exercise by the MCE Parties of their rights under Sections 18.01, 18.02, and 18.03 has expired (in which case a further notice is required to be given under Section 16.04(a)(ii) prior to termination).
- (b) The Philippine Parties shall not be entitled to exercise their rights under Section 16.04(a)(ii) to terminate this Agreement if the MCE Parties have:
 - (i) exercised their rights under Sections 18.01 or 18.02 to transfer their Project Interests under those Sections (as applicable); or
 - (ii) the MCE Parties have elected to continue to participate in the Project under Section 18.03.

16.03 MCE Parties Rights and Obligations—No Fault

If:

- (a) a No-Fault Termination Event occurs; or
- (b) there occurs any act beyond the control of, and not due to the fault of, the MCE Parties, which results in any of the MCE Parties being prohibited from being involved in, or from the MCE Parties or any MCE Designated Entity operating, the Project or the Casino, including the passing of any Applicable Law or an act of any Government Authority,

the MCE Parties shall be entitled to immediately terminate this Agreement under Section 16.04(a)(ii), or serve a notice on the Philippine Parties (“MCE Parties Notice”) specifying the act or event giving rise to the right to terminate and that Sections 18.01, 18.02, or 18.03 (as applicable) shall apply.

16.04 Events Giving Rise to the Right to Terminate

This Agreement may be terminated:

- (a) (No fault – either MCE Parties or Philippine Parties) by:
 - (i) mutual written consent of the Philippine Parties and MCE Parties; or
 - (ii) the MCE Parties or, subject to compliance with Section 16.02, the Philippine Parties, on written notice to the other if there occurs a No-Fault Termination Event;

Cooperation Agreement

- (b) (No fault – MCE Parties): by the MCE Parties on written notice to the Philippine Parties if there occurs any act beyond the control of, and not due to the fault of, the MCE Parties, which results in any of the MCE Parties being prohibited from being involved in, or from the MCE Parties or any MCE Designated Entity operating, the Project or the Casino, including the passing of any Applicable Law or an act of any Government Authority;
- (c) (Philippine Parties' Default): by any of the MCE Parties on written notice to the Philippine Parties if:
- (i) there has been a material breach by the Philippine Parties of any warranty, covenant or undertaking in this Agreement not capable of remedy, or if capable or remedy is not remedied to the reasonable satisfaction of the MCE Parties within twenty (20) Business Days of receipt by the Philippine Parties of written notice of the breach, and such breach has resulted in, or is reasonably likely to result in, a Material Adverse Change;
 - (ii) any action is taken by any of the holders of the Belle Encumbrances to enforce any of their rights under any of those encumbrances or the SSS Lease Contract is terminated;
 - (iii) a Philippine Party suffers an Insolvency Event and the Insolvency Event is not remedied to the reasonable satisfaction of MCE Parties within twenty (20) Business Days of receipt by the Philippine Parties of written notice from the MCE Parties requiring the relevant Philippine Party to remedy that Insolvency Event;
 - (iv) either Belle or PLAI ceases to be Controlled by SMIC or any of its Affiliates or if SMIC ceases to be Controlled by the Sy Family, or any of their Affiliates and SMIC, the Sy Family, or their respective Affiliates (as applicable) does not regain Control within twenty (20) Business Days of receipt by Belle or PLAI or SMIC (as applicable) of written notice from the MCE Parties requiring them do so;
 - (v) the Casino License is terminated or revoked through the fault of the Philippine Parties;
 - (vi) if any event or condition occurs in relation to the Philippine Parties or any of their Affiliates that materially and adversely affects the ability of MCE of any of its Affiliates to do business, or to maintain any license to conduct gaming, in Macau or in any other jurisdiction where such Person is licensed to operate gaming, and such event or condition is not remedied to the satisfaction of MCE Leisure within seven (7) days after written notice from MCE Leisure to the Philippine Parties specifying the nature of such event or condition;
 - (vii) if any of the MCE Parties or any of their Affiliates is:
 - 1. required by any Government Authority to disassociate itself from any of the Philippine Parties; or
 - 2. formally advised by any Government Authority that such a requirement will be forthcoming,and such requirement or advice continues to be applicable for a period of seven (7) days (or such shorter period as may be required by any Government Authority) after written notice thereof to the Philippine Parties; or

- (viii) Section 9.02(b) applies;
- (d) (MCE Parties' Default): by the Philippine Parties on written notice to the MCE Parties if:
 - (i) there has been a material breach by any MCE Party of any warranty, covenant or undertaking in this Agreement not capable of remedy, or if capable of remedy is not remedied to the reasonable satisfaction of Philippine Parties within twenty (20) Business Days of receipt by the MCE Parties of written notice of the breach, and such breach has resulted in, or is reasonably likely to result in, a Material Adverse Change;
 - (ii) an MCE Party suffers an Insolvency Event and the Insolvency Event is not remedied to the reasonable satisfaction of Philippine Parties within twenty (20) Business Days of receipt by the MCE Parties of written notice from the Philippine Parties requiring the relevant MCE Party to remedy that Insolvency Event;
 - (iii) if MCE Leisure ceases to be Controlled an MCE Group Company (or any successor to an MCE Group Company (including by merger or amalgamation)) and an MCE Group Company (or any successor to an MCE Group Company (including by merger or amalgamation) does not regain Control within twenty (20) Business Days of receipt by the MCE Parties of written notice from the Philippine Parties requiring them to do so; or
 - (iv) if the Casino License is terminated or revoked through the fault of the MCE Parties; or
- (e) (Termination of other Transaction Documents): by any of the Philippine Parties or MCE Parties on written notice to the other on termination of any of the Belle Lease or the Operating Agreement.

17.01 Termination – General

- (a) If this Agreement is terminated under Sections 16.04(a), 16.04(b) or 16.04(e) (except, in the case of Section 16.04(e), where the Belle Lease or Operating Agreement has been terminated as a result of the default of a party to that document in which case Section 17.06 will apply) then, in addition to any rights the Philippine Parties and MCE Parties may have under this Section 17:
- (i) all obligations of the Parties under this Agreement shall terminate except those that are expressed to survive termination;
 - (ii) the MCE Parties and each of the MCE Designated Entities shall have the right to remove from the Project any Intellectual Property or proprietary software owned, leased, licensed or used by any of the MCE Parties or MCE Designated Entities; and
 - (iii) the MCE Parties and each of the MCE Designated Entities shall have the right to remove from the Project all the MCE Removable Assets.
- (b) The MCE Parties and MCE Designated Entities shall be entitled to access the Land and Building Structures on prior notice to the Philippine Parties for the purposes of removing any of their Intellectual Property, proprietary software or MCE Removable Assets under this Section 17.01.

17.02 No Fault Termination – no loss of Casino License and/or Operations

- (a) If this Agreement is terminated under Sections 16.04(a) or 16.04(b) (other than due to a No-Fault Termination Event, in which case Section 17.03 shall apply) then the sole remedy of the Parties arising out of such termination shall be as set out in this Section 17.02.
- (b) If this Agreement is terminated under Sections 16.04(a) or 16.04(b) (other than due to a No-Fault Termination Event, in which case Section 17.03 shall apply) then, in addition to the rights the Philippine Parties and MCE Parties have under Section 17.01:
- (i) the MCE Parties shall notify the Philippine Parties on or before the date ten (10) Business Days after the date of termination of this Agreement of the Remaining Value and the Philippine Parties shall pay to the MCE Parties the amount so notified on or before the date ten (10) Business Days after the date of notification;
 - (ii) the Philippine Parties shall, pay promptly on demand to the MCE Parties fifty percent (50%) of the Termination Costs; and
 - (iii) unless the MCE Parties have exercised their rights under Section 18.01 to sell their Project Interests to a third party, or the Philippine Parties have purchased the Project Interests under Section 18.01, the Philippine Parties shall pay to the MCE Parties the EBITDA Compensation Amount, each year during the Compensation Period, on or before the date twenty (20) Business Days after the date the report is delivered by the Auditor under Section 19.03(a).
- (c) Nothing in this Section 17.02 limits the rights of any of the Philippine Parties or MCE Parties under Sections 17.01 or 18.

17.03 No Fault Termination – Loss of Casino License and/or Operations

Cooperation Agreement

- (a) If this Agreement is terminated under Sections 16.04(a) or 16.04(b) due to a No-Fault Termination Event then the sole remedy of the Parties arising out of such termination shall be as set out in this Section 17.03.
- (b) If this Agreement is terminated under Sections 16.04(a) or 16.04(b) due to a No-Fault Termination Event then, in addition to the rights the Philippine Parties and MCE Parties have under Section 17.01:
 - (i) each of the Philippine Parties and MCE Parties shall be responsible for, and shall be liable for, any Termination Costs incurred or suffered by them (respectively);
 - (ii) the Philippine Parties shall pay fifty percent (50%) of any amounts owed or payable by the MCE Parties to any Government Authority in connection with such revocation or termination; and
 - (iii) unless the MCE Parties have exercised their rights under Section 18.02 to sell their Project Interests to a third party, or the Philippine Parties have refused their consent to any such sale, the Philippine Parties shall pay to the MCE Parties the EBITDA Compensation Amount, each year during the Compensation Period, on or before the date twenty (20) Business Days after the date the report is delivered by the Auditor under Section 19.03(a).
- (c) Nothing in this Section 17.03 limits the rights of any of the Philippine Parties or MCE Parties under Sections 17.01 or 18.

17.04 Philippine Parties' Default

If this Agreement is terminated under Section 16.04(c), then Section 20.02 shall apply and the MCE Parties shall be entitled to such rights and remedies, and may bring such claims, in each case in respect of such breach as may be applicable or permitted under Philippine law (including any claim for loss of profits).

17.05 MCE Parties' Default

If this Agreement is terminated under Section 16.04(d), then Section 20.02 shall apply and the Philippine Parties shall be entitled to such rights and remedies, and may bring such claims in each case in respect of such breach as may be applicable or permitted under Philippine law (including any claim for loss of profits).

17.06 Termination under Section 16.04(e)

If this Agreement is terminated under Section 16.04(e), then Section 20.02 shall apply and the Parties shall be entitled to such rights and remedies (and such rights and remedies will be their sole rights and remedies under this Agreement), and may bring such claims under this Agreement in respect of the event resulting in termination of the Belle Lease or Operating Agreement as they would have been entitled to under the Belle Lease and the Operating Agreement (as applicable) as if Sections 12.04 and 16.02 of those documents (respectively) did not form part of those documents.

Cooperation Agreement

17.07 Sale of the Project after Termination

- (a) If all, or a substantial part, of the Project is sold, assigned, transferred, conveyed or Encumbered at any time after the date of termination but prior to the payment of all amounts required to be paid to the MCE Parties during the Compensation Period as contemplated by Sections 17.02 or 17.03 (as applicable), the Philippine Parties must on or prior to the date of such sale, assignment, transfer, conveyance or grant, pay to the MCE Parties on account of each remaining year of the Compensation Period, an amount equal to the amount paid under Section 17.02 or 17.03 (as applicable) for the year prior to the date of closing of such sale multiplied by the number of remaining years of the Compensation Period (“Sale Compensation Amount”) or if such sale contemplates installment payments of the purchase price, the Sale Compensation Amount shall be paid in accordance with the agreed installment payment schedule under the sale.
- (b) The Philippine Parties shall on or before the date ten (10) Business Days after the date of entry into any agreement the subject of Section 17.07(a) give notice to the MCE Parties of that fact and provide to the MCE Parties a copy of that agreement.

17.08 Conduct After Termination

- (a) The Philippine Parties agree to conduct the Project after the date of termination of this Agreement and for the duration of the Compensation Period:
 - (i) in the ordinary course of ordinary business;
 - (ii) to a standard expected of an internationally recognised casino operator; and
 - (iii) so as to maximise EBITDA on a sustainable basis without detriment to the EBITDA of the Project in future periods.
- (b) The Accounts shall be prepared during the Compensation Period:
 - (i) in accordance with IFRS;
 - (ii) on a basis consistent with practices and procedures applied in the past 2 years prior to the date of preparation of such Accounts; and
 - (iii) give a true and fair view of the financial position of the Project as a whole and the financial performance of the Project for relevant twelve (12) month period.

17.09 Removal from Casino License

If this Agreement is terminated then each Licensee:

- (a) may apply to PAGCOR to be removed from the Casino License and each of the other Licensees must do all things reasonably required (including execute all documents) to remove that Licensee from the Casino License; and
- (b) indemnifies each of the other Licensee from any Loss suffered or incurred by the Licensee arising out of, or in connection with, any breach of the Casino License arising or occurring after the date of termination of this Agreement.

17.010 Other Matters

- (a) For the purposes of Sections 17.02 and 17.03, “costs” includes any and all break-fees, penalties, fees, expenses, charges, interest, damages and legal fees whatsoever).
- (b) Each Party must return to the other Party, or destroy, any records or confidential information given or disclosed to it, on termination of this Agreement.
- (c) Nothing in this Section 17 limits any rights a Party may have in respect of any breach of this Agreement arising prior to the date of termination.

Cooperation Agreement

SECTION 18. RIGHTS OF TRANSFER AND PARTICIPATION

18.01 No Fault—Right of First Refusal – no loss of Casino License and/or Operations

- (a) The Philippine Parties and MCE Parties agree that if an MCE Parties Notice is delivered under Section 16.03 specifying that there has occurred an act of the type described in Section 16.04(b) the MCE Parties shall have the right, at any time on or before the date ninety (90) days after the date of such notice, to offer for sale their Project Interests to a third party on, and subject to compliance with, this Section 18.01.
- (b) If, during the period specified in Section 18.01(a), the MCE Parties receive an offer from a third party (“Third Party Purchaser”) to purchase all of their Project Interests, and the MCE Parties wish to accept that offer (“Third Party Offer”), the MCE Parties must provide a notice to the Philippine Parties (“Third Party Sale Notice”):
 - (i) specifying the name and address of the Third Party Purchaser;
 - (ii) specifying the consideration payable for the Project Interests;
 - (iii) specifying the proposed date of sale of the Project Interests;
 - (iv) specifying all of the other material terms and conditions of the Third Party Offer;
 - (v) offering to sell to the Philippine Parties the Project Interests on substantially the same terms and conditions as the Third Party Offer (“Sale Offer”); and
 - (vi) specifying the time period for acceptance of the Sale Offer, which must be no earlier than the date twenty (20) Business Days and no later than the date forty (40) Business Days after the date of the Third Party Sale Notice (“Sale Offer Period”).
- (c) The Philippine Parties must notify the MCE Parties during the Sale Offer Period if they wish to accept, or reject, the Sale Offer.
- (d) If the MCE Parties do not notify the MCE Parties during the Sale Offer Period that they wish to accept the Sale Offer, they will be deemed to have declined the Offer.
- (e) If the Philippine Parties accept the Sale Offer, they must purchase the Project Interests on the terms of the Sale Offer.
- (f) If the Philippine Parties do not accept (or have deemed not to have accepted), the Sale Offer, then despite any provision in the Closing Arrangement Agreement, any Transaction Document, or any Ancillary Document to the contrary the MCE Parties may accept the Third Party Offer and sell their Project Interests on the terms of that offer.
- (g) If the MCE Parties accept the Third Party Offer, the Philippine Parties shall do such things as the MCE Parties may reasonably require in connection with the sale of the Project Interests to a Third Party (including transfer their rights under the Closing Arrangement Agreement, Transaction Documents and Ancillary Documents, and make such amendments to those documents, in each case as the MCE Parties may reasonably require in connection with such sale).
- (h) The Philippine Parties and MCE Parties agree that if Section 18.01(a) applies, the rights and obligations of the Parties under the Operating Agreement shall, on written notice from the MCE Parties, be suspended, and the obligations of MCE Leisure to pay rent under the Belle Lease shall be abated by fifty (50%) percent from the date of such notice until the earlier of the date specified in Section 18.01(f) and the date of transfer referred to in that Section.

18.02 No Fault—Right of Sale – loss of Casino License and/or Operations

- (a) The Philippine Parties and MCE Parties agree that if a Philippine Parties Notice or MCE Parties Notice is served on the MCE Parties or Philippine Parties (as applicable) specifying that an act has occurred beyond the control of, and not due to the fault of, either the Philippine Parties or any of their Affiliates or the MCE Parties or any of their Affiliates which results in the Casino License being revoked or terminated or the cessation of all or substantially all of the gaming operations of the Project the MCE Parties shall have the right, at any time on or before the date ninety (90) days after the date of the Philippine Parties Notice or MCE Parties Notice (as applicable) to transfer all of their Project Interests to a third party and, in relation to the identity of the proposed purchaser only, with the prior written consent of the Philippine Parties, such consent not to be unreasonably withheld, delayed or conditioned.
- (b) The Philippine Parties shall do such things as the MCE Parties may reasonably require in connection with the sale of the Project Interests under this Section 18.02 (including transfer their rights under the Closing Arrangement Agreement, Transaction Documents and Ancillary Documents, and make such amendments to those documents, in each case as the MCE Parties may reasonably require in connection with such sale).
- (c) The Philippine Parties and MCE Parties agree that if Section 18.02(a) applies, the rights and obligations of the Parties under the Operating Agreement shall, on written notice from the MCE Parties, be suspended, and the obligations of MCE Leisure to pay rent under the Belle Lease shall be abated by fifty (50%) percent from the date of such notice until the earlier of the date specified in Section 18.02(a) and the date of transfer referred to in that Section.

18.03 Participation

- (a) Without limiting the rights of the MCE Parties under Sections 18.01 or 18.02, if a Philippine Parties Notice or MCE Parties Notice is served on the MCE Parties or Philippine Parties (as applicable), the MCE Parties shall have the right, at any time on or before the date ninety (90) days after the date of notice, to notify the Philippine Parties that the MCE Parties wish to continue to operate and manage the Project.
- (b) If the MCE Parties serve a notice under Section 18.03(a) on the Philippine Parties that the MCE Parties wish to continue to operate and manage the Project the Parties must, on or before the date ten (10) Business Days after the date of that notice meet in Hong Kong and enter into good faith negotiations for a period of not less than twenty (20) Business Days from the date of first meeting to agree on such amendments as may reasonably be required to be made to the Closing Arrangement Agreement, Transaction Documents and Ancillary Documents and the operations of the Project to reflect the occurrence of a No-Fault Termination Event.
- (c) If the Philippine Parties and MCE Parties are unable to agree on the amendments to be made under Section 18.03(b) within the time period specified in that Section, the MCE Parties may immediately terminate this Agreement and in which case Section 16.02(a) will apply.
- (d) The Parties agree that if Section 18.03(a) applies all of the rights and obligations of the Parties under the Operating Agreement shall, on written notice from the MCE Parties, be suspended, and the obligations of MCE Leisure to pay rent under the Belle Lease shall be abated by fifty (50%) percent from the date of such notice until the earlier of the date the Parties reach agreement under Section 18.03(b) or this Agreement is terminated under Section 18.03(c).

Cooperation Agreement

18.04 Compensation

If any compensation (in any form, including the proceeds from the sale of the Project, if any) or other amount payable by any Government Authority or third party in connection with the revocation of the Casino License or the cessation of the operations of the Project the Philippine Parties and the MCE Parties will each be entitled to share equally in such compensation or amount (except where such amount is determined by the Government Authority (or required by Applicable Law) to be paid to any of the MCE Parties, in which case the MCE Parties shall be solely entitled to receive such amount.

18.05 Transfer of Project Interests

- (a) If:
- (i) the MCE Parties accept a Third Party Offer under Section 18.01(f); or
 - (ii) the Philippine Parties have consented to a transfer of the Project Interests by the MCE Parties under Section 18.02(a),
- then the Philippine Parties shall, on the request of the MCE Parties, do anything reasonably required by the MCE Parties in connection with the sale and transfer by the MCE Parties of the Project Interests (including execute such deeds of novation and make other amendments to the Closing Arrangement Agreement, Transaction Documents and Ancillary Documents as the MCE Parties may require).
- (b) The Philippine Parties agree that, on and with effect from the sale and transfer of the Project Interests, none of the MCE Parties or any MCE Designated Entities, shall have any obligation or liability to any of the Philippine Parties in relation to the Project, or under or in connection with any of the Closing Arrangement Agreement, the Transaction Document, or Ancillary Documents (including any rights occurring prior to any such sale and transfer).

18.06 No limitation

- (a) The rights of the MCE Parties under this Section are despite any provision of the Closing Arrangement Agreement, any Transaction Document or any Ancillary Document to the contrary.
- (b) Nothing in this Section 18 limits any of the rights the MCE Parties have under Section 16.04(a).

Cooperation Agreement

19.01 Calculation of EBITDA Compensation Payment Amount

The Philippine Parties and MCE Parties agree that the EBITDA Compensation Amount must be calculated in accordance with this Section 19.

19.02 Preparation of Adjusted Accounts

- (a) The Philippine Parties must prepare, at their cost, on or before the date forty (40) Business Days after:
- (i) the end of the first Fiscal Year following the date of termination, and each subsequent anniversary of that date during the Compensation Period; and
 - (ii) the tenth (10th) anniversary of the date of termination,
- and deliver to the other Parties, with a copy to the Auditor:
- (iii) the Accounts;
 - (iv) the Adjusted Accounts prepared in accordance with the Agreed Principles;
 - (v) their calculation of EBITDA and Adjusted EBITDA; and
 - (vi) their calculations of the EBITDA Compensation Amount, (the "EBITDA Pack").
- (b) The Adjusted Accounts must be prepared:
- (i) in accordance with the accounting standards and policies applied in preparation of the Accounts; and
 - (ii) otherwise in accordance with the Agreed Principles set out in Section 19.04.

19.03 Auditor

- (a) The Philippine Parties must procure that, promptly after delivery of the EBITDA Pack under Section 19.02(a), the Auditor is instructed to prepare and deliver to the Philippine Parties and MCE Parties, as soon as possible and in any event on or before the date twenty (20) Business Days of being instructed, a written report setting out its calculations of the Adjusted EBITDA and the EBITDA Compensation Amount.
- (b) The Philippine Parties must provide the Auditor with all information and assistance requested by the Auditor, on demand, to enable the Auditor complete its engagement.
- (c) The Auditor must act as an expert and not as an arbitrator and its written determination of the Adjusted EBITDA and the EBITDA Compensation Amount will be final and binding on the parties in the absence of manifest error.
- (d) The costs and expense of the Auditor must be borne by the Philippine Parties.

19.04 Agreed Principles

The Agreed Principles shall be applied in the preparation of the Adjusted Accounts and EBITDA must be adjusted to exclude (to the extent not already excluded and without double counting) the Agreed Principles.

19.05 Remaining Value

- (a) The Parties agree that the Remaining Value and Total Investment shall be calculated by the MCE Parties in accordance with this Section 19.05.

- (b) The “Remaining Value” shall be the amount of the Total Investment less the value of the MCE Removable Assets, in each case as recorded (after termination, depreciation, amortization, and depletion) in the Accounts of the Project for the Fiscal Year ending prior to the date of termination of this Agreement.
- (c) The “Total Investment” shall be total amount of the investment made, and costs incurred, by the MCE Group in, and in connection with, the Project and/or their participation in it (including to become a named licensee and holder of the Casino License, to open the Project for business, all amounts payable to the Philippine Parties on Closing, all transaction fees (including legal fees) and finance charges, and all capitalised costs).

20.01 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

20.02 Arbitration

- (a) If a dispute (“Dispute”) arises out of or relates to this Agreement (including any dispute as to the existence, breach or termination of this Agreement or as to any claim in tort, in equity or pursuant to any statute) a Party may only commence arbitration proceedings relating to the Dispute if the procedures set out in this Section 20.02 have been fulfilled.
- (b) A Party claiming the Dispute has arisen under or in relation to this Agreement must give written notice (Dispute Notice) to the other parties to the Dispute specifying the nature of the Dispute.
- (c) On receipt of the Dispute Notice by the other Parties, all the parties to the Dispute (Disputing Parties) must endeavour in good faith to resolve the Dispute expeditiously using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed by them.
- (d) In the event that no resolution is reached under Section 20.02(c) within 30 days from the date the Dispute Notice is issued by a Party, the Dispute shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules for the time being in force, which rules are deemed to be incorporated by reference in this Section 20.02.
- (e) The Parties agree that the panel of arbitrators has jurisdiction to settle the issue of whether this Agreement (or any provision thereof) is void, unenforceable or ineffective.
- (f) The Hong Kong International Arbitration Centre tribunal shall consist of three arbitrators.
- (g) The arbitral proceedings shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- (h) The arbitral award shall be final and binding upon the Parties and enforceable by any court having jurisdiction for this purpose.
- (i) By agreeing to arbitration pursuant to this Section 20.02, the Parties do not intend to deprive any court of its jurisdiction to issue an interim injunction or other interim relief in aid of the arbitration proceedings, provided that the Parties agree that they may seek only such relief as is consistent with their agreement to resolve the Dispute by way of arbitration. Without prejudice to such relief that may be granted by a national court, the arbitral tribunal shall have full authority to grant interim or provisional remedies or to order a party to seek modification or vacation of the relief granted by a national court.
- (j) Any dispute that arises under this Agreement must be resolved in accordance with this Section 20.02.
- (k) The Parties agree that this Section 20.02 constitutes a separate and independent agreement among them and no claim that this Agreement is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration.

Cooperation Agreement

21.01 Survival

All of the indemnities, and each of Sections 6.03, 13, 17, 18, 19 and 20, survive termination.

21.02 Notices to Parties

- (a) All communications and notices under this Agreement shall be in writing and shall be personally delivered or transmitted via electronic mail or facsimile transmission or postage prepaid registered mail, addressed to the relevant Party at the addresses set forth below or such other address, contact details or contact persons as shall be designated by a Party in a written notice to the other Parties:

The SM Group

SM Investments Corporation

10th Floor, One E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Frederic C. DyBuncio
Senior Vice President, Portfolio

Telephone No. : +63 2 857-8009

Facsimile No. : +63 2 857-8009

Email Address: frederic.dybuncio@sminvestments.com

Belle Corporation

5th Floor, 2 E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Armin B. Raquel-Santos
Deputy Head

Telephone No. : +63 2 857-0100 local 1508

Facsimile No. : +63 2 857-0140

Email Address : armin.raquel-santos@sminvestments.com

PremiumLeisure and Amusement, Inc.

5th Floor, 2 E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Armin B. Raquel-Santos
Executive Vice President

Telephone No. : +63 2 857-0100 local 1508

Facsimile No. : +63 2 857-0140

Email Address : armin.raquel-santos@sminvestments.com

MCE Leisure (Philippines) Corporation, MCE Holdings (Philippines) Corporation and
MCE Holdings No. 2 (Philippines) Corporation

c/- Melco Crown Entertainment Limited

Level 36, The Centrium

60 Wyndham Street, Central

Hong Kong

Attention: Ms. Stephanie Cheung
Chief Legal Officer, Melco Crown Entertainment

Telephone No.: +852 2598 3638

Facsimile No.: +852 2537 3618

Email Address: scheung@melco-crown.com

- (b) All notices shall be deemed duly given (i) on the date of receipt, if personally delivered, (ii) seven (7) days after posting, if by registered mail, or (iii) upon receipt of the written confirmation of the electronic mail or facsimile, if by electronic mail or facsimile transmission.
- (c) If a communication is given (i) after 5.00 pm in the place of receipt; or (ii) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt, it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.
- (d) All communications must be given in English.

21.03 Successors and Assigns

- (a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- (b) The MCE Parties may assign any of their rights under this Agreement to any Person in connection with the financing or any loan facility to be obtained by the MCE Parties or any of their Affiliates in connection with the Project (including from BDO).
- (c) Except as expressly permitted under this Agreement, no Party may assign, transfer or otherwise deal with its rights under this Agreement or allow any interest in them to arise or be varied without the consent of the other Parties.

21.04 Severability

- (a) If any provision of this Agreement is declared invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the other provisions thereof shall not be affected or impaired thereby and shall continue to be in full force and effect.

Cooperation Agreement

- (b) The Parties shall promptly amend this Agreement and/or execute such additional documents as may be necessary and/or appropriate to give legal effect to the void, invalid or otherwise unenforceable provision in such a manner that, when taken with the remaining provisions, will achieve the intended commercial purpose of the void, invalid or otherwise unenforceable provision.

21.05 Further Covenant; Mutual Cooperation

The Parties agree to execute or cause to be executed all such other documents, contracts or instruments and shall take, or shall cause to be taken, such further actions as may be necessary or required in order to carry out this Agreement.

21.06 No Waiver

No waiver shall be valid unless made in writing by the Parties and any waiver of the terms and conditions of this Agreement shall not operate as a waiver of any other breach of such terms and conditions. No failure to enforce any provision of this Agreement shall operate as a waiver of such provision or any other provision of this Agreement.

21.07 Entire Agreement

This Agreement and the Transaction Documents constitute the entire agreement among the Parties with respect to their subject matter and supersede all prior agreements and undertakings, both written and oral between the Parties with respect to their subject matter.

21.08 Relationship of the Parties

This Agreement is not intended to and does not create a partnership, fiduciary or agency relationship between the Parties.

21.09 Taxes

Unless otherwise provided otherwise in the other Transaction Documents, each Party shall bear and pay its own costs, taxes and expenses incurred by it in connection with the preparation, negotiation and execution of this Transaction Documents and the transactions contemplated under those documents.

21.010 MCE Group

- (a) The Parties agree that the MCE Parties jointly, hold the benefit of any promises under this Agreement on behalf of, and for the benefit of, the MCE Group (other than those MCE Parties) and may enforce this Agreement on behalf of those Persons.
- (b) The MCE Parties and the MCE Designated Entities may set off any amount owed by any them to any of the Philippine Parties under or in connection with any Transaction Document or Ancillary Document against any amount owed by the Philippine Parties to any of them.
- (c) Nothing in this Agreement imposes any liability or obligation on any company in the MCE Group except for those corporations which are a Party.

21.011 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall constitute an original, and all of which when taken together shall constitute a single agreement.

IN WITNESS WHEREOF, the Parties have caused this Cooperation Agreement to be executed by their duly authorized signatories on the date and at the place first above written.

Cooperation Agreement

SM INVESTMENTS CORPORATION in its own right and for any on behalf of SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc. and SM Development Corporation

By _____

Frederic Dybuncio

Senior Vice President, Portfolio SMIC

BELLE CORPORATION

By:

Willy N. Ocier
Vice Chairman

PREMIUMLEISURE AND AMUSEMENT, INC.

By:

Armin B. Raquel-Santos
Executive Vice President

By:

Name
Position

Schedule 1
Defined Terms

| | | |
|---------------------------|---|---|
| 2008 Consortium Agreement | : | the Consortium Agreement dated December 12, 2008 among the SM Group; |
| 2009 MOA | : | the Memorandum of Agreement dated 23 November 2009 between Belle and SM Commercial Properties Inc. for itself and on behalf of its affiliates and co- shareholders named therein; |
| AB Leisure Contracts | : | has the meaning given to that term in the Closing Arrangement Agreement; |
| Accounts | : | means the audited (i) the balance sheet, (ii) the income statement, (iii) the statement of cash flows and (iv) any notes, statements and reports attached to and forming part of those financial statements, in each case of the Project (or the relevant operating or controlling entities of the Project) for the relevant twelve month period; |
| Acquisition Notice | : | has the meaning ascribed to that term in Section 6.02(b); |
| Acquisition Opportunity | : | has the meaning ascribed to that term in Section 6.02(a); |
| Acquisition Offer | : | has the meaning ascribed to that term in Section 6.02(b)(ii)2; |
| Acquisition Offer Period | : | has the meaning ascribed to that term in Section 6.02(b)(iii); |

| | | |
|-----------------------------|---|---|
| Additional Site Opportunity | : | has the meaning ascribed to such term in Section 6.01(a); |
| Adjusted Accounts | : | means the Accounts of the Project adjusted to reflect the Agreed Principles; |
| Adjusted EBITDA | : | means EBITDA derived from the Adjusted Accounts; |
| Affiliate | : | means, with respect to a party, any Person which either directly or indirectly Controls, or which is Controlled by, or is under common Control with, the party; |
| Agreed Principles | : | means the principles agreed by the Philippine Parties and MCE Parties prior to Closing; |
| Agreement | : | means this Cooperation Agreement; |
| Ancillary Documents | : | any document referred to in, or contemplated by, any of the Transaction Documents or where the Parties agree is an Ancillary Document; |
| Announcement | : | has the meaning ascribed to that term in Section 8.06(d); |
| Applicable Law | : | any statute, law, decree, constitution, regulation, rule, ordinance, order, decree, Government Approval, concession, grant, franchise, license, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by or any interpretation or administration of any of the foregoing by, any Government Authority, with force and effect of law; |

Cooperation Agreement

| | | |
|--------------------|---|---|
| Assigning Licensee | : | has the meaning ascribed to such term in Section 4.01(b); |
| Auditor | : | means auditor of the Project prior to the date of termination or such other auditor as the MCE Parties may notify from time to time; |
| BDO | : | BDO Unibank, Inc., a universal banking corporation existing under Philippines laws with offices at BDO Corporate Center, 7899 Makati Avenue, Makati City; |
| BDO Loan Documents | : | has the meaning ascribed to such term in Section 5.06(a); |
| Belle Encumbrances | : | means the real estate mortgage created under the Omnibus Loan and Security Agreement by and among Belle, PLAI, ABLGI, BDO, BDO- Trust and Investments Group, BBCC and BDO Capital & Investment Corporation dated 1 December 2010, as amended, namely: <ul style="list-style-type: none"> (a) the parcels of land registered under the name of Manila Bay Park Developers Inc. with the following corresponding transfer certificate titles: (x) TCT No. 010-2010000878 covering a parcel of land amounting to 12,182 square meters; (y) TCT No. 010-2010000879 covering a parcel of land amounting to 10,863 square meters; and (z) TCT No. 010-2010000880 covering a parcel of land amounting to 9,873 square meters; and (b) a two storey podium to be constructed on a property along Roxas Boulevard and Diosdadao Macapagal Avenue, with an estimated floor area of 80,000 square meters and around 420 basement parking spaces. |
| Belle Lease | : | means the lease agreement among Belle and the relevant MCE Designated Entity for the lease of the Land and Building Structures on or before the date of this Agreement; |

| | | |
|-------------------------------|---|---|
| Building Structures | : | the Phase 1 Building and the Phase 2 Building; |
| Business Days | : | any day except Saturday, Sunday or public holiday in the Philippines or Hong Kong; |
| Casino | : | the casino to be operated under the Casino License by the Operating Company on the terms of the Operating Agreement; |
| Casino Complex | : | means any casino or gaming business having greater than fifteen (15) tables and one hundred (100) electronic gaming machines; |
| Casino License | : | the Provisional License and, upon its issuance, the Regular Casino License, as the same may be amended, supplemented, or modified from time to time in accordance with the terms thereof; |
| Closing | : | has the meaning given to that term in the Closing Arrangement Agreement; |
| Closing Arrangement Agreement | : | the Closing Arrangement Agreement entered into by each of the parties thereto on or before the date of this Agreement; |
| Compensation Period | : | means the period commencing on the date of termination of this Agreement and ending on the date ten (10) years after that date; |
| Competitor | : | means (a) any Person who is “primarily engaged” in the casino, gaming or related businesses, or (b) an Affiliate of a Person described in (a), or (c) is appointed to, or is entitled to be appointed to, to appoint a person to, the board or governing body of any of the Persons described in (a) or (b), but shall not include any MCE Group company or any MCE Shareholder,. |

Cooperation Agreement

For the avoidance of doubt, a Person is deemed to be “primarily engaged” in a casino or gaming related business or any of its subsidiaries if it (i) is directly engaged in such business “a “CompetitorCompany”), (ii) Controls that Competitor Company, or (iii) does not Control that Competitor Company but either (x) the revenue it derives from Competitor Companies accounts for one of the top 5 sources of its total revenues, based on its most recent audited unconsolidated financial statements, or (y) the total book value of its investments in Competitor Companies accounts for one of the top five (5) sources of the total book value of all its equity investments, based on its most recent financial statements;

- Confidential Information : all information, in whatever form, relating to:
- (a) the Project;
 - (b) the Licensees;
 - (c) the Casino License;
 - (d) any Transaction Document or Ancillary Document;
 - (e) the negotiations relating to any Transaction Document; and
 - (f) any confidential information of a Party;
- Construction Default Termination Event : has the meaning ascribed to such term Schedule 3;
- Construction Milestone : has the meaning ascribed to such term Schedule 3;
- Construction Milestone Default : has the meaning ascribed to such term Schedule 3;

Cooperation Agreement

| | | |
|----------------------------|---|--|
| Contributing Party | : | has the meaning ascribed to such term in Section 5.07(a); |
| Contribution Notice | : | has the meaning ascribed to such term in Section 5.05(f); |
| Control | : | means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the concerned entity, whether through the ownership of voting securities, by contract, voting trusts, through majority membership in the board of directors or governing body of a corporation or other legal entity or otherwise; |
| Counter Proposal | : | has the meaning ascribed to such term in Section 5.05(c)(i); |
| Counter Proposal Notice | : | has the meaning ascribed to such term in Section 5.05(c); |
| EBITDA | : | means the earnings of the Project before interest, tax, depreciation and amortization; |
| EBITDA Compensation Amount | : | means: <ul style="list-style-type: none"> (a) in respect of each complete Fiscal Year during the Compensation Period; (b) in respect of the period commencing on the date of termination and ending on the last day of the Fiscal Year in which termination of the Agreement occurs; and (c) in respect of the period commencing on the first day of the Fiscal Year in which the Compensation Period ends and ending on the date that period ends, fifteen percent (15%) of the Adjusted EBITDA for that period; |

| | | |
|-------------------|---|--|
| EBITDA Pack | : | has the meaning given to that term in Section 19.02(a); |
| Encumbrance | : | <p>means an interest or power:</p> <p>(d) reserved in or over an interest in any asset; or</p> <p>(e) created or otherwise arising in or over any interest in any asset under any mortgage, charge, pledge, lien, hypothecation, trust or bill of sale,</p> <p>by way of security for the payment of a debt or other monetary obligation or the performance of any other obligation.</p> |
| Environment | : | <p>means all aspects of the surroundings of human beings, including:</p> <p>(a) the physical characteristics of those surroundings, such as the land, the waters and the atmosphere;</p> <p>(b) the biological characteristics of those surroundings, such as the animals, plants and other forms of life; and</p> <p>the aesthetic characteristics of those surroundings, such as their appearance, sounds, smells, tastes, noises and textures.</p> |
| Environmental Law | : | <p>means:</p> <p>(a) all laws relating to the Environment, noise, development, construction of structures, health, contamination, radiation, pollution, waste disposal, land management and Hazardous Materials;</p> <p>(b) all conditions of all Authorisations issued under any Law referred to in paragraph (a); and</p> <p>regulations and any lawful order, guideline, notice, direction or requirement of any Government Authority in relation to these matters;</p> |

- Escrow Account : the account established by and in the name of MCE Leisure in which an amount of U.S. Dollars: One Hundred Million (US\$100,000,000.00) is required to be held under the terms of the Provisional License to until the Investment Commitment is completed, which account has a maintaining balance of U.S. Dollars: Fifty Million (US\$50,000,000.00), and which may only be closed upon completion of the Project;
- First Meeting : has the meaning ascribed to such term in Section 5.05(a)(iii);
- Government Approval : any authorization, concession, right, franchise, privilege, consent, approval, registration, filing, certificate, license, permit or exemption from, by or with any Government Authority, or otherwise under any Applicable Law, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period;
- Government Authority : any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the government (including PAGCOR);
- Hazardous Materials : means any substance, gas, liquid, chemical, mineral or other physical or biological matter (including radiation, radioactivity and magnetic activity) which taking into account the existing and proposed use and development of the Land and Building Structures, is dangerous, harmful to the Environment, may cause pollution, contamination or any hazard, may increase toxicity in the Environment, or may leak to, discharge or otherwise cause damage to any person, property or the Environment; or is controlled, prohibited or regulated from time to time by any Environmental Law;
- IFRS : means the International Financial Reporting Standards;

Cooperation Agreement

- : means, in relation to a Person:
- (c) the Person is or states that the Person is unable to pay all his or her or its debts as and when they become due and payable;
 - (d) the Person is taken or must be presumed to be insolvent or unable to pay his or her or its debts under any applicable legislation;
 - (e) an order is made for the winding up or dissolution of the Person or a resolution is passed or any steps are properly taken to pass a resolution for its winding up or dissolution;
 - (f) an administrator, provisional liquidator, liquidator or Person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in respect of the Person or any action is taken to appoint any such Person and the action is not stayed, Withdrawn or dismissed within seven (7) days;
 - (g) a controller is appointed in respect of any property of the Person;
 - (h) a distress, attachment or execution is levied or becomes enforceable against substantially all of the property of the Person;
 - (i) the Person enters into or takes any action to enter into an arrangement, composition or compromise with, or assignment for the benefit of, all or any class of his or her or its creditors or a moratorium involving any of them;
 - (j) a petition for the making of a sequestration order against the estate of the Person is presented and the petition is not stayed, Withdrawn or dismissed within seven (7) days or the Person presents a petition against itself; or
 - (k) anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in respect of the Person.

| | | |
|---|---|---|
| Intellectual Property | : | includes copyright (and future copyright), trademark, trade names, software, design, patent, semiconductor and circuit layout rights, moral rights, rights in respect of trade secrets and other confidential information, and all other rights generally falling within the scope of the term “intellectual property”, whether registered or unregistered and whether registrable or not and includes software as well as manuals, brochures, policies, directives, procedures and techniques; |
| Investment Commitment | : | the amount of at least U.S. Dollars: One Billion (US\$1,000,000,000.00) required by PAGCOR for granting the Regular Casino License; |
| Joint Acquisition Offer | : | has the meaning ascribed to that term in Section 6.02(b)(ii)1; |
| Joint Offer | : | has the meaning ascribed to that term in Section 6.01(b)(iii)1; |
| Land | : | those parcels of land located in Aseana Boulevard, Macapagal Avenue, Parañaque City, Philippines beneficially owned or leased by Belle, more particularly identified as the area highlighted in the Layout/Plan of the Land and Building Structures |
| Layout/Plan of the Land and Building Structures | : | the layout and plan of the Land and Building Structures attached as Exhibit A; |
| Leased Land | : | those parcels of land forming part of the Land which are leased by Belle from the SSS under the SSS Lease Contract; |
| Licensee(s) | : | the named licensees and holders of the Casino License on and from Closing; |
| Licensee Committee | : | the committee comprised of an authorized representative of the Philippine Parties and an authorized representative of the MCE Parties; |

Cooperation Agreement

| | | |
|-------------------------|---|---|
| Loss | : | any loss, liability, cost (including legal fees), charge, fees, claims or expense (including contractual, tortious, legal, equitable or under statute); |
| Material Adverse Change | : | any material adverse change to the business, assets, financial condition or results of operations of the MCE Parties or the Operating Company or the Philippine Parties (as applicable) or the Project; |
| MCE | : | means Melco Crown Entertainment Limited; |
| MCE Assets | : | means all of the assets owned or leased by, or in the possession of the MCE Parties or any MCE Designated Entity and used in, or contributed to, the Project (including all equipment, gaming machines, furniture, furnishings, fitout, stock, consumables inventory, casino markers, trade deposits, accounts receivable, cash or cash-like assets and net cage assets); |
| MCE Designated Entity | : | an entity designated by the MCE Parties as such and notified by them to the Philippine Parties; |
| MCE Disclosure Letter | : | the disclosure letter (and all documents annexed to it) from MCE Parties to the Philippine Parties disclosing certain matters which are, or may be, inconsistent with the warranties in Sections 7.01 and 7.03 and which is provided to the Philippine Parties on the same date as this Agreement; |
| MCE Group | : | means MCE and its Affiliates from time to time (and “MCE Group Company” means any one of them); |
| MCE Parties Notice | : | has the meaning ascribed to such term in Section 16.03; |

Cooperation Agreement

| | | |
|----------------------------|---|--|
| MCE Removable Assets | : | means all of the MCE Assets which are capable of being removed by the MCE Parties from the Land or Building Structures after the date of termination without significant damage to either; |
| MCE Shareholder | : | means: <ul style="list-style-type: none"> (a) Crown Limited, any of its substantial shareholders, and any of its, and their, Affiliates; and (b) Melco International Development Limited any of its substantial shareholders, and any of its, and their, Affiliates, but excluding, in the case of (a) and (b) MCE and entity Controlled by it; |
| National Building Code | : | the National Building Code of the Philippines, Presidential Decree No. 1096; |
| NooFault Termination Event | : | means: <ul style="list-style-type: none"> (a) any act beyond the control of, and not due to the fault of, either the Philippine Parties or any of their Affiliates or the MCE Parties or any of their Affiliates, which results in the Casino License being revoked or terminated; or (b) any act beyond the control of, and not due to the fault of, either the Philippine Parties or any of their Affiliates or the MCE Parties or any of their Affiliates which results in the cessation of all or substantially all of the gaming operations of the Project; |
| Nonocontributing Party | : | has the meaning ascribed to such term in Section 5.07(a); |

| | | |
|---------------------|---|--|
| Notice of Meeting | : | has the meaning ascribed to such term in Section 10.03(c); |
| Offer | : | has the meaning ascribed to such term in Section 6.01(b)(iii); |
| Offer Notice | : | has the meaning ascribed to such term in Section 6.01(b); |
| Offer Period | : | has the meaning ascribed to such term in Section 6.01(b)(iv); |
| Official | : | has the meaning ascribed to such term in Section 9.01(c)(iv); |
| Opening | : | means the opening of some or all of the Casino to the public; |
| Operating Agreement | : | the agreement to be executed between the Philippine Parties and the Operating Company covering the Project in substantially the form attached to the Closing Arrangement Agreement as Exhibit B; |
| Operating Company | : | MCE Leisure or any MCE Designated Entity being the operator of the Project under the Operating Agreement; |
| Operational Matters | : | has the meaning given to the term in Section 13.06(b); |
| Owned Land | : | such portions of the Land covered by the Transfer Certificates of Title; |

Cooperation Agreement

| | | |
|-------------------------------|---|--|
| PAGCOR | : | Philippine Amusement and Gaming Corporation, or any agency succeeding to the functions thereof; |
| PAGCOR Development Guidelines | : | has the meaning given to that term in the Closing Arrangement Agreement; |
| PAGCOR Wrap Letter | : | has the meaning given to that term in the Closing Arrangement Agreement; |
| Performance Assurance | : | means the performance assurance under Article III, Section 2 of the Provisional License; |
| Permitted Assignee | : | has the meaning ascribed to such term in Section 4.01(b); |
| PEZA | : | Philippine Economic Zone Authority; |
| PEZA Registration | : | the registration agreement between PEZA and Belle and issuance by PEZA of a Certificate of Registration to Belle on the registration of the Land as a Tourism Ecozone; |
| Phase 1 Building | : | the building located on the Land and comprised of six hotel tower blocks sitting on a three storey podium structure and more specifically described in Project Plan and Project Implementation Plan; |
| Phase 2 Building | : | the six (6) level car park and a connecting bridge to Phase 1 on Level 2 and the featured “Egg” structure located on the Land and more specifically described in Project Plan and Project Implementation Plan; |
| Philippine Parties Agreements | : | has the meaning ascribed to such term in Section 2.03(a); |

Cooperation Agreement

| | | |
|--------------------------------------|---|--|
| Philippine Parties Disclosure Letter | : | the disclosure letter (and all documents annexed to it) from Philippine Parties to the MCE Parties disclosing certain matters which are, or may be, inconsistent with the warranties in Section 7.01, 7.02 and 7.04 and which is provided to the MCE Parties on the same date as this Agreement; |
| Philippine Parties' Escrow Share | : | has the meaning ascribed to such term in Section 13.04(c); |
| Philippine Parties Notice | : | has the meaning ascribed to such term in Section 16.02(a)(i); |
| Podium Façade | : | means the Phase 1 Podium Façade and Phase 2 Podium Façade in each case as described in Project Plan; |
| Procuring Licensee | : | has the meaning ascribed to such term in Section 6.01(a); |
| Project | : | means the casino, hotel, retail and entertainment complex (including the Building Structures) under construction on the Land, and which, when completed will, together with its associated businesses, be operated on the Land and Building Structures by the Operating Company; |
| Project Compensation Amount | : | the amount equal to fifty percent (50%) of the Project Value; |
| Project Compensation Payment Amount | : | the amount equal to ten percent (10%) of the Project Compensation Amount; |

Cooperation Agreement

| | | |
|-----------------------------|---|---|
| Project Implementation Plan | : | means the project implementation plan as referred to in the Provisional License including such additional matters as may be required by the MCE Parties; |
| Project Interests | : | means all of the rights, title and interests of the MCE Parties and the MCE Designated Entities in the Project, including all of their rights under the Closing Arrangement Agreement, the Transaction Documents, and the Ancillary Documents; |
| Project Plan | : | means the project plan attached as Exhibit C; |
| Proposal | : | has the meaning ascribed to such term in Section 5.05(a)(i); |
| Proposal Notice | : | has the meaning ascribed to such term in Section 5.05(a); |
| Proposed Acquirer | : | has the meaning ascribed to such term in Section 6.02(a); |
| Provisional License | : | PAGCOR Provisional Casino License No. CA/License Reg. No. 08-003 issued by PAGCOR and evidenced by the Certificate of Affiliation and Provisional License dated December 12, 2008, for the establishment and operation of a casino, hotel, retail and entertainment complex for both local and foreign patrons in PAGCOR's Entertainment City in Manila, Philippines, as amended and restated by PAGCOR on Closing; |
| PSE | : | has the meaning ascribed to such term in Section 9.04(d); |
| Receiving Licensees | : | has the meaning ascribed to such term in Section 6.01(b); |

Cooperation Agreement

| | | |
|--------------------------|---|---|
| Receiving Parties | : | has the meaning ascribed to such term in Section 6.02(b); |
| Regular Casino License | : | the regular casino gaming license to be issued to the Licensees in accordance with Article IV, Sections 1, 2, and 3 of the Provisional License; |
| Regulatory Review | : | has the meaning ascribed to such term in Section 9.04(a)(ii); |
| Relevant Document | : | the Closing Arrangement Agreement, the Transaction Documents and Ancillary Documents; |
| Remaining Value | : | has the meaning ascribed to such term in Section 19.05(b); |
| Representative | : | has the meaning ascribed to such term in Section 10.02(a); |
| Sale Offer | : | has the meaning ascribed to such term in Section 18.01(b)(v); |
| Sale Offer Period | : | has the meaning ascribed to such term in Section 18.01(b)(vi); |
| Sale Compensation Amount | : | has the meaning ascribed to such term in Section 17.07(a) |
| Sanctions | : | has the meaning ascribed to such term in Section 9.01(d)(iii); |

Cooperation Agreement

| | | |
|------------------------|---|---|
| Second Meeting | : | has the meaning ascribed to such term in Section 5.05(b); |
| SM Group | : | the companies listed in Schedule 2 and each an “SM Group Company”; |
| Sole Acquisition Offer | : | has the meaning ascribed to that term in Section 6.01(b)(iii)2; |
| Special Purpose Entity | : | the entity referred to as such in the Casino License and having the powers, rights, duties and obligations conferred on, or reserved to, that entity under the Casino License; |
| SSS | : | the Social Security System, a government owned and controlled corporation created under Republic Act No. 1161, as amended and lessor of the Leased Land; |
| SSS Lease Contract | : | the contract of lease between SSS and Belle dated 22 April 2010 as amended on 14 May 2012; |
| Sy Family | : | means any of the following: <ul style="list-style-type: none"> (a) Mr. Henry Sy, Sr., Mrs. Felicidad T. Sy, Mr. Hans T. Sy, Mr. Herbert T. Sy, Mr. Henry T. Sy, Jr., Ms. Teresity T. Sy, Mr. Harley T. Sy, and Ms. Elizabeth T. Sy; or (b) The estates or legal representatives of any person described or named in clause (a) above; or (c) Trusts or other analogous arrangements established for the benefit of any person described or named in clause (a) or (b) above or of which any such person is a trustee, or holder of an analogous office, including, without limitation, the Henry Sy Foundation, Inc. and Felicidad T. Sy Foundation Inc. |

| | | |
|-------------------------|---|--|
| Termination Costs | : | means: |
| | | (a) the costs terminating any agreements, arrangements, understandings or commitments entered into by any of the MCE Parties or MCE Designated Entities in relation to the Project; and |
| | | (b) the costs terminating (i) the employment of any persons employed or engaged, and (ii) any employment agencies engaged, by the MCE Parties or MCE Designated Entities in connection with the Project (including all redundancy, severance and pension costs); |
| Third Party Offer | : | has the meaning ascribed to that term in Section 18.01(b); |
| Third Party Offeree | : | has the meaning ascribed to that term in Section 6.01(h)(ii); |
| Third Party Purchaser | : | has the meaning ascribed to that term in Section 18.01(b); |
| Third Party Sale Notice | : | has the meaning ascribed to that term in Section 18.01(b) |
| Tourism Ecozone | : | refers to an area which has been granted a special economic zone status, through PEZA registration and issuance of the required Presidential Proclamation, with its metes and bounds delineated by the Proclamation under Republic Act No. 7916, as amended; |
| Tourism Ecozone Locator | : | enterprises registered with PEZA for the establishment and operation, within Tourism Ecozones, of sports and recreation centers, accommodation, convention, and cultural facilities and other special interest and attraction activities/establishments, with foreign tourists as primary clientele, and which are, therefore, eligible for fiscal and non-fiscal incentives |
| Transaction Documents | : | this Agreement, the Belle Lease and the Operating Agreement; |
| Cooperation Agreement | | |

Transfer Certificate of Titles

: means the following transfer certificate of titles that are registered, as of the date hereof, in the name of Manila Bay Park Developers, Inc:

- (a) TCT No. 010-2010000878
- (b) TCT No. 010-2010000879
- (c) TCT No. 010-2010000880
- (d) TCT No. 010-2010000881
- (e) TCT No. 010-2010000882
- (f) TCT No. 010-2010000883
- (g) TCT No. 136452

U.S. Dollars or the sign "US\$"

: the legal currency of the United States of America

Cooperation Agreement

Page | 81

Schedule 2
The SM Group

SM INVESTMENTS CORPORATION SM LAND, INC.
SM HOTELS CORPORATION
SM COMMERCIAL PROPERTIES, INC.
SM DEVELOPMENT CORPORATION

10th Floor, One E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard,
Pasay City

Part A

Construction

- (a) The Philippine Parties must:
- (i) design, construct and complete the Phase 1 Building and Phase 2 Building in accordance with:
 - 1. the Project Plan;
 - 2. Project Implementation Plan;
 - 3. this Agreement;
 - 4. the National Building Code;
 - 5. all Applicable Laws and all relevant codes and standards for the intended usages of the Project (including the Casino License); and
 - 6. the Layout/Plan of the Land and Building Structures;
 - (ii) without limiting their obligations under paragraph(a)(i), design, construct and complete the Phase 1 Building in accordance with:
 - 1. the PAGCOR Wrap Letter and the PAGCOR Development Guidelines (as applicable); and
 - 2. the Project Plan to achieve pre-opening handover of the podium and hotel by the dates set out in Appendix F of the Master Programme of the Project Plan;
 - (iii) without limiting their obligations under paragraph(a)(i), design, construct and complete the Phase 2 Building in accordance with:
 - 1. the PAGCOR Wrap Letter; and
 - 2. the Project Plan and Project Implementation Plan to achieve the dates set out in Appendix F of the Master Programme for the Project Plan;
 - (iv) without limiting any rights MCE Leisure may have under the Belle Lease or this Agreement, allow MCE Leisure (and for this purpose MCE Leisure shall include any of the MCE Designated Entities and any of its, and their, contractors) unrestricted access to the Land and Building Structures on and from Closing to complete the fit-out works and install fixtures, furniture and equipment and coordinate Belle's work, and the work of its contractors, with the work of MCE Leisure;
 - (v) without limiting any rights MCE Leisure may have under the Belle Lease or this Agreement, promptly notify the MCE Parties of:
 - 1. any anticipated delay in progress of construction of either or both the Phase 1 Building and the Phase 2 Building; and
 - 2. any matter which may potentially impact the MCE Parties' scope of work, or cost of such works, under the Project Plan;

- (vi) allow MCE Leisure and any MCE Designated Entity access to the Land at all times for the purpose of inspecting the construction of the Phase 1 Building and the Phase 2 Building; and
 - (vii) comply with its obligations under Schedule 5 of the Closing Arrangement Agreement.
- (b) No later than five (5) Business Days after the date of practical completion the Philippine Parties must deliver to the MCE Parties, in each case prepared at the Philippine Parties' sole cost:
- (i) a report, from such technical expert as the MCE Parties may reasonably approve in writing, that the Phase 1 Building and Phase 2 Building have been designed and constructed in accordance with the requirements of paragraph (a)(i) to (iii); and
 - (ii) written confirmation from Design Coordinates, Inc. or such other design consultant as may be approved by the MCE Parties, in a form acceptable to MCE Leisure acting reasonably, that the Phase 1 Building and Phase 2 Building (as applicable) have been constructed in accordance with the design, specifications and drawings set out in the Project Plan (together with the report referred to in paragraph (b)(i), the "Building Report").
- (c) As soon as practicable, but in any event on or before the date contemplated by the Project Plan, the Philippine Parties must deliver to the MCE Parties evidence that:
- (i) all tax declarations for the Building Structures have been obtained; and
 - (ii) all Government Approvals in relation to the design, construction, finishing and occupation of the Land and Building Structures have been obtained and are subsisting (including to allow MCE Leisure to lawfully occupy and use the Land and Building Structures).
- (d) The Philippine Parties represent and warrant that:
- (i) they, and any consultants engaged by them for the purpose, have the resources, expertise and experience necessary to design, construct and complete the Phase 1 Building and the Phase 2 Building and in accordance with the timing requirements contemplated by paragraphs (a)(i) to (a)(iii) (inclusive), and the Project Plan;
 - (ii) each of the Phase 1 Building and Phase 2 Building will be designed, constructed and completed such that, on completion, each of the Phase 1 Building and the Phase 2 Building will be fit for their purpose as contemplated by the Transaction Documents and will comply with the requirements of the Transaction Documents;
 - (iii) the Building Structures are not subject to any material defect or other thing which will or might materially decrease their ability to be used by the MCE Parties;
 - (iv) each Government Approval and every development carried out in relation to the Land and Building Structures has been properly obtained or developed and any conditions, requirements, obligations, or restrictions imposed by any Government Approval has been observed and performed or will be obtained in accordance with all Applicable Laws to achieve the Construction Milestones;

- (v) all activities conducted on the Land and the Building Structures have been conducted in accordance with all Applicable Laws and there have been no contraventions of such Applicable Laws;
- (vi) on Closing, Belle will be the absolute beneficial and registered legal owner of, will have good, legal, valid, indefeasible title, rights and/or interests to the Owned Land and Building Structures, and will have full power and authority to lease the Owned Land and Building Structures to MCE Leisure or the relevant MCE Designated Entity;
- (vii) Belle is in possession of and has the right to use and control the Owned Land and Building Structures and no other person is actually or conditionally entitled to possession, occupation, use, fit out, operate or control of any of the Owned Land or Building Structures;
- (viii) Belle has performed all covenants, conditions, agreements, statutory requirements, by-laws, orders and regulations which is binding on it and affecting the Land and the Building Structures and there have been no contraventions of the provisions of those statutes and regulations;
- (ix) the Land and the Building Structures are not the subject of, or affected by any:
 - 1. dispute, claim, legal proceedings, investigation or inquiry and there are no circumstances that could give rise to any dispute, claim, legal proceedings, investigation or inquiry;
 - 2. order or other obligation to demolish, alter or reinstate all or part of any improvements comprised in the Land and Building Structures;
 - 3. notice of any breach or alleged breach of any material covenants, restrictions, conditions, agreements, Applicable Law or other stipulations affecting the Land and the Building Structures or its or their use;
- (x) there are no outstanding orders or notices (requiring work to be done or expenditure made) affecting the Land and the Building Structures and there are no proposals of any local or other authority (involving compulsory acquisition or requisition of otherwise) or any other circumstances known which may result in any such order or notice being made or served or which may otherwise affect the Land and the Building Structures;
- (xi) there are no agreements with any adjoining property owners or Government Authority which adversely affects the use and enjoyment of the Land and the Building Structures;
- (xii) no alterations have been made to the Building Structures or other improvements on the Building Structures other than in accordance with any Government Approvals;
- (xiii) no Philippine Party has received notice in writing from any third party:
 - 1. in respect of the compulsory acquisition or expropriation or any part of the Land;
 - 2. asserting that the current use of the Land breaches the requirements of any relevant planning scheme;
 - 3. which would be likely to have a materially adverse effect on the current use of the Land;

- (xiv) they are not in breach of any Environmental Law in a way or to an extent which would have a materially adverse effect on the operation of the Project or result in the imposition of a material liability on Philippine Parties or the MCE Group;
 - (xv) no environmental, safety or quality audits or studies have been conducted in relation to the Land or the Building Structures by or on behalf of Belle or a Government Authority or consultant other than as disclosed in the Philippine Parties Disclosure Letter;
 - (xvi) there is no Hazardous Material or hazard to the Environment, including asbestos, in, on or affecting any of the Land and Building Structures (including in the groundwater under the Land);
 - (xvii) there is no condition of the Owned Land or the Building Structures which would entitle any person to require the Philippine Parties or SM Subsidiaries to decontaminate or take other remedial action in or around the Owned Land or the Building Structures or to contribute to the costs of doing so;
 - (xviii) no request or demand has been made on the Philippine Parties, the SM Subsidiaries or any other Person to decontaminate or take other remedial action in relation to the Land and the Building Structures or to contribute to the cost of doing so;
 - (xix) there are no circumstances which have been or are likely to give rise to a claim in relation to any Hazardous Material or any hazard to the Environment affecting the Land and the Building Structures and there has not been an escape of any Hazardous Material from the Land or the Building Structures;
 - (xx) no complaints have been made by any Person alleging that there are or have been hazardous or offensive conditions or conduct in relation to the Environment affecting the Land or the Building Structures; and
 - (xxi) none of the Philippine Parties or SM Subsidiaries are in receipt of any notice from any Government Authority which:
 - 1. asserts that any of the Land and Building Structures is in material non-compliance with Environmental Law; or
 - 2. asserts that it is not complying with any license required under Environmental Law for the operation of the Project as currently carried on.
- (e) The Philippine Parties indemnify each of the MCE Parties against any Loss any of them suffers or incurs in respect of:
- (i) any loss of or damage to property, including the Parties' property or the property of any third party;
 - (ii) personal injury (including illness) or death; and
 - (iii) infringement by any Philippine Party or any of contractors, subcontractors or suppliers of the Intellectual Property rights of any Person, arising out of or in connection with the design and construction of the Phase 1 Building or the Phase 2 Building.
- (f) The Philippine Parties indemnify each of the MCE Parties against any Loss any of them suffers or incurs arising out of, or in connection with, any breach of this Schedule 3.

Construction Milestones

Cooperation Agreement

- (g) The Philippine Parties must:
- (i) at all times diligently carry out the works for the Phase 1 Building and the Phase 2 Building;
 - (ii) achieve completion of each milestone set out in column 2 of the table in paragraph (h) (“Construction Milestone”) by the date for completion of that Construction Milestone in Appendix F of the Master Programme of the Project Plan;
 - (iii) notify the MCE Parties within five (5) Business Days of achieving each Construction Milestone; and
 - (iv) unless the Philippine Parties and MCE Parties agree the Construction Milestone has been achieved, deliver a written certification from an independent, experienced and qualified certifier acceptable to, and approved by, the MCE Parties certifying that the requirements of the relevant Construction Milestone have been satisfied in accordance with the requirements of the following:
 1. the Project Plan;
 2. Project Implementation Plan;
 3. this Agreement;
 4. the National Building Code;
 5. all Applicable Laws and all relevant codes and standards for the intended usages of the Project (including the Casino License); and
 6. the Layout/Plan of the Land and Building Structures.
- (h) If a Construction Milestone does not occur by the date for completion of that Construction Milestone as set out in the Project Plan, the rental payments under the Belle Lease will be abated as follows for late completion of that Construction Milestone for each day after that date until that Construction Milestone is achieved:

| Row 1, Column 1 | Construction Milestone | Date for completion of Construction Milestone | Abatement |
|----------------------------|--|--|--|
| Phase 1 Building | Production of revised MEPF detailed design to suit MCE Leisure’s Master Layout for MCE Leisure’s approval. | 30 November 2012 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 December 2012 until the Construction Milestone is achieved. |
| Phase 1 Building | Production of revised civil/ structural/ architectural detailed design to suit MCE Leisure’s Master Layout for MCE Leisure’s approval. | 31 December 2012 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 January 2013 until the Construction Milestone is achieved. |

| | | | |
|---------------------|---|------------------|--|
| Phase 1 Building | Substantial completion of all Civil/Structural/Architectural modification works of the Phase 1 Building to ensure MCE Leisure is able to commence fit out work as per the plans in Appendix F of the Master Programme of the Project Plan | 28 February 2013 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 March 2013 until the Construction Milestone is achieved. |
| Phase 1 Building | Substantial completion of all MEPF modification works of the Phase 1 Building to ensure MCE Leisure is able to commence fit out work as per the plans in Appendix F of the Master Programme of the Project Plan | 31 March 2013 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 April 2013 until the Construction Milestone is achieved. |
| Phase 1 Building | Formation of “White Box” (as that term is defined in the Project Plan) core and shell together with all necessary primary MEPF services and fire system installed for Lan Kwai Fong Dining/ F&B/ FOH Circulation | 31 May 2013 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 June 2013 until the Construction Milestone is achieved. |
| Phase 2 Building | Production of detailed design for Phase 2 | 31 December 2012 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 January 2013 until the Construction Milestone is achieved. |
| Phase 2 Building | Formation of “White Box” core and shell together with all necessary primary MEPF services and fire system installed for the following areas:- Retail Area FOH Circulation Area Family Entertainment Centre Ballroom | 31 October 2013 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 November 2013 until the Construction Milestone is achieved. |

| | | | |
|------------------|---|------------------|--|
| Phase 2 Building | Formation of "White Box" core and shell together with all necessary primary MEPF services and fire system installed for the Night Club and associated "Egg" structure | 31 December 2013 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 January 2014 until the Construction Milestone is achieved. |
| Phase 2 Building | Completion of the plant rooms, including all necessary testing and commissioning. | 31 January 2014 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 February 2014 until the Construction Milestone is achieved. |
| Phase 2 Building | Completion of carpark including all necessary MEPF and architectural finishes works | 31 March 2014 | The amount of rent payable under the Belle Lease, as determined by MCE Leisure, in respect of the Phase 1 Building for the period from 1 April 2014 until the Construction Milestone is achieved. |

MCE Leisure's rights to remedy Construction Milestone Default

- (i) MCE Leisure may (at Belle's sole cost), and without limiting any rights it may have under any Transaction Document, at any time after the occurrence of a Construction Milestone Default or a Construction Default Termination Event, elect to exercise any or all or a combination of any of the following rights:
 - (i) to direct an acceleration of the delivery of the Phase 1 Building and Phase 2 Building (including directing the Philippine Parties to accelerate work under any downstream construction contracts); and
 - (ii) have early access to the completed parts of the Phase 1 Building and Phase 2 Building (to allow any fit-out works to commence by MCE Leisure's contractors) pending completion of the remaining Phase 1 Building and Phase 2 Building.
- (j) If a Construction Default Termination Event occurs, MCE Leisure may without prejudice to any of its rights under this Agreement in respect of such failure, elect to do any one or more of the following:
 - (i) terminate this Agreement and in which case Section 16.04(c) will apply; and
 - (ii) require the Philippine Parties to cure the Construction Default Termination Event, at their sole cost, and to the satisfaction of MCE Leisure.
- (k) Any delay or disruption caused to the carrying out of work under the construction contracts for the Phase 1 Building and the Phase 2 Building is the Philippine Parties' responsibility, except where such delay or disruption is a direct result of any act by any MCE Party, in which case the Philippine Parties must do all things required to minimise the effects of any such delay or disruption.
- (l) For the purposes of this Schedule 3:

Cooperation Agreement

- (i) a “Construction Milestone Default” means a Construction Milestone is not achieved by the date for completion for that Construction Milestone (such date as set out in the table in this Schedule 3); and
- (ii) a “Construction Default Termination Event” is any of the following:
 1. Belle at any time wholly or substantially abandons the works for the Phase 1 Building or the Phase 2 Building;
 2. the Phase 1 Building has not been completed by 1 February 2014;
 3. the Phase 2 Building has not been completed by 1 March 2015; or
 4. any damage or destruction to the works for the Phase 1 Building or the Phase 2 Building which in MCE Leisure’s opinion (acting reasonably), is unable to be repaired by, or which results in the Phase 1 Building or Phase 2 Building being unable to be completed by, the dates specified in paragraph (l)(ii)2. or (l)(ii)3. (as applicable).

Abatements

If any part of the Phase 1 Building or the Phase 2 Building is defective and causes disruption to the normal operations of the Project or if MCE Leisure or any MCE Designated Entity suffers Loss or incurs costs in relation to any such defect (of any description and whether directly or indirectly), the Phase 1 Building and Phase 2 Building rental payments under the Belle Lease will be abated until the relevant defect is rectified and MCE Leisure is able to carry its normal operations on the Project.

Cooperation Agreement

Layout1f.Plan of the Land and Building Structures

Exhibit B FCPA

Certificate

In consideration of the MCE Parties agreeing to enter into the Cooperation Agreement with the Philippine Parties on 25 October 2012 (“Cooperation Agreement”), without limiting clauses 9.01 to 9.06 of the Cooperation Agreement, I, the undersigned, being an authorized signatory of each of the Philippine Parties certify for and on behalf of each Philippine Party that:

1. I have read and understand clauses 9.01 to 9.06 of the Cooperation Agreement, in which each Philippine Party agrees to conduct its business in compliance with Applicable Laws, including those relating to anti-corruption, anti-bribery, anti-money-laundering and sanctions;
2. I am familiar with clauses 9.01 to 9.06 of the Cooperation Agreement and in particular, the prohibition against any payment gift, offer, promise, or authorization of any payment of money or anything of value to any official, directly or indirectly through a third party intermediary;
3. At no time during the subsistence of the Cooperation Agreement or any Transaction Document will any Philippine Party or any person acting for or on behalf of any Philippine Party:
 - (a) pay any bribe; or
 - (b) take any action that would create any liability for any of the MCE Parties or constitute a breach of clause 9 of the Cooperation Agreement or any Applicable Laws by any MCE Party;
4. each Philippine Party understands that if it has violated any of these commitments, the MCE Parties may terminate the Cooperation Agreement; and
5. I certify that if any Philippine Party receives or learns of any request for a payment falling within paragraphs 2 and 3 above, the Philippines Parties will immediately report that to the MCE Parties.

Capitalized terms defined herein shall have the same meanings defined in the Cooperation Agreement.

Signed on this day of

Signed for and on behalf of [#each of the Philippine Parties#]
in the presence of

Signature of authorized signatory

Name of authorized signatory (print)

Cooperation Agreement

CONTRACT OF LEASE

This Contract of Lease (the "**Lease**") is made and entered into this 25th day of October 2012, in Sydney, Australia, by and between:

- (1) **BELLE CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City (the "**Lessor**");
 - (2) **MCE LEISURE (PHILIPPINES) CORPORATION** a domestic corporation duly organized and existing under and by virtue of the laws of the Philippines, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines (the "**Lessee**");
- (Each a "**Party**", and together, the "**Parties**").

RECITALS

- (A) The Lessor is the absolute legal owner of seven (7) parcels of land with a total area of approximately 42,138 square meters located at Aseana Boulevard, Macapagal Avenue, Parañaque City, Philippines covered by Transfer Certificate of Title Nos. 010-2010000878, 010-2010000879, 010-2010000880, 010-2010000881, 010-2010000882, 010-2010000883 and 136452 of the Registry of Deeds of Parañaque City attached hereto as Annexes "**A-1**", "**A-2**", "**A-3**" "**A-4**", "**A-5**", "**A-6**" and "**B-4**" ("**BBCC Land**").
- (B) On 6 December 2011, the Lessor and the Light Rail Transit Authority ("**LRTA**") executed a Deed of Absolute Sale whereby the Lessor sold to the LRTA a portion of the BBCC Land or an area comprising 348 square meters out of the total land area of 1,209 square meters covered by Transfer Certificate of Title No. 010-2010000882 and a portion of the BBCC Land or an area comprising 867 square meters out of the total land area of 1,209 square meters covered by Transfer Certificate of Title No. 010-2010000883 ("**LRTA Land**") (the BBCC Land as reduced by the LRTA Land shall be referred to as the "**Owned Land**").
- (C) The Lessor leases from the Social Security System ("**SSS**") three (3) parcels of land with a total area of approximately 20,218 square meters also located at Aseana Boulevard, Macapagal Avenue, Parañaque City, Philippines (the "**SSS Land**") covered by Transfer Certificate of Title Nos. 166290, 166291 and 166292 of the Registry of Deeds of Parañaque City attached hereto as Annexes "**B-1**", "**B-2**", and "**B-3**" registered in the name of SSS. Pursuant to the SSS Lease Contract, the Lessor has obtained all necessary approval and/or consent from SSS to lease the SSS Land to the Lessee and the Lessee has the full right and authority to further sub-lease the SSS Land to the Lessee or its designated Affiliate without any restriction.
- (D) The Lessor has constructed on the Land the Phase 1 Building and will construct the Phase 2 Building including future buildings and structures that may be constructed on the Land by the Lessor intended for use in the Project pursuant to the Casino License.
- (E) Copies of the locational plan and technical description of the Land, as certified by the Land Registration Authority, showing the location and boundaries of the Land, is attached hereto as Annex "**C**." A map depicting the layout of Land and the Building Structures is attached as Annex "**C-1**". The Building Structures have a total gross area of approximately 271,441.04 square meters.

- (F) On Closing, the Lessee will enter into an agreement with the holders of the Casino License (which includes the Lessor and Lessee) to operate and manage the Project (the “**Operating Agreement**”).
- (G) The Lessee wishes to lease the Land and Building Structures from the Lessor.
- (H) The Lessor agrees to lease the Land and Building Structures to the Lessee and to permit the Lessee and any of its Affiliates or nominees to use the Land and Building Structures for the purposes of, among other things, operating and maintaining the Project, in each case on the terms of this Lease.

NOW, THEREFORE, the Parties agree and bind themselves as follows:

SECTION 1. DEFINITIONS AND OTHER MATTERS

1.01 Defined Terms

Capitalized terms not otherwise defined in this Lease shall have the same meaning ascribed to such terms in the cooperation agreement between SM Investments Corporation, the Lessor, the Lessee and others dated the date of this Lease (“**Cooperation Agreement**”).

1.02 Annexes

The following Schedule and Annexes form integral parts of this Lease:

| Schedule | Construction |
|-----------|--|
| Annex A-1 | Transfer Certificate of Title No. 010-2010000878 |
| Annex A-2 | Transfer Certificate of Title No. 010-2010000879 |
| Annex A-3 | Transfer Certificate of Title No. 010-2010000880 |
| Annex A-4 | Transfer Certificate of Title No. 010-2010000881 |
| Annex A-5 | Transfer Certificate of Title No. 010-2010000882 |
| Annex A-6 | Transfer Certificate of Title No. 010-2010000883 |
| Annex B-1 | Transfer Certificate of Title No. 166290 |
| Annex B-2 | Transfer Certificate of Title No. 166291 |
| Annex B-3 | Transfer Certificate of Title No. 166292 |
| Annex B-4 | Transfer Certificate of Title No. 136452 |
| Annex C | Locational Plan and Technical Description |
| Annex C-1 | Layout/Plan of the Land and Building Structures |
| Annex D | Rental Payment Schedule |

SECTION 2. EFFECTIVENESS

2.01 Effectiveness

Despite anything to the contrary in this Lease, the Lessor and Lessee shall have no rights or obligations under this Lease until, and subject to, Closing.

2.02 Termination

The Lessor and Lessee agree that if the Closing Arrangement Agreement is terminated on or before Closing, this Lease shall automatically terminate without any further action by the Lessor or Lessee.

SECTION 3. LEASED PREMISES AND LEASE PERIOD

3.01 The Leased Premises

(a) The Lessor agrees to lease to the Lessee, and the Lessee agrees to lease from the Lessor, on the terms of this Lease:

- (i) the land as described in the attached Annexes "A-1" to A-6", "B-1" to "B-4" and "C", and as more particularly described in items (b) and (c) below (the "Leased Land"); and
 - (ii) the Building Structures, as more particularly described in items (d), (e) and (f) below (the "Leased Buildings"),
- hereinafter, the Leased Land and Leased Buildings shall be referred to as the "Leased Premises".

(b) Phase 1 of the Leased Land

| <u>Transfer Certificate of Title No./Lot No.</u> | <u>Area (sq.m.)</u> |
|--|---------------------|
| TCT No. 010-2010000878 / Lot 1 | 12,182 |
| TCT No. 010-2010000879 / Lot 2 | 10,863 |
| TCT No. 010-2010000880 / Lot 3 | 9,873 |
| TCT No. 010-2010000881 / Lot 4 | 1,100 |
| TCT No. 010-2010000882 / Lot 5 | 861 |
| TCT No. 010-2010000883 / Lot 6 | 423 |

(c) **Phase 2 of the Leased Land**

| <u>Transfer Certificate of Title No./Lot No.</u> | <u>Area (sq.m.)</u> |
|--|---------------------|
| TCT No. 166290 / Lot 2-A-1 | 6,964 |
| TCT No. 166291 / Lot 2-A-2 | 5,804 |
| TCT No. 166292 / Lot 2-A-5 | 7,450 |
| TCT No. 136452 / Lot 2-A-6 | 5,621 |

- (d)
- Phase 1 Building Non-Gaming Component:**
- being that part of the Phase 1 Building comprised of the following non-gaming components and floor area and shaded in green on Annex C-1:

| <u>Component</u> | <u>Phase 1 Building Area</u> |
|----------------------|------------------------------|
| Non-Gaming component | 152,361.91 |

- (e)
- Phase 1 Building Gaming Component:**
- being that part of the Phase 1 Building, other than the Phase 1 Building Non-Gaming Component specified in Section 3.01(d):

| <u>Component</u> | <u>Phase 1 Building Area</u> |
|------------------|------------------------------|
| Gaming component | 20,118.92 |

- (f)
- Phase 2 Building:**
- the Phase 2 Building to be constructed on the Leased Land.

- (g) Prior to the registration of this Lease in the Transfer Certificates of Title, the Lessee shall designate, in consultation with PEZA, the apportionment of the Leased Premises between areas used by the Lessee for activities registered with PEZA and activities not registered with PEZA and shall notify the Lessor of that designation, and that notification shall be deemed on and from the date of such notification to be attached to this Lease as Annex E.

3.02 **Agreement for lease of Phase 2 Building**

The Lessor grants a lease of the Phase 2 Building to the Lessee as follows:

- (a) in the case of that part of the Phase 2 Building shaded in blue in Annex C-1 ("**Phase 2 Section 1**"), on the First Handover Date;
- (b) in the case of that part of the Phase 2 Building which shaded in yellow in Annex C-1 ("**Phase 2 Section 2**"), on the Second Handover Date;

- (c) in the case of that part of the Phase 2 Building which is shaded in red in Annex C-1 (“**Phase 2 Section 3**”), on the Third Handover Date; and
 - (d) in the case of that part of the Phase 2 Building which is shaded in grey in Annex C-1 (“**Phase 2 Section 4**”), on the Fourth Handover Date,
- and the Lessee accepts that grant of lease.

3.03 Lease Period

The lease period shall commence:

- (a) with respect to the Leased Land and the Phase 1 Building, from Closing;
- (b) with respect to Phase 2 Section 1, from the First Handover Date;
- (c) with respect to Phase 2 Section 2, from the Second Handover Date;
- (d) with respect to Phase 2 Section 3, from the Third Handover Date; and
- (e) with respect to Phase 2, Section 4, from the Fourth Handover Date,

and shall continue in force and effect for the duration of the Operating Agreement (such period commencing on Closing and ending on the date specified in this Section being “**Lease Period**”), unless sooner terminated as provided herein.

3.04 Handover Dates

- (a) The First Handover Date shall be the date on which the Construction Milestone specified in column 2, row 8 of the table in Schedule 3 of the Cooperation Agreement is achieved or deemed to have been achieved in accordance with the Cooperation Agreement.
- (b) The Second Handover Date shall be the date on which the Construction Milestone specified in column 2, row 9 of the table in Schedule 3 of the Cooperation Agreement is achieved or deemed to have been achieved in accordance with the Cooperation Agreement.
- (c) The Third Handover Date shall be the date on which the Construction Milestone specified in column 2, row 10 of the table in Schedule 3 of the Cooperation Agreement is achieved or deemed to have been achieved in accordance with the Cooperation Agreement.
- (d) The Fourth Handover Date shall be the date on which the Construction Milestone specified in column 2, row 11 of the table in Schedule 3 of the Cooperation Agreement is achieved or deemed to have been achieved in accordance with the Cooperation Agreement.
- (e) The Lessor shall secure, on or before the date 20 Business Days after the date of the issuance of the occupancy permit for the Phase 2 Building, the real property tax declaration issued by the applicable Government Authority over the Phase 2 Building and provide the Lessee with a certified true copy thereof.
- (f) Nothing in this **Section 3** in any way limits, reduces or affects any of rights the MCE Parties under any Transaction Document (including in respect of any defects in the Land or Building Structures).

SECTION 4. EXTENT AND USE OF THE LEASED PREMISES**4.01 Use**

The Leased Premises shall be used by the Lessee and any of its Affiliates exclusively as a hotel, casino, and resort complex, with retail, entertainment, convention, exhibition, food and beverage services as well as other activities ancillary, related to, or incidental to, the operation of any of the preceding.

4.02 Conduct of Business

- (a) Unless otherwise specified in this Lease or the other Transaction Documents, all Government Approvals which are necessary or appropriate for the conduct of business by the Lessee in the Leased Premises shall be obtained and maintained by the Lessee for the duration of the Lease Period, and all costs and expenses to be incurred in connection with those Government Approvals shall be for the account of the Lessee.
- (b) The Lessor shall reasonably assist the Lessee in securing the necessary Government Approvals in connection with the lease of the Leased Premises.

SECTION 5. RENT AND OTHER PAYMENTS**5.01 Rent Payments**

- (a) The Lessee shall pay monthly rent for the Leased Premises in accordance with the amounts specified in Annex "D" as follows:
 - (i) with respect to the Leased Land, on and from Closing;
 - (ii) with respect to the Phase 1 Building, on and from Closing;
 - (iii) with respect to Phase 2 Section 1, from the First Handover Date;
 - (iv) with respect to Phase 2 Section 2, from the Second Handover Date;
 - (v) with respect to Phase 2 Section 3, from the Third Handover Date; and
 - (vi) with respect to Phase 2, Section 4, from the Fourth Handover Date.
- (b) In the case of the Land and Phase 1 Building, on 31 December 2021 and in the case of the Phase 2 Building, on 31 December 2022, the then rent on relevant part of the Leased Premises shall be re-rated and adjusted to the then market rates for similar properties in the area the Project is located based on the expert advice from a third party professional valuer which shall be agreed upon between the Lessee and the Lessor from among Jones Lang LaSalle, Leechiu Philippines, CB Richard Ellis Philippines, and Colliers Jardine Philippines.
- (c) Subsequent years' rent, after the re-rating and starting from the day following the date specified in **Section 5.01(b)** for the relevant part of the Leased Premises, will be increased on a yearly basis by the then annual inflation rate as determined by the Philippine National Economic Development Authority or similar agency.
- (d) Despite any other provision of this Lease, the amount of the Deductible and the Management Allowance (as those terms are defined in the Operating Agreement) must not exceed the rent on the Leased Premises.
- (e) Nothing in this **Section 5.01** in any way limits, reduces or affects the rights the MCE Parties under any Transaction Documents (including in respect of any defects in the Land and Building Structures

- (f) The Lessor and Lessee agree that, despite **Section 5.01(a)**, the Lessee may, on notice to the Lessor, such notice to be given no earlier than the date ten (10) Business Days and no later than the date twenty (20) Business Days after the anniversary of the date of entry into this Lease, vary the amount of rent payable in respect of the Phase 1 Building Gaming Component and the Phase 1 Building Non-Gaming Component, provided that the total amount of rent payable in respect of both components is equal to the amount specified in Annex “D” for the Phase 1 Building for the relevant period.
- (g) The Lessor and Lessee agree that, the Lessee may, from time to time, and after consultation with PEZA, notify the Lessor of those parts of the Leased Premises that will be devoted to PEZA registered activities and those parts which will be devoted to non-PEZA registered activities.

5.02 Security Deposit

- (a) The Lessee shall pay to the Lessor on Closing the amount of ₱177,625,217, exclusive of VAT (the “**Security Deposit**”) to serve as security deposit to be held and applied by the Lessor to answer for any and all damages to the Leased Premises due to the fault of the Lessee, and as security for the return of the Leased Premises in the condition contemplated by this Lease, and for the Lessee’s observance of, and compliance with the terms of this Lease. The Security Deposit shall not be used to offset the rent or other payments due to the Lessor under this Lease.
- (b) The Security Deposit shall be deposited into an interest bearing account in the name of the Lessor.
- (c) The balance of the Security Deposit after deducting (i) the amount of any damage to the Leased Premises due to the fault of the Lessee, (ii) all other amounts that may be payable by the Lessee to the Lessor (except rent) under this Lease and (iii) any amounts owed by the Lessee to any utility company and which remain unpaid as at the date twenty (20) Business Days after the expiration of the Lease Period, unless the same is subject to forfeiture under this Lease, shall be refundable to the Lessee within thirty (30) days from the expiration of the Lease Period and only after the Lessee shall have vacated the Leased Premises.
- (d) The Lessee shall at all times maintain the Security Deposit for the Leased Premises in an amount equal to 2 months rent at the amount specified in **Section 5.02(a)**.
- (e) The Security Deposit shall be forfeited in favor of the Lessor if the Lessor terminates this Lease because of the default of the Lessee.
- (f) The Security Deposit, together with interest thereon, must be returned less any deductions expressly permitted under this Lease to the Lessee if the Lease comes to an end for any reason other than the reason in **Section 5.02(e)**. Interest will accrue on the Security Deposit on daily basis at a rate equal to then prevailing average twelve (12) month time deposit rate for the three largest banks in the Philippines at that time.

5.03 Taxes

- (a) The Lessor shall be responsible for the payment of real property taxes on the Leased Premises and shall provide the Lessee with proof of payment of the real property taxes due on the Leased Premises, within five (5) days from the date the real property taxes fall due or the date of actual payment of such real property taxes, whichever is earlier.
- (b) The Lessor shall, as soon as practicable, provide the Lessee with certified copies of the Registration Agreement between the Lessor and PEZA and the Certificates of Registration and Exemption issued by PEZA to the Lessor as a Tourism Ecozone Developer/Operator indicating the Lessor’s entitlement to a special five percent tax on gross income earned and exemption of payments under this Lease from withholding income tax and VAT on rentals pertaining to [the part of the Leased Premises used for the activities of the Lessee registered with PEZA.
- (c) Documentary Stamp tax and other taxes accruing by reason of execution of this Lease shall be for the account of the Lessee.

5.04 Manner of Payment

- (a) The Lessee shall pay the monthly rent and the VAT (except with respect to rent corresponding to the Leased Premises used for PEZA-registered activities of the Lessee in advance, within the first five (5) business days of each and every month, without need of notice or demand, to the Lessor or its duly authorized representative at the Lessor's offices located at the address stated herein or at such other place as the Lessor may nominate, by notice in writing given to the Lessee at least one (1) month in advance of the next rent that will be due.
- (b) Payment of rent shall be made net of the required withholding tax on rent as may be applicable at the rate required by Applicable Laws and regulations. The Lessee shall remit the taxes withheld directly to the BIR. The Lessee shall provide the Lessor with a certificate of creditable tax withheld within three (3) business days from such remittance or on the thirteenth (13th) day of the month following the billing period, whichever is earlier.
- (c) Payment of rent shall be made in the form of telegraphic transfer, cash or in check made payable in the name of "Belle Corporation". The receipt of a check in payment of the rent shall not produce the effect of payment until the amount thereof is actually received by the Lessor.
- (d) The Lessor, subject to consultation and agreement with Lessee, shall have the right at any time during the Lease Period to designate a different manner of payment of the rent and all payments due under this Lease.

5.05 Association Dues

The Lessee shall pay for association dues imposed by the Aseana Business Park on the Leased Premises during the Lease Period.

5.06 No Liability for CUSA Charges; Maintenance of Leased Buildings by Lessee

- (a) The Lessor shall not charge the Lessee any common usage and service area ("CUSA") charges in connection with this Lease.
- (b) The Lessee shall be responsible for the maintenance and repair of the Leased Buildings arising from the normal usage of the Leased Buildings in the course of the Lessee conducting the Lessee's business throughout the duration of the Lease Period, provided that the Lessee shall have the benefit of the product repair and maintenance and/or other warranties under the relevant contracts between the Lessor with third parties.
- (c) As a condition to assuming the maintenance and repair of the Leased Buildings as set forth in **Section 5.06**, the Lessee shall be furnished with the relevant contracts for its examination and review and the Lessor shall undertake to execute any and all necessary documents or contracts necessary to effect the Lessee's right to the benefit of product repair and maintenance and/or other warranties between the Lessor and third parties.
- (d) The Lessor shall be responsible for the structural defects, faults and/or omissions relating to the structural design and workmanship and/or the structural integrity of the Leased Buildings and MEPF (mechanical, electrical, plumbing and fire) facilities (including any reinstatement and consequential financial loss caused to the Lessee arising out of any such defects, faults or omissions).

- (e) If any services provided by the Lessor or enjoyed by the Lessee in conjunction with the Leased Premises malfunctions or fails then:
 - (i) the Lessor is liable for any resulting Loss suffered or incurred by the Lessee, its officers, employees or agents; and
 - (ii) the Lessee is entitled to terminate this Lease and has a right of abatement (subject to **Section 6.08**, as applicable) or a right to set-off of rent or other money.

5.07 **Abatement of Rent and Lessee's Contribution**

Despite any other Section in this Lease:

- (a) if the Leased Buildings are damaged or destroyed (including as a result of Force Majeure), and the Leased Premises:
 - (i) cannot be used by the Lessee, the Lessee is not liable to pay rent or any other money for the period that the Leased Premises cannot be used; or
 - (ii) are useable by the Lessee, but the useability is diminished because of the damage or destruction, the Lessee's liability to pay rent or any other money is reduced in proportion to the reduction in useability; or
- (b) if the Casino License is suspended through no fault of the Lessee, the Lessee is not liable to pay rent or any other money for the period that the Casino License is suspended.

SECTION 6. PUBLIC UTILITIES AND SERVICES

6.01 **Water and Electricity**

The Lessee shall pay for the cost of all water and electrical power consumed or utilized by the Lessee within the Leased Premises after Closing on or before the applicable due dates for payment of such utilities consumed or utilized provided that the consumption of water and electrical power is separately metered.

6.02 **Pest Control**

The Lessee shall be responsible for all fees, costs and charges for pest control services obtained by the Lessee in the Leased Premises when such services may be warranted after Closing.

6.03 **Other Public Utilities**

The Lessee shall pay and discharge all deposits and charges for telephone, facsimile, telecommunications and other public services or utilities obtained by the Lessee and consumed by or supplied to the Lessee in the Leased Premises after Closing.

6.04 **Telephone**

It shall be the Lessee's responsibility to arrange with the appropriate telecommunications company for the installation of the Lessee's telephone requirements. The Lessee shall bear the cost of installing such telephone facilities. The Lessor undertakes to provide any reasonable assistance to cause such installation.

6.05 **Government Approvals**

All Government Approvals (except for Government Approvals to be obtained by the Lessor under **Section 4.02(b)**) which may be required for the installation and operation of public utilities and facilities as well as other additional fixtures and facilities when so approved by the Lessor, shall be obtained and maintained by the Lessee at its expense, provided that the Lessor shall provide assistance to the Lessee in securing such Government Approvals. The Lessee shall also be responsible for the payment of all charges, costs, expenses, dues, assessments, levies or taxes which may be imposed in connection with the installation, operation, repair or maintenance of such public utilities and facilities and additional fixtures and facilities. The Lessee shall comply with all the rules, regulations and requirements imposed by the appropriate Government Authority or public utility companies in connection therewith.

6.06 Elevators

The Lessor shall provide a sufficient number of elevators in the Leased Buildings for the use and automatic operation of the Lessee and its nominees, employees, agents, guests, and clients on a 24 hour basis, seven days a week.

6.07 No Responsibility

The Lessor assumes no responsibility for the inadequacy, quality or interruption in the utilities or services consumed or supplied in or to the Leased Premises by third party providers, except those supplied or caused by the Lessor or any of its Affiliates under this **Section 6**.

6.08 Abatement of rent in relation to Services

Without limiting any other Section of the Lease or any other Transaction Document, if any Service is inadequate or not fully operational and the inadequacy or non-operation has not been rectified within two days after the date the Lessee serves the Lessor with a notice, then the rent and any other money payable under this Lease by the Lessee to the Lessor will abate from the date which is two (2) Business Days after the date of service of the Lessee's notice until the Service has been rectified to the satisfaction of the Lessee. For the purposes of this Section, "**Service**" means any service including any energy, mechanical, ventilation, electrical, lighting, escalators, lifts, heating and cooling, security and alarm, water, drainage and plumbing or other similar services.

6.09 Lessor's Obligations

The Lessor acknowledges that when anything is required to be done in relation to the Leased Premises which is not expressly the responsibility of the Lessee under this Lease, then such thing must be done promptly by, and at the cost of, the Lessor.

SECTION 7. INTEREST, PENALTY AND**APPLICATION OF PAYMENTS**

- (a) The Lessee shall pay the Lessor on any and all amounts due and payable to the Lessor under this Lease which remains unpaid on the date when such payment falls due an interest at the rate of three (3) percent per month. The penalty interest shall be computed from the day after the date payment falls due until payment of the outstanding account is effected in full. Interest and penalty charges shall be computed daily and compounded monthly and shall apply to any and all amounts which remain unpaid on the due date thereof, including, but not limited to unpaid rent and other fixed fees and charges.
- (b) Any amount advanced by the Lessor for and on behalf of the Lessee shall only be made with the Lessee's prior written consent, such consent not to be unreasonably withheld.
- (c) The payment of interest and penalty charges as provided hereunder shall not be a substitute for and shall be in addition to, the payment of the amount otherwise due hereunder, and shall not prejudice the exercise by the Lessor of any other right or remedy granted to it under this Lease.
- (d) Any payment received by the Lessor shall be applied against the statement of account or billing with the earliest date. In the event that the payment of interest, penalty, rent or other charges is covered by one statement of account, then the payment received by the Lessor shall be applied in the payment of obligations stated therein in the following order of priority: (i) first, against the interest and penalty due, (ii) and finally, against unpaid rent (including VAT, if applicable) and other fixed fees and charges. Should the payment received be insufficient to completely settle any outstanding obligation, whether covered in one statement of account or billing, or otherwise, then subsequent payment(s) to be received from the Lessee shall be applied in the payment of such unpaid amount.

SECTION 8. ADDITIONAL COVENANTS

8.01 Construction

- (a) The Lessor agrees to comply with the covenants and undertakings, and give the representations and warranties, in the Schedule, Schedule 3 of the Cooperation Agreement and Schedule 6 of the Closing Arrangement Agreement.
- (b) The Lessor will be liable for any Loss suffered or incurred by the Lessee in relation to any breach of **Section 8.01(a)**.

8.02 Lessee's Additional Covenants

The Lessee agrees that in addition to its other undertakings under this Lease, and unless it has obtained the prior written consent of the Lessor for the performance of an act or deed which is otherwise prohibited under this Lease:

- (a) Load Limitations. The Lessee shall not bring, install, place or suspend any load, apparatus, equipment, article or thing into, upon or at any floor or ceiling or any part of the Leased Premises in excess or in violation of the maximum weight and permitted locations of certain equipment, apparatus, article or thing as determined by the Lessor for the floor of the Leased Premises where the Leased Premises is located. The Lessee shall not permit, suffer or cause any act to be done whereby the maximum allowable voltage capacity of the Leased Premises shall be exceeded.
- (b) Permit to Enter. Upon two (2) Business Days prior written notice, the Lessee shall permit the Lessor and their authorized representatives at reasonable times to enter the Leased Premises for the purpose of inspecting the condition of the Leased Premises or determining the Lessee's compliance with this Lease. Notwithstanding anything contained to the contrary in this Lease, Lessor agrees that: (i) the Lessee shall have the right to escort the Lessor, its agents, and invitees, while same are in the Leased Premises, (ii) any such entry shall be undertaken in a manner which reasonably minimizes interference with the conduct of business in, and use and enjoyment of, the Leased Premises by the Lessee or any occupant, and (iii) the Lessor visits shall be during normal business hours, unless required by the Lessee to be other than during such normal business hours.
- (c) Surrender of Leased Premises. The Lessee agrees, but without limiting any rights it may have under any Transaction Document, to surrender the Leased Premises at the expiration of the Lease on as "as is" basis, without any delay whatsoever. Despite the preceding sentence, the Lessee shall have the option but not the obligation to remove alterations, additions, improvements, fit outs, furniture, articles and effects of any kind on the Leased Premises at the expiration or termination of the lease.

8.03 Lessor's Additional Covenants

- (a) No sale or encumbrance. The Lessor shall not sell, assign, transfer, convey, or except as permitted under the Cooperation Agreement, encumber or create any Encumbrance over the Leased Premises, or grant any rights in favour of any Person, in each case without the prior written consent of the Lessee.
- (b) Compliance with SSS Lease Contract. The Lessor shall not do or fail to do any act which will cause a breach of the terms of the SSS Lease Contract, including the undertaking to complete the construction of the Phase 2 Building within ten (10) years from the commencement of the SSS Lease Contract.

8.04 Sublease

- (a) The Lessee may sublease the Leased Premises to any of its Affiliates on such terms as the Lessee determines upon giving prior written notice to the Lessor.
- (b) The Lessee may sublease or licence any portion of the Leased Premises to third persons in connection with the operations of the Project without the prior written consent of the Lessor.

SECTION 9. REPRESENTATIONS AND WARRANTIES**9.01 Lessor's Warranties**

The Lessor represents, warrants and covenants in favor of the Lessee that at the date of this Lease, Closing, and each day thereafter during the Lease Period:

- (a) it is the absolute legal owner of the Owned Land and will be, on Closing, the registered owner at the Owned Land, in each case free of all Encumbrances (other than the Belle Encumbrances) and third party rights, and has full right, title and interest to grant the lease of the Owned Land to the Lessee;
- (b) it is the absolute and legal owner of the Building Structures free of all Encumbrances (other than the Belle Encumbrances) and third party rights, and has full right, title and interest to grant the lease of the Building Structures to the Lessee;
- (c) it has valid and existing leasehold rights over the SSS Land for the period ending 22 August 2035, is not in breach or has not committed or failed to commit an act which will result in a breach of the SSS Lease Contract and has valid and legal authority and power to lease to the Lessee the SSS Land for the entire duration of the Lease Period;
- (d) the exercise by the Lessee of its rights under **Section 8.04**, will not cause, or result in, or give rise to a breach of the SSS Lease Contract;
- (e) the sale of the LRTA Land does not affect the design in relation to the Project or the assumptions on which the Project Plan has been prepared;
- (f) the Land has been zoned for commercial use and the use of the Leased Premises for commercial purposes (including as a casino) is expressly allowed under the applicable zoning regulations;
- (g) all real property taxes, assessments or levies due or accruing in connection with the Leased Premises have been paid and updated, and shall be paid for by the Lessor as and when the same shall fall due;
- (h) the exclusive, continued and peaceful possession by the Lessee of the Leased Premises during the entire Lease Period;

- (i) it has secured or obtained all the necessary Government Approvals required or necessary to execute, implement, and render effective this Lease;
- (j) the Lessor has provided to the Lessee prior to the date of this Lease true and complete copies of all documents, materials, papers, contracts, agreements, and other information relevant to lease of the Leased Premises and the SSS Lease Contract; and
- (k) it will comply with its obligations under the SSS Lease Contract.

9.02 Mutual Warranties

Each of the Lessor and the Lessee (in this capacity, the “**Representing Party**”) represents and warrants in favor of the other that:

- (a) the Representing Party has full power, authority, and legal right to execute, deliver, and perform this Lease and has taken all the necessary corporate action to authorize the foregoing;
- (b) this Lease constitutes the legal, valid, and binding obligation of the Representing Party, enforceable in accordance with its terms;
- (c) the execution, delivery, and performance of this Lease do not and will not violate any provision of, or result in a breach of or constitute a default under any law, regulation, or judgment, or violate any agreement binding upon the Representing Party or its property; and
- (d) no representation, warranty, or statement of fact made by the Representing Party in this Lease, and no representation, warranty, or statement of fact made or to be made by the Representing Party in any certificate or written statement furnished or to be furnished to the other party after date hereof as required in this Lease or in connection with the transactions contemplated hereby, contains or shall contain any untrue statement of material fact, or omits or shall omit to state material facts necessary in order to make the statements contained herein and therein not misleading. In executing this Lease, the Representing Party is and shall be acting for its own interest and account, and does not and will not act in representation of any other person.

SECTION 10. INDEMNITIES

10.01 Liability of Lessor

Save for any act or omission of the Lessor, its officers, agents, partners and employees, or except as provided in this or any other Transaction Document, the Lessor shall not be liable or responsible in any circumstance, whether tortious or otherwise, for any damage or disturbance suffered (whether directly or indirectly) by the Lessee (whether personally or in respect of the Leased Premises or any contents therein) or by any of the Lessee’s employees, clients, customers or any other persons whomsoever. Without limiting the generality of the foregoing of this or any other Transaction Document, the Lessor shall not be liable in respect of any loss, damage or injury sustained by the Lessee or any such other person or any of their properties, caused by or through any accident, event or in any way owing to:

- (a) any seepage, overflow or leakage of water from any pipe, drain or automatic sprinkler system or any part within the Leased Premises or the influx of rain water into the Leased Premises;
- (b) any activity of rats, pests or vermin in the Leased Premises;
- (c) any failure or breakage of glass of or in the Leased Premises;
- (d) a Force Majeure event;
- (e) any escape of fumes, smoke, fire or other substances from anywhere within the Leased Premises;

- (f) any escape of electric current from electric wiring or cable situated upon or in any way connected with the Leased Premises or any part thereof, or any vibration from or of any part of the Leased Premises or adjoining or neighboring premises; or
- (g) any act, neglect or default of the Lessee, its sublessees or other lessees of the Leased Premises or of adjoining neighboring premises, or any of its or their respective employees, clients, guests or customers.

10.02 Lessee's Indemnification

Except to the extent caused or contributed to by the act or omission of the Lessor or any of its Affiliates or any of its or their officers, agents, partners and employees, the Lessee shall indemnify and keep the Lessor fully indemnified against all claims, actions, demands, actions and proceedings whatsoever made against the Lessor by any person (other than any Affiliate of the Lessor) whomsoever arising as a result of or in connection with any loss, damage or injury (i) caused by the negligence of the Lessee or the Lessee's employees or agents; (ii) occasioned by any work or construction done in or about the Leased Premises by or on behalf of the Lessee; (iii) caused by the Lessee's use, manner of use, occupancy or possession of the Leased Premises or any condition of the Leased Premises created by the Lessee; (iv) due to a default in the proper performance by the Lessee of the Lessee's obligations under this Lease, and specifically excluding, except to the extent occasioned by the act or omission of the Lessor, and/or other Philippine Parties and their officers, agents, partners and employees, or due to a breach of any of the Lessor's obligations under this Lease or (v) caused by the Lessee's exercise of its self-help rights hereunder. The Lessee shall also be responsible for any loss or damage which may be done to the Leased Premises or any part thereof or to common areas or to any part of the Leased Premises, due to the fault or negligence of the Lessee, its employees, agents, customers, clients or guests.

10.03 Lessor Indemnification

Except to the extent contributed to by the act or omission of the Lessee, its officers, agents, partners and employees, the Lessor shall indemnify and keep the Lessee fully indemnified against all claims, actions, demands, actions and proceedings whatsoever made against the Lessee by any person whomsoever arising as a result of or in connection with any loss, damage or injury (i) caused by the negligence of the Lessor or the Lessor's employees or agents; (ii) occasioned by any work or construction done in or about the Leased Premises by or on behalf of the Lessor; (iii) due to a default in the performance by the Lessor of the Lessor's obligations under this Lease.

SECTION 11. FORCE MAJEURE

11.01 Occurrence of Force Majeure

The Lessee shall give the Lessor written notice of any damage caused to the Leased Premises by reason of any event or circumstance (whether arising from natural causes, human agency or otherwise) beyond the control of the Lessee, including (but without prejudice to the generality of the foregoing) acts of God, strikes, riot, civil commotion, acts of terrorism, fire, flood, drought, or war, or any unforeseen cause or event ("**Force Majeure**"), within five (5) Business Days from the occurrence thereof. If the Leased Premises are rendered inaccessible or destroyed or substantially damaged by Force Majeure, without any fault or omission of the Lessee, its employees, guests, customers or clients, the damage shall be repaired at the expense of the Lessor.

11.02 Termination Due to Force Majeure

- (a) In the event of a Force Majeure and (i) the damage resulting from the Force Majeure renders the Leased Premises totally unfit for use or occupation for more than sixty (60) days, or (ii) the repairs required to render the Leased Premises fit for use and occupation are expected to last for more than ninety (90) days, or (iii) Force Majeure prevents the Lessee from conducting its business or interferes with the operations of the Leased Premises for a period of more than sixty (60) days, then the Lessee shall have the right to terminate this Lease by written notice sent to the Lessor without need of any judicial action within five (5) Business Days after the lapse of the applicable period. Failure to exercise the right to terminate within the said period shall constitute a waiver thereof. The termination of this Lease shall be without prejudice to the rights and remedies of either party against the other under any other Transaction Document or in respect of any claim or liability antecedent to such termination. The obligation to pay rent and other charges or amounts due hereunder shall, except as provided in **Section 5.07(a)**, continue to be in full force until the date of termination as stated in the notice.

- (b) In the event, however, of a Force Majeure and (i) the damage resulting from the Force Majeure renders the Leased Premises unfit for use or occupation for sixty (60) days or less, or (ii) the repairs required to render the Leased Premises fit for use or occupation are expected to last for ninety (90) days or less, or (iii) the Lessee fails to exercise the option to terminate this Lease within the five-day period specified in **Section 11.02(a)**, or (iv) Force Majeure prevents the Lessee from conducting its business or interferes with the operations of the Leased Premises for a period of sixty (60) days or less, all obligations of the Lessee as provided hereunder shall remain in full force and effect, provided however that **Section 5.07(a)** shall apply and there shall be no obligation to pay any amounts to PLAI under the Operating Agreement during such period.

SECTION 12. TERMINATION AND SUSPENSION

12.01 Events Giving Rise to Default and Termination by the Lessor

The Lessor shall have the right to terminate this Lease upon the occurrence of any of the following events only:

- (a) the Lessee fails to pay the rent or any other amount due hereunder within sixty (60) days of the rent or any other amount being due, and such amount cannot be recovered from the Security Deposit (if applicable); or
- (b) the Lessee fails to substantially observe or perform any of the material covenants of this Lease and has not remedied its breach of the material covenant, to the reasonable satisfaction of the Lessor, within sixty (60) days (and other responsible period of time having regard to the breach) of receiving notice from the Lessor of the breach.

12.02 Events Giving Rise to Default and Termination by the Lessee

Without limiting any rights the Lessee has under this Lease, the Lessee shall have the right to terminate this Lease if the Lessor fails to substantially observe or perform any of the material covenants of this Lease and has not remedied its breach of the material covenant, to the reasonable satisfaction of the Lessee, within sixty (60) days of receiving notice from the Lessee of the breach.

12.03 Other events Giving Rise to Default and Termination

The Lessor and Lessee shall each have the right to terminate this Lease upon the Cooperation Agreement or the Operating Agreement being terminated pursuant to their respective provisions.

12.04 Consequences of Termination

If this Lease is terminated:

- (a) the Parties shall be entitled to exercise whatever remedies they have under the Cooperation Agreement only;

- (b) none of the Parties shall be entitled to damages or any other remedy for any Losses suffered or incurred by the other Party under this Lease in the event of termination (including arising out of, or relating to, the events giving rise to the right of termination); and
- (c) without limiting its rights under this Lease or the Cooperation Agreement, the Lessee shall have the right to remove all of its personal property, inventory, equipment, furniture and trade fixtures from the Leased Premises without interference from the Lessor.

12.05 Suspension

The Parties agree that, if Sections 18.01(h), 18.02(c) or 18.03(d) of the Cooperation Agreement apply, the rights of the Lessor to rent will be abated in accordance with those Sections.

12.06 Survival

This Section 12 survives termination.

SECTION 13. OTHER PROVISIONS

13.01 Encumbrances

- (a) The Lessor consents to the creation by the Lessee of such Encumbrances over the Lease as may be required by the Lessee or any of its Affiliates in connection with any financing or loan facility to be obtained by the MCE Parties in connection with the Project (including from BDO, Unibank Inc (“BDO”)).
- (b) The Lessor agrees to do all things reasonably required by the Lessee (including execute any document and deliver any notice) in connection with the creation by the Lessee of any Encumbrance over the Lease or the enforcement of any rights under such Encumbrance.
- (c) The Lessor irrevocably consents to the entry into the Non-Disturbance Undertaking by all of the parties to that document.

13.02 Successors and Assigns

- (a) This Lease shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- (b) The Lessee may assign any of its rights under this Lease to any Person in connection with the financing or any loan facility to be obtained by the Lessee or any of its Affiliates in connection with the Project (including from BDO).
- (c) Except as expressly permitted under this Lease, no party may assign, transfer or otherwise deal with its rights under this Lease or allow any interest in them to arise or be varied without the consent of the other Parties.

13.03 Expropriation

In the event that the Leased Premises or any part of the Leased Premises is expropriated during the period of this Lease by any Government Authority, then without limiting any rights the Lessee may have under the Cooperation Agreement, the Lessee shall be entitled to terminate this Lease.

13.04 Non-Waiver

The failure of any party to insist upon a strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of such terms, conditions or covenants, granted to such party, nor shall it be construed as a condonation of any subsequent breach or default of the terms, conditions and covenants hereof, which terms, conditions and covenants shall continue to be in full force and effect.

13.05 Notice

- (a) All communications and notices under this Lease shall be in writing and shall be personally delivered or transmitted via electronic mail or facsimile transmission or postage prepaid registered mail, addressed to the relevant Party at the addresses set forth below or such other address, contact details or contact persons as shall be designated by a Party in a written notice to the other Party:

Belle Corporation

5th Floor, 2 E-com Center, Mall of Asia Complex
J.W. Diokno Boulevard, Pasay City
Philippines

Attention: Mr. Armin B. Raquel-Santos
Deputy Head
Telephone No. : +63 2 857-0100 local 1508
Facsimile No. : +63 2 857-0140
Email Address: armin.raquel-santos@sminvestments.com

MCE Leisure (Philippines) Corporation

c/- Melco Crown Entertainment Limited
Level 36, The Centrium
60 Wyndham Street, Central
Hong Kong

Attention: Ms Stephanie Cheung
Chief Legal Officer, Melco Crown Entertainment
Telephone No.: +852 2598 3638
Facsimile No.: +852 2537 3618
Email Address: scheung@melco-crown.com

- (b) All notices shall be deemed duly given (i) on the date of receipt, if personally delivered, (ii) seven (7) days after posting, if by registered mail, or (iii) upon receipt of the written confirmation of the electronic mail or facsimile, if by electronic mail or facsimile transmission.
- (c) If a communication is given (i) after 5.00 pm in the place of receipt; or (ii) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt, it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.
- (d) All communications must be given in English.

13.06 Arbitration

- (a) The Lease shall be construed, interpreted and governed by the laws of the Philippines.
- (b) If a dispute (“**Dispute**”) arises out of or relates to this Lease (including any dispute as to the existence, breach or termination of this Lease or as to any claim in tort, in equity or pursuant to any statute) a Party may only commence arbitration proceedings relating to the Dispute if the procedures set out in this **Section 13.06** have been fulfilled.
- (c) A Party claiming the Dispute has arisen under or in relation to this Lease must give written notice (**Dispute Notice**) to the other parties to the Dispute specifying the nature of the Dispute.
- (d) On receipt of the Dispute Notice by the other Parties, all the parties to the Dispute (**Disputing Parties**) must endeavour in good faith to resolve the Dispute expeditiously using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed by them.
- (e) In the event that no resolution is reached under **Section 13.06(d)** within 30 days from the date the Dispute Notice is received by a Party, the Dispute shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules for the time being in force, which rules are deemed to be incorporated by reference in this **Section 13.06**.
- (f) The Parties agree that the panel of arbitrators has jurisdiction to settle the issue of whether this Lease (or any provision thereof) is void, unenforceable or ineffective.
- (g) The Hong Kong International Arbitration Centre tribunal shall consist of three arbitrators.
- (h) The arbitral proceedings shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- (i) The arbitral award shall be final and binding upon the Parties and enforceable by any court having jurisdiction for this purpose.
- (j) By agreeing to arbitration pursuant to this **Section 13.06**, the Parties do not intend to deprive any court of its jurisdiction to issue an interim injunction or other interim relief in aid of the arbitration proceedings, provided that the Parties agree that they may seek only such relief as is consistent with their agreement to resolve the Dispute by way of arbitration. Without prejudice to such relief that may be granted by a national court, the arbitral tribunal shall have full authority to grant interim or provisional remedies or to order a party to seek modification or vacation of the relief granted by a national court.
- (k) Any dispute that arises under this Lease must be resolved in accordance with this **Section 13.06**.
- (l) The Parties agree that this **Section 13.06** constitutes a separate and independent agreement among them and no claim that this Lease is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration.

13.07 Entire Agreement

Except to the extent provided in the Cooperation Agreement and the Operating Agreement, this Lease constitutes the complete understanding between the parties with respect to the subject matter hereof and supersedes any prior expression of intent, representation or warranty with respect to this transaction. This Lease may be amended but only with an instrument in writing signed by the parties.

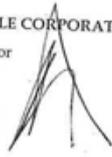
13.08 Binding Effect

All the terms, covenants, conditions and provisions of this Lease shall be binding and enforceable upon the parties and their heirs, executors, administrators, principals, successors-in-interest and assigns.

13.09 Severability

If any one or more of the provisions of this Lease is declared invalid or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed by their duly authorized signatories on the date and at the place first above written.

BELLE CORPORATION
Lessor
By: 



MCE LEISURE (PHILIPPINES) CORPORATION
Lessee
By: 



SIGNED IN THE PRESENCE OF:


MICHAEL VICTOR HENLEY
NOTARY PUBLIC
SYDNEY, N.S.W. AUSTRALIA



MICHAEL VICTOR HENLEY
NOTARY PUBLIC
SYDNEY, N.S.W. AUSTRALIA

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

)S.S.

BEFORE ME, this 25th day of October 2012 at Sydney, Australia, personally appeared:

| Name | Competent Evidence of Identity | Date/Place of Issuance |
|--|--------------------------------|-----------------------------|
| Belle Corporation represented by: | EB6130282 | 14 August 2012 |
| Mr Willy N. Ocier | | |
| MCE Leisure (Philippines) Corporation represented by: | KJ 0117765 | 13 April, 2010 Hong Kong |
| Chung, Yuk Man | | |

that have been satisfactorily identified to me to be the same persons who executed the foregoing Lease consisting of 21 pages, including this page, and who acknowledged to me that the same is such persons' true and voluntary act and deed and that of the principals represented.

WITNESS MY HAND AND SEAL at the date and place herein abovementioned.

Doc. No. ___;

Page No. ___;

Book No. ___;

Series of 2012.



7356339/24

Contract of Lease
Page | 21



SCHEDULE

CONSTRUCTION

- (a) The Lessor warrants that the Building Structure:
- (i) has been and will be (as applicable) designed, constructed and completed in accordance with the Cooperation Agreement;
 - (ii) as they are completed, are or will be suitable or adequate for the Lessee's purposes as contemplated by the Project Plan and Project Implementation Plan (as applicable); and
 - (iii) will be completed by the dates specified in Appendix F of the Master Programme of the Project Plan;
- (b) The Lessor represents and warrants that:
- (i) the Building Structures are not subject to any material defect or other thing which will or might materially decrease their ability to be used in the Project;
 - (i) each Government Approval and every development carried out in relation to the Land and Building Structures has been properly obtained and any conditions, requirements, obligations, or restrictions imposed by any Authorisations have been observed and performed;
 - (ii) all activities conducted on the Land and the Building Structures have been conducted in accordance with all Applicable Laws.
 - (iii) the Lessor has performed all covenants, conditions, agreements, statutory requirements, by-laws, orders and regulations which is binding on it and affecting the Land and the Building Structures and there have been no contraventions of the provisions of those statutes and regulations;
 - (iv) the Land and the Building Structures are not the subject of, or affected by any:
 - 1. dispute, claim, legal proceedings, investigation or inquiry and there are no circumstances that could give rise to any dispute, claim, legal proceedings, investigation or inquiry;
 - 2. order or other obligation to demolish, alter or reinstate all or part of any improvements comprised in the Land and Building Structures;
 - 3. notice of any breach or alleged breach of any material covenants, restrictions, conditions, agreements, Applicable Law or other stipulations affecting the land and the Building Structures or its use;
- (v) there are no outstanding orders or notices (requiring work to be done or expenditure made) affecting the Land and the Building Structures and there are no proposals of any local or other authority (involving compulsory acquisition or requisition of otherwise) or any other circumstances known which may result in any such order or notice being made or served or which may otherwise affect the Land and the Building Structures;
- (vi) there are no agreements with any adjoining property owners or Government Authority which adversely affects the use and enjoyment of the Land and the Building Structures;
-

- (vii) no alterations have made to the Building Structures or other improvements on the Building Structures other than in accordance with any Government Approvals;
 - (viii) the Lessor has not received notice in writing from any third party in respect of the Land:
 - 1. in respect of the compulsory acquisition or resumption or any part of the Land;
 - 2. asserting that the current use of the Land breaches the requirements of any relevant planning scheme;
 - 3. which would be likely to have a materially adverse effect on the current use of the Land;
 - (ix) there is no Hazardous Material or hazard to the Environment, including asbestos, in, on or affecting any of the Land and Building Structures (including in the groundwater under the Land);
 - (x) there is no condition of the Owned Land or the Building Structures which would entitle any person to require the Philippine Parties or SM Subsidiaries to decontaminate or take other remedial action in or around the Owned Land or the Building Structures or to contribute to the costs of doing so;
 - (xi) no request or demand has been made on the Philippines Parties or any other person to decontaminate or take other remedial action in relation to the Land and the Buildings or to contribute to the cost of doing so;
 - (xii) there are no circumstances which have been or are likely to give rise to a claim in relation to any Hazardous Material or any hazard to the Environment affecting the Land and the Building Structures and there has not been an escape of any Hazardous Material from the Land or the Building Structures;
 - (xiii) no complaints have been made by any person alleging that there are or have been hazardous or offensive conditions or conduct in relation to the Environment affecting the Land or the Building Structures; and
 - (xiv) the Lessor is not, at the date of this Lease, in receipt of any notice from any Government Authority which:
 - 1. asserts that any of the Land and Building Structures is in material non- compliance with Environmental Law; or
 - 2. asserts that it is not complying with any license required under Environmental Law for the operation of the Project as currently carried on.
- (c) The Lessor will be liable to the Lessee for any Loss suffered or incurred by the Lessee in relation to any breach of the warranties set out in this Schedule.
-

TRANSFER CERTIFICATES OF TITLE FOR THE LAND

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
QUEZON CITY
Registry of Deeds for Parañaque City

Transfer Certificate of Title

No. **010-2010000878**

IT IS HEREBY CERTIFIED that certain land situated in BARANGAY TAMBO, CITY OF PARANAQUE METRO MANILA, ISLAND OF LUZON, more particularly bounded and described as follows:

A PARCEL OF LAND (LOT 1 OF THE CONSOLIDATION-SUBDIVISION PLAN PCS-00-013227, BEING A PORTION OF THE CONSOLIDATION OF LOTS 2-A-4, 2-A-7 & 2-A-10, PSD-00-048847, L.R.C. RECORD NO. 1) SITUATED IN THE BARANGAY OF TAMBO, CITY OF PARANAQUE, METRO MANILA ISLAND OF LUZON, BOUNDED ON THE NW, ALONG LINE 1-2 BY LOT 8, PCS-00-006191 (ASEANA BOULEVARD); ON THE SE, ALONG LINE 2-3 BY LOT 6, AND ALONG LINE 3-4 BY LOT 2 BOTH OF THE CONSOLIDATION-SUBDIVISION PLAN; AND ON THE SW, ALONG LINE 4-1 BY LOT 2-A-3, (ROCK), PSD-00-048847 (24.00 M. WIDE), BEGINNING AT *Continued on next page*

is registered in accordance with the provision of Section 103 of the Property Registration Decree in the name of
Owner: MANILA BAY PARK DEVELOPERS, INC., A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY PHILIPPINE LAW
Address: 25F TEKITE TOWER, EXCHANGE ROAD ORTIGAS, CENTER, PASIG, METRO MANILA.

subject to the provisions of the said Property Registration Decree and the Public Land Act, as well as to those of the Mining Laws, if the land is mineral, and subject, further, to such conditions contained in the original title as may be subsisting.

IT IS FURTHER CERTIFIED that said land was originally registered as follows:

| | | | |
|-----------------|----------------|--------------|----------------|
| Patent Type: | Special Patent | Original RD: | PARANAQUE CITY |
| Patent Date: | 04/29/1992 | OCT Date: | 07 29 1994 |
| Under Act No.: | | OCT No.: | OCT-289 |
| Volume No.: | 2 | Page No.: | 89 |
| Original Owner: | P.E.A. | | |

This certificate is a transfer from TRANSFER CERTIFICATE OF TITLE 136450; 136453; 136456 (TOTALLY CANCELLED) by virtue hereof to so far as the above-described land is concerned.

Entered at Parañaque City, Philippines on the 20th day of APRIL 2010 at 02:16pm.

RAYMOND G. RAMOS
Registrar of Deeds

It is hereby certified that this is a true electronic copy of the document on file in the Registry of Deeds of Parañaque City, which consists of 3 pages.

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Parañaque City.

| | | |
|-----------------------|-----------------------|--------------------------------|
| Ref. No. : 2012003656 | OR No. : 1002048240 | Requested By: MITCHELL SALDAÑA |
| Date : 20120212 | OR Date : Mar. 7 2012 | |
| Title : 2-3-200256 | Am. Paid : 1000.00 | |



TCT No.: 010-2010000878
Page No.: 2

TECHNICAL DESCRIPTION (Continued from Page 1)

A POINT MARKED "1" ON PLAN, BEING S. 00 DEG. 55'E. 2,135.25 M. FROM BLM NO. 11, PASAY CAD., THENCE; N. 83 DEG. 48'E., 120.12 M. TO POINT 2; S. 01 DEG. 27'W., 107.23 M. TO POINT 3; S. 85 DEG. 52'W., 113.17 M. TO POINT 4; N. 02 DEG. 08'W., 102.47 M. TO THE POINT OF BEGINNING, CONTAINING AN AREA OF TWELVE THOUSAND ONE HUNDRED EIGHTY TWO (12,182) SQUARE METERS MORE OR LESS. ALL POINTS REFERRED TO ARE INDICATED ON PLAN MARKED ON THE GROUND BY P.S. CIL. CONC. MONS. 45 X 40 CM. BEARINGS TRUE DATE OF ORIGINAL SURVEY, NOV. 11, DEC. 5, 1988, THAT OF THE CONSOLIDATION-SUBDIVISION DATE OF SURVEY, FEBRUARY 14, 2010, AND APPROVED ON,

I, the Jockey, certify that this is a true electronic copy of the document as file in Registry of Deeds of Pasay City, which consists of 3 pages(s).

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Pasay City.

Ref. No. : 2010000878 OR No. : 100946399
Date : 12/02/12 OR Date : Mar 7 2012
Time : 2:43:00PM Amt. Paid : 1000.00

Requested By : MICHELLEY SALDAROSA



C.A. 100144228

Page 2 of 3

SALES AND SERVICE CENTER
REGISTRY OF DEEDS OF PASAY CITY
MORONG, PASAY CITY
TEL: (02) 886-2000 FAX: (02) 886-2001

TCT No.: 010-201000978
Page No.: 3

MEMORANDUM OF ENCUMBRANCES

ENTRY NO. 3041 - MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK FOR THE SUM OF PHP50,000,000.00 IN ACCORDANCE WITH DOC. NO. 189, PAGE NO. 39, BK. NO. III, S. OF 2005 OF NOT. PUB. FOR PASIG CITY, STANLEY TAN, DATED APRIL 18, 2005. DATE OF INSCRIPTION - APRIL 25, 2005 - 2:35 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

ENTRY NO. 5128 - AMENDMENT OF MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK INSCRIBED UNDER ENTRY NO. 3041 HAS BEEN AMENDED IN THE SENSE THAT THE PRINCIPAL OBLIGATION HAS BEEN INCREASED TO PHP100,000,000.00 SUBJECT TO THE TERMS AND CONDITIONS ON THE ORIGINAL MORTGAGE IN ACCORDANCE WITH DOC. NO. 167, PAGE NO. 35, BK. NO. XVI, S. OF 2005 OF NOT. PUB. FOR MANDALUYONG CITY, CRISTINA C. NGO, DATED JUNE 15, 2005 AND DOC. NO. 457, PAGE NO. 96, BK. NO. III, S. OF 2005 OF NOT. PUB. FOR PASIG CITY, STANLEY TAN DATED JUNE 8, 2005. DATE OF INSCRIPTION - JUNE 17, 2005 - 3:29 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

ENTRY NO. 6284 - SECOND AMENDMENT OF MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK INSCRIBED UNDER ENTRY NO. 5128 HAS BEEN AMENDED IN THE SENSE THAT THE PRINCIPAL OBLIGATION HAS BEEN INCREASED TO PHP400,000,000.00 SUBJECT TO THE TERMS AND CONDITIONS ON THE ORIGINAL MORTGAGE IN ACCORDANCE WITH DOC. NO. 498, PAGE 101, BK. NO. XVI, S. OF 2005 OF NOT. PUB. FOR MANDALUYONG CITY, CRISTINA NGO DATED JULY 18, 2005 AND PASIG CITY, STANLEY TAN, PER DOC. NO. 198, PAGE NO. 39, BK. NO. IV, S. OF 2005 DATED JULY 13, 2005. DATE OF INSCRIPTION - JULY 18, 2005 - 1:55 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

CARRIED OVER FROM TCT NOS. 136460, 136463 AND 136456

RAYMOND G. RAMOS
Register of Deeds

Entry No.: 2011002201

Date: March 11, 2011 11:32 am

REAL ESTATE MORTGAGE ; CARRIUS LOAN AND SECURITY AGREEMENT-IN FAVOR OF BANCO DE ORO UNIBANKING, TRUST AND INVESTMENT'S GROUP FOR THE SUM OF PHP3,300,000,000.00 IN ACCORDANCE WITH DOC. NO. 331, PAGE NO. 68, BK. NO. XI, S. OF 2010, OF NOT. PUB. FOR PASAY CITY, ATTY. CRISTINE DUGENIO, DATE OF INSTRUMENT- DEC. 01, 2010

ARNOLD A. BAUTISTA
Acting Register of Deeds

If it hasn't certified that this is a true electronic copy of the document on file in Registry of Deeds of Parañaque City, which consists of 3 pages).

This is a system generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Parañaque City.

Ref. No. : 2011002201 CR No. : 100294826
Date : 3/11/2011 CR Date : Mar 7 2011
Time : 5:42:02PM Amt. Paid : 1000.85

Requested by: MICHELLEY SALDAÑA



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
QUEZON CITY
Registry of Deeds for Parañaque City

Transfer Certificate of Title

No. **010-2010000879**

IT IS HEREBY CERTIFIED that certain land situated in BARANGAY TAMBO, CITY OF PARAÑAQUE METRO MANILA, ISLAND OF LUZON, more particularly bounded and described as follows:

A PARCEL OF LAND (LOT 2 OF THE CONSOLIDATION-SUBDIVISION PLAN PCS-00-013227, BEING A PORTION OF THE CONSOLIDATION OF LOTS 2-A-4, 2-A-7 & 2-A-9, PSD-00-048847, L.R.C. RECORD NO. J) SITUATED IN THE BARANGAY OF TAMBO, CITY OF PARAÑAQUE METRO MANILA, ISLAND OF LUZON, BOUNDED ON THE SW, ALONG LINE 1-2 BY LOT 2-A-3, (ROAD) PSD-00-048847 (24.00 M. WIDE) ON THE NW, ALONG LINE 2-3 BY LOT 1, AND ON THE SE, ALONG LINE 3-4 BY LOT 5, AND ALONG LINE 4-1 BY LOT 3 ALL OF THE CONSOLIDATION-SUBDIVISION PLAN, BEGINNING AT A POINT MARKED "1" ON PLAN, BEING (Continued on next page)

is registered in accordance with the provision of Section 103 of the Property Registration Decree in the name of
Owner: MANILA BAY PARK DEVELOPERS, INC. A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY PHILIPPINE LAW
Address: 28F TEXITTE TOWER (EXCHANGE ROAD ORTIGAS, CENTER, PASIG, METRO MANILA)

subject to the provisions of the said Property Registration Decree and the Public Land Act, as well as to those of the Mining Law, if the land is mineral, and subject, further, to such conditions contained in the original file as may be subsisting.

IT IS FURTHER CERTIFIED that said land was originally registered as follows:

| | |
|-----------------------------|-----------------------------|
| Patent Type: Special Patent | Original RD: PARAÑAQUE CITY |
| Patent Date: 04/29/1922 | OCT Date: 07 29 1994 |
| Under Act No.: 1 | OCT No: OCT-289 |
| Volume No: 2 | Page No: 89 |
| Original Owner: P.E.A. | |

This certificate is a transfer from TRANSFER CERTIFICATE OF TITLE 136450, 136453, 136456 (TOTALLY CANCELLED) by virtue hereof in so far as the above-described land is concerned.

Entered at Parañaque City, Philippines on the 20th day of APRIL 2010 at 02:16pm.

RAYMOND G. RAMOS
Register of Deeds

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parañaque City, which consists of 4 pages(s).

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Parañaque City.

| | | |
|-----------------------|----------------------|-----------------------------------|
| Ref. No. : 2010000879 | OR No. : 100094049 | Requested By: MITCHELLY SALONIOSA |
| Date : 3/23/2012 | OR Date : Mar 7 2012 | |
| Time : 2:52:22PM | Am. Paid : 1030.55 | |



TOT No.: 010-2010000878
Page No.: 2

TECHNICAL DESCRIPTION (Continued from Page 1)

S. 01 DEG. 01'E., 2,334.96 M. FROM BLM NO. 11, PASAY CAD., THENCE; N. 02 DEG. 07'W., 97.29 M. TO POINT 2; N. 85 DEG. 52'E., 113.17 M. TO POINT 3; S. 01 DEG. 27'W., 100.63 M. TO POINT 4; S. 87 DEG. 27'W., 109.84 M. TO THE POINT OF BEGINNING, CONTAINING AN AREA OF TEN THOUSAND EIGHT HUNDRED SIXTY THREE (10,863) SQUARE METERS MORE OR LESS. ALL POINTS REFERRED TO ARE INDICATED ON PLAN AND MARKED ON THE GROUND BY: P.S. CYL. CONC. MONS. 15 X 40 CM. BEARINGS, TRUE DATE OF ORIGINAL SURVEY, NOV. 11- DEC. 5, 1999, THAT OF THE CONSOLIDATION-SUBDIVISION DATE OF SURVEY, FEBRUARY 14, 2010, AND APPROVED ON,

It is hereby certified that this is a true electronic copy of the document on file in the Registry of Deeds of Pasay City, which consists of 4 pages.

This is a system-generated Certified True Copy, and does not require a manually affixed signature.

Issued at Registry of Deeds of Pasay City.

| | | |
|----------------------|----------------------|------------------------------------|
| Ref. No. : 201200081 | OR No. : 100294279 | Requested by : MITCHELLY BALDAISSA |
| Date : 20120212 | OR Date : Mar 7 2012 | |
| Time : 2:52:33PM | AmL Paid : 1025.85 | |



LRA 00049233

Judicial Form No. 145
(Revised 2005)

TCT No.: 010-201000878
Page No.: 4

ARNOLD A. BAUTISTA
Acting Register of Deeds

It is hereby certified that this is the electronic copy of the document on file in Registry of Deeds of Portaupe City, which consists of 4 pages.

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Portaupe City.

Ref. No. : 201000878 OR No. : 10294826
Date : 2/20/12 OR Date : Mar. 7 2012
Time : 5:42:32PM Amt. Paid : 1000.85

Requested By: MICHELLE SALDAÑA



LRA 20090324

Page 4 of 4

Table of Contents
Page 1 of 4
Page 2 of 4
Page 3 of 4
Page 4 of 4

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
QUEZON CITY
Registry of Deeds for Parañaque City

Transfer Certificate of Title

No. **010-201000880**

IT IS HEREBY CERTIFIED that certain land situated in BARANGAY OF TAMBO, CITY OF PARANAQUE METRO MANILA, ISLAND OF LUZON, more particularly bounded and described as follows:

A PARCEL OF LAND (LOT 3 OF THE CONSOLIDATION-SUBDIVISION PLAN PCS-00-013327, BEING A PORTION OF THE CONSOLIDATION OF LOTS 2-A-4, 2-A-7 & 2-A-10, PSD-00-048847, L.R.C. RECORD NO.) SITUATED IN THE BARANGAY OF TAMBO, CITY OF PARANAQUE, METRO MANILA, ISLAND OF LUZON, BOUNDED ON THE NW, ALONG LINE 1-2 BY LOT 2, ON THE SE, ALONG LINE 2-3 BY LOT 4; BOTH OF THE CONSOLIDATION-SUBDIVISION PLAN, ON THE SE, ALONG LINE 3-4 BY LOT 5, PCS-00-006191 (BELLE AVENUE); AND ON THE SW, ALONG LINE 4-1 BY LOT 2-A-3, (ROAD) PSD-00-048847 (24.00 M. WIDE). (Continued on next page)

is registered in accordance with the provision of Section 103 of the Property Registration Decree in the name of

Owner: MANILA BAY PARK DEVELOPERS, INC. A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY PHILIPPINES LAW
Address: 28F TEKITE TOWER EXCHANGE ROAD ORTIGAS, CENTER, PASIG, METRO MANILA, ...

subject to the provisions of the said Property Registration Decree and the Public Land Act, as well as to those of the Mining Laws, if the land is mineral, and subject, further, to such conditions contained in the original title as may be subsisting.

IT IS FURTHER CERTIFIED that said land was originally registered as follows:

Patent Type: Special Patent Original RD: PARANAQUE CITY
Patent Date: 04/29/1992 OCT Date: 07 29 1994
Under Act No.: OCT No: OCT-289
Volume No: 2 Page No: 88
Original Owner: P.E.A.

This certificate is a transfer from TRANSFER CERTIFICATE OF TITLE 136450; 136453; 136456 (TOTALLY CANCELLED) by virtue hereof in so far as the above-described land is concerned.

Entered at Parañaque City, Philippines on the 25th day of APRIL 2010 at 02:15pm.

RAYMOND G. RAMOS
Register of Deeds

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parañaque City, which consists of 3 page(s).

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.
Issued at Registry of Deeds of Parañaque City.

Ref. No. : 2012003651 OR No. : 1002948249 Requested by: MICHELLEY SALDAÑA
Date : 03/20/12 OR Date : Mar 7 2012
Time : 0:52:42PM Amt. Paid : 1025.85



LRA 0000483713

TOT No.: 010-2010000800
Page No.: 2

TECHNICAL DESCRIPTION (Continued from Page 1)
BEGINNING AT A POINT MARKED "1" ON PLAN, BEING S. 01 DEG. 01'E, 2334.98 M.
FROM BLM NO. 11, PASAY CAD, THENCE: N. 87 DEG. 27'E, 106.84 M. TO POINT 2; S.
01 DEG. 27'W, 92.02 M TO POINT 3; S. 83 DEG. 45'W, 101.36 M. TO POINT 4; N. 02 DEG.
05'W, 98.35 M. TO THE POINT OF BEGINNING, CONTAINING AN AREA OF NINE
THOUSAND EIGHT HUNDRED SEVENTY THREE (9,873) SQUARE METERS MORE OR
LESS. ALL POINTS REFERRED TO ARE INDICATED ON PLAN AND MARKED ON THE
GROUND BY P.S. CYL. CONC. MONS. 15 X-4) CM, BEARINGS, TRUS DATE OF ORIGINAL
SURVEY, NOV. 11- DEC. 5, 1988, THAT OF CONSOLIDATION-SUBDIVISION DATE OF
SURVEY, FEBRUARY 14, 2010, AND APPROVED ON,

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Pasay City, which consists of 2 pages.

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Pasay City.

Ref. No. : 2010000801 OR No. : 1000948049
Date : 201202 OR Date : Mar 7 2012
Time : 0:52:42PM Amt. Paid : 1623.85

Requested By: MITCHELLEY SALDAÑA



TCT No: 010-201000881
Page No: 2

TECHNICAL DESCRIPTION (Continued from Page 1)

MARKED "1" ON PLAN, BEING 8.03 DEG. 58'E, 2,334.80 M. FROM BLM NO. 11, PASAY CAD., THENCE: S. 01 DEG. 27'N, 91.24 M. TO POINT 2; S. 83 DEG. 42'W, 12.11 M. TO POINT 3; N. 01 DEG. 27'E, 82.00 M. TO POINT 4; N. 87 DEG. 27'E, 12.93 M. TO THE POINT OF BEGINNING, CONTAINING AN AREA OF ONE THOUSAND ONE HUNDRED (1,100) SQUARE METERS MORE OR LESS. ALL POINTS REFERRED TO ARE INDICATED ON PLAN AND MARKED ON THE GROUND BY: P.S. CYL. CONC. MONS. 15 X 40 CM. BEARINGS, TRUE DATE OF ORIGINAL SURVEY, NOV. 11- DEC. 5, 1985, THAT OF THE CONSOLIDATION-SUBDIVISION DATE OF SURVEY, FEBRUARY 14, 2010, AND APPROVED ON,

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Pasay City, which consists of 2 page(s).

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Pasay City.

Ref. No. : 0050003811 OR No. : 1002948348
Date : 03/07/2012 OR Date : Mar 7 2012
Time : 6:57:08PM Amt. Paid : 1029.85

Requested By: MICHELEY BALAMISA



LRA 100499213

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
QUEZON CITY
Registry of Deeds for Parañaque City

Transfer Certificate of Title

No. **010-201000882**

IT IS HEREBY CERTIFIED that certain land situated in BARANGAY OF TAMBO, CITY OF PARANAQUE METRO MANILA, ISLAND OF LUZON, more particularly bounded and described as follows:

A PARCEL OF LAND (LOT 5 OF THE CONSOLIDATION-SUBDIVISION PLAN PCS-00-013227, BEING A PORTION OF THE CONSOLIDATION OF LOTS 2-A-4, 2-A-7 AND 2-A-10, PSD-50-048547, L.R.C. RECORD NO.) SITUATED IN THE BARANGAY OF TAMBO, CITY OF PARANAQUE, METRO MANILA, ISLAND OF LUZON, BOUNDED ON THE SE., ALONG LINE 1-2 BY LOT 4, (CANAL), ON THE NW, ALONG LINE 2-3 BY LOT 2, AND ALONG LINE 3-4 BY LOT 6 (CANAL) ALL OF THE CONSOLIDATION-SUBDIVISION PLAN AND ON THE SE., ALONG LINE 4-1 BY LOT 1, PCS-00-008191 (ROXAS BOULEVARD WATER CHANNEL), BEGINNING AT A POINT (Continued on next page)

is registered in accordance with the provision of Section 103 of the Property Registration Decree in the name of

Owner: MANILA BAY PARK DEVELOPERS, INC. A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY PHILIPPINE LAW
Address: 28/F TEXITE TOWER, EXCHANGE ROAD ORTIGAS, CENTER, PASIG, METRO MANILA . . .

subject to the provisions of the said Property Registration Decree and the Public Land Act, as well as to those of the Mining Laws, if the land is mineral, and subject, further, to such conditions contained in the original title as may be subsisting.

IT IS FURTHER CERTIFIED that said land was originally registered as follows:

| | |
|-----------------------------------|------------------------------|
| Patent Type: . . . Special Patent | Original RD : PARANAQUE CITY |
| Patent Date: . . . 04/29/1992 | OCT Date: 07 29 1994 |
| Under Act No.: . . . | OCT No: OCT-289 |
| Volume No: . . . 2 | Page No: 89 |
| Original Owner : P.E.A. | |

This certificate is a transfer from TRANSFER CERTIFICATE OF TITLE 136450, 136453, 136455, (TOTALLY CANCELLED) by virtue hereof in so far as the above-described land is concerned.

Entered at Parañaque City, Philippines on the 20th day of APRIL 2010 at 02:16pm.

RAYMOND G. RAMOS
Register of Deeds

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parañaque City, which consists of 3 pages.

This is a System-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Parañaque City.

| | |
|----------------------|----------------------|
| Ref. No. : 201200028 | CR No. : 150278172 |
| Date : 18/02/12 | CR Date : Jan 5 2012 |
| Time : 11:51:22AM | Act. Paid : 1229.82 |

Requested By: BALLE BALMA



TCT No.: 010-2010000882
Page No.: 2

TECHNICAL DESCRIPTION (Continued from Page 1)

MARKED "1" ON PLAN, BEING S. 93 DEG. 56'E., 2,334.80 M. FROM BELM NO. 11, PASAY CAD., THENCE S. 87 DEG. 27'W., 12.03 M. TO POINT 2; N. 01 DEG. 27'E., 100.83 M. TO POINT 3; N. 85 DEG. 52'E., 12.06 M. TO POINT 4; S. 01 DEG. 27'W., 100.83 M. TO THE POINT OF BEGINNING, CONTAINING AN AREA OF ONE THOUSAND TWO HUNDRED NINE (1,209) SQUARE METERS MORE OR LESS. ALL POINTS REFERRED TO ARE INDICATED ON PLAN AND MARKED ON THE GROUND BY P.S. CYL. CONC. MONS. 15 X 40 CM., BEARINGS, TRUE; DATE OF ORIGINAL SURVEY, NOV. 15-DEC. 5, 1988, THAT OF THE CONSOLIDATION-SUBDIVISION DATE OF SURVEY, FEBRUARY 14, 2010, AND APPROVED ON,

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parañaque City, which consists of 3 page(s).

This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Parañaque City.

Ref. No. : 20120000882 OR No. : 1002761721
Date : 10/20/12 OR Date : Jan 8 2013
Time : 1:16:19PM Amt. Paid : 1229.82

Requested By : DALL, DALMS



LA A 100077940

TCT No.: 010-201000882
Page No.: 3

MEMORANDUM OF ENCUMBRANCES

ENTRY NO. 3041 - MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK FOR THE SUM OF PHP50,000,000.00 IN ACCORDANCE WITH DOC. NO. 159, PAGE NO. 39, BK. NO. III, S. OF 2005 OF NOT. PUB. FOR PASIG CITY, STANLEY TAN, DATED APRIL 18, 2005. DATE OF INSCRIPTION - APRIL 25, 2005 - 2:35 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

ENTRY NO. 5128 - AMENDMENT OF MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK INSCRIBED UNDER ENTRY NO. 3041 HAS BEEN AMENDED IN THE SENSE THAT THE PRINCIPAL OBLIGATION HAS BEEN INCREASED TO PHP100,000,000.00 SUBJECT TO THE TERMS AND CONDITIONS ON THE ORIGINAL MORTGAGE IN ACCORDANCE WITH DOC. NO. 157, PAGE NO. 35, BK. NO. XVI, S. OF 2005 OF NOT. PUB. FOR MANDALUYONG CITY, CRISTINA C. NGO, DATED JUNE 15, 2005 AND DOC. NO. 467, PAGE NO. 95, BK. NO. II, S. OF 2005 OF NOT. PUB. FOR PASIG CITY, STANLEY TAN DATED JUNE 6, 2005. DATE OF INSCRIPTION - JUNE 17, 2005 - 3:25 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

ENTRY NO. 6284 - SECOND AMENDMENT OF MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK INSCRIBED UNDER ENTRY NO. 5128 HAS BEEN AMENDED IN THE SENSE THAT THE PRINCIPAL OBLIGATION HAS BEEN INCREASED TO PHP400,000,000.00 SUBJECT TO THE TERMS AND CONDITIONS ON THE ORIGINAL MORTGAGE IN ACCORDANCE WITH DOC. NO. 480, PAGE 101, BK. NO. XVI, S. OF 2005 OF NOT. PUB. FOR MANDALUYONG CITY, CRISTINA NGO DATED JULY 13, 2005 AND PASIG CITY, STANLEY TAN, PER DOC. NO. 188, PAGE NO. 39, BK. NO. IV, S. OF 2005 DATED JULY 13, 2005. DATE OF INSCRIPTION - JULY 19, 2005 - 1:55 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

CARRIED OVER FROM TCT NOS. 130450, 130453 AND 130458

RAYMOND G. RAMOS
Register of Deeds

Entry No.: 2010005507

Date: July 9, 2010 1:34 pm

PARTIAL RELEASE : OF REAL ESTATE MORTGAGE ANNOTATED UNDER ENTRY NO. 3041, 5128, & 6284 IN ACCORDANCE WITH DOC. NO. 25, PAGE NO. 6, BK. NO. I, S. OF 2010, OF NOT. PUB. FOR MAKATI CITY, BENJAMIN B. MATA. DATE OF INSTRUMENT - JUNE 28, 2010

ARNOLD A. BAUTISTA
Deputy Register of Deeds

If it is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Pasig City, which consists of 3 page(s).

This is a system-generated Certified True Copy, and does not require a manually-attested signature.

Issued at Registry of Deeds of Pasig City.

Ref. No.: 2010000393 DR No.: 10027817-1 Requested By: BAUL PALMA
Date: 10/09/10 DR Date: Jan. 6 2012
Time: 5:15:12PM Amt. Paid: 1229.82



TCT No.: 010-2010000883
Page No.: 2

TECHNICAL DESCRIPTION (Continued from Page 1)
POINT MARKED "1" ON PLAN, BEING S. 04 DEG. 29'E., 2,127.08 M. FROM BLM NO. 11, PASAY CAD., THENCE: S. 01 DEG. 27'W., 107.79 M. TO POINT 2; S. 85 DEG. 52'W., 12.06 M. TO POINT 3; N. 01 DEG. 27'E., 107.33 M. TO POINT 4; N. 83 DEG. 49'E., 12.10 M. TO THE POINT OF BEGINNING, CONTAINING AN AREA OF ONE THOUSAND TWO HUNDRED NINETY (1,290) SQUARE METERS MORE OR LESS. ALL POINTS REFERRED TO ARE INDICATED ON PLAN AND MARKED ON THE GROUND BY: P.S. CYL. CONC. MONS. 15 X 45 CM., BEARINGS, TRUE DATE OF ORIGINAL SURVEY, NOV. 11-DIC. 5, 1988, THAT OF THE CONSOLIDATION-SUBDIVISION DATE OF SURVEY, FEBRUARY 14, 2010, AND APPROVED ON,

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parañaque City, which consists of 2 pages.

This is a system-generated Certified True Copy, and does not require a manually-attested signature.

Issued at Registry of Deeds of Parañaque City.

Ref. No. : 2010000883 CR No. : 100028172
Date : 13/05/12 CR Date : Jan 5 2012
Time : 5:56:38PM Arch. File : 1229-01

Requested By: GILL, GILLES



LN 4 00007752

TCT No.: 010-2010000883
Page No.: 3

MEMORANDUM OF ENCUMBRANCES

ENTRY NO. 3041 - MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK FOR THE SUM OF PHP50,000,000.00 IN ACCORDANCE WITH DOC. NO. 189, PAGE NO. 39, BK. NO. III, S. OF 2005 OF NOT. PUB. FOR PASIG CITY, STANLEY TAN, DATED APRIL 18, 2005. DATE OF INSCRIPTION - APRIL 25, 2005 - 2:35 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

ENTRY NO. 5128 - AMENDMENT OF MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK INSCRIBED UNDER ENTRY NO. 3041 HAS BEEN AMENDED IN THE SENSE THAT THE PRINCIPAL OBLIGATION HAS BEEN INCREASED TO PHP100,000,000.00 SUBJECT TO THE TERMS AND CONDITIONS ON THE ORIGINAL MORTGAGE IN ACCORDANCE WITH DOC. NO. 167, PAGE NO. 35, BK. NO. XVI, S. OF 2005 OF NOT. PUB. FOR MANDALUYONG CITY, CRISTINA C. NGO, DATED JUNE 15, 2005 AND DOC. NO. 467, PAGE NO. 95, BK. NO. III, S. OF 2005 OF NOT. PUB. FOR PASIG CITY, STANLEY TAN DATED JUNE 8, 2005. DATE OF INSCRIPTION - JUNE 17, 2005 - 3:25 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

ENTRY NO. 6284 - SECOND AMENDMENT OF MORTGAGE - IN FAVOR OF BANCO DE ORO UNIVERSAL BANK INSCRIBED UNDER ENTRY NO. 5128 HAS BEEN AMENDED IN THE SENSE THAT THE PRINCIPAL OBLIGATION HAS BEEN INCREASED TO PHP400,000,000.00 SUBJECT TO THE TERMS AND CONDITIONS ON THE ORIGINAL MORTGAGE IN ACCORDANCE WITH DOC. NO. 496, PAGE 101, BK. NO. XVI, S. OF 2005 OF NOT. PUB. FOR MANDALUYONG CITY, CRISTINA NGO DATED JULY 18, 2005 AND PASIG CITY, STANLEY TAN, PER DOC. NO. 188, PAGE NO. 39, BK. NO. IV, S. OF 2005 DATED JULY 13, 2005. DATE OF INSCRIPTION - JULY 19, 2005 - 1:55 P.M.

(SGD) RAYMOND G. RAMOS, REGISTER OF DEEDS

CARRIED OVER FROM TCT NO. 136450, 136453 AND 136456

RAYMOND G. RAMOS
Register of Deeds

Entry No.: 2010005507

Date: July 6, 2010 1:34 pm

PARTIAL RELEASE : OF REAL ESTATE MORTGAGE ANNOTATED UNDER ENTRY NO. 3041, 5128, & 6284 IN ACCORDANCE WITH DOC. NO. 25, PAGE NO. 6, BK. NO. I, S. OF 2010, OF NOT. PUB. FOR MAKATI CITY, BENJAMIN B. MATA. DATE OF INSTRUMENT - JUNE 26, 2010

ARNOLD A. BAUTISTA
Deputy Register of Deeds

It is hereby certified that this is a true electronic copy of the document as file in Registry of Deeds of Pasig City, which consists of 3 page(s).

This is a system-generated Certified True Copy, and does not require a manually affixed signature.

Issued at Registry of Deeds of Pasig City.

Ref. No. : 2010002389 OR No. : 10078171
Date : 16/07/10 OR Date : Jan 3 2012
Time : 5:54:50PM Amt. Paid : 1229.62

Requested By: SOUL PALMA



No. 342796

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
CUBAO CITY
PARARAQUE, METRO MANILA

REGISTRY OF DEEDS FOR TITLE

Transfer Certificate of Title

No. 4156452

It is HEREBY CERTIFIED that certain land situated in the Municipality of Pararaque, Metro Manila, Philippines, particularly bounded and described as follows:
A PORTION OF LAND (Lot 2-A-5 of the subdiv. plan Pad-09-048047, being a part of Lot 2-A-4 and 048488, LRD Reg. No.), situated in the Brgy. of Sanjo, M. of Pararaque, Prov. of Metro Manila, Is. of Luzon, bounded on the N. by line 1-2 by Lot 2-A-2 on the S.E., along line 2-3 by Lot 2-A-3 by Lot 2-A-1 (Road), on the S.W., along line 5-4 by Lot 2-A-9; and on the S.E., along line 4-1 by Lot 2-A-5, all of the subdiv. plan, beginning at a point marked "A" on plan, being S. 1 deg. 00' W., 2242.92 m. from R.M. No. 1, "Aay" (iv. cover) is registered in accordance with the provisions of section 104 of the Property Registration Decree in the name of:

MARILYN P. PANG DEVELOPERS, INC., a Corp. duly organized and existing under and by virtue of the Phil. laws

subject to the provisions of the said Property Registration Decree and the Public Land Act, as well as to those of the Mining Law, if the land is mineral, and subject further to such conditions contained in the original title as may be subsisting, and/or

It is HEREBY CERTIFIED that said land was originally registered on the 29th day of July in the year nineteen hundred and 91 in Section No. 2 of the Office of the Register of Deeds of Pararaque or Original Certificate of Title No. 209 pursuant to a Special power, in the name of Pub. L. created by the President of the Philippines, on the 29th day of April in the year nineteen hundred and 92 under Act No. 141

This certificate is a transfer from Transfer Certificate of Title No. 15245/7-677 which is cancelled by virtue hereof in so far as the above described land is concerned.

Executed at Pararaque, Metro Manila, Philippines, on the 20th day of July 2012 in the year nineteen hundred and 1152. A.M.

Genia
GENIA M. AMOROSA, MARIA
(Register of Deeds)

20th Flr., Saktilite Tower 1, Exchange Road, Ortigas, Center, Pasig City.

*State the civil status, name of spouse if married, age if a minor, citizenship and residence of the owner. If the owner is a married woman, state also the citizenship of her husband. If the land is registered in the name of the conjugal partnership, state the citizenship of both spouses.

SEARCHED INDEXED SERIALIZED FILED
SEP 12 2012
CUBAO CITY

We hereby certify that this is a true electronic copy of the document on file in Pararaque City, which consists of 5 pages.
This is a system generated Certified True Copy, and does not require a manually affixed signature.
Issued at Registry of Deeds of Pararaque City, Requested By: MITCHEL LEY SALDAÑA

Ref. No. : 3202007861 CR No. : 1003960333
Date : 09/12/2012 OR Date : Sep 12 2012
Time : 8:30:15AM Amt Paid : 1053.85



MEMORANDUM OF ENCUMBRANCES

(When necessary use this page for the continuation of the technical description)

Cont. of TD

traverse: N. 85 deg. 40' E., 58.00 m. to point 2; S. 2 deg. 07' W., 96.51 m. to point 3; S. 85 deg. 37' E., 58.97 m. to point 4; N. 2 deg. 07' W., 97.31 m. to the point of beginning, containing an area of FIVE THOUSAND SIX HUNDRED TWENTY ONE (5621) sq. m., more or less. All points referred to are indicated on the plan and are marked on the ground by 10 cm. iron rods, 15 x 40 cm., bearings true; date of original survey Nov. 11-Dec. 1988, and that of the said survey, March 9-28, 1998, approved June 17, 1998. x-x-x-x

OFELIA R. AMOR, STA. MARIA
Registrar of Deeds

120 - NOTICE OF LEVY - issued by LIBERATO M. CARABO, J. Registrar of Deeds, Paranaque City Hall, that a Warrant of Levy has been issued pursuant to the provisions of Sec. 258 of the Local Gov't. Code of 1991 (R.A. 7160) and served upon the herein described property.

OFELIA R. AMOR, STA. MARIA
Registrar of Deeds

121 - WARRANT OF LEVY - issued by LIBERATO M. CARABO, J. Registrar of Deeds, Paranaque City Hall, Warrant of Levy is hereby levied over the herein described property pursuant to Sec. 258 of the Local Gov't. Code of 1991 (R.A. 7160) for an amount of P. 10,000.00. Payable in three periods from 1st to 3rd of July 2012.

OFELIA R. AMOR, STA. MARIA
Registrar of Deeds

MICROFILMED ON
DATE JUL 1 2012
ROLL NO. 185
B:

(Memorandum of Encumbrances continued on Page -11-)
(Technical Description continued on Additional Sheet - Page -1-)

Page 7 of 8

I hereby certify that this is a true electronic copy of the document on file in Paranaque City, which consists of 8 pages.
This case system generated Certified True Copy, and does not require a manually affixed signature.
Issued at Registry of Deeds of Paranaque City, Requested by: MITCHEL LEY SALDAÑA

Ref. No. : 10012012441 CR No. : 1003660525
Date : 06/13/2012 CR Date : Sep 12 2012
Time : 1:30:10AM Amt. Paid : 1050.00



(Continued on Additional Sheet Page)

Register of Deeds

It is hereby certified that this is a true electronic copy of the document on file in Paragvise City, which consists of 5 page(s).
This is a system generated Certified True Copy, and does not require a manually signed signature.
Issued at Registry of Deeds of Paragvise City. Requested By: MITCHEL SALDANA

Ref. No. : 2012011411 OR No. : 1003905323
Date : 21/09/12 OR Date : Sep 12 2012
Time : 8:30:11AM Amt. Paid : 1050.85



MEMORANDUM OF ENCUMBRANCES

Entry No.: 2012006835

Date: August 15, 2012 10:42 am

LIFTING OF LEVY : ISSUED BY JUANITA M. ALCORDO, ASST. CITY TREASURER OF PARANAQUE CITY, THE NOTICE OF LEVY ANNOTATED UNDER ENTRY NO. 126 & 127 ARE HEREBY LIFTED, IN ACCORDANCE WITH DOC. NO. 42, PAGE NO. 9, BOOK NO. 193, SERIES OF 2012, OF NOT.PUB. FOR PARANAQUE CITY, ATTY. TOMAS F. DULAY, JR. DATE OF INSTRUMENT JULY 20, 2012

RAYMOND G. RAMOS
Register of Deeds

*It is hereby certified that this is a true electronic copy of the document on file in Paranaque City, which consists of 5 page(s).
This is a system generated Certified True Copy, and does not require a manually-affixed signature.
Issued at Registry of Deeds of Paranaque City, Requested By: MITCHEL LEY SALDAÑA*

Ref. No. : 2012012451 OR No. : 1003900023
Date : 2012/08/15 Off Date : Sep 12 2012
Time : 8:30:21AM Amt. Paid : 1050.00



MEMORANDUM OF ENCUMBRANCES

(When necessary use this page for the continuation of the technical description)

Entry No. _____ Cont. of 00

marked "1" on plan, being S. 1 deg. 03'2", 224.92 m. from S1/4 Sec. 1, Tandy City, thence S. 89 deg. 55'4", 60.72 m. to point 1; S. 7 deg. 30'2", 44.50 m. to point 2; S. 89 deg. 07'4", 60.95 m. to point 3; S. 83 deg. 45'4", 59.72 m. to point 4; S. 2 deg. 03'4", 95.61 m. to the point of beginning, containing an area of 311 SQUARERS NINE HUNDRED SIXTY FOUR (6,964) S. N. more or less. All points referred to are indicated on the plan and are marked on the ground by 20 cpl. iron nails, 25 x 50 cm, except points 1 & 2 by 1/2 cpl. iron nails, 15 x 50 cm, bearings being date of original survey, Nov. 11, 1964, S. 1953 and that of the subd. survey Mar. 7-28, 1955, approved June 17, 1956, S. N. X X X X

Re: [Signature] M. SALDAÑA
Registrar of Deeds

(Memorandum of Encumbrances continued on Page _____ of _____)
(Technical Description continued on Additional Sheet _____ Page _____)

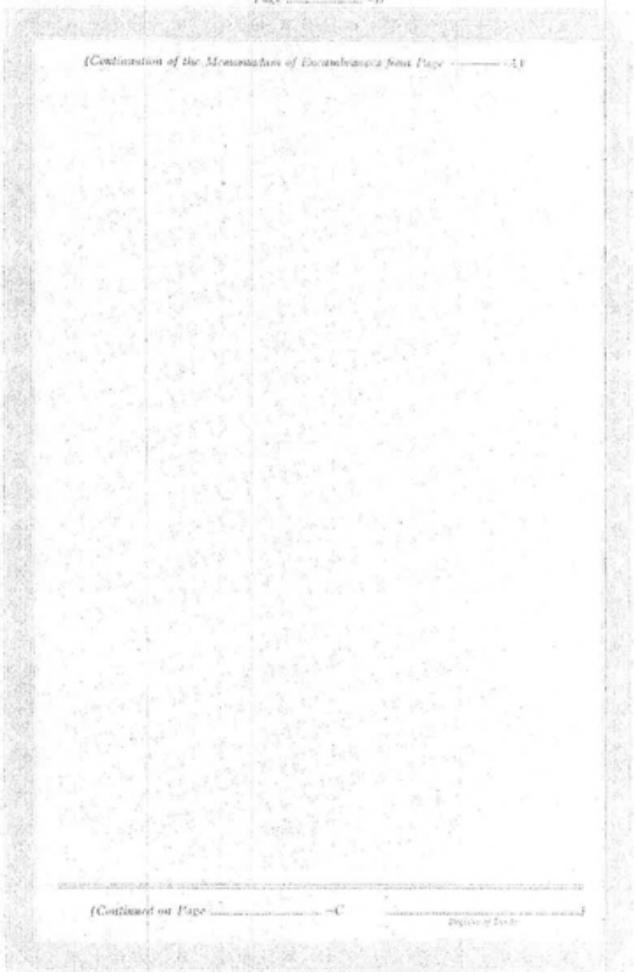
Register of Deeds

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parolague City, which consists of 4 page(s).
This is a system-generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Parolague City.
Ref. No. : 2212003850 OR No. : 1002948250 Requested By: MITCHELEY SALDAÑA
Date : 20/02/12 OR Date : Mar 7 2012
Time : 5:40:47PM Amt. Paid : 1022.85



(Continuation of the Memorandum of Encumbrance from Page -----A-----)



(Continued on Page -----C-----)

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Paralyque City, which consists of 4 pages.
This is a system-generated Certified True Copy, and does not require a manually-witnessed signature.
Issued at Registry of Deeds of Paralyque City.

Ref. No. : 2012000050 OR No. : 1002048250 Requested By: MITCHELL SALDAÑA
Date : 3/7/2012 OR Date : Mar 7 2012
Time : 5:52:47PM Amt. Paid : 1032.85



(Continuation of the Memorandum of Encumbrances from Page-B)

(Continued on Additional Sheet Page)
Registry of Deeds

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parakee City, which consists of 4 page(s).
This is a system-generated Certified True Copy, and does not require a manually-affixed signature.
Issued at Registry of Deeds of Parakee City.

Ref. No. : 201203850 OR No. : 1002942250 Requested By : MITCHELLEY SALDAÑA
Date : 3/7/2012 OR Date : Mar 7 2012
Time : 5:40:47PM Amt. Paid : 1032.85



(Continuation of the Memorandum of Encumbrance from Page ----- A)

(Continued on Page ----- C -----)

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Paragoue City, which consists of 4 pages.
This is a system-generated Certified True Copy, and does not require a manually-affixed signature.
Issued at Registry of Deeds of Paragoue City.

Ref. No. : 201200389 OR No. : 1002948290
Date : 27/03/12 OR Date : Mar 7 2012
Time : 0:41:03PM Amt. Paid : 1032.65

Requested By : MITCHELL SALDANHA



No. 2698737

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
Land Registration Authority
QUEZON CITY

REGISTRY OF DEEDS FOR THE PARARAQUE CITY

Transfer Certificate of Title

No. 166320

It is hereby certified that certain land situated in the Municipality of Pararaque City, Philippines, more particularly located and described as follows:

A parcel of land (Lot 2-3 Post-20-046435, LRS Ref. No. 1), situated in the Drags of Tumbas, Man. of Pararaque, Prov. of Metro Manila, Is. of Luzon, bounded on the NE., along line 1-2 by Lot 2-3-6, on the SE., along line 2-3 by Lot 2-3-5 both of the subd. plan, on the SW., along line 3-4 by Lot 2-3 (Central Blvd.) Post-20-046435 and on the NE., along line 4-1 by Lot 2-3-4 of the subd. plan, beginning at a point marked "19" on plan, being 2. 1 deg. 03' 14. 19" N. 81° 12' 10. 12" W. is registered in accordance with the provision of section 102 of the Property Registration Decree in the name of:

SOCIAL SECURITY SYSTEM, a government owned and controlled corporation created under Dep. Act. No. 1161 as amended

subject to the provisions of the said Property Registration Decree and the Public Land Act, as well as to those of the Mining Laws, if the land is mineral and subject, further, to such conditions contained in the original title as may be subsisting, and to:

It is further certified that said land was originally registered on the 27th day of 1977, in the year eighteen hundred and seventy seven, in Registration Book No. 2, page 29, of the Office of the Register of Deeds of PARARAQUE, in Original Certificate of Title No. 166320, pursuant to a Special power, in the name of RAFAEL AQUILA, granted by the President of the Philippines, on the 27th day of APRIL, 1974, in the year nineteen hundred and seventy four, under Act No. 1161.

This certificate is a transfer from Transfer Certificate of Title No. 166320/P-533 which is cancelled by virtue hereof in so far as the above described land is concerned.

Pararaque City
Entered at 27th day of December
in the year two thousand and twelve
at 2:50 P.M.

REGISTRY OF DEEDS
Pararaque City

333 Bldg., East Ave., Quezon City

Officer's Post Address

*State the civil status, name of spouse if married, age if a minor, citizenship and residence of the registered owner. If the owner is a married woman, state also the citizenship of her husband. If the land is registered in the name of the conjugal partnership, state the citizenship of both spouses.

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Pararaque City, which consists of 4 page(s).

This is a system generated Certified True Copy, and does not require a manually-affixed signature.

Issued at Registry of Deeds of Pararaque City.

Ref. No. : 201202850 OR No. : 1002948250 Requested By : MITCHELLEY SALDAÑA
Date : 20/02/12 OR Date : Mar 7 2012
Time : 5:41:30PM Amt. Paid : 1032.05



MEMORANDUM OF ENCUMBRANCES

(When necessary use this page for the continuation of the technical description)

Entry No. Cont. of 10

From point No. 1, Paddy City, thence S. 2 deg. 07' N., 97.51 m. to pt. 2; S. 30 deg. 43' N., 71.99 m. to point 3; S. 7 deg. 27' N., 93.61 m. to point 4; S. 55 deg. 39' E., 30.72 m. to the point of beginning, containing an area of SIXTY TWO HUNDRED FOUR HUNDRED FIFTY (72,004 S. M., more or less. All points referred to are indicated on the plan and are marked on the ground by 2 1/2" cyl. conc. cone., 15 x 40 cm., bearing trees; date of original survey, Nov. 11-12, 1965 and that of the subd. survey Mar. 9-25, 1966 approved June 17, 1966.

MICHELLE LEY SALDAÑA
Register of Deeds

(Memorandum of Encumbrances contained on Page _____ -B)
(Technical Description continued on Additional Sheet _____ Page _____ -C)

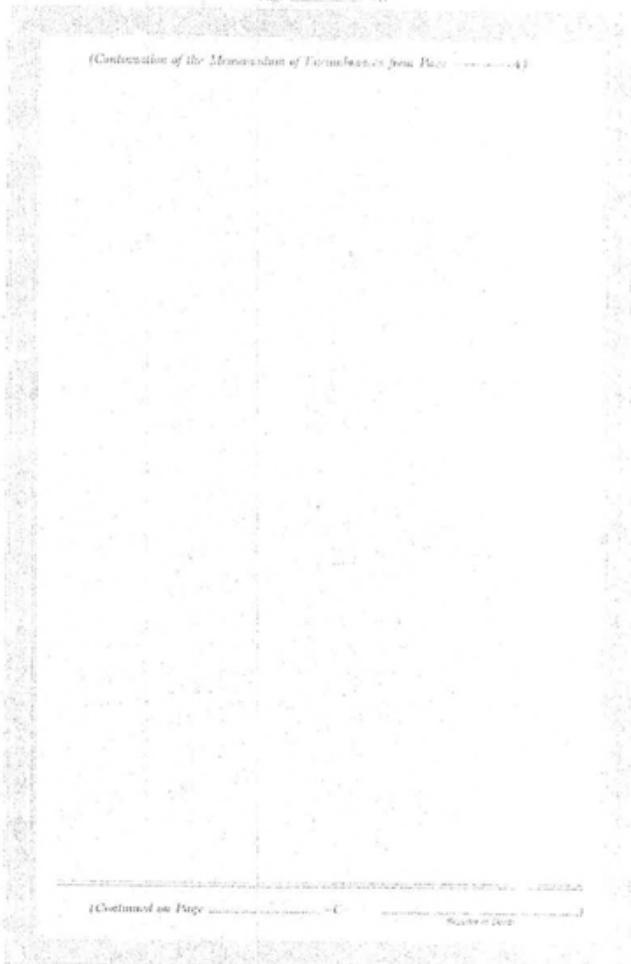
Register of Deeds

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Paraguarí City, which consists of 4 page(s).
This is a system-generated Certified True Copy, and does not require a manually-affixed signature.
Issued at Registry of Deeds of Paraguarí City.

Ref. No. : 2012003850 OR No. : 1002948260 Requested By : MITCHELLEY SALDAÑA
Date : 30/03/12 OR Date : Mar 7 2012
Time : 5:41:35PM Amt Paid : 1032.85



(Continuation of the Memorandum of Understanding from Page _____)



(Continued on Page _____)

March 7, 2012

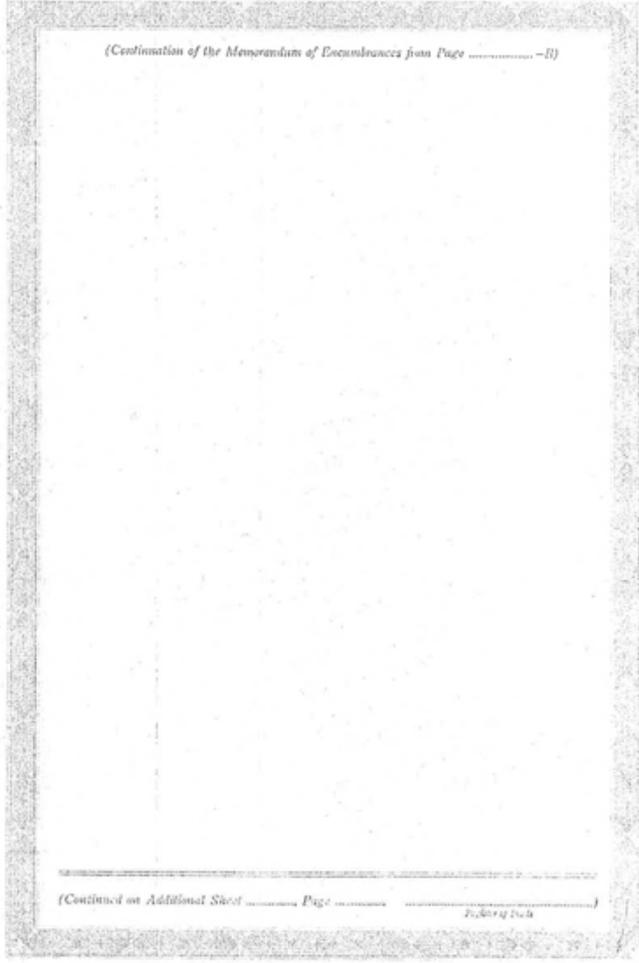
It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Pirbright City, which consists of 4 pages.
This is a system-generated Certified True Copy, and does not require a manually-affixed signature.
Issued at Registry of Deeds of Pirbright City.

Ref. No. : 2012003650 OR No. : 1002945250 Requested By: MITCHELEY SALGASISSA
Date : 3/7/2012 OR Date : Mar 7 2012
Time : 2:51:20PM Amt. Paid : 1032.85



L.R.A. 1000491239

(Continuation of the Memorandum of Encumbrances from Page-B)



(Continued on Additional Sheet Page)

It is hereby certified that this is a true electronic copy of the document on file in Registry of Deeds of Parakee City, which consists of 4 pages.
This is a system-generated Certified True Copy, and does not require a manually-affixed signature
Issued at Registry of Deeds of Parakee City.

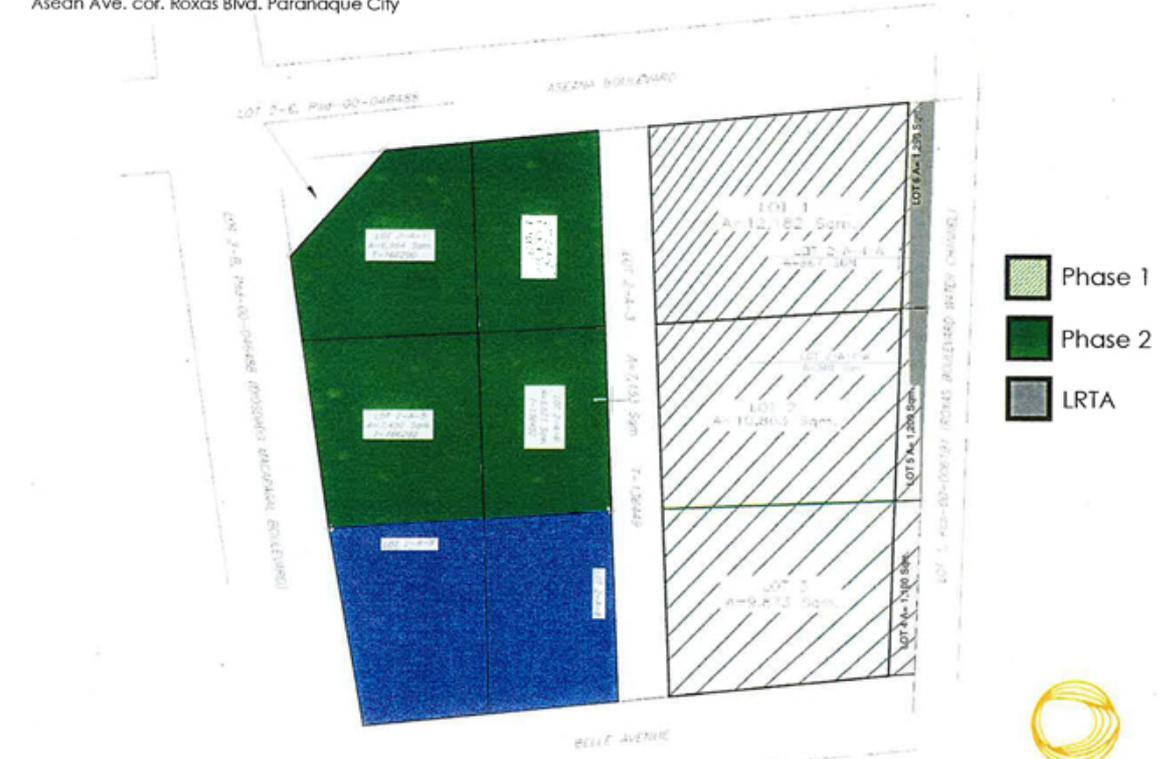
Ref. No : 2012020550 OR No. : 1002948250 Requested By : MITCHELEY SALDAÑA
Date : 3/7/2012 OR Date : Mar 7 2012
Time : 5:41:30PM Amt Paid : 5032.85

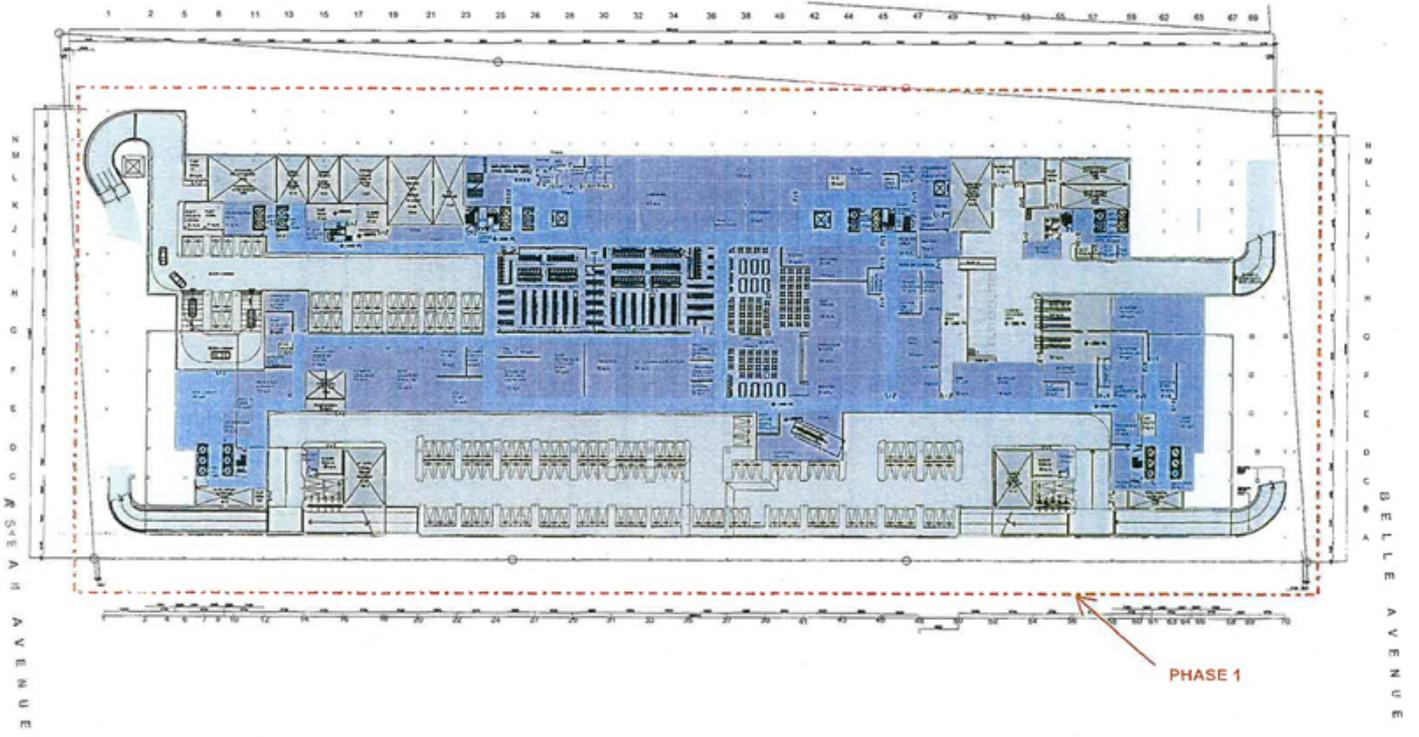


L E A 1009481250

Belle Grande Manila Bay

Asean Ave. cor. Roxas Blvd. Parañaque City

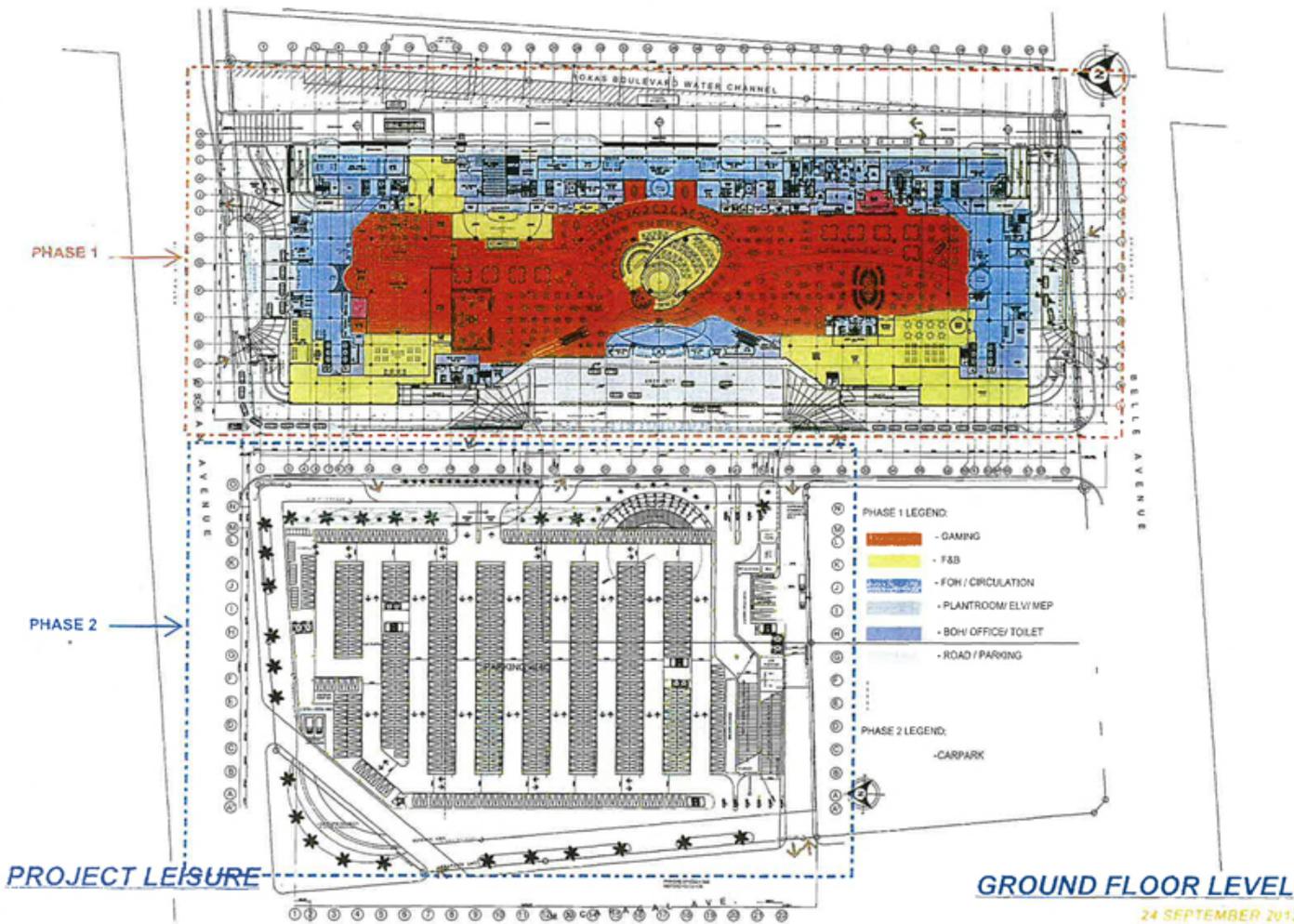


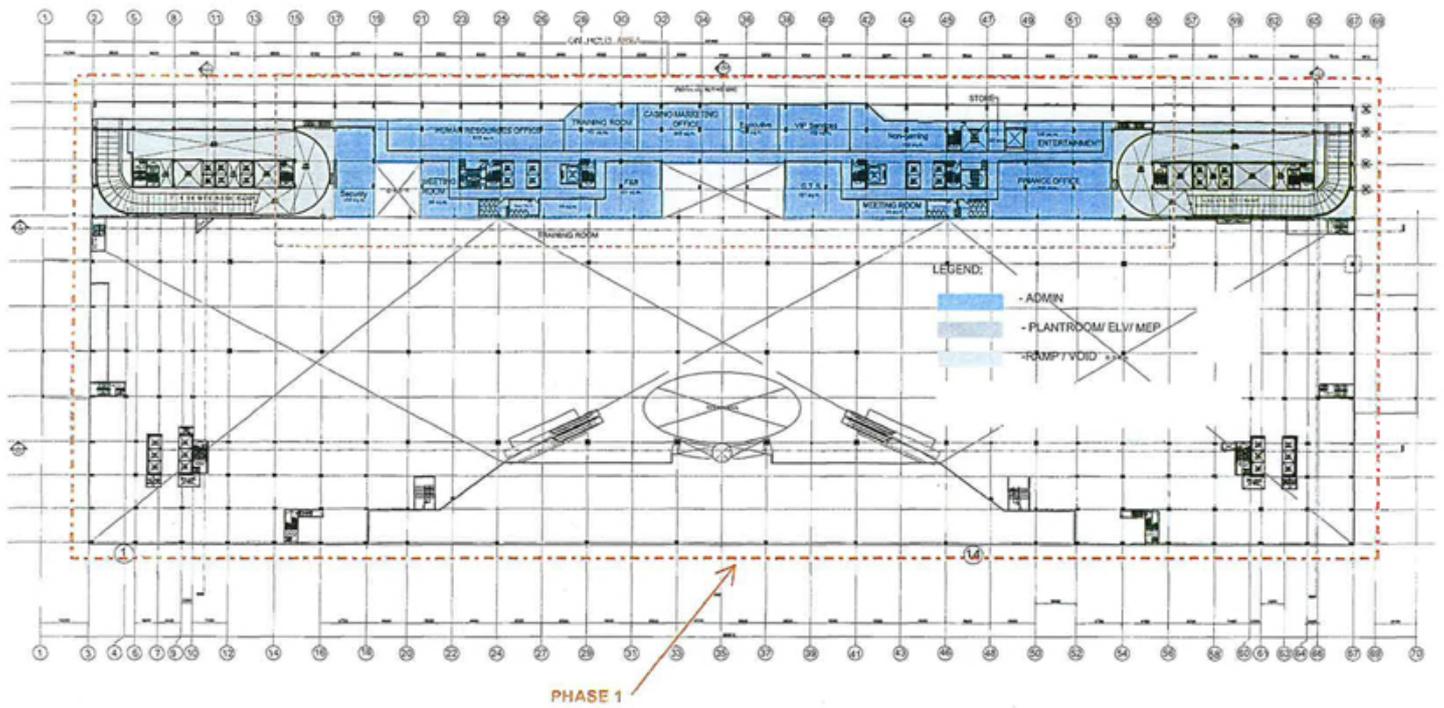


PROJECT LEISURE

BASEMENT FLOOR LEVEL

24 SEPTEMBER 2012

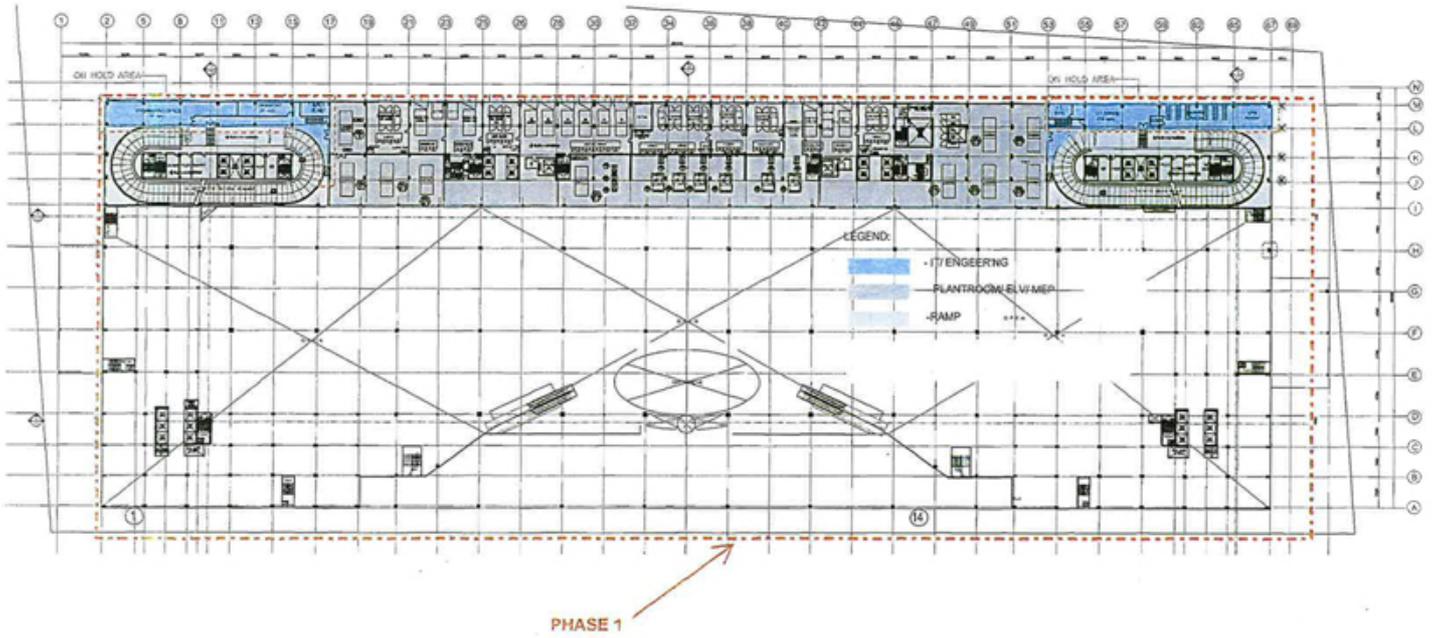




PROJECT LEISURE

LOWER GROUND MEZZANINE FLOOR

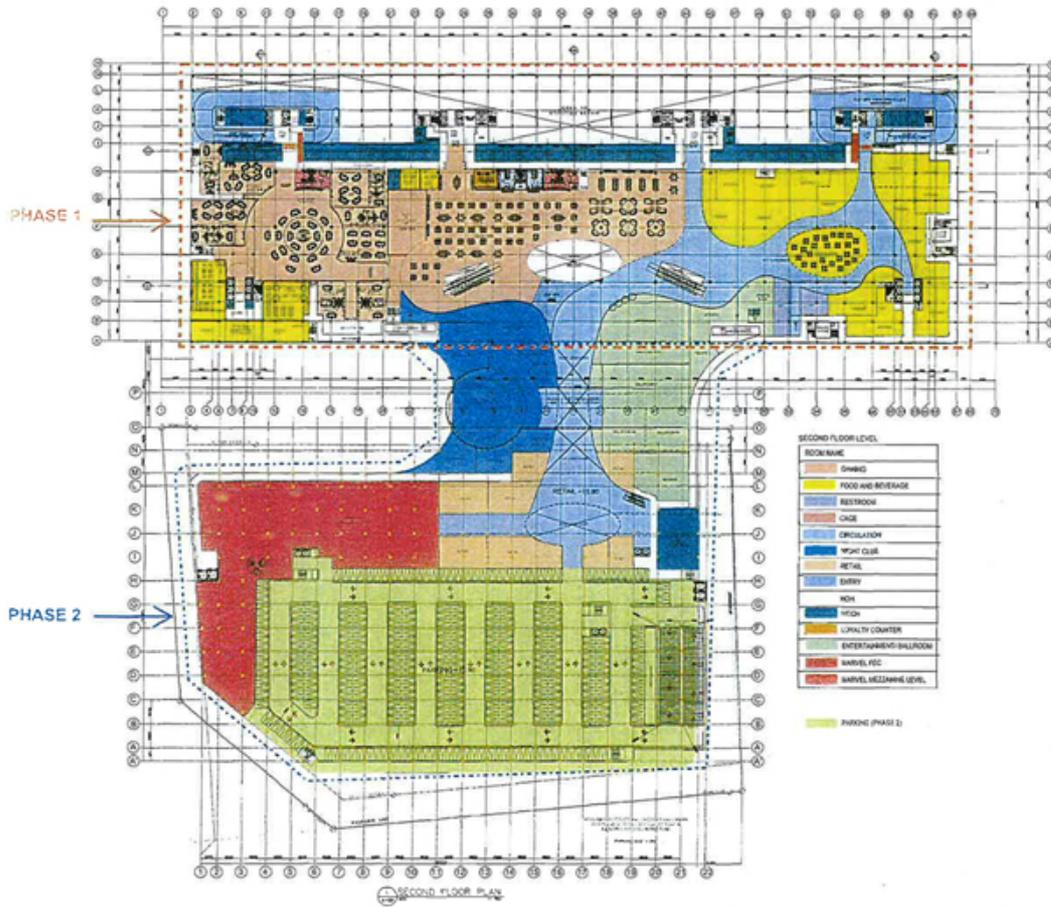
24 SEPTEMBER 2012



PROJECT LEISURE

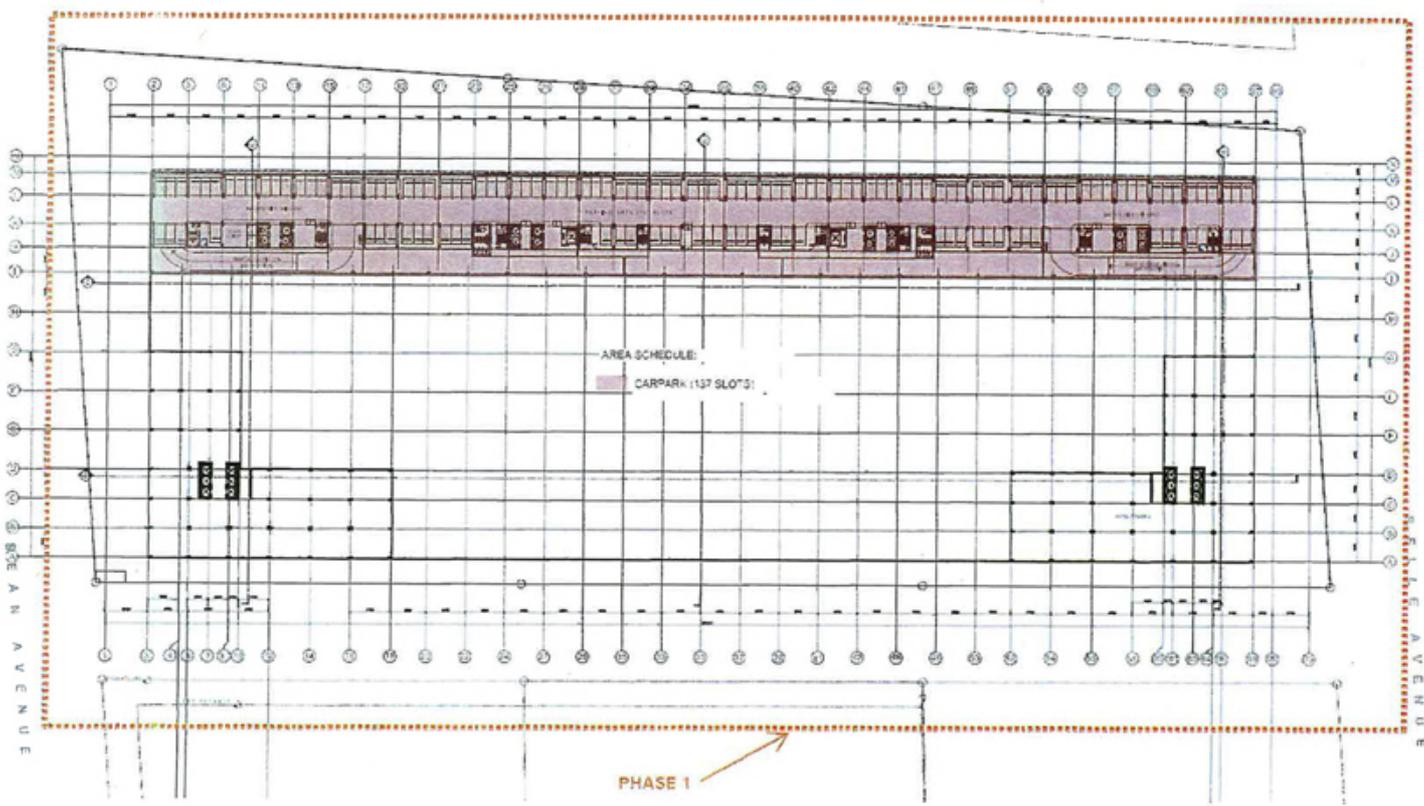
UPPER GROUND MEZZANINE FLOOR LEVEL

24 SEPTEMBER 2012



PROJECT LEISURE

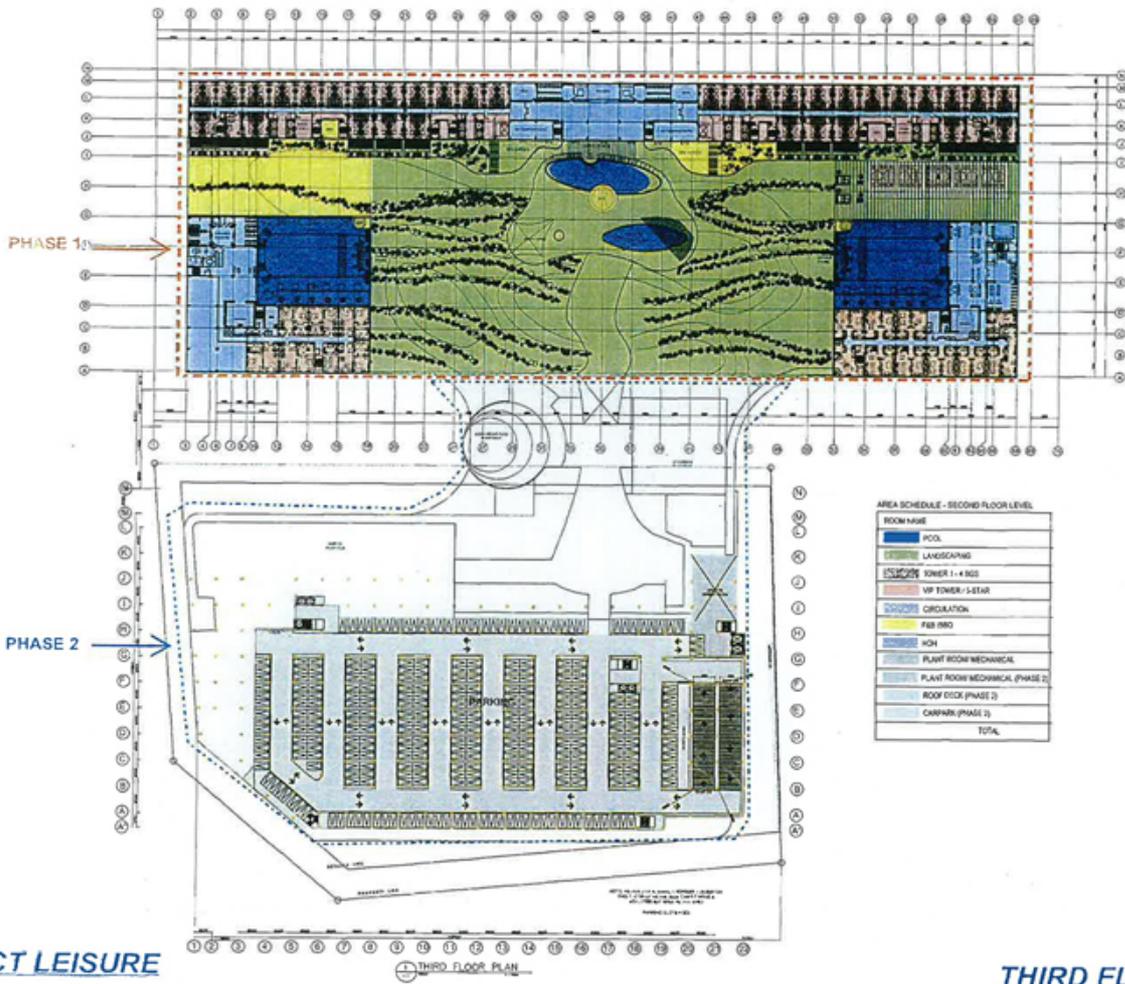
SECOND FLOOR LEVEL



PROJECT LEISURE

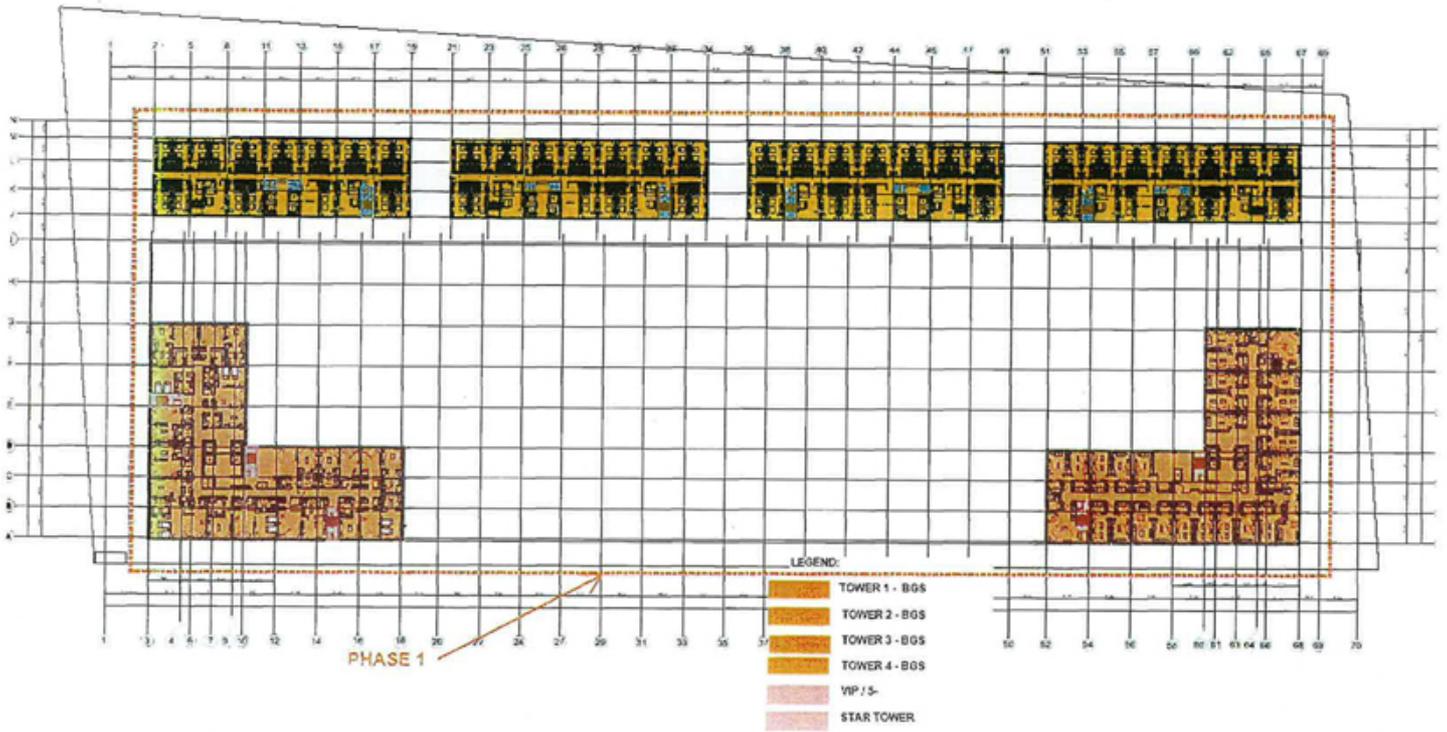
SECOND FLOOR MEZZANINE FLOOR LEVEL

24 SEPTEMBER 2012



PROJECT LEISURE

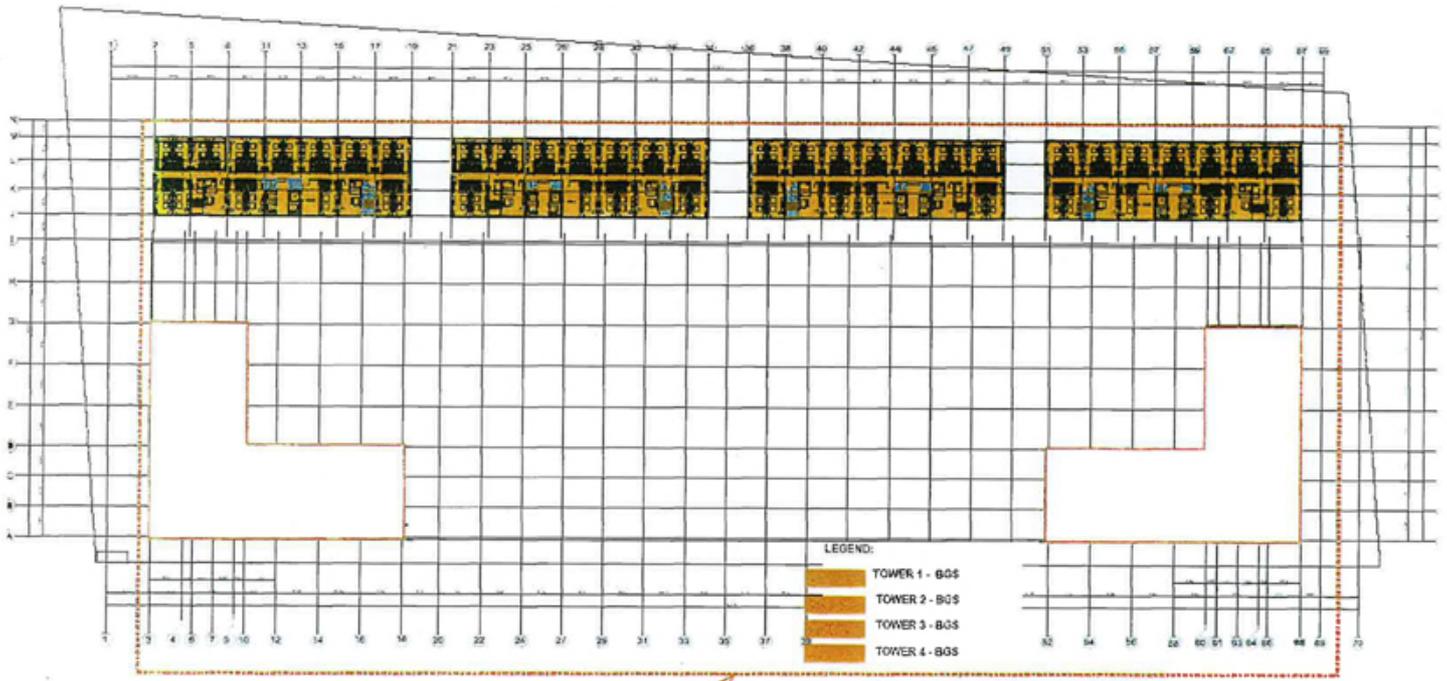
THIRD FLOOR LEVEL



PROJECT LEISURE

TYPICAL 5TH-9TH LEVEL

24 SEPTEMBER 2012

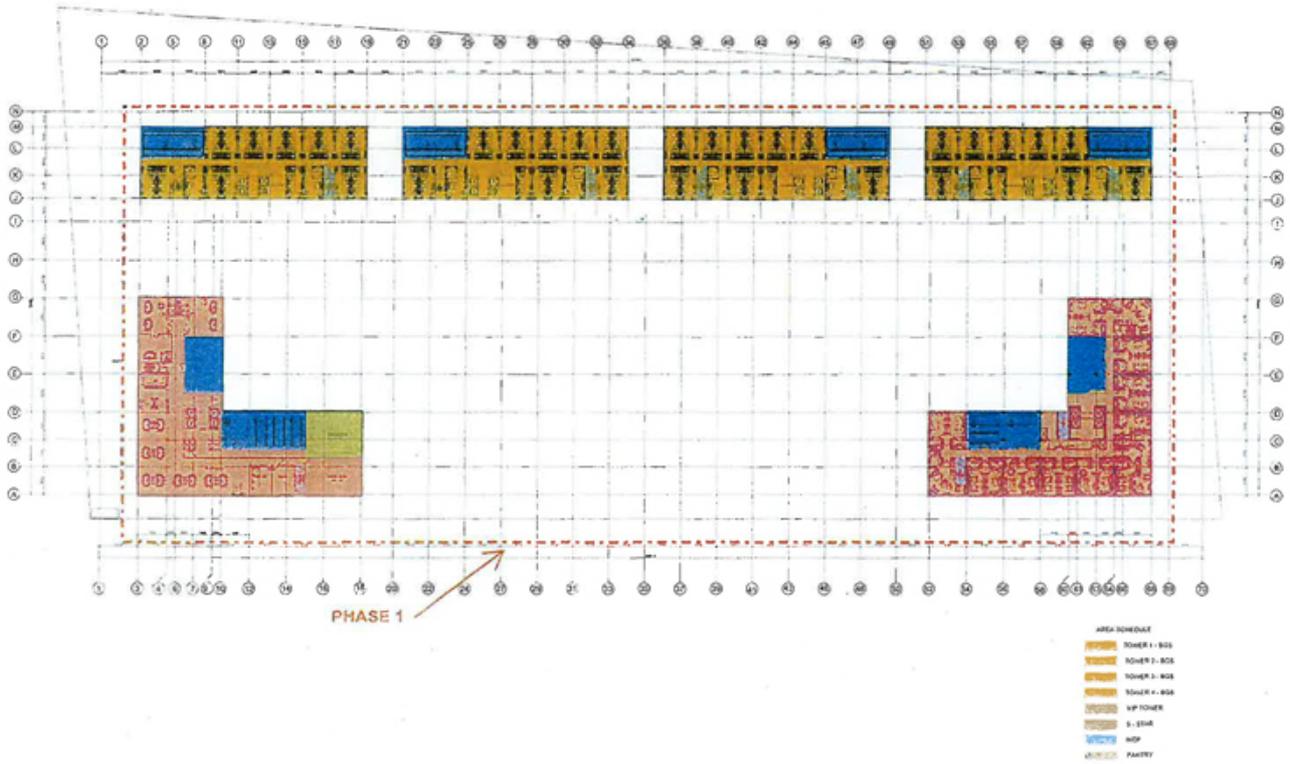


PHASE 1

PROJECT LEISURE

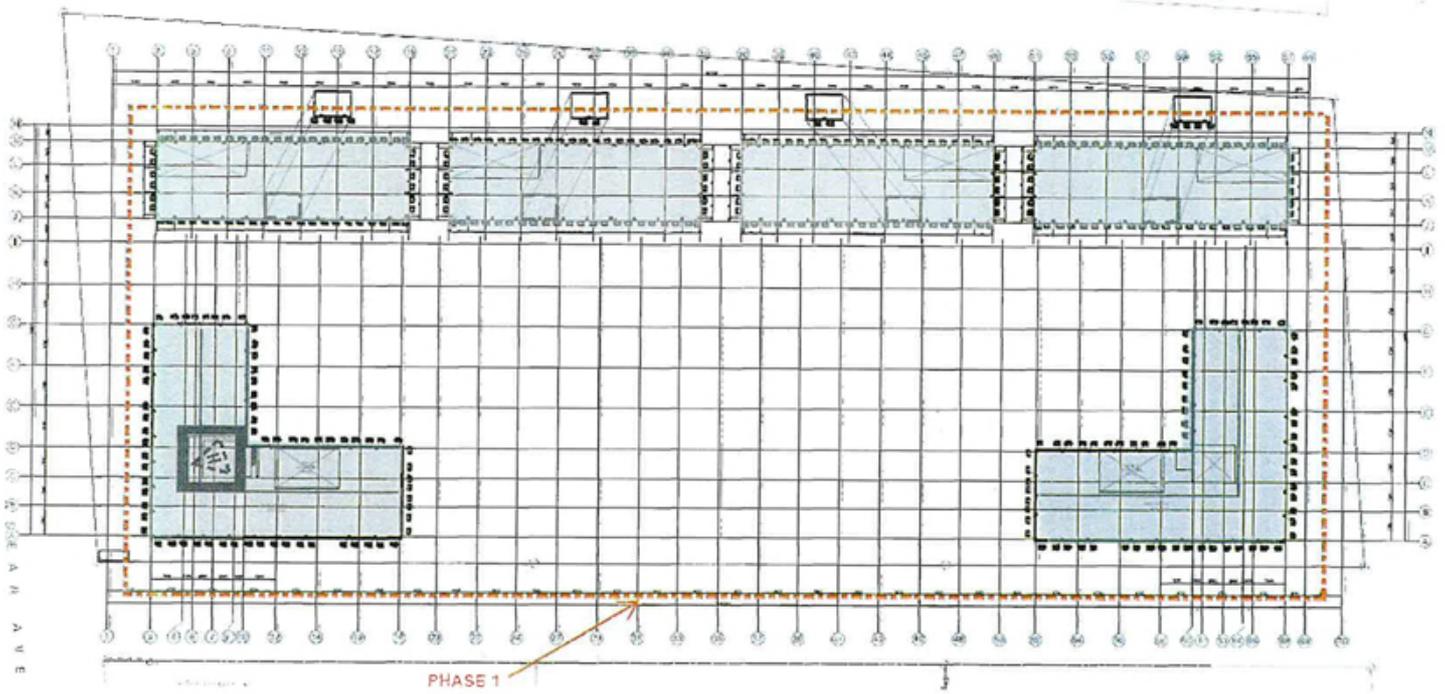
10TH FLOOR LEVEL - BGS TOWER

24 SEPTEMBER 2012



PROJECT LEISURE

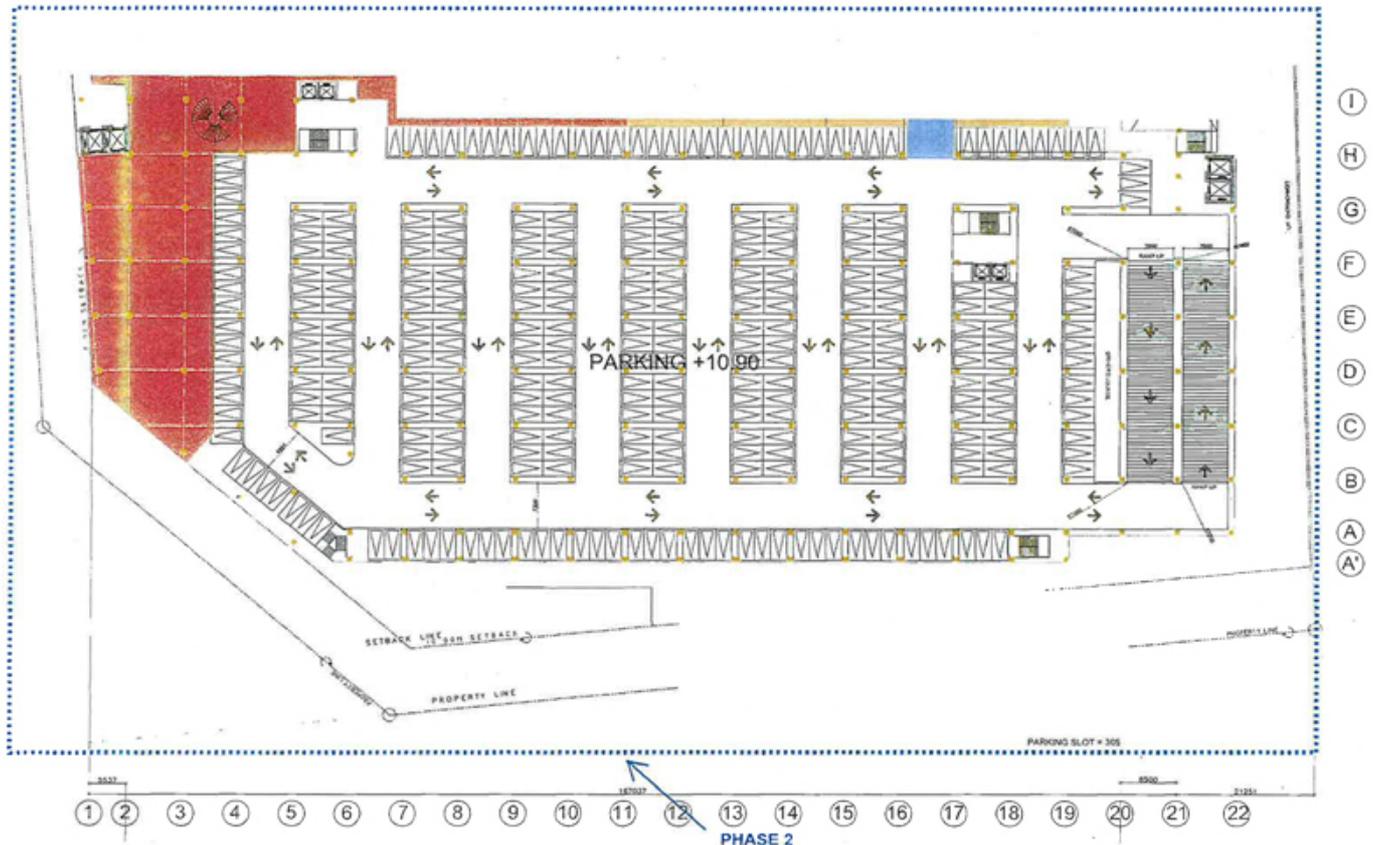
PENTHOUSE LEVEL
24 SEPTEMBER 2012



PROJECT LEISURE

ROOF DECK LEVEL

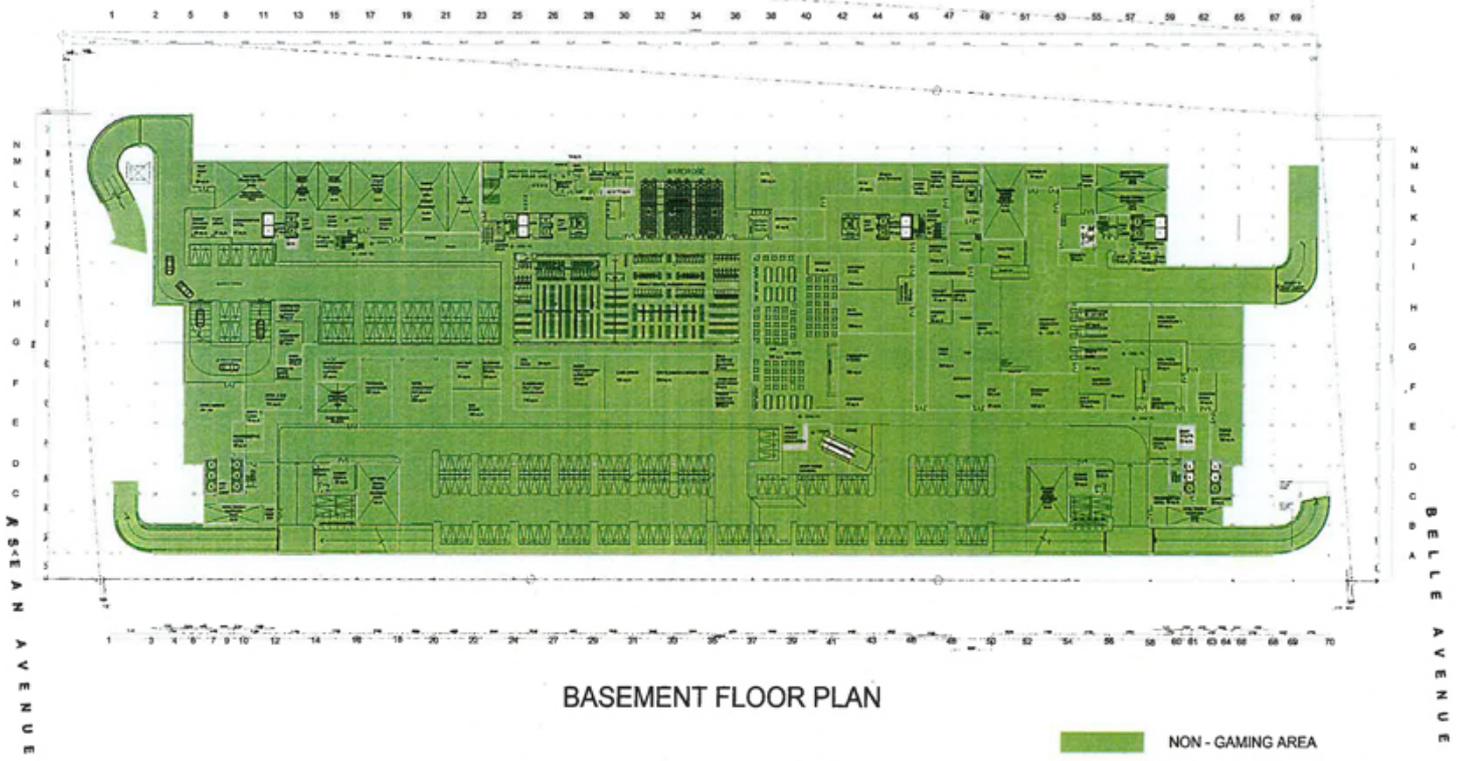
24 SEPTEMBER 2012



PROJECT LEISURE

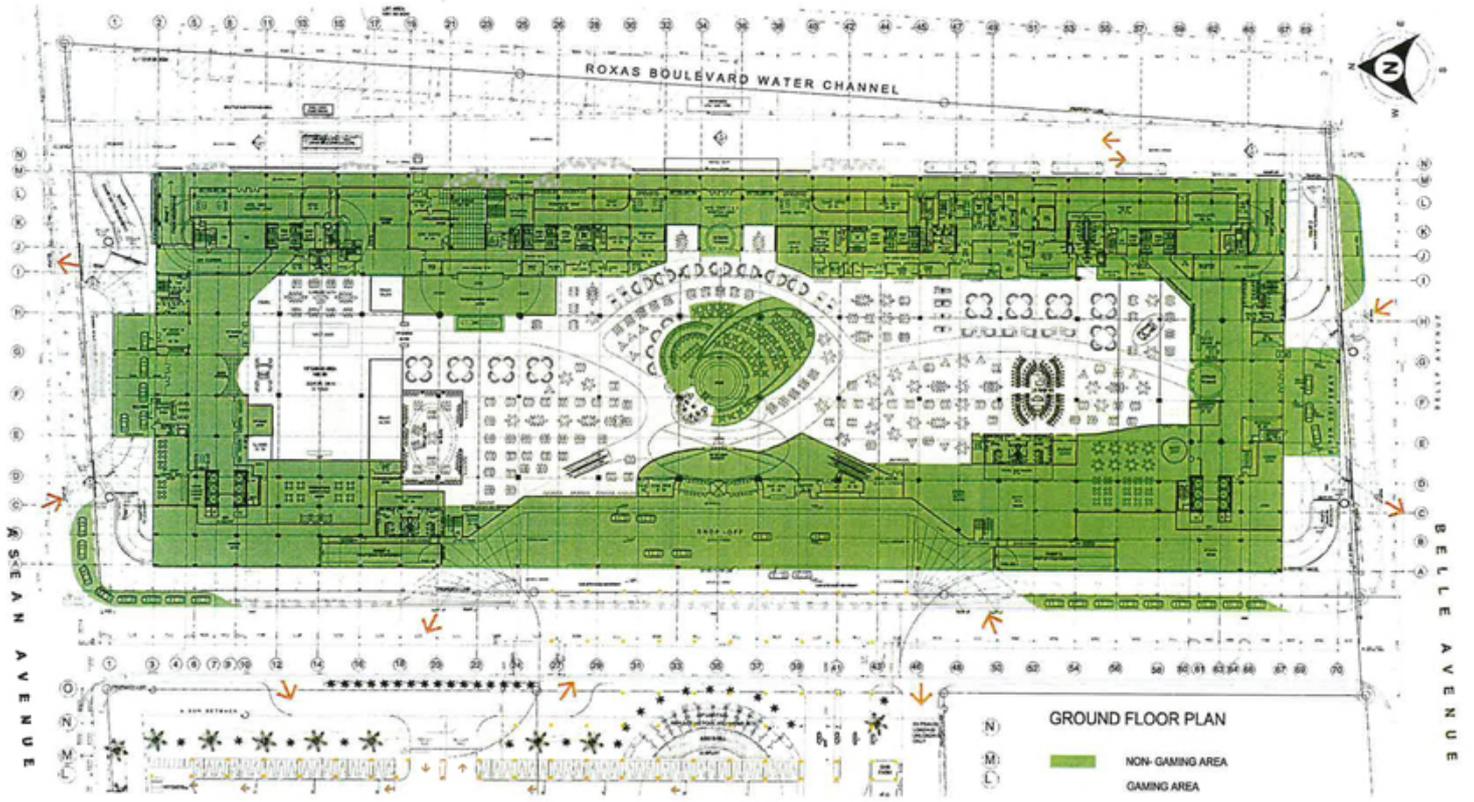
PHASE 2 CARPARK 4th - 6th FLOOR LEVEL

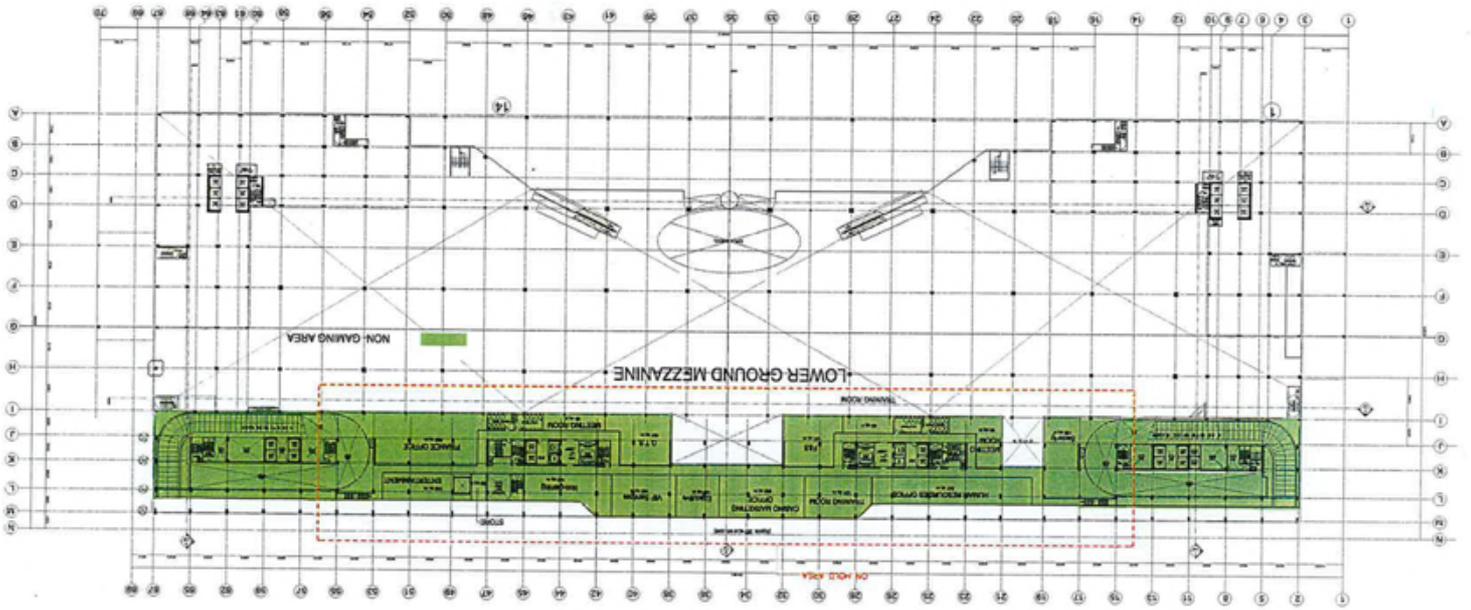
24 SEPTEMBER 2012

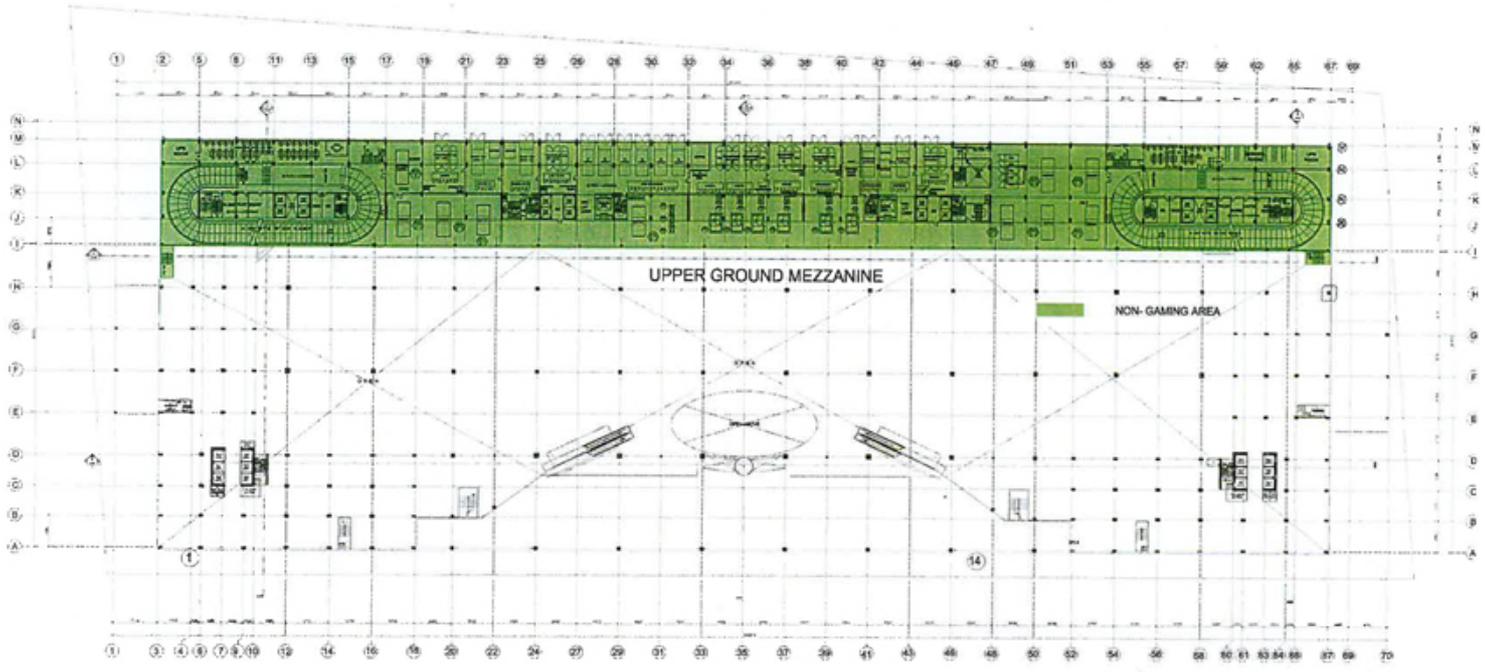


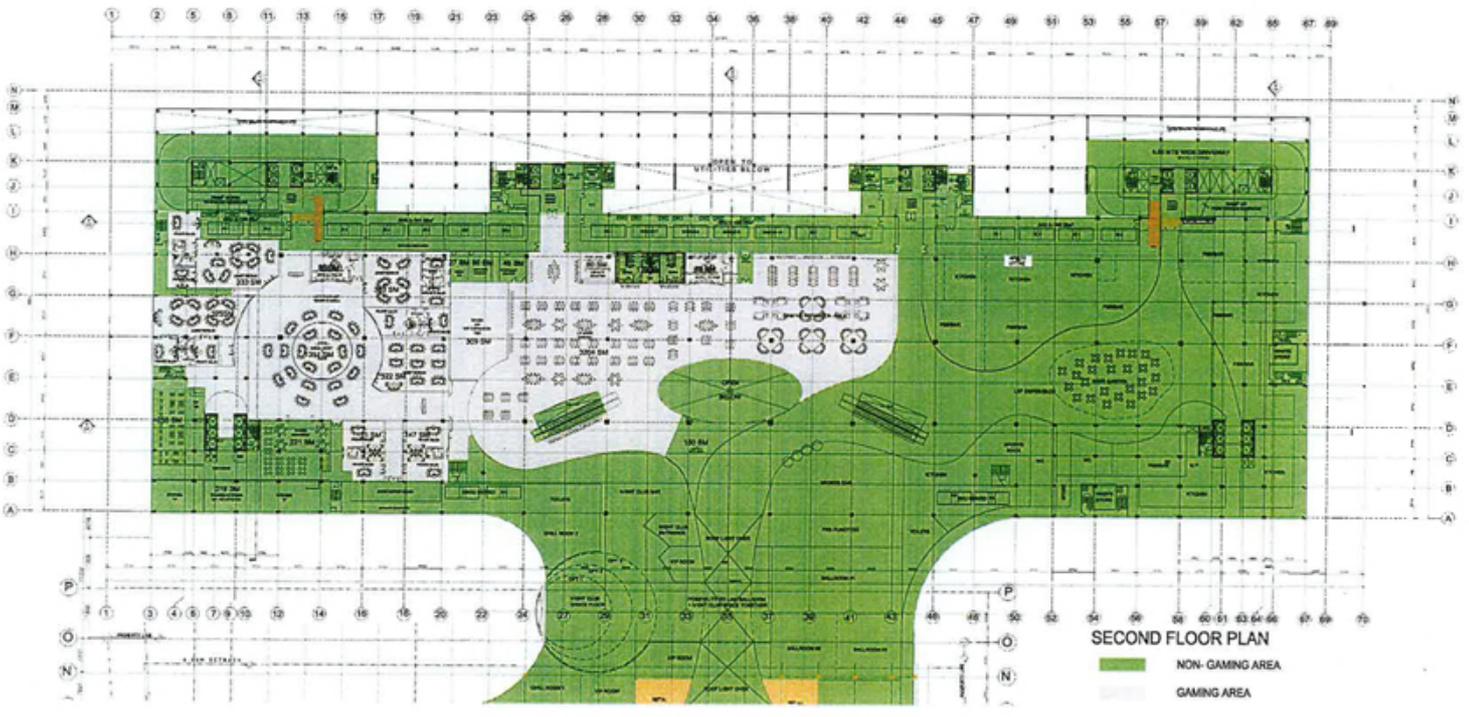
BASEMENT FLOOR PLAN

NON - GAMING AREA







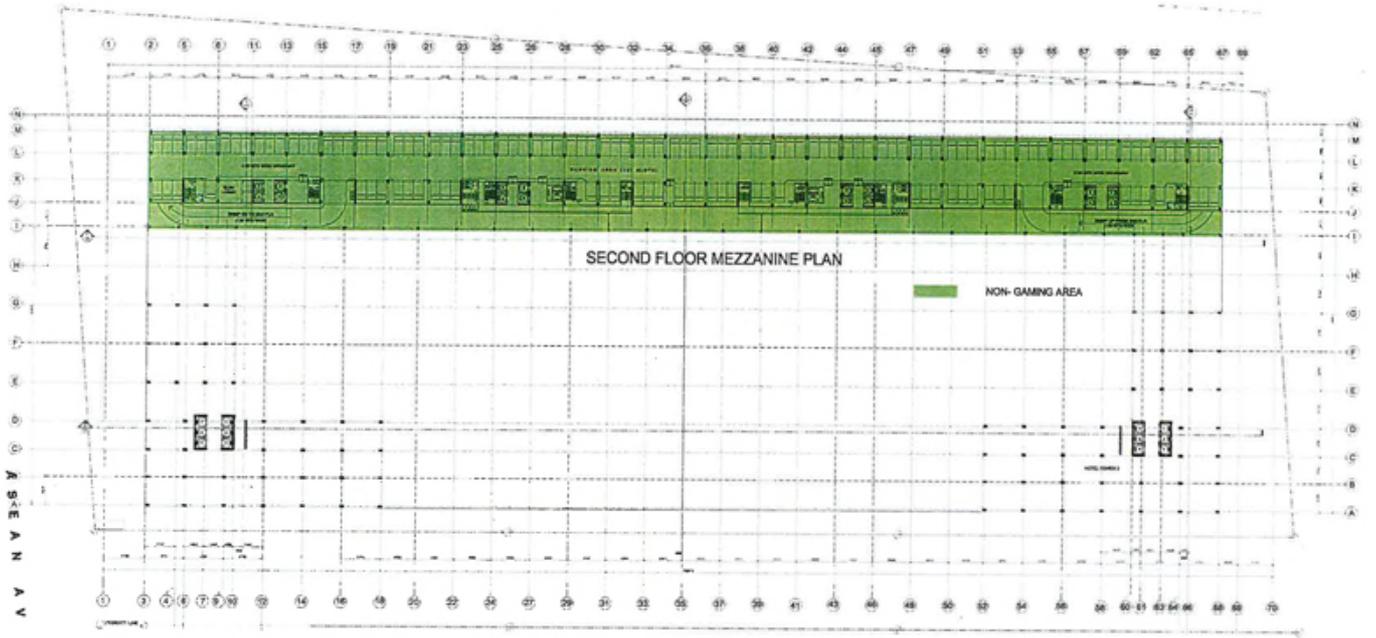


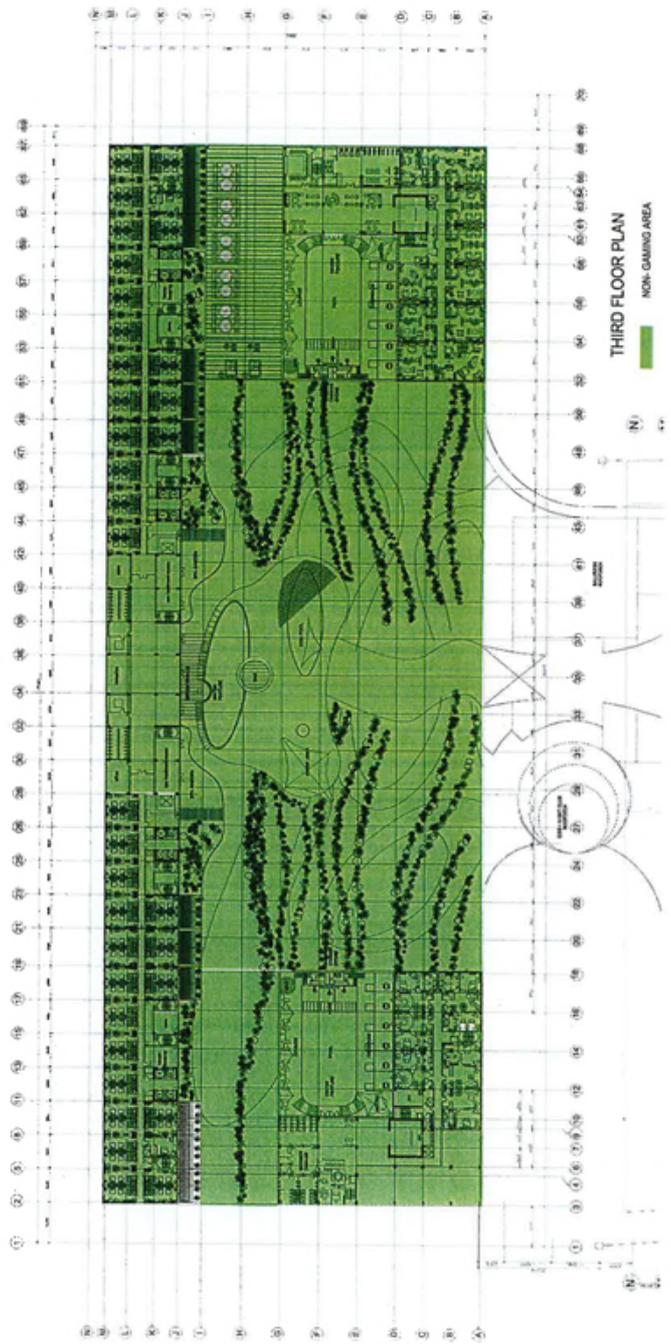
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69

A B C D E F G H I J K L M N

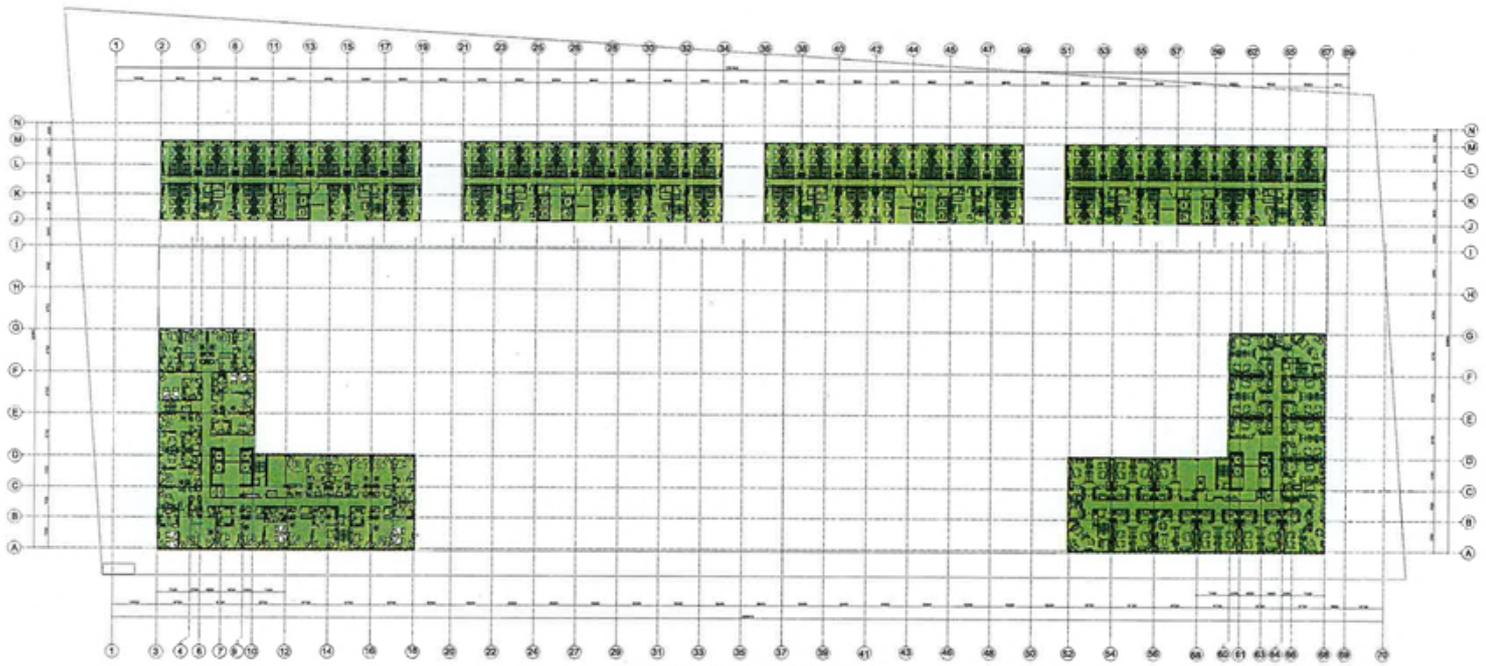
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69

P O N



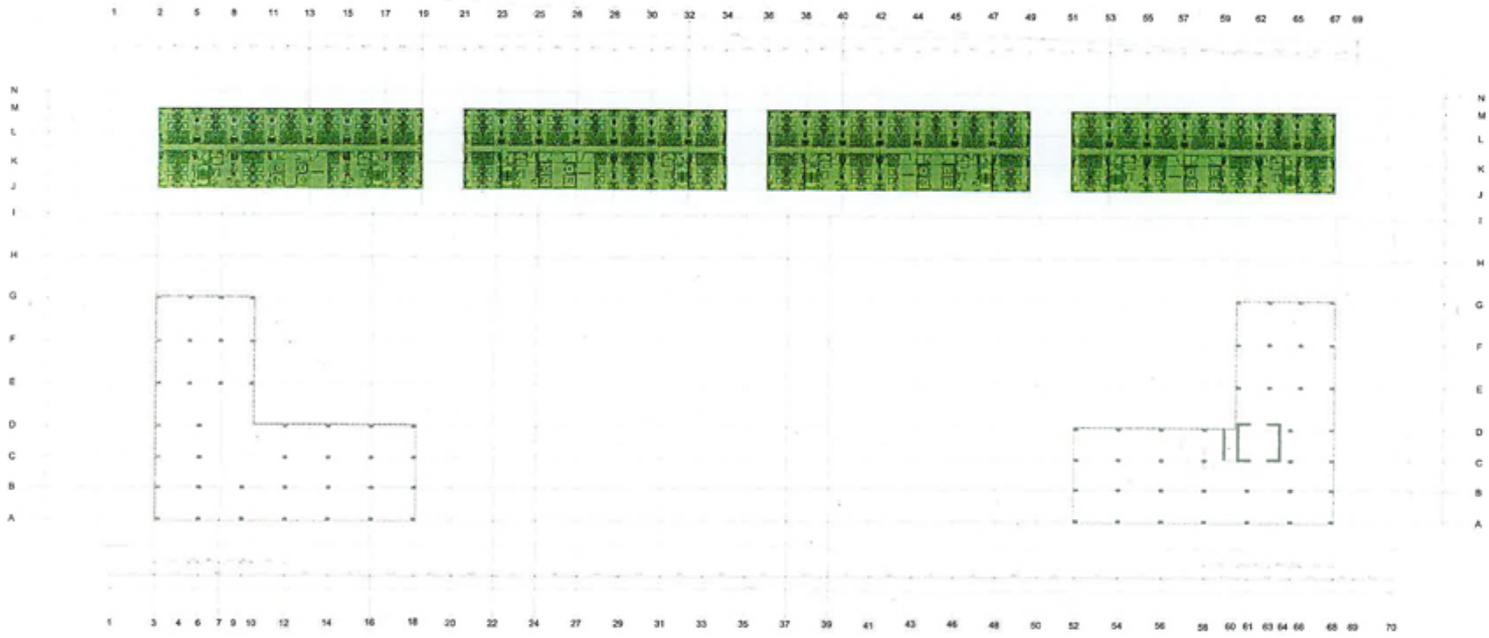


THIRD FLOOR PLAN
NON-GAMING AREA



TYPICAL 5TH - 9TH FLOOR PLAN

NON-GAMING AREA

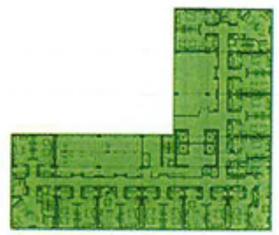
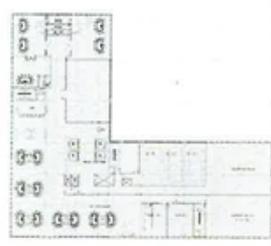


TENTH FLOOR PLAN

NON-GAMING AREA

N
M
L
K
J
I
H
G
F
E
D
C
B
A

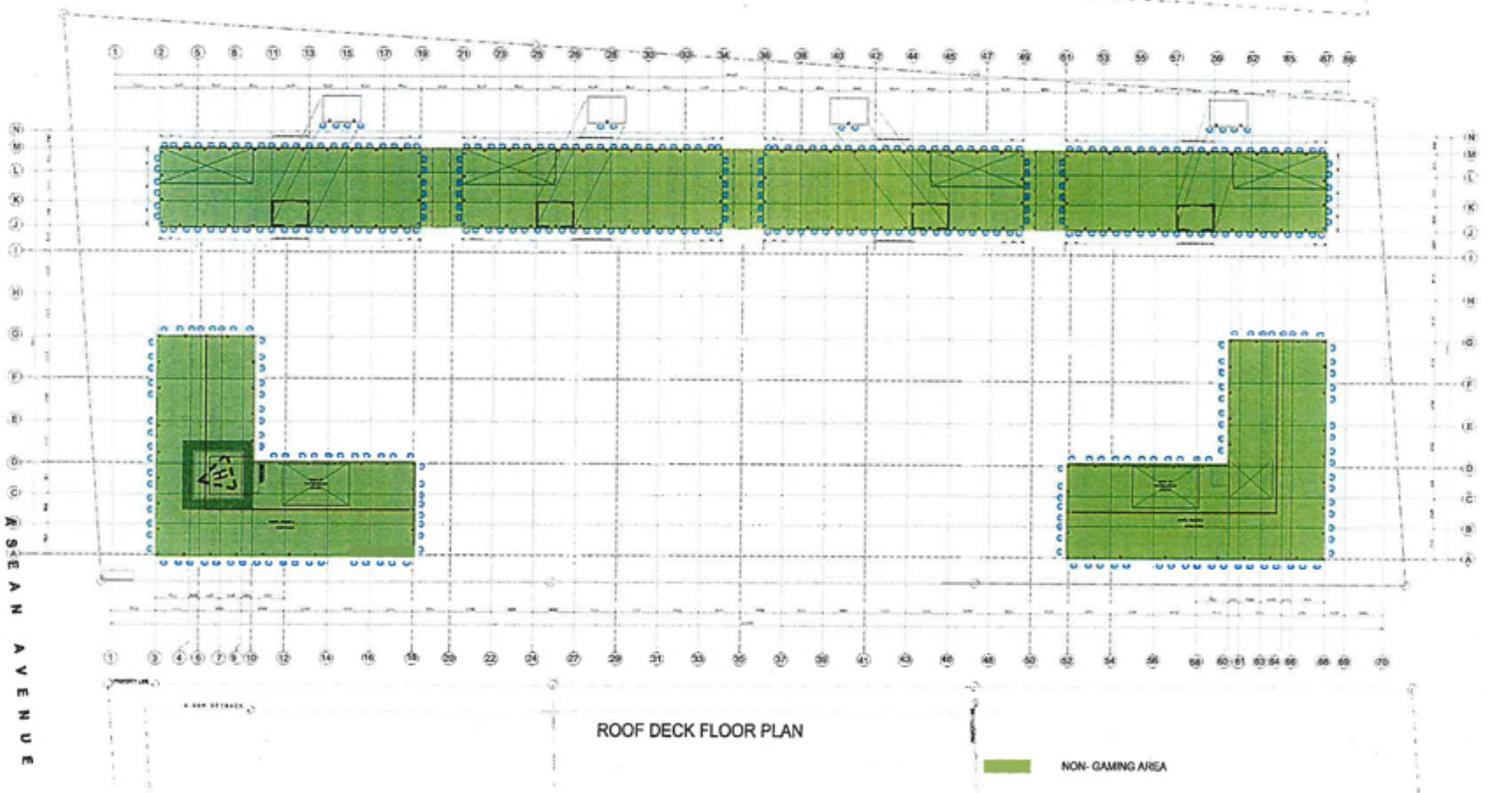
1 2 5 8 11 13 15 17 19 21 23 25 28 30 32 34 36 38 40 42 44 45 47 49 51 53 55 57 59 62 65 67 69



1 3 4 6 7 9 10 12 14 16 18 20 22 24 27 29 31 33 35 37 39 41 43 45 48 50 52 54 56 58 60 61 63 64 66 68 69 70

PENTHOUSE FLOOR PLAN

-  NON-GAMING AREA
-  GAMING AREA

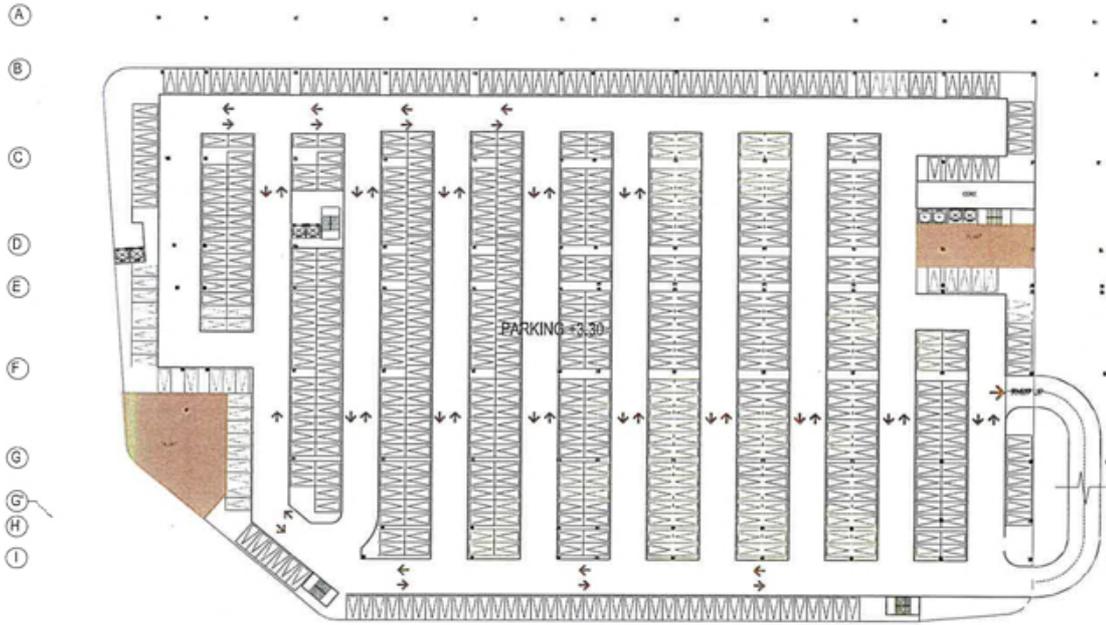


A
B
C
D
E
F
G
G
H
I



② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ ⑩ ⑪ ⑫ ⑬

-  Non Parking area to be handed over by the 31st October 2013
-  Parking area to be handed over by the 31st March 2014
-  Plant Room to be handed over by the 31st of January 2014

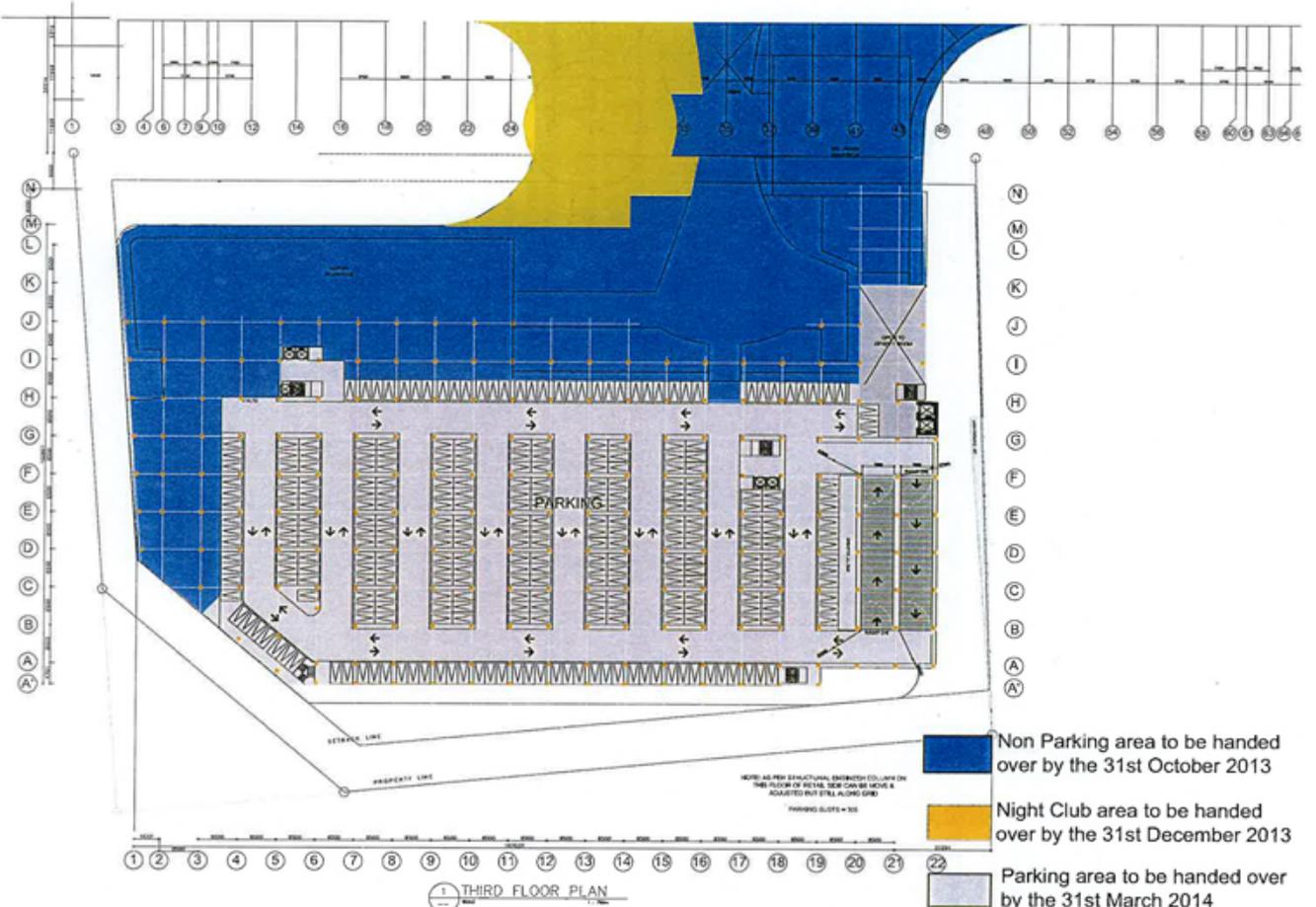


■ Non Parking area to be handed over by the 31st October 2013

■ Parking area to be handed over by the 31st March 2014

■ Plant Room to be handed over by the 31st of January 2014

② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ ⑩ ⑪ ⑫ ⑬



THIRD FLOOR PLAN



1 TYPICAL 4TH-6TH FLOOR PLAN

ANNEX D
RENTAL PAYMENT SCHEDULE
]

(A) PHASE 1 OF THE LEASED LAND

PHASE 1 OF THE LEASED LAND

| <u>Phase 1 of the Leased Land</u> | <u>Rate per sq.m. (P)</u> | <u>Land Area (sq.m.)</u> | <u>Monthly Rent (P) (Exclusive of VAT)</u> | <u>Annual Rent (P) (Exclusive of VAT)</u> |
|-----------------------------------|---------------------------|--------------------------|--|---|
| Closing to December 2012 | 121 | | | |
| 03/01/2013 to 12/2013 (Note 1) | 127.05 | 35,302 | 4,485,119 | 44,851,191 |
| 01/2014 to 12/2014 | 133.4 | 35,302 | 4,709,287 | 56,511,442 |
| 01/2015 to 12/2015 | 142.74 | 35,302 | 5,039,007 | 60,468,090 |
| 01/2016 to 12/2016 | 152.73 | 35,302 | 5,391,674 | 64,700,094 |
| 01/2017 to 12/2017 | 168.01 | 35,302 | 5,931,089 | 71,173,068 |
| 01/2018 to 12/2018 | 184.81 | 35,302 | 6,524,163 | 78,289,951 |
| 01/2019 to 12/2019 | 203.29 | 35,302 | 7,176,544 | 86,118,523 |
| 01/2020 to 12/2020 | 223.62 | 35,302 | 7,894,233 | 94,730,799 |
| 01/2021 to 12/2021 | 245.98 | 35,302 | 8,683,586 | 104,203,032 |

Note 1 The annual rent in the first year is calculated based on assumption of closing date on February 28 2013, but would be subsequently adjusted once the actual closing date is confirmed.

PHASE 2 OF THE LEASED LAND

| <u>Phase 2 of the Leased Land</u> | <u>Rate per sq.m. (P)</u> | <u>Land Area (sq.m.)</u> | <u>Monthly Rent (P) (Exclusive of VAT)</u> | <u>Annual Rent (P) (Exclusive of VAT)</u> |
|-----------------------------------|---------------------------|--------------------------|--|---|
| Closing to December 2012 | 121 | | | |
| 03/01/2013 to 12/2013 (Note 1) | 127.05 | 25,839 | 3,282,845 | 32,828,450 |
| 01/2014 to 12/2014 | 133.4 | 25,839 | 3,446,923 | 41,363,071 |
| 01/2015 to 12/2015 | 142.74 | 25,839 | 3,688,259 | 44,259,106 |
| 01/2016 to 12/2016 | 152.73 | 25,839 | 3,946,390 | 47,356,686 |
| 01/2017 to 12/2017 | 168.01 | 25,839 | 4,341,210 | 52,094,525 |
| 01/2018 to 12/2018 | 184.81 | 25,839 | 4,775,306 | 57,303,667 |
| 01/2019 to 12/2019 | 203.29 | 25,839 | 5,252,810 | 63,033,724 |
| 01/2020 to 12/2020 | 223.62 | 25,839 | 5,778,117 | 69,337,406 |
| 01/2021 to 12/2021 | 245.98 | 25,839 | 6,355,877 | 76,270,527 |

Note 1 The annual rent in the first year is calculated based on assumption of closing date on February 28 2013, but would be subsequently adjusted once the actual closing date is confirmed.

PHASE 1 BUILDING**Phase 1 Building Non-Gaming Component**

| Phase 1 Building | Rate per sq.m. (P) | Retail, Hotel, Back Office, Common Area (sq.m.) | Rate per sq.m. (P) | Parking + Utilities Area (sq.m.) | Monthly Rent (P) (Exclusive of VAT) | Annual Rent (P) (Exclusive of VAT) |
|-----------------------------|---------------------------|--|---------------------------|---|--|---|
| Closing to December 2012 | | (Note 2) | | (Note 2) | | |
| 03/2013 to 12/2013 (Note 1) | 577.50 | 108,165 | 157.50 | 44,197 | 69,426,095 | 694,260,950 |
| 01/2014 to 12/2014 | 606.38 | 108,165 | 165.38 | 44,197 | 72,898,162 | 874,777,939 |
| 01/2015 to 12/2015 | 648.82 | 108,165 | 176.95 | 44,197 | 78,000,027 | 936,000,328 |
| 01/2016 to 12/2016 | 694.24 | 108,165 | 189.34 | 44,197 | 83,460,465 | 1,001,525,582 |
| 01/2017 to 12/2017 | 763.66 | 108,165 | 208.27 | 44,197 | 91,805,902 | 1,101,670,826 |
| 01/2018 to 12/2018 | 840.03 | 108,165 | 229.10 | 44,197 | 100,987,058 | 1,211,844,692 |
| 01/2019 to 12/2019 | 924.03 | 108,165 | 252.01 | 44,197 | 111,085,439 | 1,333,025,267 |
| 01/2020 to 12/2020 | 1,016.43 | 108,165 | 277.21 | 44,197 | 122,193,614 | 1,466,323,370 |
| 01/2021 to 12/2021 | 1,118.08 | 108,165 | 304.93 | 44,197 | 134,413,689 | 1,612,964,262 |

Note 1 The annual rent in the first year is calculated based on assumption of closing date on February 28 2013, but would be subsequently adjusted once the actual closing date is confirmed.

Note 2 The area is based on the GFA schedule agreed on Oct 22 2012. The area and the rental amounts are subject to change based on the verification of GFA schedule during the fit-out stage.

Phase 1 Building Gaming Component

| Phase 1 Building | Rate per sq.m. (P) | Casino (sq.m.) | Monthly Rent (P) (Exclusive of VAT) | Annual Rent (P) (Exclusive of VAT) |
|-----------------------------|---------------------------|-----------------------|--|---|
| Closing to December 2012 | | (Note 2) | | |
| 03/2013 to 12/2013 (Note 1) | 577.50 | 20,119 | 11,618,676 | 116,186,763 |
| 01/2014 to 12/2014 | 606.38 | 20,119 | 12,199,711 | 146,396,529 |
| 01/2015 to 12/2015 | 648.82 | 20,119 | 13,053,558 | 156,642,692 |
| 01/2016 to 12/2016 | 694.24 | 20,119 | 13,967,359 | 167,608,308 |
| 01/2017 to 12/2017 | 763.66 | 20,119 | 15,364,014 | 184,368,173 |
| 01/2018 to 12/2018 | 840.03 | 20,119 | 16,900,496 | 202,805,956 |
| 01/2019 to 12/2019 | 924.03 | 20,119 | 18,590,486 | 223,085,828 |
| 01/2020 to 12/2020 | 1,016.43 | 20,119 | 20,449,474 | 245,393,686 |
| 01/2021 to 12/2021 | 1,118.08 | 20,119 | 22,494,562 | 269,934,745 |

Note 1 The annual rent in the first year is calculated based on assumption of closing date on February 28 2013, but would be subsequently adjusted once the actual closing date is confirmed.

Note 2 The area is based on the GFA schedule agreed on Oct 22 2012. The area and the rental amounts are subject to change based on the verification of GFA schedule during the fit-out stage.

PHASE 2 BUILDING

| Phase 2 Building | Rate per sq.m. (P) | Retail+FOH/Cir+ Ent Area (sq.m.) | Monthly Rent (P) (Exclusive of VAT) | Annual Rent (P) (Exclusive of VAT) |
|---|---------------------------|---|--|---|
| (Note 2) | | | | |
| First Handover Date (October 31, 2013) to December 31, | | | | |
| 2013 (Note 1) | 550.00 | 15,994 | 8,796,524 | 17,593,048 |
| 01/2014 to 12/2014 | 577.50 | 15,994 | 9,236,350 | 110,836,202 |
| 01/2015 to 12/2015 | 606.38 | 15,994 | 9,698,248 | 116,378,972 |
| 01/2016 to 12/2016 | 648.82 | 15,994 | 10,377,019 | 124,524,233 |
| 01/2017 to 12/2017 | 694.24 | 15,994 | 11,103,452 | 133,241,429 |
| 01/2018 to 12/2018 | 763.66 | 15,994 | 12,213,734 | 146,564,804 |
| 01/2019 to 12/2019 | 840.03 | 15,994 | 13,435,171 | 161,222,052 |
| 01/2020 to 12/2020 | 924.03 | 15,994 | 14,778,640 | 177,343,682 |
| 01/2021 to 12/2021 | 1,016.43 | 15,994 | 16,256,456 | 195,077,474 |
| 01/2022 to 12/2022 | 1,118.08 | 15,994 | 17,882,214 | 214,586,565 |

Note 1 The annual rent in the first year is calculated based on assumption of handover date on October 31 2013, but would be subsequently adjusted once the actual handover date is confirmed.

Note 2 The area is based on the GFA schedule agreed on Oct 22 2012. The area and the rental amounts are subject to change based on the verification of GFA schedule during the fit-out stage.

| Phase 2 Building | Rate per sq.m. (P) | Night Club and Associated Egg Structure (sq.m.) | Monthly Rent (P) (Exclusive of VAT) | Annual Rent (P) (Exclusive of VAT) |
|---|---------------------------|--|--|---|
| (Note 2) | | | | |
| Second Handover Date (January 01, 2014) to December 31 2014 (Note 1) | | | | |
| 2014 (Note 1) | 577.50 | 2,484 | 1,434,510 | 17,214,120 |
| 01/2015 to 12/2015 | 606.38 | 2,484 | 1,506,248 | 18,074,975 |
| 01/2016 to 12/2016 | 648.82 | 2,484 | 1,611,669 | 19,340,027 |
| 01/2017 to 12/2017 | 694.24 | 2,484 | 1,724,492 | 20,693,906 |
| 01/2018 to 12/2018 | 763.66 | 2,484 | 1,896,931 | 22,763,177 |
| 01/2019 to 12/2019 | 840.03 | 2,484 | 2,086,635 | 25,039,614 |
| 01/2020 to 12/2020 | 924.03 | 2,484 | 2,295,291 | 27,543,486 |
| 01/2021 to 12/2021 | 1,016.43 | 2,484 | 2,524,812 | 30,297,745 |
| 01/2022 to 12/2022 | 1,118.08 | 2,484 | 2,777,311 | 33,327,729 |

Note 1 The annual rent in the first year is calculated based on assumption of handover date on January 01 2014, but would be subsequently adjusted once the actual handover date is confirmed.

Note 2 The area is based on the GFA schedule agreed on Oct 22 2012. The area and the rental amounts are subject to change based on the verification of GFA schedule during the fit-out stage.

| Phase 2 Building | Rate per sq.m. (P) | Plantroom (sq.m.) | Monthly Rent (P) (Exclusive of VAT) | Annual Rent (P) (Exclusive of VAT) |
|--|---------------------------|--------------------------|--|---|
| (Note 2) | | | | |
| Third Handover Date (January 31, 2014) to December 31 2014 (Note 1) | | | | |
| 2014 (Note 1) | 157.50 | 2,674 | 421,183 | 4,633,017 |
| 01/2015 to 12/2015 | 165.38 | 2,674 | 442,256 | 5,307,071 |
| 01/2016 to 12/2016 | 176.95 | 2,674 | 473,196 | 5,678,354 |
| 01/2017 to 12/2017 | 189.34 | 2,674 | 506,329 | 6,075,951 |
| 01/2018 to 12/2018 | 208.27 | 2,674 | 556,951 | 6,683,418 |
| 01/2019 to 12/2019 | 229.10 | 2,674 | 612,655 | 7,351,856 |
| 01/2020 to 12/2020 | 252.01 | 2,674 | 673,920 | 8,087,041 |
| 01/2021 to 12/2021 | 277.21 | 2,674 | 741,309 | 8,895,713 |
| 01/2022 to 12/2022 | 304.93 | 2,674 | 815,438 | 9,785,252 |

Note 1 The annual rent in the first year is calculated based on assumption of handover date on January 31 2014, but would be subsequently adjusted once the actual handover date is confirmed.

Note 2 The area is based on the GFA schedule agreed on Oct 22 2012. The area and the rental amounts are subject to change based on the verification of GFA schedule during the fit-out stage.

| <u>Phase 2 Building</u> | <u>Rate per sq.m. (P)</u> | <u>Parking Area (sq.m.) (Note 2)</u> | <u>Monthly Rent (P) (Exclusive of VAT)</u> | <u>Annual Rent (P) (Exclusive of VAT)</u> |
|--|-----------------------------------|--|--|---|
| <u>Fourth Handover Date (March 31, 2014) to December 31 2014</u> (Note 1) | 157.50 | 77,808 | 12,254,815 | 110,293,336 |
| 01/2015 to 12/2015 | 165.38 | 77,808 | 12,867,945 | 154,415,339 |
| 01/2016 to 12/2016 | 176.95 | 77,808 | 13,768,188 | 165,218,250 |
| 01/2017 to 12/2017 | 189.34 | 77,808 | 14,732,233 | 176,786,796 |
| 01/2018 to 12/2018 | 208.27 | 77,808 | 16,205,145 | 194,461,741 |
| 01/2019 to 12/2019 | 229.10 | 77,808 | 17,825,893 | 213,910,716 |
| 01/2020 to 12/2020 | 252.01 | 77,808 | 19,608,482 | 235,301,787 |
| 01/2021 to 12/2021 | 277.21 | 77,808 | 21,569,253 | 258,831,032 |
| 01/2022 to 12/2022 | 304.93 | 77,808 | 23,726,100 | 284,713,202 |

Note 1 The annual rent in the first year is calculated based on assumption of handover date on March 31 2014, but would be subsequently adjusted once the actual handover date is confirmed.

Note 2 The area is based on the GFA schedule agreed on Oct 22 2012. The area and the rental amounts are subject to change based on the verification of GFA schedule during the fit-out stage.

CLOSING ARRANGEMENT AGREEMENT

dated OCT 25 2012

among

SM INVESTMENTS CORPORATION

for itself and on behalf of the companies of the SM Group as listed in Schedule 2

BELLE CORPORATION

PREMIUMLEISURE AND AMUSEMENT, INC.

and

MCE LEISURE (PHILIPPINES) CORPORATION

for itself and on behalf of certain of the other companies of the MCE Group

Table of Contents

| | |
|---|-----------|
| SECTION 1. DEFINITIONS AND CONSTRUCTION | 3 |
| 1.01 Defined Terms | 3 |
| 1.02 Principles of Construction | 3 |
| 1.03 Schedules and Exhibits | 5 |
| SECTION 2. OBLIGATIONS PRIOR TO CLOSING | 6 |
| 2.01 Effectiveness | 6 |
| 2.02 PAGCOR | 6 |
| 2.03 Construction works | 6 |
| 2.04 Project Contracts | 6 |
| 2.05 Compliance with Applicable Law | 6 |
| 2.06 Pre-Closing Commitments | 7 |
| 2.07 Access to the Land and Building Structures and Project information | 7 |
| 2.08 Restricted Matters | 8 |
| 2.09 Communications with Government Authorities | 8 |
| 2.010 Termination of the MOU and MOA | 8 |
| 2.011 Registration of Lease | 9 |
| 2.012 Pre-Closing Costs | 9 |
| SECTION 3. CLOSING | 10 |
| 3.01 Closing | 10 |
| 3.02 Conditions to Closing | 10 |
| 3.03 Deliveries at Closing | 14 |
| 3.04 Funds flow at Closing | 18 |
| 3.05 Transfer of title | 18 |
| 3.06 Waiver of Conditions | 18 |
| 3.07 Satisfaction of Conditions | 19 |
| 3.08 Post Closing and Other Covenants | 19 |
| 3.09 Condition Subsequent | 19 |
| 3.010 No Liability | 20 |
| 3.011 AB Leisure Contracts | 20 |
| SECTION 4. REPRESENTATIONS AND WARRANTIES | 21 |
| 4.01 Common Representations and Warranties | 21 |
| 4.02 Representations and Warranties of SMIC | 21 |
| 4.03 Representations and Warranties of MCE Leisure | 21 |
| 4.04 Representations and Warranties of the Philippine Parties | 22 |
| 4.05 Repetition of Representations and Warranties | 22 |
| 4.06 Reliance on Representations | 22 |
| 4.07 Indemnity | 22 |
| SECTION 5. ADDITIONAL COVENANTS AND UNDERTAKINGS | 23 |
| 5.01 Taxes, Costs and Expenses | 23 |
| 5.02 Confidential Information | 23 |
| 5.03 Cooperation | 23 |
| SECTION 6. TERM AND TERMINATION | 24 |
| 6.01 Termination | 24 |
| 6.02 Effects of Termination | 24 |
| 6.03 Survival and other matters | 25 |

| | |
|---|----|
| SECTION 7. POWERS AND LIABILITIES OF THE PARTIES | 26 |
| 7.01 Powers of SMIC under this Agreement | 26 |
| 7.02 Powers of MCE Leisure under this Agreement | 26 |
| SECTION 8. GOVERNING LAW AND ARBITRATION | 28 |
| 8.01 Governing Law | 28 |
| 8.02 Arbitration | 28 |
| SECTION 9. OTHER PROVISIONS | 29 |
| 9.01 Notices to Parties | 29 |
| 9.02 Successors and Assigns | 30 |
| 9.03 Severability | 30 |
| 9.04 Further Covenant; Mutual Cooperation | 30 |
| 9.05 No Waiver | 30 |
| 9.06 Entire Agreement | 30 |
| 9.07 MCE Group | 31 |
| 9.08 Counterparts | 31 |
| 1.1 Background | 40 |
| 1.2 Definitions | 40 |
| 1.3 Interpretation | 41 |
| 1.4 Terminating Contracts | 41 |
| 1.5 Design Contracts | 41 |
| 1.6 Supply Contracts | 42 |
| 1.7 Macro Wall Novation Deed | 43 |
| 1.8 Electro-Systems Deed | 44 |
| 1.9 Deliveries | 44 |
| 1.10 SM works | 44 |
| 1.11 Other | 45 |

CLOSING ARRANGEMENT AGREEMENT

This **Closing Arrangement Agreement** (the "**Agreement**") is made and entered into this _____ at _____, by and among:

- (1) **SM INVESTMENTS CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 10th Floor, One E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("**SMIC**"), for itself and on behalf of the other companies of the SM Group each a corporation duly organized and existing under and by virtue of Philippine laws with office address opposite their names as listed in **Schedule 2**,

(each of the companies in the SM Group other than SMIC, a "SM Subsidiary" and together the "**SM Subsidiaries**", and each of the companies in the SM Group, a "**SM Company**");
- (2) **BELLE CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("**Belle**");
- (3) **PREMIUMLEISURE AND AMUSEMENT, INC.**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("**PLAI**"),

(SMIC, Belle and PLAI shall each be known as a "**Philippine Party**", and collectively, as the "**Philippine Parties**"); and
- (4) **MCE LEISURE (PHILIPPINES) CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines ("**MCE Leisure**") for itself and on behalf of MCE Holdings (Philippines) Corporation ("**MCE Holdings**") and MCE Holdings No. 2 (Philippines) Corporation ("**MCE Holdings No. 2**"), each a corporation duly organized and existing under and by virtue of Philippine laws, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines and MPEL Projects Limited ("**MPEL**") and Melco Property Development Limited ("**MPD**"), each a company incorporated in the British Virgin Islands with an address for correspondence at 36/F The Centrium, 60 Wyndham Street, Hong Kong,

(each of MCE Holdings and MCE Holdings No. 2 shall be known as a "**MCE PHP Subsidiary**" and each MCE PHP Subsidiary and MCE Leisure shall be known as a "**MCE Party**" and together the "**MCE Parties**"),

(SMIC and each of the other companies of the SM Group, Belle, PLAI and MCE Parties are collectively referred to as the "**Parties**" and each or any one of them is referred to as a "**Party**").

RECITALS

- (A) On April 20, 2012, the Philippine Parties and MPD entered into a non-binding Memorandum of Understanding ("**MOU**") containing (a) indicative terms for the inclusion of the MCE Parties and the MCE Designated Entities in the Consortium, and the construction, fit out, lease, development, operation and management of the Project and (b) the terms on which MPEL would be permitted to conduct due diligence on (among other things) the Philippine Parties, the Project, the Provisional License and the Land and Building Structures.

- (B) On July 5, 2012, the Philippine Parties and MPEL entered into a binding Memorandum of Agreement (the “**MOA**”) containing the indicative terms for the inclusion of each MCE Party in the Consortium and the Project
 - (C) The Parties have on the date of this Agreement entered into a Cooperation Agreement in relation to the Project (“**Cooperation Agreement**”). The Cooperation Agreement comes into effect upon Closing.
 - (D) In order to facilitate an orderly Closing, the Parties set forth herein the procedure, requirements and mechanics to achieve Closing.
-

NOW, THEREFORE, the Parties agree as follows:

SECTION 1. DEFINITIONS AND CONSTRUCTION

1.01 Defined Terms

Unless defined in this Agreement, capitalized terms have the meaning ascribed to such terms in the Cooperation Agreement.

1.02 Principles of Construction

- (a) Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing a gender include every gender.
- (b) If a word or phrase is defined, its other grammatical forms have corresponding meanings.
- (c) A reference to “**includes**” means includes without limitation.
- (d) References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any statutory provision of which they are re-enactments (whether with or without modification).
- (e) Save where the contrary is indicated, any reference to this Agreement or any other agreement or document shall be construed as a reference to this Agreement, or other agreement or document as the same may have been, or may from time to time be (subject to any restrictions therein), amended, varied, novated, supplemented, replaced or substituted, and shall include the schedules, annexes, exhibits and supplements to all of the foregoing.
- (f) Reference to “**Person**” denotes natural persons, corporations, partnerships, joint ventures, trusts, unincorporated organizations, political subdivisions, agencies or instrumentalities, and such reference to a “**Person**” shall include its respective successors and permitted assigns.
- (g) References herein to “**Sections**”, “**Schedules**” and “**Exhibits**” are to be construed as references to the sections, schedules and exhibits of and to this Agreement unless the context requires otherwise.
- (h) A “**month**” is the period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the immediately succeeding calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month).
- (i) The headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.
- (j) No rule of construction will apply to a relevant provision to the disadvantage of a Party merely because that Party put forward the relevant provision or would otherwise benefit from it
- (k) Any undertaking given by, or obligation of, the Philippine Parties together under this Agreement binds them jointly and severally.
- (l) The liability of the Philippine Parties together under this Agreement is joint and several, except in relation to **Sections 2.06(d), 3.02(b)(v), 3.02(b)(vi) and 3.09(b)** which shall be (despite anything to the contrary in those Sections) the joint and several liability of each of Belle and PLAI.

(m) Any undertaking given by, or obligation of, the MCE Parties together under this Agreement is joint and several.

(n) Any undertaking given by, or obligation of, the SM Group together under this Agreement is joint and several.

1.03 Schedules and Exhibits

The following Schedules and Exhibits form integral parts of this Agreement:

| | |
|------------|--|
| Schedule 1 | Defined Terms |
| Schedule 2 | The SM Group |
| Schedule 3 | Principles |
| Schedule 4 | Registration of Belle Lease |
| Schedule 5 | AB Leisure Contracts |
| Schedule 6 | Warranties by the Philippine Parties |
| Exhibit A | [Not used] |
| Exhibit B | Form of the Operating Agreement |
| Exhibit C | [Not used] |
| Exhibit D | Belle Undertaking |
| Exhibit E | [Not used] |
| Exhibit F | Form of Undertaking on the Belle Lease |
| Exhibit G | [Not used] |
| Exhibit H | Form of Closing Certificate of Philippine Parties |
| Exhibit I | Form of FCPA Certificate |
| Exhibit J | Form of Closing Certificate of MCE Leisure |
| Exhibit K | [Not used] |
| Exhibit L | SSS Undertaking |
| Exhibit M | Part A – ABLGI Form of Waiver, Discharge and Quitclaim Part B – PHP Form of Waiver, Discharge and Quitclaim |
| Exhibit N | Due Diligence Information Index |

SECTION 2. OBLIGATIONS PRIOR TO CLOSING

2.01 Effectiveness

- (a) The Parties have executed and delivered to each of the parties to the Cooperation Agreement and the Belle Lease, copies of each of those agreements.

2.02 PAGCOR

- (a) Within five (5) Business Days from the date of this Agreement, the Philippine Parties shall submit a letter to PAGCOR (in a form acceptable to the MCE Parties acting reasonably) requesting that PAGCOR do each of the matters or things in Section 3.02(b)(xii).
- (b) The Philippine Parties shall promptly pay for all fees payable to PAGCOR and, subject to the prior written approval of the MCE Parties, comply with all requests for information and other requirements of PAGCOR in relation to any matter or thing to be done by PAGCOR under Section 2.02(a).
- (c) MCE Leisure may notify the Philippine Parties from time to time in writing whether it shall (i) directly undertake, or (ii) nominate a MCE Designated Entity to undertake (and if so, which MCE Designated Entity), any of the fit-out, management and operations of the Project, and may remove and replace that MCE Designated Entity from time to time.

2.03 Construction works

Between the date of this Agreement and Closing, Belle shall design and construct the Phase 1 Building, and design and construct the Phase 2 Building, in each case in accordance with (as applicable):

- (a) the Project Plan;
- (b) the PAGCOR Wrap Letter and the PAGCOR Development Guidelines (as applicable);
- (c) the National Building Code;
- (d) this Agreement and in particular, Schedule 5;
- (e) all Applicable Laws and all relevant codes and standards for the intended usages of the Project; and
- (f) the Layout/Plan of the Land and Building Structures.

2.04 Project Contracts

Between the date of this Agreement and Closing, none of the Philippine Parties may grant any extension of time, issue any variation under, amend, vary, terminate or novate, any of the AB Leisure Contracts (except, in the case of termination, where such termination is expressly permitted or required under this Agreement) without the prior written consent of the MCE Parties.

2.05 Compliance with Applicable Law

- (a) Between the date of this Agreement and Closing, the Philippine Parties and SM Subsidiaries shall comply at all times with all Applicable Laws (including, for the avoidance of doubt, the Casino License).
- (b) Sections 9.01 to 9.04 (inclusive) of the Cooperation Agreement (“**Foreign Corrupt Practices Act Undertaking**”, “**Rights of MCE Leisure**”, “**Anti-Corruption**” and “**Probity**”) shall, between the date of this Agreement and Closing, apply and Belle, PLAI and the SM Group agree to be bound by the covenants and undertakings specified in those Sections as if a reference in those Sections to the “Philippine Parties” was a reference to “Belle, PLAI and the SM Group” and as if the representations, covenants and undertakings in those Sections were repeated in the Agreement.

2.06 Pre-Closing Commitments

- (a) Between the date of this Agreement and Closing, the Philippine Parties and SM Subsidiaries shall not:
- (i) enter into any arrangement, agreement, make any commitment, or incur or create any obligation or liability to any Person (including to a Government Authority) whether oral or written, under, in connection with, related to, or arising out of, the Casino License or the Project and which is, or may be, binding on the Consortium, any member of the Consortium, the Licensees or any Licensee, in each case without the prior written consent of the MCE Parties (acting reasonably); or
 - (ii) enter into any agreement, arrangement or commitment in connection with the Project which is outside the ordinary course of the design and construction of the Building Structures where the value of such agreement, arrangement or commitment is more than US\$200,000 in any one or more of related transactions without the prior written consent of the MCE Parties (such consent not to be unreasonably withheld).
- (b) Nothing in Section 2.06(a)(i) shall prohibit any of the Philippine Parties from entering into any agreement or making any arrangement or commitment on behalf of themselves only (and not on behalf of the Consortium, any other member of the Consortium, the Licensees, or any Licensee) with any Person:
- (i) as required under Section 2.03; or
 - (ii) as required to satisfy the Closing Conditions.
- (c) The Parties agree that any agreement, arrangement or understanding entered into by any of the Philippine Parties or the SM Subsidiaries (in each case whether oral or written) contrary to the prohibition in Section 2.06(a) shall not be binding on any of the MCE Parties, and the MCE Parties will not incur, and are not liable for the performance of, any obligations or duties under or in respect of any such agreement, arrangement or understanding.
- (d) The Philippine Parties and SM Subsidiaries indemnify each of the MCE Parties from any Loss suffered or incurred by any of them arising out of, or in relation to, any breach of Sections 2.04, 2.05, 2.06, 2.08, 2.09 or Schedule 5.

2.07 Access to the Land and Building Structures and Project information

Between the date of this Agreement and Closing, the Philippine Parties irrevocably grant to the MCE Parties and any MCE Designated Entity and any of their respective officers, directors, employees, contractors, consultants and advisers:

- (a) access at all times to the Land and Building Structures; and
- (b) access at all times during normal business hours to examine and make copies of any and all documents, books and records of each of the Philippine Parties and SM Subsidiaries relating to the Project or the Casino License.

2.08 Restricted Matters

- (a) Between the date of this Agreement and Closing, the Philippine Parties and SM Subsidiaries shall not:
- (i) do or agree to do, and shall procure that their Affiliates do not do or agree to do any of the matters specified in Sections 13.06(b) and 13.07 of the Cooperation Agreement; or
 - (ii) suffer, or permit to suffer, any of the matters specified in Sections 13.06(b) and 13.07 of the Cooperation Agreement, in each case, without the prior written consent of the MCE Parties or as expressly required by this Agreement.
- (b) Between the date of this Agreement and Closing, the Philippine Parties and SM Subsidiaries shall not create, permit to subsist, or suffer the existence of, any Encumbrance over, or rights in favour of any Person over, their membership in the Consortium, the Land or Building Structures or the Project (other than the Belle Encumbrances).
- (c) Sections 6.01, 6.02 and 6.03 of the Cooperation Agreement (“**Right of Refusal for Additional Opportunities**”, “**Right of Refusal for Acquisition Opportunities**” and “**Non Compete**”) shall apply to the Parties (and their Affiliates) between the date of this Agreement and Closing and the Parties agree to be bound by the covenants and undertakings specified in the Non Compete as if those covenants and undertakings were repeated in this Agreement.

2.09 Communications with Government Authorities

- (a) Between the date of this Agreement and Closing, the Philippine Parties and SM Subsidiaries shall not, including on behalf of the Consortium or any other member of the Consortium have any discussions with or meet with, or submit or enter into any correspondence (including verbal or written) with, any Government Authority, in relation to the Casino License or the Project unless the MCE Parties:
- (i) are given reasonable opportunity to participate in, and participate in (or decline to participate in), those discussions and meetings; and
 - (ii) in the case of any correspondence, have consented (such consent not to be unreasonably withheld) to the form, content, manner and timing of that correspondence.
- (b) The MCE Parties may, from time to time by notice in writing to the Philippine Parties and SM Subsidiaries nominate a representative to participate in any discussions and meetings referred to in this Section 2.09(a)(i).

2.10 Termination of the MOU and MOA

Each of the parties to the MOU and the MOA agree that, with effect from the date of this Agreement:

- (a) the MOU and MOA are terminated; and
- (b) each of the parties to the MOU and MOA (including any Person designated by either or both MPEL and MPD for the Project under the MOU or MOA, as applicable) are released from all rights and liabilities any of them may have under those agreements, other than any rights or liabilities accrued by a party to either agreement prior to the date of this Agreement.

2.011 Registration of Lease

- (a) Between the date of this Agreement and Closing, Belle shall use its best efforts to procure that the Belle Lease is annotated or registered on the Transfer Certificate of Title in the name of Belle including by taking the steps specified in **Schedule 4**.
- (b) Subject to Belle complying with its obligations under Section 2.011(a) (as applicable), MCE Leisure agrees to pay ("**Lease Registration Fees**"):
 - (i) to Belle, for payment to the cashier of the Register of Deeds, the fees and taxes described in item 3 of **Schedule 4**; and
 - (ii) to the Bureau of Internal Revenue ("**BIR**"), the required amount of Documentary Stamp Tax ("**DST**").

2.012 Pre-Closing Costs

- (a) The Philippine Parties and the MCE Parties acknowledge and agree that the MCE Parties may incur, in anticipation of Closing, certain costs, expenses and fees in relation to the Project that will be for the benefit of the Project on Closing including in relation to the matters in **Schedule 5** ("**Pre-Closing Costs**").
- (b) Pre-Closing Costs may include, among other things, costs incurred under design consultancy contracts proposed to be entered into by the MCE Parties prior Closing.
- (c) The Philippine Parties agree that if, for any reason Closing does not occur other than due to the default of the MCE Parties, they will promptly pay to the MCE Parties on demand and subject to being provided with reasonable documentation in respect of such costs, the Pre-Closing Costs incurred by the MCE Parties up to an amount of US\$5 million in aggregate plus all costs and expenses incurred by the MCE Parties in entering into or terminating any agreements contemplated by **Schedule 5**.
- (d) The Parties agree that if, for any reason, Closing has not occurred on or before 1 December 2012 they will meet on or before 15 December 2012 (or such later date as the Parties may agree) in Hong Kong to discuss the reasons for any such delay, and to negotiate in good faith for a period of not less than ten (10) days the terms on which MCE Leisure may be prepared to commit resources to the Project in advance of Closing (and if so, which, if any, additional costs the Philippine Parties will agree to reimburse the MCE Parties for).
- (e) **This Section 2.012** survives termination of this Agreement.

SECTION 3. CLOSING

3.01 Closing

- (a) Closing of this Agreement shall occur at 11.00am (Manila time) on the date which is five (5) Business Days after the Closing Conditions (other than those actions to be done, matters to be satisfied and items to be delivered on Closing) have been satisfied or waived or such other date agreed between the Parties in writing (“**Closing Date**”).
- (b) All events taking place at Closing shall be deemed to occur simultaneously and no delivery of documents and other items will be taken to have been made until all deliveries of documents and other items have been made.
- (c) All copies of documents and other items to be delivered at Closing by the Parties shall, unless otherwise expressly stated in this Agreement to the contrary, be certified by the relevant Party (or by counsel acting for that Party) or such other Person as may be acceptable to the recipient (acting reasonably) as true and correct copies of the original and will be released simultaneously when all Closing deliverables are made available to the relevant Party at Closing.

3.02 Conditions to Closing

The conditions which shall be satisfied or waived for Closing to occur are as follows (“**Closing Conditions**”):

- (a) Common Conditions:
 - (i) the Parties shall have executed and delivered or shall have caused their respective designees (as applicable) to duly execute and deliver the Operating Agreement to each of the other parties to that agreement;
 - (ii) MCE Leisure and the relevant MCE Designated Entities (as applicable) shall have either:
 - 1. entered into such definitive agreements (including a facility agreement) with BDO on such terms as are acceptable to MCE Leisure under which BDO is bound to advance to MCE Leisure and the relevant MCE Designated Entities (as applicable) the loans set out below and all of the conditions to the drawdown of such loans have been satisfied:
 - A. ₱ 10.5 Billion Term Loan;
 - B. U.S. \$50 Million Term Loan; and
 - C. ₱ 1 Billion Credit Line,and MCE Leisure and the relevant MCE Designated Entities shall have drawn down the U.S. \$50 Million Term Loan in full and such other amounts under those loans as determined by them; or
 - 2. entered into, and drawn down under, such other financing arrangements as are acceptable (including as to the amount of borrowings), and in such amounts as are acceptable, to MCE Leisure for the purpose of (among other things) funding some or all of MCE Leisure’s contributions under Section 5 of the Cooperation Agreement (including any amounts required for the Escrow Account); and
 - (iii) there has been no issuance of a final, non-appealable order of a Government Authority prohibiting the transactions and the steps to be taken at Closing;

- (b) Philippine Parties' conditions:
- (i) the Land and the Building Structures:
 - 1. have not been destroyed; or
 - 2. have not been damaged or defective in any way which adversely affects, or may reasonably expected to adversely affect, their ability to be used in the Project, and if so damaged or defective have not been repaired or remedied to the reasonable satisfaction of MCE Leisure within twenty (20) Business Days of the Philippine Parties receiving notice from MCE Leisure to do so (but in any event prior to Closing);
 - (ii) deliver to the MCE Parties:
 - 1. a valuation report from Jones Lang LaSalle Leechiu, that the value of the Land is not less than U.S. Dollars: One Hundred Fifty Million (US\$150,000,000.00);
 - 2. a written certification from Langdon & Seah Philippines, Inc. of the:
 - A. total costs incurred by the Philippine Parties in respect of the design and construction of the Phase 1 Building; and
 - B. total costs incurred by the Philippine Parties in respect of the design and construction of the Phase 2 Building (if applicable); and
 - 3. evidence, in a form acceptable to the MCE Parties, of the Philippine Parties' good faith estimate of the costs they expect to incur in respect of the design and construction of the Phase 2 Building and which amount, when added to the amount certified under Section 3.02(b)(ii)2, is not less than U.S. Dollars: One Hundred Seventy Five Million (US\$175,000,000.00);
 - (iii) the Philippine Parties have obtained and delivered to the MCE Parties any and all corporate, regulatory, Government Approvals and other approvals, consents or waivers required by the Philippine Parties under the Transaction Documents and which are required to be obtained on or before Closing (and such approvals, consents and waivers are subsisting as at Closing (as applicable));
 - (iv) all of the representations and warranties of the Philippine Parties contained in this Agreement are true and correct as of the date of this Agreement and the Closing Date in all material respects, with the same effect as though such representations and warranties had been made on and as of such dates and the Philippine Parties and the SM Subsidiaries shall have complied in all material respects with the covenants, agreements and obligations required to be performed by them under this Agreement at or prior to Closing;
 - (v) Belle and PLAI have entered into agreements with ABLGI and LRWC in a form satisfactory to the MCE Parties ("**ABLGI Termination Agreements**") terminating the ABLGI Agreements.

If, despite Belle's and PLAI's best efforts to satisfy the Closing Condition in this Section 3.02(b)(v), the ABLGI Termination Agreements proposed to be entered into are not in a form satisfactory to the MCE Parties, then the MCE Parties may waive the Closing Condition in that Section and if so the Philippine Parties shall indemnify the MCE Group from any and all Loss suffered or incurred by the MCE Group arising out of or in connection with the ABLGI Agreements, the transactions contemplated by them, and the failure of the parties thereto to terminate those documents on terms acceptable to the MCE Parties;

- (vi) the ABLGI Waiver, Discharge and Quitclaim has been duly executed by ABLGI and LRWC
- If, despite the Philippine Parties' best efforts to satisfy the Closing Condition in this Section 3.02(b)(vi), the PHP Waiver, Discharge and Quitclaim is not entered into, then the MCE Parties may waive the Closing Condition in that Section and if so the Philippine Parties shall indemnify the MCE Group from any and all Loss suffered or incurred by the MCE Group arising out of or in connection with the failure of ABLGI and LRWC to release each of the parties to the ABLGI Agreements and the MCE Group from any claims any of ABLGI or LRWC may have arising out of or in relation to those documents or the Project;
- (vii) the PHP Waiver, Discharge and Quitclaim has been duly executed by PLAI and Belle;
- (viii) Belle and PLAI shall have turned over to the MCE Party or the MCE Designated Entity the Land, the Phase 1 Building and such of the Phase 2 Building as has been constructed (if at all);.
- (ix) the Belle Lease has been registered or annotated on the Transfer Certificates of Title Nos. 166290, 166921 and 166292 in the name of SSS;
- (x) the SSS Lease Contract has been registered or annotated on Transfer Certificates of Title Nos. 166290, 166921 and 166292 registered in the name of SSS in the Register of Deeds in the Philippines;
- (xi) SSS and Belle shall have entered into the SSS Undertaking;
- (xii) PAGCOR shall have:
1. issued a Certificate of Affiliation & Provisional License, with effect from Closing:
 - A. certifying that the Philippine Parties and the MCE Parties (only) are the named licensees and holders of the Provisional License; and
 - B. nominating MCE Leisure as the sole and exclusive representative of the named licensees and holders of the Provisional License;
 2. duly executed and delivered to the Philippine Parties and MCE Parties an amended and restated Provisional License, with effect from Closing, in the form in effect on the date of this Agreement except:
 - A. the Provisional License shall be in favour of the Philippine Parties and the MCE Parties (only) as named licensees;
 - B. MCE Leisure shall be appointed as the "Special Purpose Entity" in place of PLAI; and
 - C. for such other amendments as may be approved by the MCE Parties;
 3. duly executed and delivered the PAGCOR Wrap Letter to the Philippine Parties and MCE Parties;
 4. not less than five (5) Business Days prior to Closing, notified the MCE Parties in writing that it consents to the granting of any Encumbrances over the Escrow Account which may be required in connection with any financing by any of the MCE Parties or MCE Designated Entities of their investment in the Project; and
 5. notified the MCE Parties in writing that, as at Closing, none of the members of the Consortium or the Consortium is in breach of the Provisional License;
-

- (xiii) the Philippine Parties shall have prepared and delivered to PAGCOR a copy of the Project Implementation Plan in a form acceptable to the MCE Parties (and including those matters notified by the MCE Parties to the Philippine Parties prior to the date of this Agreement which are required to be included in the Project Implementation Plan) and PAGCOR shall have notified the Philippine Parties and MCE Parties in writing that the Project Implementation Plan is approved by it;
- (xiv) no Government Authority:
1. has taken, or has indicated an intention to take (whether orally or in writing); or
 2. requires, or has indicated an intention to require, the MCE Parties or the Philippine Parties to take, any action which has had, or might reasonably be expected to have, a material adverse effect on the Consortium, the Project, the Land, the Building Structures or the Casino License or which otherwise requires the MCE Parties or the Philippine Parties to contribute additional resources in connection with the Project in excess of, or which may reasonably be expected to exceed, their obligations in the Cooperation Agreement;
- (xv) the MCE Parties shall have received a report from such technical expert as they may determine and notify the Philippine Parties that the design and construction of the Phase 1 Building and the design and construction of such of the Phase 2 Building has been designed and constructed (if at all) complies with:
1. the Project Plan;
 2. the PAGCOR Wrap Letter and PAGCOR Development Guidelines (as applicable);
 3. this Agreement and in particular, Schedule 5;
 4. the National Building Code;
 5. all Applicable Laws and all relevant codes and standards for the intended usages of the Project; and
 6. the Layout/Plan of the Land and the Building Structures;
- (xvi) the MCE Parties shall have received written confirmation from SMIC and Belle and each of their appointed consultants (such consultants shall be approved by the MCE Parties prior to their engagement) that the Phase 1 Building and as much of the Phase 2 Building as has been designed and constructed at that time has been designed and constructed in accordance with the design, drawings and specifications set out in the Project Plan;
- (xvii) Belle shall have delivered to the MCE Parties:
1. the design modifications for the Phase 1 Building; and
 2. the design for the Phase 2 Building,
- in each case in a form acceptable to the MCE Parties;

- (xviii) the MCE Parties shall have entered into the New Design Contracts with the Design Contractors;
 - (xix) the MCE Parties shall have received a copy of the PEZA Registration certified as true and correct and duly executed by PEZA;
 - (xx) the MCE Parties shall have received a Certificate of Registration issued by PEZA in favour of MCE Leisure and a Registration Agreement duly executed by MCE Leisure and PEZA;
 - (xxi) Belle shall have achieved completion of the Construction Milestones in column 2, rows 2 and 3 on or before the dates specified in column 3, rows 2 and 3 of the table in Schedule 3 of the Cooperation Agreement; and
 - (xxii) any other conditions which the Philippine Parties and MCE Parties agree in writing prior to the date of this Agreement are a Closing Condition, are satisfied.
- (c) MCE Parties' conditions:
- (i) the MCE Parties have obtained and delivered to the Philippine Parties on or before Closing any and all corporate, regulatory, Government Approvals and other approvals, consents or waivers required by them under the Transaction Documents which are required to be obtained on or before Closing (and such approvals, consents and waivers are subsisting as at Closing (as applicable));
 - (ii) the representations and warranties of the MCE Parties contained in this Agreement are true and correct as of the date of this Agreement and the Closing Date in all material respects, with the same effect as though such representations and warranties had been made on and as of such dates and the MCE Parties shall have complied in all material respects with the covenants, agreements and obligations required to be performed by them under this Agreement at or prior to Closing; and
 - (iii) subject to, and conditional on, the satisfaction by Belle of the Closing Condition in Section 3.02(b)(viii), the MCE Parties shall have accepted on Closing turnover by Belle of: (i) the Land, (ii) the Phase 1 Building, and (iii) such of the Phase 2 Building as has been constructed (if at all).

3.03 Deliveries at Closing

On Closing:

- (a) the Philippine Parties shall deliver, or cause to be delivered, to MCE Leisure the following:
 - (i) a sworn certificate issued by the corporate secretary of each of the Philippine Parties and the SM Subsidiaries:
 1. attesting to the resolutions adopted by their respective Board of Directors authorizing the execution, delivery and performance of the Transaction Documents and the Ancillary Documents to which the Philippine Parties and SM Subsidiaries are a party to; and
 2. the authority, name, title and specimen signature of their respective officers authorized to execute the Transaction Documents and Ancillary Documents;

- (ii) copies of each of the:
 - 1. ABLGI Termination Agreements (unless the Closing Condition in Section 3.02(b)(v) is waived by the MCE Parties); and
 - 2. the ABLGI Waiver, Discharge and Quitclaim (unless the Closing Condition in Section 3.02(b)(vi) is waived by the MCE Parties), in each case, duly executed by each of the parties thereto (other than the MCE Parties);
- (iii) a copy of the PHP Waiver, Discharge and Quitclaim been duly executed by PLAI and Belle;
- (iv) the Certificate of Affiliation & Provisional License in the form required by Section 3.02(b)(xii)1;
- (v) the Provisional License amended and restated in the form required by Section 3.02(b)(xii)2 duly executed by each of the parties thereto (other than the MCE Parties);
- (vi) the PAGCOR Wrap Letter required under Section 3.02(b)(xii)3 and the notices in the form required in Sections 3.02(b)(xii)4 to 3.02(b)(xii)5 (inclusive), in each case duly executed by PAGCOR;
- (vii) a notice from PAGCOR approving the Project Implementation Plan submitted to PAGCOR under Section 3.02(b)(xiii);
- (viii) evidence that the Old Escrow Account has been closed on the Closing Date;
- (ix) an undertaking in favour of the MCE Group in the form attached as Exhibit D duly executed by Belle;
- (x) all of the documents to be delivered or required to be delivered by the Philippines Parties under Schedule 5 by Closing duly executed by each of the parties to those documents (other than the MCE Parties);
- (xi) an undertaking, in the form attached as Exhibit F, duly executed by Belle under which it irrevocably agrees that none of the MCE Parties or any MCE Designated Entity are required to pay any penalties, charges or fees due or owing to any person as a result of or in relation to any default (whether or not an actual declaration of default has been made by the Philippine Parties) by ABLGI of the Building Lease Agreement dated January 14, 2011 and the Land Lease Agreement dated January 14, 2011, including without limitation non-payment or delay in payment of lease rentals under said agreements, CUSA and any security deposit or advance rental forfeited by Belle;
- (xii) in relation to the Owned Land:
 - 1. proof of removal of encumbrance on Transfer Certificate of Title (TCT) No. 136452 (Entry No. 126 inscribed on January 3, 2003 at 9:22 a.m., and Entry No. 127 dated December 3, 2002; inscribed on January 3, 2003 at 9:22 a.m.) relating to the Notice of Levy issued by the City Treasurer of Parañaque City for unpaid real property taxes for the sum of P2,620,810.20 covering the 3rd and 4th quarters of 1999 until the full year of 2002, in a form acceptable to the MCE Parties; and
 - 2. evidence from BDO in a form acceptable to the MCE Parties that (1) all of the Encumbrances granted by Belle in favour of BDO over (i) the chattels that exist and were owned by Belle as of the date of BDO loans to Belle and which still are owned by Belle, and (ii) all chattels that have come into existence or have been created after the date of BDO loans to Belle and which still are owned by Belle, have been irrevocably and completely released and removed, and (2) BDO waives and releases Belle from the requirement of executing a supplemental chattel mortgage over any other future chattels that would come into existence or would be created after the date of the BDO loans to Belle;

- (xiii) proof of registration or annotation of the SSS Lease Contract on Transfer Certificates of Title Nos. 166290, 166921 and 166292 registered in the name of SSS;
 - (xiv) evidence, in a form acceptable to the MCE Parties, that BDO has irrevocably removed the gaming operator as a party to Belle's loans with BDO. If the gaming operator is not removed as a party to Belle's loans prior to the Closing Date, then Belle shall provide the MCE Parties the following on Closing:
 - 1. the written consent of BDO (in a form acceptable to the MCE Parties) to
 - A. the appointment of MCE Leisure as the gaming operator to the Project;
 - B. the lease to MCE Leisure of the Land and Building Structures as required by the relevant loan agreements;
 - C. the removal of chattels/equipment owned by MCE Leisure or any MCE Designated Entities or their nominees and installed in the Project Site; and
 - 2. an undertaking, in a form acceptable to the MCE Parties, duly executed by BDO, under which BDO agrees that the MCE Group is not and will not be liable on any loan, financing and security arrangement entered into by any of the Philippine Parties and BDO or any of its Affiliates;
 - (xv) a non-disturbance undertaking in favour of the MCE Group, in the form notified by the MCE Parties to the other Parties prior to the date of this Agreement or such other form as may be acceptable to the MCE Parties, duly executed by Belle and BDO and its Affiliates (as applicable) that BDO and its Affiliates (as applicable) shall respect the terms of the Belle Lease;
 - (xvi) an undertaking in favour of the MCE Group, in the form acceptable to the MCE Parties, duly executed by Belle indemnifying the MCE Group for any Loss suffered or incurred by them arising out of or in relation to any liens and their enforcement by SSS on the MCE Parties or the MCE Designated Entities' equipment, furniture, fixtures and other personal or movable property on the Leased Land;
 - (xvii) the Operating Agreement duly executed by each of the relevant Philippine Parties;
 - (xviii) a copy, certified true and correct by SMIC, of:
 - 1. the NAIA Expressway MOA for the construction, development and operation of the NAIA Expressway; and
 - 2. any other agreement entered into between the Consortium and PAGCOR on or before the Closing Date;
 - (xix) a Closing certification in the form set out in **Exhibit H**, executed by the duly authorized officer of each of the Philippine Parties dated as of the Closing Date;
-

- (xx) a FCPA Certificate in the form set out in Exhibit I, executed by the duly authorized officer of each of the Philippine Parties dated as of the Closing Date; and
 - (xxi) a real property tax clearance issued by the City Treasurer of Parañaque stating that all real property taxes on the Land and Phase 1 Building have been fully paid as of Closing;
 - (xxii) such evidence as the MCE Parties may require that as at the time immediately prior to Closing the balance of the Old Escrow Account is not less than Fifty Million U.S. Dollars: (US\$50,000,000.00);
 - (xxiii) true and complete copies of all correspondence, letters and other documents between PAGCOR and any of the Philippine Parties or the SM Subsidiaries (or any of their respective Affiliates) in relation to the Consortium, the Casino License or the Project;
 - (xxiv) a letter to PAGCOR, filed and stamped as received by PAGCOR, in the form agreed between the Parties on or before the date of this Agreement, requesting PAGCOR's approval in relation to certain issues regarding the Project;
 - (xxv) a copy of the SSS Undertaking duly executed by SSS and Belle; and
 - (xxvi) such other documents and things as the Philippine Parties and the MCE Parties may agree in writing prior to the date of this Agreement are required to be delivered by the Philippine Parties on Closing.
- (b) the MCE Parties shall have delivered, or caused to be delivered, the following to the Philippine Parties:
- (i) a sworn certificate issued by the corporate secretary of each of the MCE Parties and the relevant MCE Designated Entities:
 1. attesting to the resolutions adopted by their respective Board of Directors authorizing their execution, delivery and performance of the Transaction Documents and the Ancillary Documents to which such MCE Party or MCE Designated Entity is a party, and
 2. the authority, name, title and specimen signature of their respective officers authorized to execute the Transaction Documents and Ancillary Documents;
 - (ii) a copy of the SSS Undertaking duly executed by the MCE Designated Entity a party to that document;
 - (iii) the Provisional License amended and restated in the form required by Section 3.02(b)(xii)2 duly executed by the MCE Parties;
 - (iv) evidence that the Escrow Account has been opened in the name of MCE Leisure;
 - (v) an undertaking in favour of the MCE Group in the form attached as Exhibit D duly executed by the MCE Parties;
 - (vi) all of the documents required to be executed by MCE Leisure or the relevant MCE Designated Entity under Schedule 5 by Closing, in each case duly executed by MCE Leisure or the relevant MCE Designated Entity;
 - (vii) an undertaking in the form attached as Exhibit F executed by MCE Leisure or the relevant MCE Designated Entity;

- (viii) evidence of payment (in the form of check or remittance advice) of the amounts in Section 3.04;
- (ix) the Operating Agreement duly executed by the MCE Parties and the MCE Designated Entities (where applicable); and
- (x) a Closing certification attached in the form as Exhibit J, executed by the duly authorized officer of MCE Leisure dated as of the Closing Date.

3.04 Funds flow at Closing

- (a) MCE Leisure agrees on Closing:
 - (i) subject to the drawdown of U.S. \$50 Million under the financing contemplated by Section 3.02(a)(ii), deposit into the Escrow Account Fifty Million U.S. Dollars (US\$50,000,000.00); and
 - (ii) to pay or procure that the relevant MCE Designated Entity pays:
 - 1. in consideration of the termination by Belle of the ABLGI Agreements under Section 3.02(b)(v), pay to Belle the amount of ₱887,007,084 plus an amount of ₱ 88,277,090 for each complete calendar month between 1 January 2013 and Closing; and
 - 2. pay to Belle the amounts required (inclusive of VAT if applicable) to be paid to it on Closing in accordance with Schedule 5.
- (b) The Philippine Parties agree on Closing to close the Old Escrow Account and withdraw from that account the balance of the account (being not less than Fifty Million U.S. Dollars: (US\$50,000,000.00)).
- (c) Despite Section 3.04(a)(ii)2, MCE Leisure shall withhold any applicable withholding tax due on the amounts payable under that Section.
- (d) All payments to be made under Section 3.04(a) shall be made by or on behalf of the MCE Parties, at their sole option, by means of a check payment to Belle or telegraphic transfer to a bank account to be designated by Belle at least five (5) Business Days prior to Closing.

3.05 Transfer of title

The Philippine Parties shall deliver to MCE Leisure or the relevant MCE Designated Entity (as applicable), or cause either or both ABLGI and LRWC (as applicable) to deliver, for no further consideration, (other than as provided under this Agreement) all the supplies, fittings, fixtures, decorations, furniture and equipment specified in Schedule 5 in each case free of all Encumbrances and other third party rights.

3.06 Waiver of Conditions

- (a) The Closing Conditions in **Section 3.02(b)** are for the benefit of the MCE Parties only. The Closing Conditions in **Section 3.02(c)** are for the benefit of the Philippine Parties.
- (b) At any time on or before the Closing Date, the MCE Parties and the Philippine Parties may by joint written notice waive any of the Closing Conditions in Section 3.02(a).
- (c) At any time on or before the Closing Date, the MCE Parties may, by written notice to the Philippine Parties, waive any of the Closing Conditions in Section 3.02(b) and on such terms as the MCE Parties may determine.

- (d) At any time on or before the Closing Date, the Philippine Parties may, by written notice to the MCE Parties, waive any of the Closing Conditions in Section 3.02(c) and on such terms as Philippine Parties may determine.

3.07 Satisfaction of Conditions

- (a) The Parties shall use their best efforts to procure the satisfaction of the Closing Conditions set out in Section 3.02(a) as soon as possible after the date of this Agreement.
- (b) The Philippine Parties shall use their best efforts to procure the satisfaction of all Closing Conditions in Section 3.02(b) as soon as possible after the date of this Agreement.
- (c) MCE Parties shall use their best efforts to procure the satisfaction of all Closing Conditions in Section 3.02(c) as soon as possible after the date of this Agreement.
- (d) If any Party become aware of anything that will or is reasonably likely to prevent any Condition from being satisfied, it shall promptly disclose the same to the other Party.
- (e) The waiver by any Party of a Closing Condition will not, unless expressly agreed in writing by that Party, release the other from any obligation or liability to perform that obligation or discharge that liability after Closing.

3.08 Post Closing and Other Covenants

- (a) Notwithstanding Schedule 5, the MCE Group shall not in any way be liable to:
- (i) assume the obligations or liabilities of any Philippine Party under the AB Leisure Contracts or any contract, arrangement, understanding or commitment entered into by any of the Philippine Parties or the SM Subsidiaries in relation to the Project;
 - (ii) agree to reimburse, or reimburse, Belle or any other Person in relation to the termination of the AB Leisure Contracts or any other contract or arrangement in relation to the Project; or
 - (iii) enter into a contract with any of the AB Leisure Contractors.
- (b) The Parties agree that the MCE Group shall not be liable for any and all damages, penalties, interest and other charges that may be claimed by any party under the AB Leisure Contracts or any other supply or construction contracts in relation to the Project and Belle agrees to keep the MCE Parties indemnified against all Loss suffered or incurred by any of them in relation to the AB Leisure Contracts.
- (c) MCE Group has the full and unfettered right (but not the obligation) to review, adopt or change, at its own cost, the current interior design and fit-outs, and may assume, at its option, the existing contracts and documentation related thereto, including materials ordered or purchased. Any review, adoption or change by the MCE Group does not relieve the Philippine Parties of their obligations or liabilities under this Agreement.
- (d) The Parties agree that Philippine Parties will be responsible for negotiating with ABLGI and LRWC for termination of the ABLGI Agreements and will be solely responsible for payment of compensation or satisfaction of any other obligation to ABLGI or LRWC (other than as provided in this Agreement) for the termination of ABLGI and LRWC's engagement as operator of the Project.

3.09 Condition Subsequent

- (a) The Philippine Parties shall, on or before the date six (6) months after Closing, deliver (or cause to be delivered) to MCE Leisure, Transfer Certificates of Title in the name of Belle amended to reflect the sale of 348 square meters of the land covered by TCT No. 010-2010000882 and 867 square meters of land covered by TCT No. 010-2010000883 to Light Rail Transit Authority.

- (b) If, all of the Closing Conditions other than the condition in Section 3.02(b)(xi) have been satisfied or waived (as the case may be) then the MCE Parties agree to waive that condition (only) subject to such terms and conditions as they may notify to the Philippine Parties.
- (c) The Philippine Parties shall indemnify and keep indemnified each of the MCE Parties from any Loss suffered or incurred by any of them arising out of, or in relation to:
 - (i) any breach by the Philippine Parties of Section 3.09(a);
 - (ii) any amendments to the Certificates of Title referred to in Section 3.09(a); and
 - (iii) the sale of 348 square meters of the land covered by TCT No. 010-2010000882 and 867 square meters of land covered by TCT No. 010-2010000883 to Light Rail Transit Authority.

3.010 No Liability

Except for obligations under the Project Plan which MCE Leisure has expressly agreed to perform prior to Closing, or as otherwise expressly provided in this Agreement, the MCE Group shall have no obligation or liability whatsoever on the Project until after Closing.

3.011 AB Leisure Contracts

The Philippine Parties shall comply with their obligations under Schedule 5.

3.012 Agreed Principles

- (a) The Philippine Parties agree to meet with the MCE Parties no later than ten (10) Business Days after the date of this Agreement to negotiate in good faith, the Agreed Principles based on the principles set out in Schedule 3.
- (b) If the Philippine Parties and MCE Parties do not agree on the Agreed Principles on or before the date ten (10) Business Days after first meeting under Section 3.012(a) then the MCE Parties shall have the option at any time on or prior to Closing to terminate this Agreement by notice to the Philippine Parties.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.01 Common Representations and Warranties

The Philippine Parties represent and warrant to the MCE Parties in respect of each Philippine Party and SM Subsidiary that, except as otherwise disclosed in Philippine Parties Disclosure Letter, and the MCE Parties represent and warrant to the Philippine Parties in respect of each MCE Party that, except as otherwise disclosed in the MCE Disclosure Letter:

- (a) it is a corporation duly organized, validly existing and in good standing under Philippine laws, is duly qualified to do business in all jurisdictions where the ownership of its assets or the conduct of its business requires such qualification, has full legal capacity and possesses the capacity to sue or be sued in its own name, has the power to own its property and assets and carry on its business as it is now being conducted;
- (b) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, each Transaction Document and Ancillary Document to which it is a party, except for approvals as may be required to be subsequently obtained in accordance with the terms of any relevant Transaction Document or Ancillary Document;
- (c) it has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of each of the Transaction Documents and Ancillary Documents to which it is a party;
- (d) each Transaction Document and Ancillary Document to which it is a party constitutes its legal, valid and binding obligations, enforceable in accordance with their respective terms;
- (e) its execution, delivery and performance of each Transaction Document and Ancillary Documents to which it is a party does not and will not (i) violate any Applicable Law; or (ii) conflict with or result in the breach of, or result in the imposition of any Encumbrance under any agreement or instrument to it is a party or by which any of its property is bound; and
- (f) no Insolvency Event has occurred in relation to it.

4.02 Representations and Warranties of SMIC

SMIC represents and warrants to each of the MCE Parties that, except as otherwise disclosed in the Philippine Parties Disclosure Letter:

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, each Transaction Document and Ancillary Document to which a SM Subsidiary is a party, for and on behalf of that SM Subsidiary, except for approvals as may be required to be subsequently obtained in accordance with the terms of any relevant Transaction Document or Ancillary Document; and
- (b) each SM Subsidiary has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of each Transaction Document and Ancillary Document which it is a party by SMIC for and on behalf of such company.

4.03 Representations and Warranties of MCE Leisure

MCE Leisure represents and warrants to each of the Philippine Parties that except as otherwise disclosed in the MCE Disclosure Letter:

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, each Transaction Document and Ancillary Document to which a MCE PHP Subsidiary, MPEL or MPD is a party (as applicable), for and on behalf of each MCE PHP Subsidiary, MPEL and MPD (as applicable) except for approvals as may be required to be subsequently obtained in accordance with the terms of any relevant Transaction Document or Ancillary Document; and
- (b) each MCE PHP Subsidiary, MPEL and MPD (as applicable) has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of this Agreement by MCE Leisure for and on behalf of such company.

4.04 Representations and Warranties of the Philippine Parties

Each of the Philippine Parties represents and warrants to the MCE Parties that each of the representations and warranties in Schedule 6 are, except as disclosed in the Philippine Parties Disclosure Letter, true and correct

4.05 Repetition of Representations and Warranties

The representations and warranties of each of the Parties are true, complete and accurate as of the date of this Agreement, and shall be deemed repeated as of the Closing Date as though made then.

4.06 Reliance on Representations

Each of the representations and warranties herein is deemed to be a separate representation and warranty and each of the Parties has placed and will be placing complete reliance thereon in agreeing to execute the Transaction Documents and Ancillary Documents. Each representation and warranty shall survive the termination of this Agreement. Each representation and warranty shall survive Closing.

4.07 Indemnity

Each Party (the “**first Party**”) indemnifies each other Party (the “**second Party**”) against any Loss suffered or incurred by the second Party as a result of the breach of any warranty given by the first Party in this Section 4.

SECTION 5. ADDITIONAL COVENANTS AND UNDERTAKINGS

5.01 Taxes, Costs and Expenses

Unless otherwise provided in the Transaction Documents or Ancillary Documents, each Party shall bear and pay its own costs, taxes and expenses incurred by it in connection with the preparation, negotiation and execution of the Transaction Documents and the transactions contemplated under those documents.

5.02 Confidential Information

- (a) The Parties agree to comply with, and be bound by, the confidentiality obligations in Section 8.06 of the Cooperation Agreement as if that section was included in full in this Agreement.
- (b) This Section 5.02 survives termination of this Agreement.

5.03 Cooperation

Each of the Parties will fully cooperate with each other and their respective counsels and accountants in connection with any steps to be taken as part of their obligations under this Agreement, including, without limitation, the obtaining of all regulatory approvals necessary to effect the transactions contemplated hereby.

SECTION 6. TERM AND TERMINATION

6.01 Termination

This Agreement may only be terminated at any time before Closing:

- (a) by mutual written consent of the Parties;
- (b) by either the Philippine Parties or by MCE Parties if a final, non-appealable order of a Government Authority is issued prohibiting, restraining or making illegal the transactions and the steps to be taken at Closing as set out in this Agreement;
- (c) by the MCE Parties by notice to the Philippine Parties if (i) there has been a breach by any of the Philippine Parties or any of the SM Subsidiaries of any representation, warranty, covenant or undertaking contained in this Agreement which prevents or would prevent the Closing Conditions in **Section 3.02(a)** or **3.02(b)** being satisfied on Closing, and such breach has not been waived by the MCE Parties in writing, or in the case of a breach that can be remedied, is not remedied by the Philippine Parties or the SM Subsidiaries, as the case may be, within five (5) days of being notified in writing by the MCE Parties of such breach, or (ii) the Closing Conditions in **Section 3.02(b)(i)** or **3.02(b)(xiv)** have not been satisfied;
- (d) by the Philippine Parties by notice to the MCE Parties if there has been a breach by the MCE Parties of any representation, warranty, covenant or undertaking contained in this Agreement which prevents or would prevent the Closing Conditions in **Section 3.02(a)** or **3.02(c)** being satisfied on Closing, and such breach has not been waived by the Philippine Parties in writing, or in the case of a breach that can be remedied, is not remedied by the MCE Parties within five (5) days of being notified in writing by the Philippine Parties of such breach;
- (e) by the MCE Parties if the Casino License has been suspended or revoked for a period of 15 consecutive days or more prior to the Cut-Off Date;
- (f) by the Philippine Parties if the Casino License has been suspended or revoked for a period of 15 consecutive days or more prior to the Cut-Off Date;
- (g) by MCE Parties if there is a breach of **Sections 2.05(b)** or **2.06**; or
- (h) by either the Philippine Parties or the MCE Parties if Closing has not occurred by the Cut-Off Date, except that a Party will not be entitled to terminate this Agreement under this **Section 6.01(h)** if, in the case of a Philippine Party, any Philippine Party, and in the case of a MCE Party, any MCE Party, has failed to fulfil any obligation under this Agreement and such failure has been the cause of, or has resulted in, the failure of Closing to occur on or before that date.

6.02 Effects of Termination

- (a) If this Agreement is terminated under **Section 6.01** all obligations of the Parties under this Agreement shall immediately terminate, except those that are expressed to survive termination of this Agreement and no Party shall have a claim against any Party for costs, damages, compensation or otherwise under this Agreement except in connection with any breach or claim that arose prior to termination.
- (b) On termination each Party shall return to the other Party, or destroy, any records or Confidential Information given or disclosed to it.
- (c) If this Agreement is terminated under **Section 6.01** due to the default of the Philippine Parties, Belle shall immediately pay to MCE Leisure an amount equal to the Lease Registration Fees.

6.03 Survival and other matters

- (a) Nothing in **Sections 6.01** or **6.02** limits any rights a Party may have in respect of any breach of this Agreement arising prior to termination of this Agreement.
- (b) Each of the indemnities in this Agreement survives termination of this Agreement.
- (c) **Sections 6.02** and **6.03** survive termination of this Agreement.

SECTION 7. POWERS AND LIABILITIES OF THE PARTIES

7.01 Powers of SMIC under this Agreement

- (a) Each SM Subsidiary irrevocably appoints SMIC as its agent and attorney, to the exclusion of that SM Subsidiary, to do anything permitted or required to be done by that SM Subsidiary under this Agreement, including:
- (i) exercise any rights or powers the SM Subsidiary may have under this Agreement;
 - (ii) carry out any act, approve or consent to any matter under this Agreement;
 - (iii) amend, vary or waive any rights the SM Subsidiary has or may have under this Agreement;
 - (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;
 - (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement; and
 - (vii) receiving any amount owed or payable to it.
- (b) Each SM Subsidiary irrevocably agrees:
- (i) that all acts and things done by SMIC in exercising powers under this Agreement on behalf of that SM Subsidiary will be as good and valid as if they had been done by that SM Subsidiary;
 - (ii) to ratify and confirm whatever is done by SMIC in exercising powers on behalf of that SM Subsidiary under this Agreement (including under **Section 7.01(a)**); and
 - (iii) that any rights the SM Subsidiary has or may have under this Agreement may only be exercised by SMIC and the SM Subsidiary will not exercise any such rights in its own name.
- (c) SMIC agrees that it is liable for, and shall perform and discharge, any and all obligations and liabilities of each SM Subsidiary under or in connection with this Agreement.
- (d) SMIC indemnifies the MCE Group from any Loss suffered or incurred by as a result of:
- (i) any breach by any SM Subsidiary of **Section 7.01(b)**; and
 - (ii) the exercise by SMIC of any powers under **Section 7.01(a)**.

7.02 Powers of MCE Leisure under this Agreement

- (a) Each MCE PHP Subsidiary irrevocably appoints MCE Leisure as its agent and attorney, to the exclusion of that MCE PHP Subsidiary, to do anything permitted or required to be done by that MCE PHP Subsidiary under this Agreement, including:
- (i) exercise any rights or powers the MCE PHP Subsidiary may have under this Agreement;
 - (ii) carry out any act, approve or consent to any matter under this Agreement;
 - (iii) amend, vary or waive any rights the MCE PHP Subsidiary has or may have under this Agreement;

- (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;
 - (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement;
 - (vii) receiving any amount owed or payable to it.
- (b) Each MCE PHP Subsidiary irrevocably agrees:
- (i) that all acts and things done by MCE Leisure in exercising powers under this Agreement on behalf of that MCE PHP Subsidiary will be as good and valid as if they had been done by that MCE PHP Subsidiary;
 - (ii) to ratify and confirm whatever is done by MCE Leisure in exercising powers on behalf of that MCE PHP Subsidiary under this Agreement (including under **Section 7.02(a)**); and
 - (iii) that any rights the MCE PHP Subsidiary has or may have under this Agreement may only be exercised by MCE Leisure and the MCE PHP Subsidiary will not exercise any such rights in its own name.
- (c) MCE Leisure agrees that it is liable for, and shall perform and discharge, any and all obligations and liabilities of each MCE PHP Subsidiary under or in connection with this Agreement.
- (d) MCE Leisure indemnifies each Philippine Party from any Loss suffered or incurred by as a result of:
- (i) any breach by any MCE PHP Subsidiary company of **Section 7.02(b)**; and
 - (ii) the exercise by MCE Leisure of any powers under **Section 7.02(a)**.
-

SECTION 8. GOVERNING LAW AND ARBITRATION

8.01 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

8.02 Arbitration

- (a) If a dispute (“**Dispute**”) arises out of or relates to this Agreement (including any dispute as to the existence, breach or termination of this Agreement or as to any claim in tort, in equity or pursuant to any statute) a Party may only commence arbitration proceedings relating to the Dispute if the procedures set out in this **Section 8.02** have been fulfilled.
- (b) A Party claiming the Dispute has arisen under or in relation to this Agreement shall give written notice (**Dispute Notice**) to the other parties to the Dispute specifying the nature of the Dispute.
- (c) On receipt of the Dispute Notice by the other Parties, all the parties to the Dispute (Disputing Parties) shall endeavour in good faith to resolve the Dispute expeditiously using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed by them.
- (d) In the event that no resolution is reached under **Section 8.02(c)** within thirty (30) days from the date the Dispute Notice is issued by a Party, the Dispute shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules for the time being in force, which rules are deemed to be incorporated by reference in this **Section 8.02**.
- (e) The Parties agree that the panel of arbitrators has jurisdiction to settle the issue of whether this Agreement (or any provision thereof) is void, unenforceable or ineffective.
- (f) The Hong Kong International Arbitration Centre tribunal shall consist of three arbitrators.
- (g) The arbitral proceedings shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- (h) The arbitral award shall be final and binding upon the Parties and enforceable by any court having jurisdiction for this purpose.
- (i) By agreeing to arbitration pursuant to this **Section 8.02**, the Parties do not intend to deprive any court of its jurisdiction to issue an interim injunction or other interim relief in aid of the arbitration proceedings, provided that the Parties agree that they may seek only such relief as is consistent with their agreement to resolve the Dispute by way of arbitration. Without prejudice to such relief that may be granted by a national court, the arbitral tribunal shall have full authority to grant interim or provisional remedies or to order a party to seek modification or vacation of the relief granted by a national court.
- (j) Any dispute that arises under this Agreement shall be resolved in accordance with this **Section 8.02**.
- (k) The Parties agree that this **Section 8.02** constitutes a separate and independent agreement among them and no claim that this Agreement is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration.

SECTION 9. OTHER PROVISIONS

9.01 Notices to Parties

- (a) All communications and notices under this Agreement shall be in writing and shall be personally delivered or transmitted via electronic mail or facsimile transmission or postage prepaid registered mail, addressed to the relevant Party at the addresses set forth below or such other address, contact details or contact persons as shall be designated by a Party in a written notice to the other Party:

The SM Group

SM Investments Corporation
10th Floor, One E-com Center, Mall of Asia Complex
J.W. Diokno Boulevard, Pasay City
Philippines

Attention: Mr. Frederic DyBuncio
Senior Vice President, Portfolio
Telephone No.: +63 2 857-8009
Facsimile No. : +63 2 857-8009
Email Address frederic.dybuncio@sminvestments.com

Belle Corporation

5th Floor, 2 E-com Center, Mall of Asia Complex
J.W. Diokno Boulevard, Pasay City
Philippines

Attention: Mr. Armin B. Raquel-Santos
Deputy Head
Telephone No.: +63 2 857-0100 local 1508
Facsimile No. : +63 2 857-0140
Email Address: armin.raquel-santos@sminvestments.com

PremiumLeisure and Amusement, Inc.

5th Floor, 2 E-com Center, Mall of Asia Complex
J.W. Diokno Boulevard, Pasay City
Philippines

Attention: Mr. Armin B. Raquel-Santos
Executive Vice President
Telephone No.: +63 2 857-0100 local 1508
Facsimile No. : +63 2 857-0140
Email Address: armin.raquel-santos@sminvestments.com

MCE Leisure (Philippines) Corporation, MCE No. 2 Holdings (Philippines) Corporation and MCE Holdings (Philippines) Corporation

c/- Melco Crown Entertainment Limited
Level 36, The Centrium
60 Wyndham Street, Central
Hong Kong

Attention: Ms. Stephanie Cheung
Chief Legal Officer, Melco Crown Entertainment
Telephone No.: +852 2598 3638
Facsimile No. : +852 2537 3618
Email Address: scheung@melco-crown.com

- (b) All notices shall be deemed duly given (i) on the date of receipt if personally delivered, (ii) seven (7) days after posting, if by registered mail, or (iii) upon receipt of the written confirmation of the electronic mail or facsimile, if by electronic mail or facsimile transmission.
- (c) If a communication is given (i) after 5.00 pm in the place of receipt; or (ii) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt, it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.
- (d) All communications shall be given in English.

9.02 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign, transfer or otherwise deal with its rights under this Agreement or allow any interest in them to arise or be varied without the consent of each other Party.

9.03 Severability

- (a) If any provision of this Agreement is declared invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the other provisions thereof shall not be affected or impaired thereby and shall continue to be in full force and effect.
- (b) The Parties shall promptly amend this Agreement and/or execute such additional documents as may be necessary and/or appropriate to give legal effect to the void, invalid or otherwise unenforceable provision in such a manner that, when taken with the remaining provisions, will achieve the intended commercial purpose of the void, invalid or otherwise unenforceable provision.

9.04 Further Covenant; Mutual Cooperation

The Parties agree to execute or cause to be executed all such other documents, contracts or instruments and shall take, or shall cause to be taken, such further actions as may be necessary or required in order to carry out the intent and purposes of this Agreement.

9.05 No Waiver

- (a) No waiver shall be valid unless made in writing by the Parties and any waiver of the terms and conditions of this Agreement shall not operate as a waiver of any other breach of such terms and conditions. No failure to enforce any provision of this Agreement shall operate as a waiver of such provision or any other provision of this Agreement.
- (b) A Party may give its approval or consent conditionally or unconditionally or withhold its approval or consent in its absolute discretion unless this Agreement provides otherwise.

9.06 Entire Agreement

The Transaction Documents constitute the entire agreement among the Parties with respect to the subject matter and supersede all prior agreements and undertakings, both written and oral between the Parties with respect to their subject matter.

9.07 MCE Group

- (a) The Parties agree that the MCE Parties jointly, hold the benefits of any promises under this Agreement on behalf of, and for the benefit of, the MCE Group (other than those MCE Parties) and may enforce this Agreement on behalf of those Persons.
- (b) Nothing in this Agreement imposes any liability or obligation on any company in the MCE Group except for those corporations which are a Party.

9.08 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall constitute an original, and all of which when taken together shall constitute a single agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized signatories on the date and at the place first above written.

MCE LEISURE (PHILIPPINES) CORPORATION in its own right and for any on behalf of **MCE Holdings (Philippines) Corporation, MCE Holdings No. 2 (Philippines) Corporation, MPEL Projects Limited and Melco Property Development Limited**

By:

/s/ Yuk Man Chung

Yuk Man Chung

SM INVESTMENTS CORPORATION in its own right and for any on behalf of **SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc. and SM Development Corporation**

By: _____
/s/ Frederic C. DyBuncio
Frederic C. DyBuncio
Senior Vice President, Portfolio SMIC

BELLE CORPORATION

By: _____
/s/ Willy N. Ocier
Willy N. Ocier
Vice Chairman

PREMIUMLEISURE AND AMUSEMENT, INC.

By: _____
/s/ Armin B. Raquel-Santos
Armin B. Raquel-Santos
Executive Vice President

**Schedule 1
Defined Terms**

| | |
|--|--|
| ABLGI | : AB Leisure Global, Inc.; |
| ABLGI Agreements | : means the following agreements: <ul style="list-style-type: none">(a) Memorandum of Agreement by and between PLAI and ABLGI dated January 14, 2011;(b) Operating Agreement by and between PLAI and ABLGI dated January 14, 2011;(c) Supplemental Agreement by and between PLAI and ABLGI dated January 14, 2011;(d) Building Lease Agreement among Belle, ABLGI, LRWC and PLAI dated January 14, 2011; and(e) Land Lease Agreement among Belle, ABLGI, LRWC and Belle Bay City Corporation dated January 14, 2011; |
| ABLGI Termination Agreements | : has the meaning ascribed to such term in Section 3.02(b)(v) ; |
| ABLGI Waiver, Discharge and Quitclaim | : means the document attached hereto as Part A of Exhibit M . |
| BIR | : has the meaning ascribed to such term in Section 2.011(b)(ii) ; |
| Certificate of Affiliation | : means the approval granted by PAGCOR admitting and naming MCE Parties and Philippine Parties as the named licensees and holders of the Provisional License; |
| Closing | : means the satisfaction by each of the Parties of their respective obligations under Sections 3.03, 3.04 and 3.05 in accordance with this Agreement; |
| Closing Conditions | : has the meaning ascribed to such term in Section 3.02 ; |
| Closing Date | : has the meaning ascribed to such term in Section 3.01(a) ; |
| Cooperation Agreement | : has the meaning ascribed to such term in Recital C; |
| Consortium | : means the consortium of corporations named as licensees and holders of the Provisional License prior to Closing; |
| CUSA | : means the common usage service area; |
| Cut-Off Date | : means the the date that is 12 months after the date of this Agreement; |

Due Diligence Information

: means all information received from the Philippine Parties or contained in the data room located at the 10TH Floor, One E-com Center, MOA Complex, J.W. Diokno BLVD., Pasay City and subsequently at the 14th floor, BDO Corporate Center, Makati City and listed in the index attached as **Exhibit N**;

DST

: has the meaning given to that term in **Section 2.011(b)(ii)**;

Electro-Systems

Electro-Systems, Inc.;

Electro-Systems Contract

: means the contract between Belle and Electro-Systems (CP-05E) for the supply and installation of auxiliary system (structured cabling and data network system) in relation to the Project dated 3 June 2011;

Environment

: means all aspects of the surroundings of human beings, including:

- (a) the physical characteristics of those surroundings, such as the land, the waters and the atmosphere;
- (b) the biological characteristics of those surroundings, such as the animals, plants and other forms of life; and
- (c) the aesthetic characteristics of those surroundings, such as their appearance, sounds, smells, tastes, noises and textures;

Environmental Law

: means:

- (a) all laws relating to the Environment, noise, development, construction of structures, health, contamination, radiation, pollution, waste disposal, land management and Hazardous Materials;
- (b) all conditions of all Government Approvals issued under any Law referred to in paragraph (a); and
- (c) regulations and any lawful order, guideline, notice, direction or requirement of any Government Authority in relation to these matters;

FCPA Certificate

: the certificate in the form set out in **Exhibit I**;

| | |
|---|---|
| <i>Hazardous Materials</i> | : means any substance, gas, liquid, chemical, mineral or other physical or biological matter (including radiation, radioactivity and magnetic activity) which: taking into account the existing and proposed use and development of the Land and Building Structures, is dangerous, harmful to the Environment, may cause pollution, contamination or any hazard, may increase toxicity in the Environment, or may leak to, discharge or otherwise cause damage to any person, property or the Environment; or is controlled, prohibited or regulated from time to time by any Environmental Law; |
| <i>Lease Registration Fees</i> | : has the meaning ascribed to such term in Section 2.011(b) ; |
| <i>Light Rail Transit Authority</i> | : the Philippines light rail transit authority; |
| <i>LRWC</i> | : Leisure & Resort World Corporation; |
| <i>MOA</i> | : has the meaning ascribed to such term in Recital B; |
| <i>MOU</i> | has the meaning ascribed to such term in Recital A; |
| <i>Old Escrow Account</i> | : the account established by and in the name of PLAI in which an amount of U.S. Dollars: One Hundred Million (US\$100,000,000.00) is required to be held under the terms of the Provisional License until the Investment Commitment is completed, which account has a maintaining balance of U.S. Dollars: Fifty Million (US\$50,000,000.00), and which may only be closed upon completion of the Project (or as otherwise agreed to by PAGCOR in writing); |
| <i>PAGCOR Development Guidelines</i> | : the requirements set out by PAGCOR in its letter dated July 18, 2011, a true and correct copy of which is contained in the Due Diligence Information; |
| <i>PAGCOR Wrap Letter</i> | : means the letter from PAGCOR to the Philippine Parties and the MCE Parties in relation to the Provisional License in the form agreed between the Parties prior to the date of this Agreement or in such other form as may be acceptable to the MCE Parties; |
| <i>Pesos or ₱</i> | : the lawful currency of the Philippines; |
| <i>PHP Waiver, Discharge and Quitclaim</i> | : means the document attached hereto as Part B of Exhibit M ; |
| <i>Project Site</i> | means the Land; |
| <i>Pre-Closing Costs</i> | : has the meaning ascribed to such term in Section 2.012(a) ; |
| <i>SSS Undertaking</i> | : the undertaking given by SSS and Belle in favor of MCE Leisure or the MCE Designated Entity the lessee under the Belle Lease in the form in the form attached herewith as Exhibit L or such other form as acceptable to the MCE Parties; |

Schedule 2
The SM Group

SM INVESTMENTS CORPORATION
SM LAND, INC.
SM HOTELS CORPORATION
SM COMMERCIAL PROPERTIES, INC.
SM DEVELOPMENT CORPORATION

10th Floor, One E-com Center, Mall of
Asia Complex, J.W. Diokno Boulevard,
Pasay City

Principles

- (a) any deduction or contribution in respect of corporate taxes and other taxes on income or gains during that period;
- (b) net interest expense incurred or accrued (including capitalised and suspended interest, and amortizations of any discounts) during that period;
- (c) any financing or similar or analogous fees;
- (d) any contribution or deduction in respect of individually significant and not in the ordinary course of business (and non-recurring) items during the period;
- (e) any amortisation or impairment of goodwill, intangible assets and acquisition costs during that period;
- (f) any depreciation or amortisation of fixed assets (including any leasehold property) during that period;
- (g) any costs related to any employee incentive plans or any other similar share based employee compensation, including accruals in respect of the payment of management bonuses;
- (h) any loss or gain against book value arising from the disposal of any asset (not being disposals made in the ordinary course of business) during that period and any increment or decrement relating to the revaluation of any asset during that period which goes through the profit and loss account;
- (i) transaction costs and one-off costs and expenses in connection with any acquisition (whether or not consummated) incurred by during the Compensation Period;
- (j) any transaction costs and expenses arising from a breach of the Closing Arrangement Agreement, any Transaction Document or any Ancillary Document;
- (k) any unrealised exchange gains and losses and any unrealised gains or losses on derivative financial instruments;
- (l) any payments to any of the Philippine Parties or their Affiliates (including any amount payable under the Belle Lease or Operating Agreement);
- (m) any downward revaluation of any of the assets of the Project; and
- (n) any condition or event, or the effects of any such condition or event, that directly or indirectly led to the termination of this Agreement and that could negatively impact the current or projected financial condition or the operations of the Project.

Schedule 4
Registration of Belle Lease

1. Secure a certified true copy of the latest tax declaration from the Parañaque City Assessor's Office.
 2. Secure a real property tax clearance from the Parañaque City Treasurer's Office.
 3. Subject to the payment by MCE Leisure of the required amount of DST to the BIR under **Section 2.011(b)(ii)**, secure a stamped received DST Return from MCE Leisure.
 4. Apply for registration of the Belle Lease with the Register of Deeds of Parañaque City.
 5. Submit the following documents to the Registration Information Officer of the Register of Deeds of Parañaque City:
 - (i) a copy of the Belle Lease;
 - (ii) an owner's duplicate Certificate of Title;
 - (iii) the DST Return; and
 - (iv) a real property tax clearance.
 6. Pay the necessary fees (including basic fees, IT fees and miscellaneous fees) in respect of the registration of the Belle Lease.
-

Schedule 5
AB Leisure Contracts

1.1 Background

The purpose of this Schedule is to describe how the Parties propose to deal with the AB Leisure Contracts.

1.2 Definitions

AB Leisure Contractors means any of the contractors listed in the table in the Appendix to this **Schedule 5**.

AB Leisure Contracts means the contracts listed in the table in the Appendix to this **Schedule 5**.

Barrington Carpets means Barrington Carpets/C&A Carpets.

Barrington Carpets Contract means the contract between Barrington Carpets and ABLGI comprising the Notice of Award/Notice to Proceed (NOA/NTP) letter dated 27 June 2011, specified in row 8 of the table in the Appendix to this **Schedule 5**.

Design Contractors means each of the design contractors specified in rows 2 to 5 of the table in the Appendix to this **Schedule 5**.

Design Contracts means each of the contracts set out against the name of the relevant Design Contractor in the table in the Appendix to this **Schedule 5**.

Electro-Systems Deed has the meaning given to that term in this **Schedule 5**.

IDC/MW means Industries Dev. Corp./Mejore Woodworks, Inc.

IDC/MW Contract means the contract between IDC/MW and ABLGI comprising the Notice of Award/Notice to Proceed (NOA/NTP) dated 15 July 2011, specified in row 10 of the table in the Appendix to this **Schedule 5**.

IP Rights means all current and future registered and unregistered rights in respect of copyright, designs, circuit layouts, trade marks, know-how, materials, documents, methods, confidential information, patents, inventions and discoveries and all other intellectual property as defined in article 2 of the Convention Establishing the World Intellectual Property Organisation 1967 (as amended and revised from time to time).

Macro Wall means Macro Industrial Packaging Products Corporation.

Macro Wall Contract means the contract between Macro Wall and ABLGI comprising the Notice of Award/Notice to Proceed (NOA/NTP) dated 15 February 2012, specified in row 1 of the table in the Appendix to this **Schedule 5**.

Macro Wall Novation Deed has the meaning given to that term in this **Schedule 5**.

New Design Contracts has the meaning given to that term in this **Schedule 5**.

Summit Furnishing Inc means Summit Furnishing Inc.

Summit Furnishing Inc Contract means the contract between ABLGI and Summit Furnishing Inc comprising the letter dated 16 November 2011, specified in row 9 of the table in the Appendix to this **Schedule 5**.

Suppliers means each of the suppliers specified in rows 6 to 10 of the table in the Appendix to this **Schedule 5**.

Supply Contracts means each of the contracts set out against the name of the relevant Supplier in the table in the Appendix to this **Schedule 5**.

Terminating Contracts means each of the contracts listed in rows 11 to 34 of the table in the Appendix to this **Schedule 5**.

1.3 Interpretation

When used in this **Schedule 5** capitalized terms (except those otherwise defined in this Agreement) have the meanings ascribed to such terms in this Schedule.

1.4 Terminating Contracts

- (a) On Closing, Belle shall deliver to the MCE Parties evidence in form acceptable to the MCE Parties that each of the Terminating Contracts has been terminated and that each party to any such Terminating Contract has released the Philippine Parties and the Project from any claims (including outstanding payments (if any)) that party may have under or in connection with, the relevant Terminating Contract.
- (b) Belle shall indemnify and keep indemnified each of the MCE Parties from any Loss suffered or incurred by any of them arising out of, or in relation to, or in connection with the termination of the Terminating Contracts or their subject matter.

1.5 Design Contracts

- (a) As soon as possible after the date of this Agreement, Belle shall use its best efforts to procure the termination of the Design Contracts and for each of the Design Contractors to meet with the MCE Parties and enter into good faith negotiations with the MCE Parties and to enter into new contracts (**New Design Contracts**) with the MCE Parties on or before Closing:
 - (i) consistent with the revised design for the Project as set out in the Project Plan; and
 - (ii) substantially in the form set out in **Exhibit A of Schedule 5 (New Design Contract)** or on such other terms as may be acceptable to the MCE Parties.
- (b) The MCE Parties agree to pay to Belle, on Closing, the relevant amount stated in column titled "Contribution" of the table in the Appendix to this **Schedule 5** corresponding to each Design Contractor (the total of such amounts not exceeding an amount of ₱ 18,714,058 inclusive of VAT if applicable and subject to withholding tax as contemplated by **Section 3.04(a)(ii)2** of this Agreement) provided that the relevant Design Contractor has entered into a New Design Contract with the MCE Parties on or before Closing.
- (c) Belle shall:
 - (i) assign to the MCE Parties or the relevant MCE Designated Entity; and
 - (ii) ensure that the MCE Parties or the MCE Designated Entity have the benefit of, all IP Rights owned by or licensed to Belle under the Design Contracts and the New Design Contracts.
- (d) Belle hereby represents and warrants to the MCE Parties that the MCE Parties will have the full right to use the IP Rights under terms of the Design Contracts and the New Design Contracts and such use will not infringe the rights of any person (including copyright and moral rights) and Belle agrees to keep the MCE Parties indemnified against all Loss suffered or incurred by any of them arising out of, or in relation to such IP Rights.

1.6 Supply Contracts

- (a) Belle shall procure that:
- (i) subject to **Section 1.6(a)(ii)** of this **Schedule 5**, the Supply Contracts are performed in accordance with their terms, in any event, on or before Closing; and
 - (ii) without limiting **Section 1.6(a)(i)** of this **Schedule 5**:
 - 1. the carpets referred to in the Barrington Carpets Contract are supplied and delivered to the Project no later than the date six (6) months after Closing; and
 - 2. the chairs referred to in the IDC/MW Contract and the Summit Furnishing Inc Contract are supplied, installed and delivered no later than the date six (6) months after Closing.
- (b) Belle shall deliver to the MCE Parties on or before the date for delivery under **Section 1.6(c)** of this **Schedule 5** (including from ABLGI, if ABLGI is the party to the Supply Contracts with the relevant suppliers and contractors):
- (i) evidence, in a form acceptable to the MCE Parties, that each of the Supply Contracts has been fully performed by the relevant Supplier; and
 - (ii) deeds of assignment, in each case substantially in the form attached as **Exhibit C** of **Schedule 5 (Deed of Assignment)** or such other form as acceptable to the MCE Parties, under which each of the parties to the Supply Contracts:
 - 1. having the benefit of all present and future warranties or similar rights as to performance under such Supply Contracts (including all statutory warranties and for this purpose as if it was the employer or buyer (as the case may be) under the relevant Article of the Civil Code) assigns to the MCE Parties or an MCE Designated Entity the benefit of all such rights; and
 - 2. having the benefit of all IP Rights under the Supply Contracts assigns to the MCE Parties or the MCE Designated Entity, the benefit of all such rights,in each case, free from all Encumbrances and duly executed by each such party.
- (c) Belle shall deliver to the MCE Parties, the evidence required under **Section 1.6(b)(i)** of this **Schedule 5** and the deeds of assignment required under **Section 1.6(b)(ii)** of this **Schedule 5**:
- (i) in respect of those Supply Contracts fully performed on or before Closing, on Closing; and
 - (ii) in respect of the Barrington Carpet Contract, the IDC/MW Contract and the Summit Furnishing Inc Contract, as soon as possible after the relevant Supply Contract has been fully performed (but in any event no later than the date six (6) months after Closing).

- (d) Subject to Belle complying with its obligations under **Sections 1.6(a) to 1.6(c)** of this **Schedule 5** (inclusive) in respect of each Supply Contract, MCE Leisure agrees to pay to Belle an amount equal to the actual quantities supplied under the relevant Supply Contract and multiplied by the rates corresponding to the supply item set out in that Supply Contract but in any case not exceeding the amount set out against the relevant Supply Contract in the column titled "Contribution" of the table in the Appendix to this **Schedule 5** inclusive of VAT if applicable and subject to withholding tax (but in each case subject to the final measurement and valuation by MCE Leisure of the work done under the relevant Supply Contract (such final measurement and valuation for each Supply Contract to be undertaken upon completion under that Supply Contract) and MCE Leisure being satisfied, in its reasonable discretion, as to the quality of the work and services provided under each such agreement (as applicable)):
- (i) in respect of those Supply Contracts fully performed on or before the date two (2) Business Days prior to Closing, on Closing; and
 - (ii) in respect of each other Supply Contract, within five (5) Business Days of Belle complying with its obligations under **Sections 1.6(a) to 1.6(c)** of this **Schedule 5** (inclusive) in respect of that Supply Contract.
- (e) Belle agrees that MCE Leisure shall not be required to make any payment to Belle under **Section 1.6(d)** of this **Schedule 5**:
- (i) in respect of any Supply Contract that is not fully performed on or before the date three (3) months after Closing, except for the Barrington Carpets Contract, the IDC/MW Contract and the Summit Furnishing Inc Contract;
 - (ii) in respect of the Barrington Carpets Contract, unless the carpets the subject of that contract are supplied, installed and delivered within the period specified in **Section 1.6(a)(ii)** of this **Schedule 5**; and
 - (iii) in respect of the IDC/MW Contract and the Summit Furnishing Inc Contract, unless the chairs the subject of that contract are supplied and delivered within the period specified in **Section 1.6(a)(ii)** of this **Schedule 5** and are of a quality and standard consistent with the mock-up standard that the MCE Parties approve.
- (f) Within five (5) Business Days after MCE Leisure makes a payment in respect of a Supply Contract under **Section 1.6(d)** of this **Schedule 5**, Belle shall deliver to the MCE Parties evidence, in a form acceptable to the MCE Parties, that all sums owing to the relevant Supply Contractor have been paid by Belle or its nominee.
- (g) Belle hereby represents and warrants to the MCE Parties that the MCE Parties will have the full right to use the IP Rights under the terms of the Supply Contracts and such use will not infringe the rights of any person (including copyright and moral rights) and Belle agrees to keep the MCE Parties indemnified against all Loss suffered or incurred by any of them arising out of, or in relation to such IP Rights.
- (h) Belle hereby represents and warrants to the MCE Parties that the ownership of the materials and equipment supplied under the Supply Contracts have been transferred or will be transferred to, the MCE Parties and Belle agrees to keep the MCE Parties indemnified against all claims made against the MCE Parties in relation to the use of the materials and equipment supplied under the Supply Contracts.

1.7 Macro Wall Novation Deed

- (a) As soon as possible after the date of this Agreement, Belle shall use its best efforts to procure the novation of the Macro Wall Contract and for Macro Wall to meet with the MCE Parties and enter into good faith negotiations with the MCE Parties and to enter into the agreement in form set out in **Exhibit D** of **Schedule 5 (Macro Wall Novation Deed)** or on such other terms as may be acceptable to the MCE Parties on or before Closing.

- (b) Belle shall ensure that there is no variation to the scope of the work, contract price or any of the terms of the Macro Wall Contract on or before the novation of the Macro Wall Contract contemplated by this **Section 1.7**.
- (c) The MCE Parties agree to pay to Belle an amount equal to the actual quantities performed under the Macro Wall Contract and multiplied by the rates corresponding to the work item set out in the Macro Wall Contract but in any case not exceeding ₱96,000,000 (subject to final measurement and valuation by MCE Leisure of the work done under the Macro Wall Contract to be undertaken upon completion under the Macro Wall Contract) inclusive of VAT if applicable and subject to withholding tax on or before the date five (5) Business Days after the entry by the MCE Parties and Macro Wall in the Macro Wall Novation Deed provided that the Macro Wall Novation Deed is duly executed by the parties on or before Closing.

1.8 Electro-Systems Deed

- (a) On Closing, Belle shall deliver to the MCE Parties an undertaking in favour of the MCE Parties, substantially in the form attached as **Exhibit E** of Schedule 5 (**Electro-Systems Deed**), or such other form as may be acceptable to the MCE Parties, duly executed by Electro-Systems, under which Electro-Systems represents and warrants to the MCE Parties that each of the representations and warranties given by Electro-Systems, in respect of the work performed by it under the Electro-Systems Contract are as at 28 September 2012 true and correct as if given on that date.
- (b) The MCE Parties agree to pay to Belle, on Closing, an amount equal to the actual quantities performed under the Electro-Systems Contract and multiplied by the rates corresponding to the work item set out in the Electro-Systems Contract but in any case not exceeding ₱7,200,150 (subject to final measurement and valuation by MCE Leisure of the work done under the Electro Systems Contract to be undertaken upon completion under the Electro-Systems Contract) inclusive of VAT if applicable and subject to withholding tax as contemplated by **Section 3.04(a)(ii)2** of this Agreement on or before the date five (5) Business Days after the later of the delivery by Belle to the MCE Parties of a duly executed Electro-Systems Deed by Electro-Systems and delivery of all of the materials and supplies (including (without limitation) the cable trays) required to be delivered by Electro-Systems under the Electro-Systems Contract.

1.9 Deliveries

On Closing, Belle shall transfer, or cause either or both ABLGI and LRWC (as applicable) to transfer, to the relevant MCE Party or the relevant MCE Designated Entity, for no further consideration (other than as provided under this Agreement) all the supplies, fittings, fixtures, decorations, furniture and equipment, installed or contracted to be installed, delivered or provided for the Phase 1 Building.

1.10 SM works

- (a) SMIC shall revise the existing architectural, structural and MEPF (mechanical, electrical, plumbing and fire) design to suit MCE Leisure's Master Layout Plans included in the Project Plan (which shall identify any allocation of responsibilities between SMIC and MCE Leisure in respect of such works).
- (b) SMIC is wholly responsible for all construction alternation works to the existing building including but not limited to the following:
 - (i) MEPF works;
 - (ii) Structural element including Level 3 swimming pool for VIP and 5 Star Hotel;

-
- (iii) Raising of car park levels for HOH use;
 - (iv) HOH Staircases;
 - (v) Car park areas; and
 - (vi) Plant rooms and utility rooms.
- (c) SMIC shall complete, or cause to be completed, the alteration works contemplated by **Section 1.10** of this **Schedule 5**, in accordance with the Project Plan, but in any case no later than 31 March 2013.
- (d) Upon completion of the alteration works contemplated by **Section 1.10** of this **Schedule 5**, MCE Leisure shall pay a one-off lump contribution of US\$400,000 to SMIC for the completed alteration works.

1.11 Other

Despite any Section of this **Schedule 5** to the contrary, MCE Leisure may deduct VAT from any amounts payable under this Schedule.

Appendix

| | Contractor | Contract with | Description | AB Totals (PHP) | Contribution (PHP) |
|------------------------------|--|---------------|--|-----------------|--------------------|
| 1 | Macro Wall | ABLGI | Internal Wall Partitions | 96,000,000.00 | 96,000,000 |
| Design Contracts | | | | | |
| 2 | Aranda and Dalid | Belle | Interior Design for BOH | 5,791,926.00 | 2,419,475 |
| 3 | M Contemporary Interior Concept | ABLGI | Additional Interior Design of Basement Lobby | 2,186,021.48 | |
| 4 | M Contemporary Interior Concept | ABLGI | Interior Design of Mass Gaming Areas and 2/F common circulation Areas | 13,403,154.24 | 2,829,241 |
| 5 | Arlen De Guzman | ABLGI | Interior Design of Hotels 1& 2, High Limit/Junket | 24,860,796.80 | 13,465,342 |
| Supply Contracts | | | | | |
| 6 | Computer Support Centre | Belle | Supply & Installation of UPS | 33,178,287.00 | 33,178,287 |
| 7 | CWC Corporation | Belle | Raised Flooring System to Gaming Area | 34,988,888.00 | 34,988,888 |
| 8 | Barrington Carpets | ABLGI | Supply, delivery and installation of carpets for main lobby | 21,600,000.00 | 21,600,000 |
| 9 | Summit Furnishing Incorporated | ABLGI | Supply, deliver and installation of slot machine parts (chair) | 20,130,000.00 | 20,130,000 |
| 10 | IDC/MW | ABLGI | Supply, delivery and installation of chairs for mass gaming, main lobby, junket gaming area & public toilets 1-4 (chair) | 20,481,396.00 | 20,481,396 |
| Terminating Contracts | | | | | |
| 11 | Electro-Systems Inc. | Belle | Structured Cabling and Data Network | 215,760,000.00 | 7,200,150 |
| 12 | Classique Ideas Interior Designs, Inc. | ABLGI | Interior arch finishing works for junket area | 38,229,121.07 | — |
| 13 | Design Coordinates | | Property Management | 4,139,520.00 | |
| 14 | Design Coordinates | | Property Management | | — |
| 15 | Design Coordinates | | Property Management | 33,852,000.00 | |
| 16 | Catania Consulting Group, Inc. | | Anti-money laundering law (USD 9,000 @ P43) | 388,966.50 | — |
| 17 | Guggenheim Consulting, Inc. | Belle | Laundry and Engineering Design Services | 3,800,000.00 | — |
| 18 | M Contemporary Interior Concept | ABLGI | Interior Design of Mass Gaming Areas - C.O.#1 - Harrad's changes | 1,433,676.16 | — |
| 19 | Arlen De Guzman | ABLGI | Interior Design - Original (Junkets/VIP/High Limit) | 14,134,608.82 | — |

| | Contractor | Contract with | Description | AB Totals (PHP) | Contribution (PHP) |
|----|---------------------------------------|---------------|--|-----------------|--------------------|
| 20 | EC Studio | ABLGI | Interior Design of Buffet & Chinese Bistro | 2,759,955.00 | — |
| 21 | Peter Cheung & Associates | | Kitchen Consultancy (\$57,000 @ P 43 = \$1) | 2,451,000.00 | — |
| 22 | C-Lao (Martin Ruby) | ABLGI | Lighting Consultancy - Interior | 11,960,000.00 | — |
| 23 | B&C Design, Inc. | Belle | Signage & Wayfinding Consultant - Interior | 918,960.00 | — |
| 24 | Inspira Research Consulting Inc. | | Marketing Research | 1,788,314.88 | — |
| 25 | Digiscript Phils. | | 3D Animation Works (Video Photorealistic Images) | 250,000.00 | — |
| 26 | Liberty Marble and Granite, Inc. | ABLGI | Supply, delivery and installation of stones for public toilets | 45,690,064.87 | — |
| 27 | Weaves of Asia | ABLGI | Supply, delivery of fabrics for Gaming Area and public toilets of 1-4 | 15,675,790.60 | — |
| 28 | Azcor Lighting System, Inc. | | Supply, deliver and Installation of decorative lighting | 30,719,227.40 | — |
| | Wallcrown Design Centre | ABLGI | Supply, delivery and Installation of wall covering for Ground Floor | 6,147,669.12 | — |
| 29 | Paravisible Construction | | Architectural and Finishing Works @ Basement BOH (excl kitchen and staff dining) | 34,000,000.00 | — |
| | | ABLGI | | | |
| 30 | Manswork Builders Corp | ABGLI | Architectural and Finishing Works @ Ground Floor BOH | 30,000,000.00 | — |
| 31 | Finmat International Resources, Inc. | Belle | Architectural and finishing works at upper mezzanine | 28,000,000.00 | — |
| 32 | Rocelen RJ Building Trades | Belle | Architectural and finishing works at 2nd floor utility rooms | 22,450,000.00 | — |
| 33 | Argus Development Corp | | Architectural and finishing works at 2 nd floor mezzanine parking level | 29,000,000.00 | — |
| | | Belle | | | |
| 34 | Excell Contractors and Developers Inc | ABLGI | Interior Arch for Mass Gaming and Public Toilets | 77,000,000.00 | — |

- Exhibit A to Schedule 5 - New Design Contracts**
- Exhibit B to Schedule 5 - [Not Used]**
- Exhibit C to Schedule 5 - Deed of Assignment**
- Exhibit D to Schedule 5 - Macro Wall Novation Deed**
- Exhibit E to Schedule 5 - Electro-Systems Deed**

[USE THIS TEMPLATE FOR AB LEISURE LIST CONSULTANTS]

SERVICES CONTRACT

[INSERT] DESIGN CONSULTANCY

This Contract is made on the day of 2012

between

MCE LEISURE (PHILIPPINES) CORPORATION

(“Client”)

and

[insert name of consultant]

(“Consultant”)

1. NATURE OF CONTRACT

- (a) This Contract together with the Schedules attached hereto represent the entire agreement between the parties hereto and supersedes any prior written and/or oral negotiations, understanding, representations or agreements relating to the Services.
- (b) The Consultant is engaged as an independent contractor, not as the agent, employee or partner of the Client.
- (c) This Contract together with the Schedules applies to the performance of the Services under the Contract whether performed before, on or after the date of this Contract.

1A PRIOR DESIGN CONTRACTS

- (a) Prior to the date of this Contract, the Consultant entered into the Prior Design Contracts as identified in **Schedule One** with the entity identified in **Schedule One** as the Prior Design Owner.
- (b) The Consultant acknowledges that the Prior Design Owner has assigned, or will assign, to the Employer:
 - i) the benefit of all statutory warranties or similar rights accruing to the Prior Design Owner under the law in respect of the Prior Design Contracts; and
 - ii) the benefit of all contractual or similar rights accruing to the Prior Design Owner under the Prior Design Contracts.
- (c) Without limiting the other provisions of this Contract, the Consultant grants to the Employer a non-exclusive, royalty-free, irrevocable and transferable licence (to arise immediately on the creation of any relevant material) to use, exercise, reproduce, adapt and modify all Intellectual Property Rights in, or used in the carrying out of, the works undertaken or supplied by the Consultant under the Prior Design Contracts for any purpose in respect of, or in connection with, the Project.
- (d) For the purposes of this Contract, "Intellectual Property Rights" means all current and future registered and unregistered rights in respect of copyrights, designs, circuit layouts, trade marks, trade secrets, know-how, materials, documents, methods, confidential information, inventions, innovations, patents and all other rights in respect of intellectual property as defined in article 2 of the Convention Establishing the World Intellectual Property Organisation 1967 (as amended and revised from time to time).
- (e) Notwithstanding any other provision of this Contract or the Prior Design Contracts, the Consultant acknowledges that the Employer does not have any obligation or liability to the Consultant under the Prior Design Contracts in respect of the Consultant's representations, warranties, obligations and liabilities given or

created by the Consultant pursuant to this Contract or the Prior Design Contracts.

- (f) The Consultant releases the Employer from:
 - i) any claims made, work performed or equipment, materials or other items or services provided by the Consultant to the Prior Design Owner in relation to the Prior Design Contracts or the Project; or
 - ii) any claims made or which may be made by the Consultant against the Prior Design Owner for breach of the Prior Design Contracts or on any other basis whatsoever arising out of or in connection with the Prior Design Contracts in relation to the Project (including any outstanding payments and claims for work under the Prior Design Contracts).
- (g) The acknowledgements, representations, warranties, obligations and liabilities of the Consultant are independent of the Prior Design Contracts, and will survive the termination of the Prior Design Contracts.

2. SERVICES

- (a) The Consultant shall execute the Services, including provision of the Design Documents as set out in **Schedule One** ("**Services**"):
 - i) with the standard of skill, care and diligence expected of a competent professional who regularly provides services of the same type as the Services;
 - ii) with the knowledge, skill and experience of a competent professional experienced in undertaking services similar to the Services being provided;
 - iii) so that the Services, and any material, Design Documents or thing provided as part of the Services, are, consistent with the standard of sub-clause 2 (a) (i) hereof, fit for their intended purpose ascertainable at the time they are provided; and
 - iv) in accordance with the Client's directions and this Contract, including the Special Conditions, if any.
- (b) The Consultant acknowledges that the Client is relying on the skill, knowledge, judgment and expertise of the Consultant in the execution of the Services.

3. COMMENCEMENT AND COMPLETION

- (a) The Consultant shall within the time stated in **Schedule One** hereto give to the Client a program acceptable to the Client for the execution of the Services.
- (b) The Consultant shall commence the Services on the Date for Commencement as stated in Schedule One hereto and shall regularly, diligently and without delay proceed with the execution of the Services in accordance with the program and this Contract, except as may be expressly ordered by the Client. Subject to the provisions of this Contract, the Consultant shall complete the Services by the Date for Completion as stated in **Schedule One** hereto as may be extended under clause 3(d).

- (c) The Consultant shall notify the Client in writing as soon as practicable after becoming aware of any matter or circumstance which may adversely affect the scope, timing or execution of the Services, detailing the matter or circumstance and its anticipated effect on the Services and recommendations for mitigating such adverse effects.
- (d) The Client may from time to time unilaterally by written notice extend the Date for Completion for any reason, for such period as the Client considers appropriate in its absolute discretion having regard to the overall program for the Project subject, in the case of an extension for the reason contemplated under clause 28(f), to the provisions as to the grant of extensions set out in that clause and provided that the Consultant shall use constantly its best endeavours to prevent and/or mitigate the delay and shall do all that may reasonably be required to the satisfaction of the Client to assist with the assessment of the revised Period for Completion.

4. EXECUTION OF THE SERVICES

- (a) The Consultant shall in executing the Services:
- i) promptly inform the Client if any information or document provided to the Consultant by the Client is inadequate to enable the Consultant to properly perform the Services or contains any ambiguity or inaccuracy and in such circumstances, provide recommendations to the Client as to how to deal with, or resolve the issues identified by the Consultant so that the progress of the Services is not materially affected;
 - ii) regularly consult with the Client regarding the execution of the Services;
 - iii) make enquiries to ensure it understands the Client's requirements with respect to the Services;
 - iv) fully co-operate with, and co-ordinate its work with the work, of, the Client, the Client's other consultants, contractors and agents;
 - v) ensure that the key personnel nominated in **Schedule One** hereto are engaged in the execution of the Services;
 - vi) ensure that each person who performs the Services:
 - 1) is experienced, competent and qualified; and
 - 2) complies with any applicable site requirements, including without limitation those relating to security, industrial relations, safety, site induction, environmental, and community relations;

- vii) without prejudice to clause 1(b), remove from the execution of the Services any person who in the opinion of the Client is incompetent or misconducts themselves;
 - viii) make periodic visits to the site as the Client considers necessary for the inspection of the Services or the resolution of any on site issue that arises from or are in connection with the Consultant's Services;
 - ix) keep full and detailed records of all aspects of the Services, including for the purposes of undergoing financial and technical audits;
 - x) upon prior reasonable notice, permit the Client or persons nominated by the Client to conduct audits of the Services on an open book basis;
 - xi) make no material alteration or addition to or omission from the Services or the approved Design Documents without the Client's consent; and
 - xii) do all things necessary and incidental for the proper execution of the Consultant's obligations pursuant to the Contract.
- (b) Any comment, approval, consent or direction by the Client (including in respect of Design Documents prepared by the Consultant) shall not relieve the Consultant from, or in any way diminish or affect, the Consultant's obligations under this Contract.
- (c) The Consultant shall review any relevant existing design documents provided by the Client ("**Existing Documents**"), and adjust, amend and/or adopt any Existing Documents where applicable and practicable to suit the latest Client's requirements notified to the Consultant from time to time.
- (d) The Consultant acknowledges and agrees that by adopting any Existing Documents or any part thereof, the Consultant has checked and reviewed and shall treat the Existing Documents as its own Design Documents and shall assume all design risks and the responsibilities and obligations of the Consultant as set out under this Contract shall apply, as applicable, to the Consultant's use or adoption of the Existing Documents or any part thereof.

4A DESIGN DOCUMENTS

- (a) The Consultant shall consult with the Client about the usage of any particular software for preparation of its Design Documents, and shall use its reasonable endeavours to comply with the requirement of the Client in that respect.

- (b) Within fourteen (14) days after the date of execution of this Contract or such other time as may be agreed with the Client, the Consultant shall prepare and submit to the Client, for review, a documentation schedule and the corresponding dates for delivery of such Design Documents to suit the requirements of the program stated in **Schedule One** for execution of the Services.
- (c) The Client shall be entitled to require the Consultant to amend, update or revise the approved documentation schedule from time to time and the Consultant shall comply with any such instruction within seven (7) days of the instruction being given.
- (d) The Consultant shall deliver the Design Documents to the Client in accordance with the latest approved documentation schedule for review and approval.
- (e) All communications including the Design Documents prepared by the Consultant in connection with this Contract shall be in English and metric units shall be used throughout unless otherwise approved by the Client.
- (f) In the event where the Design Documents are to be submitted to the Authorities, it shall be submitted in the languages as required by the Authorities. All costs for the translation, if required, shall be borne by the Consultant.
- (g) If other languages are used, an official transcript in English shall be provided and in the event of any discrepancies, inconsistency and ambiguities, the English transcript shall take precedence over any communications including Design Documents in other languages.
- (h) If the Client instructs that further Design Documents are necessary to be prepared for the execution of the Services, the Consultant shall upon receiving such instructions prepare such further Design Documents. Errors, omissions, ambiguities, inconsistencies, inadequacies and other defects related to such Design Documents shall be rectified by the Consultant at its cost.
- (i) If the Consultant wishes to modify any Design Documents after previous submission to the Client, the Consultant shall immediately obtain the Client's consent and shall subsequently submit revised Design Documents for review and approval as contemplated under this clause,
- (h) For the purpose of this clause, '**Design Documents**' means all documents including but not limited to plans, designs, graphics, drawings, all computer generated drawings and designs in their original format, sketches, specifications, schedules, reports, calculations, patterns, software (whether in object or source code), bills of quantities, cost and other estimates, models, algorithms, written instruction manuals, works and other materials in whatever form (whether electronic or otherwise) relating to the design and/or development of the Project or any part thereof.

5. CONFIDENTIALITY

The Consultant shall treat all material and information:

- (a) supplied to it by, or on behalf of, the Client in relation to the Services; or
- (b) prepared, developed, discovered or collated by or on behalf of the Consultant, for the purpose of fulfilling its obligations under this Contract, as confidential ("**Confidential Information**") and shall not disclose the same to any third party except with the Client's prior written consent. The Consultant acquires no interest in the Confidential Information and shall use it only as is necessary for the execution of the Services and not for any other purpose without the prior written consent of the Client.

6. LAW

The Consultant shall ensure that the execution, and the product (including Design Documents), of the Services comply with:

- (a) all requirements of this Contract, the applicable building code(s), standards, statutes, regulations, by-laws and codes of practice including those having jurisdiction in respect of the Services; and
- (b) the requirements of all government, statutory, and regulatory authorities or bodies having jurisdiction with respect to this Contract and the laws of this Contract

(collectively, "**Authority**").

7. CHANGES

- (a) The Consultant shall vary the order, timing or the scope of the Services as required by the Client, but shall not be entitled to claim additional payment for any such changes not approved by the Client in writing.
- (b) The price of any such changes shall be treated as a fee adjustment to the Contract Sum. Should the parties not agree on the fee adjustment within seven (7) days of such written approval by the Client, the Client shall determine a reasonable fee for such change or, at its option, the Client may have such changes carried out by others.

8. INTELLECTUAL PROPERTY

- (a) All Intellectual Property Rights in all Design Documents and material created for, or forming part of, the Services shall vest on creation in the Client, irrespective of whether the Intellectual Property Right was created prior to the execution of this Contract. The Consultant shall not be liable to the Client for the use of such documents and material by the Client for other projects or for purposes other than for which they were prepared.

- (b) All Existing Documents, other documents and material provided to the Consultant by the Client shall be returned to the Client by the Consultant on termination or completion of this Contract. The Consultant shall be entitled to retain copies of all such documents and material for record purposes only provided that the confidentiality undertaking under clause 5 is duly observed at all times.
- (c) The Consultant shall indemnify the Client against any liability, cost, loss, expense, damage or claim arising from or related to any infringement by the Consultant of any Intellectual Property Rights in the execution of the Services.

9. INDEMNITY/INSURANCE

- (a) The Consultant shall be liable for and shall indemnify and keep indemnified the Client, the Client's representative, the Client's Associated Companies, their respective directors, officers, employees, representatives and agents against all actions, claims, suits, demands or losses in respect of:
- i) personal injury or death of any person;
 - ii) loss of or damage to or loss of use of any property;
 - iii) any failure by the Consultant, its directors, officers, employees, servants and agents or sub-consultants of any tier, to comply with the requirements under this Contract or of any Authority;
- to the extent caused or contributed to by the acts, omissions, wilful default, negligence or breach of contract by the Consultant, its directors, officers, employees, servants, agents or sub-consultants of any tier, in the performance of this Contract. The extent of the Consultant's indemnity under this clause shall reduce proportionately to the extent that the Client's negligence or default contributed to the injury, death, loss, damage or other liability.
- (b) Before commencing the Services, the Consultant shall effect and maintain at its cost with reputable insurers for the period stated in **Schedule One** hereto:-
- i) A professional indemnity insurance on terms satisfactory to the Client for an amount not less than the sum stated in Schedule One hereto for any one claim and in the aggregate, with provision for one reinstatement for the period of insurance.
 - ii) The Consultant shall arrange any insurance(s) related to their employees, under the laws of the Republic of the Philippines or any other applicable law(s).
 - iii) A public liability policy for death of, or injury to any person, and loss of, or damage to, property of third persons for an amount not less than the sum stated in

Schedule One hereto. The insurance shall be in the joint name of the Client and the Consultant, and include a cross liability clause in which the insurer agrees to waive all rights of subrogation or action against any of the persons comprising the insured.

- (c) The Consultant shall give the Client copies, or other evidence satisfactory to the Client, of the insurance policies required by this Contract to be effected, and evidence that they are current from time to time. The Consultant shall ensure that each of its sub-consultants is similarly insured.

10. PAYMENT

- (a) When required by **Schedule One** hereto, the Consultant shall submit progress claims in a form acceptable to the Client.
- (b) The Client shall pay the Consultant the Contract Sum by way of progress payments in accordance with **Schedule One** hereto. Any progress payment shall be on account only. The Contract Sum is inclusive of all taxes including but not limited to national and local government taxes (including Value Added Tax as defined by the National Internal Revenue Code, Republic Act No. 8424, as amended), levies, imposts, deductions, charges, and duties in relation to this Agreement. The Consultant hereby authorizes the Client to subject any and all payments to the applicable withholding taxes as may be required by and pursuant to existing laws and regulations.
- (c) If the Contract Sum is calculated by reference to a schedule of rates, the Consultant warrants that the Client has made no representation regarding the Services and the Schedule of Rates shall apply whatever the extent of the Services.
- (d) Unless otherwise expressly provided for in this Contract, the Client shall reimburse the Consultant for any other disbursements and expenses reasonably incurred by the Consultant with prior approval in writing by the Client in accordance with rules in **Schedule Two** hereto.
- (e) As conditions precedent to any obligation on the Client to make any payment to the Consultant on any account, the Consultant shall give the Client (i) evidence satisfactory to the Client that the insurances and/or indemnities required by this Contract have been effected and maintained; and (ii) the parent company Surety as required under clause 19.
- (f) The Client may deduct from any monies payable to the Consultant any monies that are or may become payable by the Consultant to the Client.

- (g) The Consultant is liable for all taxes including but not limited to national and local government taxes (including Value Added Tax as defined by the National Internal Revenue Code, Republic Act No. 8424, as amended), levies, imposts, deductions, charges, and duties in relation to the performance of the Services and this Agreement. The Consultant authorizes the Client to subject any and all payments to the applicable withholding taxes as may be required by and pursuant to existing laws and regulations.
- (h) If the Consultant is liable to, and fails to pay, an Authority, the Client may deduct from or withhold any monies payable to the Consultant any monies that the Client is required by law to pay to that Authority.

11. NOTICES

Any notice to be given under or in connection with this Contract shall be in writing and delivered by hand, post, facsimile or email at the address for the recipient stated above.

12. ASSIGNMENT AND SUBCONTRACTING

- (a) The Consultant shall not:
- i) assign, charge or encumber this Contract, or any interest in it; or
 - ii) subcontract the whole or any part of it, without the written consent of the Client. The Consultant shall remain responsible to the Client for the work of any sub-consultant as fully as if they were the acts, defaults and neglects of the Consultant, its servants or agents. If required by the Client, the Consultant shall procure execution of the required form of sub-consultant's warranty in favour of the Client by the sub-consultant before sub-letting of the whole or any portion of the Services as consented to by the Client. Provided that it shall be a condition in any subletting which may occur that the employment of the sub-consultant under the sub-contract shall automatically determine as soon as practicable upon the termination (for any reason) of the Consultant's employment under this Contract.
- (b) The Consultant hereby consents to any assignment or transfer by the Client of this Contract or any of its rights, interests or obligations arising under or in connection therewith to any Associated Company, any third parties or Lenders and shall enter into and provide in connection with such assignment or transfer such agreement or acknowledgement as such Associated Company, third parties or Lenders may reasonably require.

13. DEFAULT

- (a) The Client may by notice in writing terminate this Contract forthwith if, in the reasonable opinion of the Client, the Consultant:
- i) becomes insolvent;
 - ii) fails to proceed with the Services in a regular and diligent or in a competent manner;
 - iii) shall not complete the Services in accordance with the program accepted by the Client; or
 - iv) commits any breach of this Contract.
- (b) If the Client so terminates this Contract, the Client shall only be liable to pay the Consultant for work already carried out by the Consultant, less any cost, loss, expense or damage the Client has incurred or is likely to incur as a result of the Consultant's breach, including cost or expense to undo or redo the work done by the Consultant in violation of this Contract and/or instruction of the Client.
- (c) The Consultant shall not be entitled to claim any loss of profits, loss of production, loss of revenue, loss of use, loss of contract, loss of goodwill, loss of opportunity, loss of reputation or wasted overheads whatsoever, or any loss arising out of any claim by a third party or any indirect, special or consequential loss in the event of such termination by the Client.
- (d) Such termination shall not prejudice any right of the Client to recover from the Consultant damages for any breach of this Contract.
- (e) Upon termination of this Contract or completion of the Services, the Consultant shall immediately:
- (i) expeditiously proceed to undertake every actions or steps that are necessary to cease the provision of the Services, and keep the expenses required for such actions or steps to a minimum;
 - (ii) hand to the Client all Design Documents and/or materials developed or brought into existence by the Consultant prior to the termination or expiration of this Contract, provided that such materials belong to the Client; and
 - (iii) limit any potential losses or costs that may be incurred by the Consultant and/or the Client.

14. TERMINATION FOR CONVENIENCE

- (a) The Client may terminate this Contract at any time for its convenience and shall only be liable to pay the Consultant for work already carried out by the Consultant and any reasonable disbursements approved by the Client up to the date of termination with supporting receipts and documents. The Consultant acknowledges that this is a legitimate, valid and enforceable right of the Client in consideration of the terms of this Contract.

- (b) The Consultant shall not be entitled to claim any loss of profits, loss of production, loss of revenue, loss of use, loss of contract, loss of goodwill, loss of opportunity, loss of reputation or wasted overheads whatsoever, or any loss arising out of any claim by a third party or any indirect, special or consequential loss in the event of such termination by the Client.

15. SURVIVING CLAUSES

Clauses 4(a)(x), 5, 8, 9(a) and 17(e) survive any termination of this Contract.

16. GOVERNING LAW

This Contract shall be governed by and construed in accordance with the laws for the time being in force in the Republic of the Philippines.

17. LIABILITY

- (a) To the extent that the Consultant is required to provide its Services based on information or material provided by the Client, its servants or agents, the Consultant shall not be responsible for the correctness of such information or material. In case the Consultant has knowledge of any error, inconsistency or inaccuracy with respect to such information or material, the Consultant shall notify the Client immediately.
- (b) The Client shall not be liable for, and is released from, any claims of any nature not notified to it in writing within twenty eight (28) days of the occurrence of the event or circumstance giving rise to the claim, together with full particulars of the claim.
- (c) Upon the Consultant accepting the final payment from the Client, the Consultant releases and discharges the Client from any and all claims, demands, liability and causes of action that the Consultant has or may have against the Client, his servants or agents.
- (d) Either party's liability for loss or damages for breach of this Contract shall be reduced to the extent that an act or omission of the other party, its employees or agents contributed to the loss or damage.
- (e) In case the defaulting party is the Client, its entire aggregate liability to the Consultant relating to or in connection with this Contract, regardless of the form of action, whether in contract or tort (including in each case negligence) strict liability or otherwise shall not exceed any part of the unpaid Contract Sum as at the date of the claim and/or judgement.

18. DISPUTES

- (a) Except as otherwise set forth in this Contract, all disputes, controversies or differences which may arise between the Client and the Consultant out of or in relation to or in connection with this Contract, including any issue as to this Contract's validity or enforceability, or for the construction, termination or breach thereof, shall be decided amicably by the Client and the Consultant.
- (b) In the event that no resolution is reached under clause 18(a) within 30 days from the date a written notice of dispute is issued by either the Client or the Consultant, such dispute shall be referred to and finally resolved by an Arbitration Tribunal in accordance with the Construction Industry Arbitration Law of the Philippines (E.O. 1008), as amended by the Alternative Dispute Resolution Act of 2004 (R.A. No. 9285), including the Rules of Procedure Governing Construction Arbitration approved and promulgated by the Construction Industry Arbitration Commission (CIAC) and any amendments thereto, which rules are deemed to be incorporated by reference in this clause 18.
- (c) The arbitral proceedings shall be presided over by three arbitrators and shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- (d) The arbitral award shall be final and binding upon the Client and the Consultant and enforceable by any court having jurisdiction for this purpose.
- (e) The Client and the Consultant agree that the provisions of this clause 18 constitute a separate and independent agreement among them and no claim that this Contract is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration. The Client and the Consultant recognise that: (i) the arbitrators have jurisdiction to settle the issue of whether this Contract (or any provision thereof) is void, unenforceable or ineffective; and (ii) except to the extent allowed under the law of the Republic of the Philippines, neither the Client nor the Consultant has the right to ask a court to restrain or enjoin the conduct of arbitration proceedings for the settlement of any dispute, controversy or claim under this Contract. The Client and the Consultant also agree that the filing of any judicial complaint or suit against either the Client or the Consultant and any of such party's officers, directors, employees or agents in relation to any matter arising out of, relating to, or in connection with this Contract shall not preclude the submission of any dispute, controversy or claim to arbitration.
- (f) Notwithstanding the other provisions of this clause 18 or the existence of a dispute, controversy or claim, the Consultant shall continue to perform its obligations under this Contract.

19. PARENT COMPANY SURETY

- (a) The Consultant shall provide the Client with:
- (i) duly executed parent company Surety substantially in the form included at **Schedule Four** hereto within **14** days following execution of this Contract; or
 - (ii) If requested by the Client, the Consultant shall subject to clause 19(b) below, forthwith notify its parent company of the requirement to enter into a direct agreement as the Lenders may otherwise reasonably require and/or a form of notice of assignment and acknowledgement with the Lenders in respect of the parent company Surety on such form as the Lenders may reasonably require. The Consultant understands, acknowledges and agrees that if its parent company does not comply with the aforementioned requirement of the Lenders in this clause 19(a)(ii) the Consultant shall be deemed to have failed to comply with the provisions of this clause 19.
- (b) Despite any other provision hereof, the Client shall be entitled to withhold payment to the Consultant under this Contract if the:
- (i) Consultant fails to comply with the provisions of clause 19(a)(i) unless the requirement for the parent company Surety is waived by the Client; or
 - (ii) Consultant's parent company fails to enter into the direct agreement or the form of notice of assignment and acknowledgement with the Lenders referred to in clause 19(a)(ii).

20. CONFLICT OF INTEREST

The Consultant shall notify the Client in writing of any interest in any other project if it conflicts with the performance of the Services. The Consultant shall not undertake any services or accept any employment, interest or contribution which could give rise to a conflict of interest except with prior written approval of the Client which approval shall not be unreasonably withheld.

21. NOT USED**22. WORK PERMITS**

Those of the Consultant's staff as are required to work in the Republic of the Philippines for the performance of the Services will require valid work permits issued by the relevant Authorities ("**Work Permits**"). The Consultant shall be responsible for securing all necessary Work Permits to enable the Consultant to properly perform the Services. The Client shall provide the Consultant all reasonable assistance and support necessary to obtain all necessary work permits required by the Consultant's personnel to render the Services, but, without requiring the Client to incur any liability in connection therewith.

23. COMPLIANCE

- (a) The Consultant represents, warrants and covenants that (a) it shall conduct its business in compliance with applicable laws, including those relating to anti-corruption, anti-bribery, anti-money laundering and sanctions, (b) it (including its officers, directors, employees, shareholders, agents and any other third parties acting on its behalf) shall not directly or indirectly through any third party or person pay, offer, promise or authorize payment of any monies or anything of value (beyond what is reasonable and customary and of modest value) to any official for the purpose of improperly inducing or rewarding favourable treatment or advantage in connection with this Contract or with the Consultant's relationship with the Client, and (c) it shall promptly notify the Client in the event of any actual or alleged breach or violation of any such laws. If at any time the Client has the belief that the Consultant or any of its officers, directors, employees, shareholders, agents and any other third parties acting on its behalf is in violation of the provisions of this clause, the Client may immediately terminate this Contract. In such an event, the Consultant shall waive any claims it may have against the Client and its parent, affiliates, subsidiaries, and related companies, and the officers, directors and employees of each, as a result of such termination and the Consultant shall indemnify, protect, defend and hold harmless the Client and its parent, shareholders, affiliates, subsidiaries and related companies, and the officers, directors and employees of each, for any damages, losses, fees or costs (including attorney's fees) incurred by them as a result of such actual or alleged violation. For the purposes of this clause, the term "official" includes but is not limited to (a) an executive, official, employee or agent of an Authority, (b) a director, officer, employee or agent of a wholly or partially government-owned or controlled company or business, (c) a political party or official thereof, or candidate for political office or (d) an executive, official, employee or agent of a public international organization.
- (b) The Client shall at its own expense have the right (itself or through representatives or its accountants), at all times during normal business hours to examine and make copies of any and all documents, books and records of the Consultant relating to this Contract. If such audit discloses any inconsistency, irregularity, impropriety or improper or illegal purpose the Consultant shall within 14 days of a written notice reimburse the Client the cost of the audit failing which the same shall become a debt due to the Client and the Consultant consents and agrees that the Client may deduct or set off against other sums that the Consultant may be due or entitled to under this Contract.

24. SET OFF

The Client shall be entitled but not obliged at any time or times to set off any liability of the Consultant, whether arising from this Contract or any other Contract between the Consultant and the Client, to the Client against any liability of the Client to the Consultant (in either case howsoever arising and whether any such liability is present or future, liquidated or unliquidated and irrespective of the currency of its denomination) and may for such purpose convert or exchange any currency into or for any other currency in order to give commercial effect to the provisions of this clause. Any exercise by the Client of its rights under this clause shall be without prejudice to any other rights or remedies available to the Client under this Contract, or any other contract between the Consultant and the Client or otherwise. Provided always that any such set off shall be bona fide and not be made before reasonable notice and details have been furnished.

25. LENDERS AND LENDER'S DIRECT AGREEMENT

- (a) At the direction of the Client, the Consultant shall afford to any representatives or technical advisers of the Lenders all access to the Services, on and off Site, and to the Consultant's records in respect of the Services as the Client directs.
- (b) The Consultant shall at its own cost upon receipt of a written request from the Client to do so enter into a direct agreement and/or a form of notice of assignment and acknowledgement with the Client and the Lenders (or security trustee, security agent or other person appointed by the Lenders for this purpose) in such form as the Lenders may reasonably require. Amongst other matters, such direct agreement may require the Consultant to give notice to the Lenders before seeking to terminate the Consultant's employment under this Contract and may allow the Lenders or their nominee, after an investigation period and before exercising any such right to terminate, the right to remedy any breach of this Contract or to "step in" to take the place of the Client under this Contract or otherwise assign or novate this Contract to such a nominee and subsequently, if then desired, to "step out".
- (c) The Consultant shall in the performance of the Services cooperate with the reasonable requirements of any Lenders and shall ensure that no act, omission or default of the Consultant shall cause or contribute to any claim against or breach by the Client or an Associated Company under any agreement or other document entered into in connection with the financing of the Project.

- (d) For the purposes of this clause 25 and clause 12:

"Lenders" means any persons providing finance to the Client or an Associated Company including, without limitation, any persons party to any hedging arrangements entered into by the Client or any Associated Company in connection with such financing and any agent, security agent, security trustee or delegate appointed by such persons in connection with such financing or hedging arrangements;

"Associated Company" means any company which is a holding company or a subsidiary of the Client, or a subsidiary of a holding company of the Client. For the purposes of this definition, company A is a holding company of company B if company A holds, owns or controls 30% or more of the voting rights in the shares of company B or of a holding company of company B; company C is a subsidiary of company D if company D is a holding company of company C.

26. FORCE MAJEURE

- (a) For the purposes of this Contract, **"force majeure event"** means any of the following: outbreak of hostilities (whether war is declared or not) on a scale involving the general mobilisation of armed forces acts of terrorism, civil war, rebellion, revolution, insurrection or military or usurped power, riot, commotion or disorder, contamination by radioactivity on the Site from any nuclear fuel, radioactive toxic explosive or nuclear explosive, epidemics, quarantine, plague, earthquake, tidal wave and / or tsunami, typhoon, flood, fire and other natural disaster or other similar event beyond the control of the Client and the Consultant which wholly prevents or materially and adversely affects the performance of either party's obligations under this Contract.
- (b) Neither the Client nor the Consultant shall be considered in default or in contractual breach to the extent that performance of its obligations is prevented or materially and adversely affected by a force majeure event.
- (c) Should the performance by either party of its obligations under this Contract be prevented or materially and adversely affected by a force majeure event, the affected party shall forthwith give notice in writing to the other after such occurrence and shall endeavour to continue to perform its obligations as far as reasonably practicable. The affected party shall provide the other with the details of the force majeure event and the length of the anticipated delay within an additional five (5) days thereafter. If the Consultant is the party providing notice, then if it is reasonably able to do so having regard to the force majeure event, the Consultant shall include details of any proposals or any reasonable alternative means for performance of the Contract with the objective of completing the Services and mitigating any increased costs to the Client.

- (d) If the force majeure event continues uninterrupted for a period exceeding 60 days then either party may give written notice to the other terminating the Contract under this clause 26. The obligations of the Client to make payment to the Consultant shall be those as set out in clause 14 and shall apply up to the date of the notice of termination that in any event shall not exceed 60 days from the commencement of the force majeure event.
- (e) Each party shall bear its own costs and losses arising from an occurrence of a force majeure event.

27. SUSPENSION

- (a) The Client may instruct the Consultant to suspend the execution of the whole or any part of the Services for any reason, and subsequently instruct the Consultant to recommence the execution of the suspended Services in whole or in part. The Consultant acknowledges that this is a legitimate, valid and enforceable right of the Client in consideration of the terms of this Contract.
- (b) If a suspension under clause 27(a) arises because of:
 - (i) an act, default or omission of the Consultant, its sub-contractors, employees or agents, the Consultant shall bear all costs associated with the suspension and shall not be entitled to any extension of time, any addition to the Contract Sum or any additional payment (whether as damages or otherwise) arising out of or in connection with the suspension or recommencement thereof; or
 - (ii) any reason not provided for in clause 27(b)(i), clause 28(f)(ii) and except in relation to any suspension arising from a force majeure event pursuant to clause 26, the Client shall value and pay all direct costs and expenses that the Consultant has actually incurred (and not been paid for under any other provision of this Contract) in respect of the suspension beyond two hundred and seventy (270) days with supporting receipts and associated documents.
- (c) If a suspension instructed under clause 27(a) has continued for more than two hundred and seventy (270) days and there has not been an instruction to resume work within such period of two hundred and seventy (270) days from the date of instruction to suspend work, then the Consultant may, unless the suspension is otherwise provided for in this Contract or continues to be necessary by reason of some breach of the Contract or other default on the part of the Consultant, by written notice to the Client request permission to proceed with the execution of the Services within twenty-eight (28) days of the date of such notice. If permission is not given within the twenty-eight (28) day period referred to, the Consultant shall be entitled to, at the expiration of the twenty-eight (28) day period, if the suspension affects:

- (A) only a part of the Services, notify the Client in writing that it treats the suspension as an instruction to omit the affected part of the Services or the relevant section as the case may be; or
- (B) the whole of the Services, by written notice to terminate its employment under this Contract in which case the Client shall, subject to the Consultant's provision of supporting receipts and associated documents, pay the Consultant for work already carried out and any reasonable disbursements approved by the Client up to the date of such termination and those direct costs and expenses as contemplated under clause 27(b)(ii) but excluding the first 270 days of the aggregate extension of time to the Date for Completion.

28. MISCELLANEOUS

- (a) Any failure by either party to enforce at any time or for any period of time any of the provisions under this Contract shall not be construed as a waiver of such provisions or of the right of such party thereafter to enforce each and every provision under this Contract.
- (b) If any one or more of the provisions of this Contract shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby provided that the parties hereby agree to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision which achieves to the greatest extent possible the objectives of the invalid or unenforceable provision.
- (c) Each party agrees, at its own expense, at the request of the other party, to do everything reasonably necessary to give effect to the Agreement and to the transactions contemplated by it, including the execution of documents.
- (d) No change or amendment to this Contract shall have any effect unless it is in writing and signed by both parties.
- (e) For the purpose of this Contract, the term 'Client' shall mean MCE Leisure (Philippines) Corporation or its assignee or transferee, which assignee or transferee shall include (i) an affiliate or subsidiary (direct or indirect) of Melco Crown Entertainment Limited (MCE) and (ii) a Philippines incorporated or registered indirect subsidiary of MCE.

-
- (f) The Consultant acknowledges that the Project area and programme for the Project as provided in Schedule One are indicative only and are subject to change as determined by the Client from time to time. In respect of:
- (i) any variation of the Project area (whether or not this results in a variation to the indicative program for the Project):
 - A. up to but not exceeding 10%, the Consultant is not entitled to any extension of time to the Date for Completion, any adjustment to the Contract Sum, or any additional payment (whether as damages or otherwise) in respect of any cost, damage, loss or expense suffered as a result of such variation to the Project area as contemplated in this clause; or
 - B. exceeding 10%, the Consultant is not entitled to any extension of time to the Date for Completion, any adjustment to the Contract Sum, or any additional payment (whether as damages or otherwise) in respect of any cost, damage, loss or expense suffered during or arising from the first two hundred and seventy (270) days of any extension or extensions of time to the Date for Completion resulting from such a variation or
 - (ii) any other variation to the indicative program for the Project, the Consultant is not entitled to any addition to the Contract Sum, or any additional payment (whether as damages or otherwise) in respect of any cost, damage, loss or expense suffered during or arising from the first two hundred and seventy (270) days of any extension or extensions of time to the Date for Completion resulting from such a variation.
- (g) The Consultant shall provide free of charge to the Client soft copies such as CAD files in CD- ROM/DVD-ROM all work-in-progress drawing, specification or deliverable for coordination and copies of the completed drawings, specifications and deliverables. The Consultant shall provide free of charge and forthwith upon the request of the Client transmit editable soft copies of all documents and drawings prepared by the Consultant and related to the Services to the Client.
- (h) The Consultant acknowledges that the Contract Sum is inclusive of all costs and expenses incurred by the Consultant for attending the meetings, visits, inspections, workshops or the like required in **Schedule One** hereto including without limitation costs relating to printing for its own use, the provision of reports, photographic records, specifications and other documents as provided for in this Agreement, telegrams, telex, facsimiles transmissions, telephone calls, postage, courier charges, accommodation and travelling expenses incurred.
-

SCHEDULE ONE

PARTICULARS

1. Project [To be updated]

[The Client’s objective is to develop and operate an integrated hotel, retail and casino complex located on reclaimed land at Manila Bay, Philippine.

The Project will be approximate 267,000m² Gross Floor Area (GFA). The building comprises of 6 hotel towers sitting on a three storeys podium structure with approximate 1,000 hotel guestroom.

The Project will be completed in phases. The majority of the project facilities including hotel, retail, F&B, casino and landscaping area are targeted to be completed and opened by [end of December 2013] and the remaining facilities (i.e. carpark and entertainment centre) are targeted to be opened by [end of March 2014]. The targeted completion and/or opening dates of the Project provided herein are indicative only and are subject to change and the terms of this Contract.

Preliminary layout plans and master program attached in **Schedule Three** are indicative only and subject to change as design develops.]

1A Prior Design Contracts

[Insert the right Project Design Contract details]

[Aranda & Dalid Associates Inc

Contract of Services between Belle Corporation and Aranda & Dalid Associates Inc dated 26 April 2011 for the provision of Interior Design services for the Belle Grande Casino and Resort Project.

Prior Design Owner – Belle Corporation

Arlen P De Guzman

Contract of Services between A B Leisure Global Inc and Arlen P De Guzman dated 31 January 2011 for the provision of Interior Design Services of Hotel 1 and 2 (Schematic Design, Contract Documentation & Administration and Supervision) for the Belle Grande Casino and Resort Project.

Prior Design Owner – A B Leisure Global Inc

Contract of Services between A B Leisure Global Inc and Arlen P De Guzman dated 2 August 2011 for the provision of Interior Design Services of Hotel 1 and 2 (Schematic Design, Contract Documentation & Administration and Supervision) for the Belle Grande Casino and Resort Project.

Prior Design Owner – A B Leisure Global Inc

M Contemporary Interior Concept Corp

Contract of Services between A B Leisure Global Inc and M Contemporary Interior Concept Corp dated on or about 25 January 2011 for the provision of Interior Design Services for the proposed Belle View 888 Integrated Resort (as amended by Change Order No 1 dated 19 July 2011).

Prior Design Owner – A B Leisure Global Inc]

2. Services [#Note: To be completed#]

[insert – include Date for Commencement and Date for Completion as set out in clause 3]

3. Time for Execution of the Services

Date for Commencement:

Duration of Services:

4. Key Personnel

| | |
|-------------|-----------------|
| <u>Name</u> | <u>Position</u> |
|-------------|-----------------|

5. Client's and Consultant's Representative

| | |
|------------------------------------|--------------------------------|
| <u>Consultant's Representative</u> | <u>Client's Representative</u> |
| Name: | Name: [#insert#] |
| Position: | Position: [#insert#] |

6. Address for Service of Notices

| | |
|-------------------|---------------------------|
| <u>Consultant</u> | <u>Client</u> |
| | [#insert#] |
| | Attn: Jaya Jesudason, SVP |

7. Insurance (Refer Schedule Two)

| | |
|--|--|
| Professional Indemnity Insurance: (PI Insurance) | <u>[#insert amount in peso#]</u> |
| Period of PI Insurance: | <u>3 years after completion of the service</u> |
| Public Liability Insurance: | <u>[#insert amount in peso#]</u> |

8. Contract Sum

The Contract Sum is lump sum **[#insert amount in peso#]** **If any part of the Contract Sum is in a currency other than the Philippines peso, the Consultant takes the risk of any currency risk.**

9. Payment

The Contract Sum shall be payable in accordance with the Payment Schedule below and in the Philippines peso:

| | |
|-----------------------------|--|
| <u>Activity</u> | <u>Value</u> |
| Invoice to be submitted by: | <u>Upon satisfactory completion of each Stage of Services as set out in the Payment Schedule above</u> |
| Payment of the amount due : | <u>Within 30 days from date of receipt of Invoice</u> |

10. Schedule of Hourly Rates

| <u>Name</u> | <u>Position</u> | <u>All-Inclusive Rates #</u> |
|-------------|-----------------|------------------------------|
|-------------|-----------------|------------------------------|

The rates in this Schedule may be used by the Client for reference in the valuation of changes in accordance with Clause 7 of the Contract. The rates are fixed for the duration of the Contract.

The hourly rate shall only apply to the time spent attending to the Services associated with the change to the Services instructed by the Client. Travelling time will not be considered in the valuation of the changes.

The rates contained in this Schedule are inclusive of all wages, salary, overtime, on cost, overheads, profit, taxes and incidental expenses and all other allowances paid or payable by the Consultant in accordance with the relevant laws and associated with the provision of the Services.

11. Meeting, Visits, Inspections and Workshop

In addition to Clause 28(h) of the Conditions, the meetings, visits, inspections and workshops shall include:-

1. All meetings or workshops either to be held in the Philippines throughout the duration of Services.
2. Eight (8) numbers 2 days meeting or site visit in Philippines during the design and tendering stage
3. Fifteen (15) numbers 2 days meeting or site inspection in Philippines during the construction stage
4. Two (2) number 5 days testing and commissioning workshop in Philippines

12. Discrepancies

In the event of inconsistencies and conflicts between the Conditions and the Schedules, the Conditions shall prevail.

SCHEDULE TWO**[DISBURSEMENTS]****1. General**

- 1.1 Subject to the express provisions contained in this Contract, further to **Schedule One** clause 10 and clause 10(d) of the Contract, the Disbursements are described in section 2 hereunder.
- 1.2 The Consultant shall obtain the Client's approval before incurring any expenses for international travel, as detailed in paragraph 2.1 below, and for any other expenses not listed as Disbursements in section 2 but for which the Consultant intends to claim reimbursement.
- 1.3 Reimbursement shall be at net cost to the Consultant. All claims for reimbursement shall be fully supported by receipts or other evidence of payment.
- 1.4 Invoices in respect of Disbursements shall be submitted to the Client's Representative for payment monthly in arrears no later than forty five (45) days from the last day of the month in which the expenses were incurred.
- 1.5 Any Disbursements claimed without supporting verification; without any necessary approval; or not in accordance with paragraph 1.4, shall not normally be paid. Under exceptional circumstances the Client may, upon application of the Consultant, review such claims and the Client's decision following such review shall be final and binding.
- 1.6 In the event of a query by the Client's Representative on any of the Disbursements claimed, the item(s) under query shall be held over until the query is resolved with the Client's Representative. Such expenses, if subsequently approved by the Client's Representative, shall be paid at the time of the next payment due date or within twenty eight (28) days whichever is the sooner.
- 1.7 All other Disbursements which have been approved by the Client's Representative shall be paid in accordance with the procedures herein described.]

2. Disbursements**2.1 [insert disbursement specifications]**

SCHEDULE THREE

Preliminary Layout Plans and Master Programme

SCHEDULE FOUR

FORM OF PARENT COMPANY SURETY

THIS DEED is made the day of 20 .

BY

- (1) [] a company incorporated in and in accordance with the laws of [] of [] [];
- and
- [] a company incorporated in and in accordance with the laws of [] of [] [];
- and
- [] (Identity Card number []) of [] ("**the Surety**");

TO

- (2) MCE Leisure (Philippines) Corporation of [] (the "**Client**").

WHEREAS

- (A) By a contract dated [insert date of Agreement] (the "**Contract**") made between the Client and [] (the "**Consultant**"), the Consultant has agreed to provide Services therein described upon the terms contained in the Contract.
- (B) The Consultant agreed to procure the provision of a deed in the terms hereof.
- (C) At the request of the Consultant, the Surety has agreed to solidarily bind itself as a surety for the performance of the Contract and the Services by the Consultant as set out herein.

IT IS HEREBY AGREED AS FOLLOWS

1. In consideration of the Client accepting this deed, the Surety irrevocably and unconditionally and solidarily binds itself as a surety for the due performance by the Consultant of all of its obligations and liabilities under and arising out of the Contract on a full indemnity basis save that nothing herein shall be construed as imposing greater obligations or liabilities on the Surety than are imposed on the Consultant by the Contract. The obligations of the Surety under this deed shall remain in full force and effect and shall not be discharged in any way by and the Surety hereby waives notice of:
- (a) any suspension or variation of the Services, or additional services being directed under the Contract (including without limitation extension of time for performance and adjustments to the amount payable to the Consultant under the Contract);
 - (b) any provision of the Contract being or becoming illegal, invalid, void, voidable or unenforceable;
 - (c) the termination, assignment, transfer or novation of the Contract or the termination of the engagement of the Consultant under the Contract;
 - (d) any forbearance or waiver of any right of action or remedy the Client may have against the Consultant or negligence by the Client in enforcing any such right of action or remedy;
 - (e) any bond, security or other surety held or obtained by the Client for any of the obligations of the Consultant under the Contract or any release or waiver thereof;
 - (f) any breach of the Contract or other default of the Client;
 - (g) the bankruptcy, liquidation or insolvency of the Consultant;
 - (h) any other act, omission, matter or thing whatsoever whereby but for this provision the Surety would be exonerated either wholly or in part (other than a release under seal given by the Client).

-
2. The Surety shall not (for so long as the Consultant has any actual or contingent obligations pursuant to the Contract) by paying any sum due under this deed or by any means or on any ground:
- (a) claim or recover by the institution of proceedings or the threat of proceedings or otherwise such sum from the Consultant or claim any set-off or counterclaim against the Consultant; or
 - (b) prove in competition with the Client, to claim or have the benefit of any security which the Client holds or may hold for any money or liabilities due or incurred by the Consultant to the Client.

Where the Surety receives any sums from the Consultant in respect of any payment by the Surety under this deed, the Surety shall hold such monies in trust for the Client so long as any sums are payable (contingently or otherwise) under this deed.

3. This deed shall extend to any variation of or amendment to the Contract and to any agreement supplemental thereto agreed between the Client and the Consultant and the Surety hereby authorises the Client and the Consultant to make any such amendment, variation or supplemental agreement
4. This deed is a continuing deed and accordingly shall cover all of the obligations and liabilities of the Consultant under and arising out of the Contract and remain in full force and effect until all the said obligations and liabilities of the Consultant shall have been carried out, completed and discharged in accordance with the Contract This deed is in addition to any other security which the Client may at any time hold and may be enforced without first having recourse to any such security or taking any steps or proceedings against the Consultant.

The Surety represents and warrants that:

- (a) it has power to enter into this deed and comply with its obligations under this deed;
 - (b) this deed and any transactions involving the Surety under this deed do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded;
 - (c) it has in full force and effect the authorisation necessary for it to enter into this deed, to comply with its obligations and exercise its rights under it, and allow it to be enforced;
 - (d) its obligations under this deed are valid and binding and are enforceable against it in accordance with the terms of this deed;
 - (e) it benefits by entering into this deed;
 - (f) the execution and delivery of this deed has been properly authorised by all necessary corporate action;
 - (g) there are no reasonable grounds to suspect that it or any of its subsidiaries is unable to pay its debt as and when they become due and payable; and
 - (h) neither it nor any of its subsidiaries have been given, or claimed, immunity from the jurisdiction of a court or from legal process.
5. (a) If the Client is entitled to terminate the Contract and the Client gives the Surety a written notice of that entitlement, then:
- (i) The Surety shall perform the Consultant's obligations under the Contract; and
 - (ii) For that purpose, the Surety shall give written notice to the Client and the Consultant stating its intention to have the Contract novated in its favour;
-

(iii) On and from the date of that notice:

- (A) all the rights and obligations of the Consultant under the Contract shall be taken to have been novated to the Surety;
- (B) the Surety shall perform all of the obligations of the Consultant under the Contract which are not performed at the date of the notice; and
- (C) the Surety is bound by the Contract as if the Surety had originally been named in the Contract in place of the Consultant

- (b) The Consultant irrevocably and severally appoints (for valuable consideration) the Surety and any authorised representative of the Surety to be the Consultant's attorney to execute, sign, seal and deliver all notices, deed and documents for the purpose referred to in clause 5(a)(iii). The Consultant agrees to ratify anything done by an attorney or its delegate in accordance with clause 5(b).
6. The Surety shall pay interest on any amount payable under this deed and indemnity from when the amount becomes due for payment until it is paid in full at the rate (which upon the date on which it should have been paid) which is the higher of 12% per annum and **#[insert %#]** above the 1 month Bangko Sentral RP Rate published by Bangko Sentral ng Philipinas.
7. (a) The Surety shall pay or reimburse the Client on demand for:
- (i) the Client's costs, charges and expenses in making, enforcing and doing anything in connection with this deed and indemnity including, but not limited to, legal costs and expenses on a full indemnity basis; and
 - (ii) all stamp duties, fees, taxes and charges which are payable in connection with this deed and indemnity or a payment, receipt or other transaction contemplated by it.

Money paid to the Client by the Surety shall be applied first against payment of costs, charges and expenses under this clause then against other obligations under the deed and indemnity.

8. (a) The Client shall be entitled at any time, without the consent of the Surety to assign or transfer the benefit of this deed or any part thereof, any interest therein or thereunder and any right thereunder, whether past, existing or future, to any third party.
- (b) In the event of any assignment or transfer by the Client in accordance with clause 8(a) above, the assignee or transferee shall from the date hereof have the same rights, powers and remedies as it would have had if it had at all times been the Client under this deed. Without prejudice to the generality of the foregoing, all losses, costs, demands, claims proceedings or any other right or benefit whatsoever, (whether past, present or future) of the Client related to or in any way connected with or arising out of this deed, shall be deemed to be those of any assignee or transferee of the Client.
- (c) The Surety shall at its own cost upon receipt of a written request from the Client to do so enter into a form of notice of assignment and acknowledgement with the Client and the Lenders (or security trustee, security agent or other person appointed by the Lenders for this purpose) in such form as the Client or Lenders may otherwise reasonably require.
9. All documents arising out of or in connection with this deed shall be served upon the Surety, at [], [the Republic of the Philippines].
10. The Surety may change its nominated address for service of documents to another address in [the Republic of the Philippines] by providing not less than five business days' written notice to the Client. All demands and notices shall be in writing and in English.
11. All references to the Surety in this deed shall have effect, if the Surety comprises more than one entity, so that those entities shall be jointly and severally liable for any breach of the Surety's obligations.

- 12. This deed shall be governed by and construed according to the laws for the time being in force in the Republic of the Philippines.
- 13. (a) If a dispute or difference shall arise between the parties hereto as to the construction of this deed or as to any matter or thing of whatsoever nature arising under or in connection with this deed, then the disputing party shall notify the other parties in writing (“Notice of Dispute”). Within ten (10) days of receiving the Notice of Dispute a representative of each party shall meet and try in good faith to resolve the dispute. In the event that no resolution is reached under clause 13(a) within 30 days from the date a written notice of dispute is issued by either the Client or the Surety, such dispute shall be referred to and finally resolved by an Arbitration Tribunal in accordance with the Construction Industry Arbitration Law of the Philippines (E.O. 1008), as amended by the Alternative Dispute Resolution Act of 2004 (R.A. No. 9285), including the Rules of Procedure Governing Construction Arbitration approved and promulgated by the Construction Industry Arbitration Commission (CIAC) and any amendments thereto, which rules are deemed to be incorporated by reference in this clause 13.
- (b) The arbitral proceedings shall be presided over by three arbitrators and shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- (c) The arbitral award shall be final and binding upon the Client and the Surety and enforceable by any court having jurisdiction for this purpose.
- (d) The Client and the Surety agree that the provisions of this clause 13 constitute a separate and independent agreement among them and no claim that this deed is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration. The Client and the Surety recognise that: (i) the arbitrators have jurisdiction to settle the issue of whether this deed (or any provision thereof) is void, unenforceable or ineffective; and (ii) except to the extent allowed under the law of the Republic of the Philippines, neither the Client nor the Surety has the right to ask a court to restrain or enjoin the conduct of arbitration proceedings for the settlement of any dispute, controversy or claim under this deed. The Client and the Surety also agree that the filing of any judicial complaint or suit against either the Client or the Surety and any of such party’s officers, directors, employees or agents in relation to any matter arising out of, relating to, or in connection with this deed shall not preclude the submission of any dispute, controversy or claim to arbitration.
- 14. If a provision of this deed is voidable or unenforceable, that provision will be severed and the rest of this deed shall remain in full force and effect.

IN WITNESS whereof this deed has been executed as a deed on the date first before written.

THE COMMON SEAL of)
 [])
 was affixed hereto in)
 the presence of:-)

Director

Director/Secretary

OR

SIGNED SEALED AND DELIVERED by)

[])
in the presence of:-)

Witness

OR

SIGNED SEALED AND DELIVERED for and)
on behalf of and as lawful attorney of)
[])
under power of attorney dated [])
by [])
in the presence of:-)

Witness

Notes (for preparation of but not inclusion in the engrossment of this deed):-

1. Wording in square brackets in paragraph (1) is to cater for more than one shareholder, parent company or holding company executing this deed in relation to the Consultant. The wording in square brackets and the attestation clauses include formulations to cover a situation in which the Surety (or one of them) is an individual.
2. The address for service shall be in the Philippines.

Copies of relevant Board resolutions authorising the execution under seal of this document shall be provided. If execution is to be by an Attorney, appropriate amendments shall be made and a copy of the Power of Attorney and relevant Board resolution shall be provided. In the case of a foreign corporation, a legal opinion in the form required by the Client shall be produced confirming the validity of the execution of this document and of any Power of Attorney.

SCHEDULE FIVE
FORM OF INSURANCE POLICIES

The following are the specified limits and conditions of insurance as referred to in the Conditions of Engagement:

1. Public Liability and Professional Indemnity Insurance

- 1.1 The limit of indemnity under the public liability policy required by clause 9(b)(iii) of the Conditions is **[#insert amount in peso#]** in any one accident, unlimited as to number during the period of insurance.
- 1.2 The limit of indemnity under the professional indemnity insurance required by clause 9(b)(i) of the Conditions is **[#insert amount in peso#]** or equivalent in other currencies or as may be determined by individual risk analysis as approved by the Client's Representative.

2. Not used

3. Insured Entities And Jurisdiction

- 3.1 Any insurance effected in accordance with this **Schedule Five** shall name and indemnify all of the corporate entities of the Consultant involved in the performance of the Services either by joint names or by separate policies.
 - 3.2 Where the Services are performed in more than one jurisdiction either a separate policy shall be issued for each and in compliance with any statutory obligations in each or if a single policy is issued it shall provide for adequate coverage in each of the jurisdictions involved.
-

Exhibit B – Schedule 5
[Not Used]

BELLE CORPORATION

MCE LEISURE (PHILIPPINES) CORPORATION

Deed of Assignment

Date

Parties

- (1) **BELLE CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("**Belle**"); and
- (2) **MCE LEISURE (PHILIPPINES) CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at c/o 21st Floor, Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines ("**MCE Leisure**") for itself and on behalf of MCE Holdings (Philippines) Corporation ("**MCE Holdings**") and MCE Holdings No. 2 (Philippines) Corporation ("**MCE Holdings No. 2**"), each a corporation duly organized and existing under and by virtue of Philippine laws, with office address at c/o 21st Floor, Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines and MPEL Projects Limited ("**MPEL**") and Melco Property Development Limited ("**MPD**"), each a company incorporated in the British Virgin Islands with an address for correspondence at 36/F The Centrium, 60 Wyndham Street, Hong Kong,

(each of MCE Holdings and MCE Holdings No. 2 shall be known as a "**MCE Subsidiary**" and together the "**MCE Subsidiaries**" and each MCE Subsidiary and MCE Leisure shall be known as a "**MCE Party**" and together the "**MCE Parties**"),

(Belle and MCE Parties are collectively referred to as the "**Parties**" and each or any one of them is referred to as a "**Party**").

Background

- A On 2012, the Parties entered into a closing arrangement agreement in relation to the Project ("**Closing Arrangement Agreement**") in order to facilitate an orderly Closing.
 - B Under the Closing Arrangement Agreement, Belle agreed to assign the benefit of statutory warranties and Supply IP Rights in accordance with the terms of this deed.
-

NOW, THEREFORE, the Parties agree as follows:

Agreed terms

1 Interpretation

1.1 Definitions

When used in this Deed, unless the context requires otherwise, capitalized terms except those otherwise defined in this deed have the meanings ascribed to such terms in the Closing Arrangement Agreement.

1.2 Construction

- (a) Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing a gender include every gender.
 - (b) If a word or phrase is defined, its other grammatical forms have corresponding meanings.
 - (c) A reference to “**includes**” means includes without limitation.
 - (d) References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any statutory provision of which they are re-enactments (whether with or without modification).
 - (e) Save where the contrary is indicated, any reference to this Deed or any other agreement or document shall be construed as a reference to this Deed, or other agreement or document as the same may have been, or may from time to time be (subject to any restrictions therein), amended, varied, novated, supplemented, replaced or substituted, and shall include the schedules, annexes, exhibits and supplements to all of the foregoing.
 - (f) Reference to “**Person**” denotes natural persons, corporations, partnerships, joint ventures, trusts, unincorporated organizations, political subdivisions, agencies or instrumentalities, and such reference to a “**Person**” shall include its respective successors and permitted assigns.
 - (g) References herein to “**Sections**”, “**Schedules**” and “**Exhibits**” are to be construed as references to the sections, schedules and exhibits of and to this Deed unless the context requires otherwise.
 - (h) The headings in this Deed are inserted for convenience only and shall not affect the interpretation of this Deed.
 - (i) No rule of construction will apply to a relevant provision to the disadvantage of a Party merely because that Party put forward the relevant provision or would otherwise benefit from it.
-

2 Assignment

- (a) On the date of this Deed, Belle irrevocably and unconditionally assigns to MCE:
- (i) the benefit of all present and future warranties or similar rights accruing to that Philippine Party and/or ABLGI in respect of the Supply Contracts (including all statutory warranties and for this purpose as if it was the employer or buyer (as the case may be) under the relevant Article of the Civil Code) (“**Warranties**”); and
 - (ii) the benefit of all IP Rights accruing to that Philippine Party and/or ABLGI under the Supply Contracts (“**Supply IP Rights**”), in each case, free from all Encumbrances and duly executed by each such party.
- (b) To the extent the Warranties or the Supply IP Rights cannot be legally assigned under clause 2(a), Belle must ensure that MCE has the benefit of those Warranties and Supply IP Rights, including Articles 1723,1714,1715, 1547,1562 and 1548 of the Civil Code of the Philippines (Republic Act No. 386) (“**Civil Code**”), as if it was the employer or buyer (as the case may be) under the relevant Article of the Civil Code.
- (c) Without limiting the other provisions of clause 2, Belle grants to MCE a non- exclusive, royalty-free, irrevocable and transferable licence (to arise immediately on the creation of any relevant material) to use, exercise, reproduce, adapt and modify all Supply IP Rights in, or used in the carrying out of, the works undertaken or supplied by the Belle under the Supply Contracts for any purpose in respect of, or in connection with, the Project.
-

3 Dispute Resolution

- 3.1 Except as otherwise set forth in this Deed, all disputes, controversies or differences which may arise between MCE and Belle out of or in relation to or in connection with this Deed, including any issue as to this Deed's validity or enforceability, or for the construction, termination or breach thereof, shall be decided amicably by MCE and Belle.
- 3.2 In the event that no resolution is reached under Clause 3.1 within 30 days from the date a written notice of dispute is issued by either MCE or Belle, such dispute shall be referred to and finally resolved by an Arbitration Tribunal in accordance with the Construction Industry Arbitration Law of the Philippines (E.O.1008), as amended by the Alternative Dispute Resolution Act of 2004 (R.A. No. 9285), including the Rules of Procedure Governing Construction Arbitration approved and promulgated by the Construction Industry Arbitration Commission (CIAC) and any amendments thereto, which rules are deemed to be incorporated by reference in this Clause 3.
- 3.3 The arbitral proceedings shall be presided over by three arbitrators and shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- 3.4 The arbitral award shall be final and binding upon MCE and Belle and enforceable by any court having jurisdiction for this purpose.
- 3.5 MCE and Belle agree that the provisions of this Clause 3 constitute a separate and independent agreement among them and no claim that this Deed is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration. MCE and Belle recognise that: (i) the arbitrators have jurisdiction to settle the issue of whether this Deed (or any provision thereof) is void, unenforceable or ineffective; and (ii) except to the extent allowed under the law of the Republic of the Philippines, neither MCE nor Belle has the right to ask a court to restrain or enjoin the conduct of arbitration proceedings for the settlement of any dispute, controversy or claim under this Deed. MCE and Belle also agree that the filing of any judicial complaint or suit against either MCE or Belle and any of such party's officers, directors, employees or agents in relation to any matter arising out of, relating to, or in connection with this Deed shall not preclude the submission of any dispute, controversy or claim to arbitration.
- 3.6 Notwithstanding the other provisions of this Clause 3 or the existence of a dispute, controversy or claim, Belle shall continue to perform its obligations under this Deed.

4 General

4.1 Taxes, Costs and Expenses

Unless otherwise provided in the Transaction Documents, each Party shall bear and pay its own costs, taxes and expenses incurred by it in connection with the preparation, negotiation and execution of this Transaction Documents and the transactions contemplated under those documents.

4.2 Confidential Information

The Parties agree to comply with, and be bound by, the confidentiality obligations in section 8.06 of the Cooperation Agreement as if that section was included in full in this Deed.

4.3 Cooperation

Each of the Parties will fully cooperate with each other and their respective counsels and accountants in connection with any steps to be taken as part of their obligations under this Deed, including, without limitation, the obtaining of all regulatory approvals necessary to effect the transactions contemplated hereby.

4.4 Governing Law

This Deed shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

4.5 MCE Entity

For the purpose of this deed, the term 'MCE' shall mean MCE Leisure (Philippines) Corporation or its assignee or transferee, which assignee or transferee shall include (i) an affiliate or subsidiary (direct or indirect) of Melco Crown Entertainment Limited (MCE) and (ii) a Philippines incorporated or registered indirect subsidiary of MCE.

4.6 Successors and Assigns

This Deed shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign, transfer or otherwise deal with its rights under this Deed or allow any interest in them to arise or be varied without the consent of each other Party.

4.7 Counterparts

This Deed may be executed in any number of counterparts, each of which shall constitute an original, and all of which when taken together shall constitute a single agreement

4.8 Severability

- (a) If any provision of this Deed is declared invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the other provisions thereof shall not be affected or impaired thereby and shall continue to be in full force and effect.
 - (b) The Parties shall promptly amend this Deed and/or execute such additional documents as may be necessary and/or appropriate to give legal effect to the void, invalid or otherwise unenforceable provision in such a manner that, when taken with the remaining provisions, will achieve the intended commercial purpose of the void, invalid or otherwise unenforceable provision.
-

IN WITNESS WHEREOF, the Parties have caused this Deed to be executed by their duly authorized signatories on the date and at the place first above written.

BELLE CORPORATION

By:

Willy N. Ocier

Vice Chairman

MCE LEISURE (PHILIPPINES) CORPORATION in its own right and for any on behalf of **MCE Holdings (Philippines) Corporation, MCE Holdings No. 2 (Philippines) Corporation, MPEL Projects Limited and Melco Property Development Limited**

By:

[Name]

[Position]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this _____, personally appeared the following:

| <u>Name</u> | <u>Community Tax Certificate Date/Place Issued</u> | <u>Other Evidence of Identity Date/Place Issued</u> |
|-------------|--|---|
|-------------|--|---|

Belle Corporation
represented by:
Willy N. Ocier

known to me and to me known to be the same persons who executed the foregoing Assignment Deed consisting of _____ () pages, including the page on which this Acknowledgment is written, and the Schedules annexed hereto, but excluding the cover page and the page of the table of contents, and they acknowledged to me that the same is their free and voluntary act and deed as well as of the corporations herein represented.

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. _____ ;

Page No. _____ ;

Book No. _____ ;

Series of 2012.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this _____, personally appeared the following:

Name

Community Tax Certificate
Date/Place Issued

Other Evidence of Identity
Date/Place Issued

MCE Leisure (Philippines) Corporation

represented by:

known to me and to me known to be the same persons who executed the foregoing Assignment Deed consisting of _____ () pages, including the page on which this Acknowledgment is written, and the Schedules annexed hereto, but excluding the cover page and the page of the table of contents, and they acknowledged to me that the same is their free and voluntary act and deed as well as of the corporations herein represented.

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. _____ ;

Page No. _____ ;

Book No. _____ ;

Series of 2012.

AB LEISURE GLOBAL INC

MCE LEISURE (PHILIPPINES) CORPORATION

MACRO INDUSTRIAL PACKAGING PRODUCTS CORPORATION

Deed of Novation

Date**Parties**

- (1) **AB LEISURE GLOBAL INC**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 26/F West Tower, Philippines Stock Exchange, Ortigas Centre, Pasay City, Metro Manila, Philippines ("**Prior Engaging Party**");
 - (2) **MCE LEISURE (PHILIPPINES) CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at c/o 21st Floor, Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines ("**MCE Leisure**") for itself and on behalf of MCE Holdings (Philippines) Corporation ("**MCE Holdings**") and MCE Holdings No. 2 (Philippines) Corporation ("**MCE Holdings No. 2**"), each a corporation duly organized and existing under and by virtue of Philippine laws, with office address at [—] and MPEL Projects Limited ("**MPEL**") and Melco Property Development Limited ("**MPD**"), each a company incorporated in the British Virgin Islands with an address for correspondence at 36/F The Centrium, 60 Wyndham Street, Hong Kong;
(each of MCE Holdings and MCE Holdings No.2 shall be known as a "**MCE Subsidiary**" and together the "**MCE Subsidiaries**" and each MCE Subsidiary and MCE Leisure shall be known as a "**MCE Party**" and together the "**MCE Parties**"), and
 - (3) **MACRO INDUSTRIAL PACKAGING PRODUCTS CORPORATION**, a corporation duly organised and existing under and by virtue of Philippine laws, with office address at Airstrip Road, Canlubang Industrial Estate, Calamba City, Laguna Province, Philippines 4027 ("**Subcontractor**"),
(Each and any one of the Prior Engaging Party, MCE and the Subcontractor are referred to as a "**Party**").
-

Background

- A The Prior Engaging Party and the Subcontractor entered into a contract comprising the Notice of Award/Notice to Proceed (NOA/NTP) dated 15 February 2012 for the performance of work related to the Project ("**Subcontract**").
 - B Subject to this Deed, MCE has agreed to accept all of the Prior Engaging Party's obligations under the Subcontract.
 - C Subject to this Deed, the Subcontractor has agreed to accept MCE in place of the Prior Engaging Party for the performance of all of the obligations of the Prior Engaging Party and to perform the work under the Subcontract for the benefit of MCE.
-

NOW, THEREFORE, each Party agrees as follows:

Agreed terms

1 Interpretation

1.1 Definitions

Applicable Law means any statute, law, decree, constitution, regulation, rule, ordinance, order, decree, Government Approval, concession, grant, franchise, license, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by or any interpretation or administration of any of the foregoing by, any Government Authority, with force and effect of law.

Civil Code means the Civil Code of the Philippines (Republic Act No. 386).

Closing Arrangement Agreement means the Closing Arrangement Agreement entered into by the MCE Parties, SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement Inc thereto on [#date].

Confidential Information means all information, in whatever form, relating to:

- (a) the Subcontract or this Deed;
- (b) the negotiations relating to the Subcontract or this Deed; and
- (c) any confidential information of a Party.

Government Approval means any authorization, concession, right, franchise, privilege, consent, approval, registration, filing, certificate, license, permit or exemption from, by or with any Government Authority, or otherwise pursuant to any Applicable Law, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period.

Government Authority means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the government (including the PAGCOR).

Land means those parcels of land located in Aseana Boulevard, Macapagal Avenue, Paranaque City, Philippines beneficially owned or leased by Belle Corporation.

Loss includes any loss, liability, claims made by third parties, cost (including legal fees), damage, charge (including interest), penalty, fees or expense.

PAGCOR means the Philippine Amusement and Gaming Corporation, or any agency succeeding to the functions of the Philippine Amusement and Gaming Corporation.

Performance Bonds means all of the bonds provided by the Subcontractor to the Prior Engaging Party under the Subcontract, other than those bonds which have been released to the Subcontractor in accordance with the terms of the Subcontract on or before the date of this Deed, and includes the bonds listed in Schedule 1.

Project means the construction, fit out, lease, development, operation and management of the Land and the building structures as a casino, hotel, retail and entertainment complex.

1.2 Construction

- (a) Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing a gender include every gender.
 - (b) If a word or phrase is defined, its other grammatical forms have corresponding meanings.
 - (c) A reference to “**including**”, “**includes or include**” must be read as if it is followed by “**(without limitation)**”
 - (d) References to statutory provisions must be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date of this Deed) from time to time and must include any statutory provision of which they are re-enactments (whether with or without modification).
 - (e) Unless the context requires otherwise, any reference to this Deed or any other agreement or document must be construed as a reference to this Deed, or other agreement or document as the same may have been, or may from time to time be (subject to any restrictions therein), amended, varied, novated, supplemented, replaced or substituted, and shall include the schedules, annexes, exhibits and supplements to all of the foregoing.
 - (f) Reference to “**Person**” denotes natural persons, corporations, partnerships, joint ventures, trusts, unincorporated organizations, political subdivisions, agencies or instrumentalities, and such reference to a “**Person**” must include its respective successors and permitted assigns.
 - (g) Reference to “**clause**”, “**Section**”, “**Schedule**” and “**Exhibit**” are to be construed as references to the sections, schedules and exhibits of and to this Deed, unless the context requires otherwise.
 - (h) The headings in this Deed are inserted for convenience only and must not affect the interpretation of this Deed.
 - (i) No rule of construction will apply to a relevant provision to the disadvantage of a Party merely because that Party put forward the relevant provision or would otherwise benefit from it.
 - (j) A reference to peso or PHP is the lawful currency of the Republic of the Philippines.
-

1.3 Conditions Precedent

- (a) This Deed does not commence until each of the Closing Conditions under the Closing Arrangement Agreement are satisfied or waived under the Closing Arrangement Agreement.
- (b) MCE and the Prior Engaging Party must notify the Subcontractor promptly of the date on which MCE and the Prior Engaging Party are satisfied that all of the Closing Conditions under the Closing Arrangement Agreement have either been satisfied or unconditionally waived.
- (c) If the Closing Conditions under the Closing Arrangement Agreement have not been satisfied or unconditionally waived within six (6) months of the date of this Deed, either Party may, by giving the other Parties five (5) Business Days' written notice, withdraw from this Deed.
- (d) For the purposes of clause 1.3, Closing Conditions has the meaning given to that term in the Closing Arrangement Agreement.

2 Novation

- (a) MCE must perform all of the obligations of the Prior Engaging Party under the Subcontract which are not performed at the date of this Deed and MCE is bound by the Subcontract as if MCE had originally been named in the Subcontract in place of the Prior Engaging Party.
 - (b) The Prior Engaging Party irrevocably and unconditionally assigns to MCE:
 - (i) the rights, benefits and entitlements under all Performance Bonds provided to the Prior Engaging Party, including those set out in Schedule 1;
 - (ii) the benefit of all statutory warranties or similar rights accruing to the Prior Engaging Party under Applicable Law in respect of the Subcontract ("**Statutory Warranties**"); and
 - (iii) the benefit of all contractual, statutory, or similar rights accruing to the Prior Engaging Party under the Subcontract.
 - (c) The Subcontractor must provide MCE with copies of any letters, emails, documents, information, certificates, notices, directions, claims, determinations or any other correspondence between the Subcontractor and the Prior Engaging Party concerning the Project.
 - (d) To the extent that any Performance Bond cannot be legally assigned under clause 2(b)(i), or if any Performance Bond has expired, the Subcontractor must provide a replacement Performance Bond or Performance Bonds in favour of MCE which comply with clause 3.0 of the Subcontract.
-

- (e) To the extent the Statutory Warranties cannot be legally assigned under clause 2(b)(ii), the Subcontractor must ensure that MCE has the benefit of those Statutory Warranties, including those under the Civil Code, as if it was the employer or buyer (as the case may be) under the relevant Article of the Civil Code.
- (f) To the extent that there is any inconsistency between this Deed and the Subcontract, the terms of this Deed will prevail.
- (g) The Prior Engaging Party:
 - (i) prior to the date of this Deed, has retained an amount of [#insert amount#] under the Subcontract; and
 - (ii) on or before the date of this Deed, must transfer the ownership of that retained amount to MCE.
- (h) The Prior Engaging Party and the Subcontractor represent and warrant that, at the date of this Deed:
 - (i) The Contract Sum under the Subcontract is [#insert amount#] and there is no adjustment or variation to the Contract Sum; and
 - (ii) The date for Completion under the Subcontract is [#insert date#] and there is no adjustment or extension to the date for Completion,as a result of the parties entering into this Deed.

3 Obligations of the Subcontractor

3.1 General

The Subcontractor must comply with, and continue to carry out, all of its obligations under, and be bound by, the Subcontract as if MCE was originally named in the Subcontract in place of the Prior Engaging Party.

3.2 Indemnity

The Subcontractor indemnifies MCE against:

- (a) any Loss suffered or incurred by MCE arising out of or in connection with a breach of the Subcontract by the Subcontractor;
 - (b) all Loss suffered or incurred by MCE for:
 - (i) injury or death to any person; or
 - (ii) damage to or destruction of any property,caused by the acts, omissions or negligence of the Subcontractor or its employees and agents; and
 - (c) all costs and expenses arising out of or in connection with a breach of the Subcontractor's obligations under this Deed and the Subcontract.
-

3.3 Application of obligations and liabilities warranties and indemnities

The Subcontractor acknowledges and agrees that the obligations and liabilities under this Deed extend to the acts and omissions of any of its directors, officers, employees, agents and subcontractors as if they were the acts and omissions of the Subcontractor.

3.4 Insurances

The Subcontractor:

- (a) warrants that it will effect and maintain the insurance required by the Subcontract;
- (b) must ensure that MCE is named as an insured party under any policy of insurance required to be effected and maintained under the Subcontract; and
- (c) must, on demand by MCE, produce to MCE evidence of insurance required under the Subcontract.

4 Release and warranty given by the Subcontractor

(a) The Subcontractor releases the Prior Engaging, Party from:

- (i) all of its obligations and liabilities arising out of or in connection with the Subcontract;
- (ii) further performance of the Subcontract; and
- (iii) all Loss suffered or incurred by the Subcontractor arising out of or in connection with the Subcontract,

except to the extent such obligations, liabilities, performance or Loss suffered or incurred by the Subcontractor arises out of a breach of the Subcontract by the Prior Engaging Party on or before the date of this Deed.

(b) The Subcontractor releases MCE from:

- (i) any claims made (including (without limitation) any extensions of time or variations), Loss suffered, work performed or equipment, materials or other items or services provided by the Subcontractor in relation to the Subcontract and/or the Project prior to the date of this Deed; or
 - (ii) any claims (including (without limitation) any extensions of time or variations or for Loss suffered) made or which may be made by the Subcontractor against the Prior Engaging Party for breach of the Subcontract or on any other basis whatsoever arising out of or in connection with the Subcontract and/or the Project.
-

- (c) The Subcontractor warrants to MCE that:
- (i) in the performance of its obligations under the Subcontract up to the date of this Deed, it has used professional skill, care and diligence that would be expected of a contractor performing works of a similar nature to the work under the Subcontract and is experienced in projects or activities of a similar nature to the Project so as to ensure that:
 - (A) it performs the work under the Subcontract in accordance with requirements of the Subcontract;
 - (B) the work performed by the Subcontractor allows the Project to be suitable in all respects for its intended purposes; and
 - (C) the materials, documents and methods of using, fixing or working proposed or specified by the Subcontractor comply with all:
 - (1) Applicable Law; and
 - (2) relevant building standards applicable to the Project;
 - (ii) it must perform the remaining work under the Subcontract in accordance with the requirements of the Subcontract; and
 - (iii) it is aware that MCE is relying on the Subcontractor to fulfil the Subcontractor's obligations under the Subcontract as part of the successful completion of the Project.

5 Indemnity from the Prior Engaging Party

- (a) The Prior Engaging Party indemnifies MCE against any and all Loss that may be claimed by the Subcontractor arising out of or in connection with the Subcontract arising on or before the date of this Deed and any claim arising from an act, default or omission of the Prior Engaging Party.
- (b) On or before each of the Closing Conditions under the Closing Arrangement Agreement are satisfied or waived under the Closing Arrangement Agreement, to the extent that the Prior Engaging Party retains or holds any retention monies under the Subcontract, the Prior Engaging Party must transfer or pay to MCE those retention monies.

6 Payments to the Subcontractor

Each Party acknowledges and agrees that:

- (a) the amount which has been paid to the Subcontractor by the Prior Engaging Party under the Subcontract is ₱[##] ([#] pesos) at the date of this Deed; and
 - (b) the amount which remains payable to the Subcontractor under the Subcontract is ₱ [##] ([#] pesos).
-

7 General

7.1 Taxes, Costs and Expenses

Each Party must bear and pay its own costs, taxes and expenses incurred by it in connection with the preparation, negotiation and execution of this Deed and the transactions contemplated under this Deed.

7.2 Confidential Information

- (a) Each Party agrees that it will keep Confidential Information confidential and will not disclose Confidential Information to any person without the prior written consent of the disclosing Party, except on a need-to-know basis to:
- (i) its employees, consultants, directors, officers, agents and/or advisors; or
 - (ii) its shareholders, investors, financiers, insurers and their respective advisors in connection with the Project,
- and such persons have been informed of and have agreed to comply with the terms of the confidentiality obligations under this clause 7.2.
- (b) The confidentiality obligations under this clause 7.2 will not apply to:
- (i) information which at the time of disclosure was already in the public
 - (ii) information property obtained by a Party in a manner not involving any breach of confidentiality under this clause 7.2 from a source other than the disclosing Party or its employees, consultants, directors, officers, agents and/or advisors or its shareholders, investors, financiers, insurers and their respective advisors in connection with the Project;
 - (iii) disclosure required by any Applicable Law; or
 - (iv) disclosure required by any court, Governmental Authority or stock exchange with competent authority over any Party.
- (c) In the event of a breach of this clause 7.2 by a Party:
- (i) damages may be inadequate as a means of redressing any Loss suffered or incurred by the disclosing Party; and
 - (ii) the disclosing Party is entitled to seek injunctive relief or such other equitable form of relief as it considers necessary.

7.3 MCE Entity

For the purpose of this deed, the term 'MCE' shall mean MCE Leisure (Philippines) Corporation or its assignee or transferee, which assignee or transferee shall include (i) an affiliate or subsidiary (direct or indirect) of Melco Crown Entertainment Limited (MCE) and (ii) a Philippines incorporated or registered indirect subsidiary of MCE.

7.4 Cooperation

Each Party will fully cooperate with each other Party and their respective counsels and accountants in connection with any steps to be taken as part of their obligations under this Deed, including obtaining of all regulatory approvals necessary to effect the transactions contemplated by this Deed.

7.5 Governing Law

This Deed is governed by, and construed in accordance with, the laws of the Republic of the Philippines.

7.6 Successors and Assigns

This Deed is binding upon and inure to the benefit of each Party and its respective successors and permitted assigns. No Party may assign, transfer or otherwise deal with its rights under this Deed or allow any interest in them to arise or be varied without the written consent of the each other Party.

7.7 Counterparts

This Deed may be executed in any number of counterparts, each of which must constitute an original, and all of which when taken together must constitute a single agreement.

7.8 Severability

- (a) If any provision of this Deed is declared invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the other provisions thereof shall not be affected or impaired thereby and shall continue to be in full force and effect.
- (b) The Parties shall promptly amend this Deed and/or execute such additional documents as may be necessary and/or appropriate to give legal effect to the void, invalid or otherwise unenforceable provision in such a manner that, when taken with the remaining provisions, will achieve the intended commercial purpose of the void, invalid or otherwise unenforceable provision.

8 Dispute Resolution

- 8.1 Except as otherwise set forth in this Deed, all disputes, controversies or differences which may arise between the Parties out of or in relation to or in connection with this Deed, including any issue as to this Deed's validity or enforceability, or for the construction, termination or breach thereof, shall be decided amicably by the Parties.
 - 8.2 In the event that no resolution is reached under Clause 8.1 within 30 days from the date a written notice of dispute is issued by either Party, such dispute shall be referred to and finally resolved by an Arbitration Tribunal in accordance with the Construction Industry Arbitration Law of the Philippines (E.O. 1008), as amended by the Alternative Dispute Resolution Act of 2004 (R.A. No. 9285), including the Rules of Procedure Governing Construction Arbitration approved and promulgated by the Construction Industry Arbitration Commission (CIAC) and any amendments thereto, which rules are deemed to be incorporated by reference in this Clause 8.
-

- 8.3 The arbitral proceedings shall be presided over by three arbitrators and shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- 8.4 The arbitral award shall be final and binding upon the Parties and enforceable by any court having jurisdiction for this purpose.
- 8.5 The Parties agree that the provisions of this Clause 8 constitute a separate and independent agreement among them and no claim that this Deed is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration. The Parties recognise that: (i) the arbitrators have jurisdiction to settle the issue of whether this Deed (or any provision thereof) is void, unenforceable or ineffective; and (ii) except to the extent allowed under the law of the Republic of the Philippines, neither Party has the right to ask a court to restrain or enjoin the conduct of arbitration proceedings for the settlement of any dispute, controversy or claim under this Deed. The Parties also agree that the filing of any judicial complaint or suit against either Party and any of such party's officers, directors, employees or agents in relation to any matter arising out of, relating to, or in connection with this Deed shall not preclude the submission of any dispute, controversy or claim to arbitration.
- 8.6 Notwithstanding the other provisions of this Clause 8 or the existence of a dispute, controversy or claim, the Parties shall continue to perform their obligations under this Deed.
-

IN WITNESS WHEREOF, each Party has caused this Deed to be executed by its duly authorized signatories on the date and at the place first above written.

AB LEISURE GLOBAL INC

By:

[name]

[position]

MCE LEISURE (PHILIPPINES) CORPORATION in its own right and for any on behalf of **MCE Holdings (Philippines) Corporation** **MCE Holdings No. 2 (Philippines) Corporation**, **MPEL Projects Limited** and **Melco Property Development Limited**

By:

[Name]

[Position]

[#Insert execution clause for the Subcontractor#]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this , personally appeared the following:

Name

Community Tax Certificate
Date/Place Issued

Other Evidence of Identity
Date/Place Issued

AB LEISURE GLOBAL INC

represented by:

[name]

known to me and to me known to be the same persons who executed the foregoing Novation Deed consisting of () pages, including the page on which this Acknowledgment is written, and the Schedules annexed hereto, but excluding the cover page and the page of the table of contents, and they acknowledged to me that the same is their free and voluntary act and deed as well as of the corporations herein represented.

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. ;

Page No. ;

Book No. ;

Series of 2012.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this , personally appeared the following:

Name

Community Tax Certificate
Date/Place Issued

Other Evidence of Identity
Date/Place Issued

MCE Leisure (Philippines) Corporation

represented by:

known to me and to me known to be the same persons who executed the foregoing Novation Deed consisting of () pages, including the page on which this Acknowledgment is written and the Schedules annexed hereto, but excluding the cover page and the page of the table of contents, and they acknowledged to me that the same is their free and voluntary act and deed as well as of the corporations herein represented.

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. ;

Page No. ;

Book No. ;

Series of 2012.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this _____, personally appeared the following:

| <u>Name</u> | <u>Community Tax Certificate Date/Place Issued</u> | <u>Other Evidence of Identity Date/Place Issued</u> |
|-------------|--|---|
|-------------|--|---|

[#Subcontractor#]

represented by:

known to me and to me known to be the same persons who executed the foregoing Novation Deed consisting of _____ () pages, including the page on which this Acknowledgment is written and the Schedules annexed hereto, but excluding the cover page and the page of the table of contents, and they acknowledged to me that the same is their free and voluntary act and deed as well as of the corporations herein represented.

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. _____ ;

Page No. _____ ;

Book No. _____ ;

Series of 2012.

Date**Parties**

[#MCE LEISURE (PHILIPPINES) CORPORATION, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at c/o 21st Floor, Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines (**“MCE Leisure”**) for itself and on behalf of **MCE Holdings (Philippines) Corporation (“MCE Holdings”)** and **MCE Holdings No. 2 (Philippines) Corporation (“MCE Holdings No. 2”)**, each a corporation duly organized and existing under and by virtue of Philippine laws, with office address at [—] and **MPEL Projects Limited (“MPEL”)** and **Melco Property Development Limited (“MPD”)**, each a company incorporated in the British Virgin Islands with an address for correspondence at 36/F The Centrium, 60 Wyndham Street, Hong Kong / **[#MCE Designated Entity#]**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at [—]# (**“MCE”**) and

Electro-Systems Industries Corporation of G/F ENZO Bldg, #399 Sen. Gil Puyat Ave. Makati City (**Contractor**)

Background

- A MCE and Belle Corporation (**Belle**) have entered into an agreement to develop the Belle Grande Casino and Resort (**Project**).
 - B Belle and the Contractor have entered into a contract (CP-05E) for the supply and installation of auxiliary system (structured cabling and data network system) in relation to the Project dated 3 June 2011 (**Contract**).
 - C MCE wishes to obtain the benefit of the Contract.
-

Agreed terms**1 Warranty****1.1 Warranty as to standard of care**

- (a) The Contractor represents and warrants to MCE that:
 - (i) the Contractor:
 - (A) has performed its obligations under the Contract to a standard of care, skill, judgment and diligence; and
 - (B) has provided, and will provide suitably qualified staff to a standard, commensurate with a competent contractor experienced in work of a similar nature to the work under the Contract;
-

- (ii) the Contractor has performed its obligations under the Contract in accordance with the Contract and all applicable statutory requirements; and
 - (iii) the work under the Contract are free from defects and deficiencies and fit for its intended purpose.
 - (iv) all work performed and materials or parts supplied by the Contractor under the Contract are of a quality and standard which is no lower than that stipulated in the Contract (including the drawings and specifications); and
 - (v) to the extent that quality or standard is not stipulated in the Contract (including the drawings and specifications), the work performed and materials or parts supplied are of merchantable quality and fit for the purpose for which they are required.
- (b) The warranties given in clause 1.1(a) is in addition to and does not derogate from any manufacturer's warranty or any warranty implied in law in respect of the materials or goods forming part of the work under the Contract.

1.2 Rectification

- (a) Any defects, omissions, other faults or instances of non-compliance with the Contract, which are notified in writing by MCE to the Contractor must be made good by the Contractor:
- (i) within the time stipulated by MCE; or
 - (ii) if no time is stipulated, then promptly,
- and at no cost to MCE.
- (b) If the Contractor fails to comply with a direction by MCE under this clause within the time specified in the direction, MCE may have the defective work reinstated, replaced repaired or rectified as determined by MCE and any damages, loss, expense or cost (including legal costs on an indemnity basis) suffered or incurred by MCE will be a debt due from the Contractor to MCE.

1.3 Assignment of rights under the Contract

- (a) The Contractor acknowledges that Belle has assigned, or will assign, to MCE:
- (i) the benefit of all statutory warranties or similar rights accruing to Belle under the law in respect of the Contract ("**Statutory Warranties**"); and
 - (ii) the benefit of all contractual or similar rights accruing to Belle under the Contract.
- (b) Without limiting clause 1.3(a), the Contractor grants to MCE a non-exclusive, royalty-free, irrevocable and transferable licence (to arise immediately on the creation of any relevant material) to use, exercise, reproduce, adapt and modify all intellectual property rights in, or used in the carrying out of, the works undertaken or supplied by the Contractor under the Contract for any purpose in respect of, or in connection with, the Project.

1.4 No claims under the Contract

- (a) Notwithstanding any other provision of this deed or the Contract, the Contractor acknowledges that MCE does not have any obligation or liability to the Contractor under this deed or the Contract in respect of the Contractor's representations, warranties, obligations and liabilities given or created by the Contractor pursuant to this deed.
- (b) The Contractor releases MCE from:
 - (i) any claims made, work performed or equipment, materials or other items or services provided by the Contractor to Belle in relation to the Contract or the Project; or
 - (ii) any claims made or which may be made by the Contractor against Belle for breach of the Contract or on any other basis whatsoever arising out of, in connection with or in relation to the Contract or the Project (including any outstanding payments and claims for work under the Contract).

2 Assignment

2.1 Assignment by Contractor

- (a) The Contractor must not assign or deal with any right or obligation under this deed without the prior written consent of MCE.
- (b) Any purported dealing by the Contractor in breach of this clause is of no effect.

2.2 Assignment by MCE

MCE may at any time:

- (a) assign (in whole or part) or deal with; and
- (b) encumber or grant to a third party an interest in,
its rights and obligations under this deed without the consent of the Contractor.

3 Indemnity

3.1 Indemnity

The Contractor indemnifies MCE against all damages, loss, expense or cost (including legal costs on an indemnity basis) arising directly or indirectly from any:

- (a) breach by the Contractor of this deed; or
- (b) act or omission (including any negligence, unlawful conduct or wilful misconduct) by the Contractor relating to this deed.

3.2 Independence of indemnities

- (a) Each indemnity in this deed is a continuing obligation, separate and independent from the other obligations of the Contractor and survives the termination of this deed.
 - (b) It is not necessary for MCE to incur expense or make a payment before enforcing any indemnity conferred by this deed.
-

4 Dispute Resolution

- 4.1 Except as otherwise set forth in this deed, all disputes, controversies or differences which may arise between MCE and the Contractor out of or in relation to or in connection with this deed, including any issue as to this deed's validity or enforceability, or for the construction, termination or breach thereof, shall be decided amicably by MCE and the Contractor.
- 4.2 In the event that no resolution is reached under Clause 4.1 within 30 days from the date a written notice of dispute is issued by either MCE or the Contractor, such dispute shall be referred to and finally resolved by an Arbitration Tribunal in accordance with the Construction Industry Arbitration Law of the Philippines (E.O. 1008), as amended by the Alternative Dispute Resolution Act of 2004 (R.A. No. 9285), including the Rules of Procedure Governing Construction Arbitration approved and promulgated by the Construction Industry Arbitration Commission (CIAC) and any amendments thereto, which rules are deemed to be incorporated by reference in this Clause 4.
- 4.3 The arbitral proceedings shall be presided over by three arbitrators and shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- 4.4 The arbitral award shall be final and binding upon MCE and the Contractor and enforceable by any court having jurisdiction for this purpose.
- 4.5 MCE and the Contractor agree that the provisions of this Clause 4 constitute a separate and independent agreement among them and no claim that this deed is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration. MCE and the Contractor recognise that: (i) the arbitrators have jurisdiction to settle the issue of whether this deed (or any provision thereof) is void, unenforceable or ineffective; and (ii) except to the extent allowed under the law of the Republic of the Philippines, neither MCE nor the Contractor has the right to ask a court to restrain or enjoin the conduct of arbitration proceedings for the settlement of any dispute, controversy or claim under this deed. MCE and the Contractor also agree that the filing of any judicial complaint or suit against either MCE or the Contractor and any of such party's officers, directors, employees or agents in relation to any matter arising out of, relating to, or in connection with this deed shall not preclude the submission of any dispute, controversy or claim to arbitration.
- 4.6 Notwithstanding the other provisions of this Clause 4 or the existence of a dispute, controversy or claim, the Contractor shall continue to perform its obligations under this deed.

5 General

5.1 Governing law

This deed is governed by and is to be construed in accordance with the laws of the Republic of the Philippines.

5.2 MCE Entity

For the purpose of this deed, the term 'MCE' shall mean MCE Leisure (Philippines) Corporation or its assignee or transferee, which assignee or transferee shall include (i) an affiliate or subsidiary (direct or indirect) of Melco Crown Entertainment Limited (MCE) and (ii) a Philippines incorporated or registered indirect subsidiary of MCE.

5.3 Survival

The representations, warranties, obligations and liabilities of the Contractor are independent of the Contract, and will survive the termination of the Contract.

5.4 Counterparts

This deed may be executed in any number of counterparts, each of which must constitute an original, and all of which when taken together must constitute a single agreement.

5.5 Severability

- (a) If any provision of this deed is declared invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the other provisions thereof shall not be affected or impaired thereby and shall continue to be in full force and effect.
 - (b) The parties shall promptly amend this deed and/or execute such additional documents as may be necessary and/or appropriate to give legal effect to the void, invalid or otherwise unenforceable provision in such a manner that, when taken with the remaining provisions, will achieve the intended commercial purpose of the void, invalid or otherwise unenforceable provision.
-

Execution

IN WITNESS WHEREOF, each party has caused this deed to be executed by its duly authorized signatories on the date and at the place first above written.

[#MCE LEISURE ENTITY#]

By:

[#insert name of representative#]

[#insert position of representative#]

ELECTRO-SYSTEMS INDUSTRIES CORPORATION

By:

[#insert name of representative#]

[#insert position of representative#]

Schedule 6
Warranties by Philippine Parties

A Corporate existence and authority

- (a) PLAI is a wholly owned subsidiary of Belle.
- (b) SM Hotels and Convention Corporation, SM Commercial Properties, Inc and SM Land Inc, are subsidiaries of SMIC.
- (c) Belle and SM Development Corporation are Affiliates of SMIC.
- (d) SMIC, the SM Subsidiaries, Belle and PLAI are, and at all times have been, the only members of the Consortium.

Accuracy of Statements

- (a) All of the information provided by, or on behalf of, each of SMIC, Belle, PLAI and their respective Affiliates and their respective directors, officers, employees, agents and advisers (in whatever form) to the MCE Parties and their advisers prior to the date of this Agreement is accurate and not misleading whether by inclusion or omission.
- (b) No representations or warranties or any statement or certificate furnished or to be furnished pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statements of fact, or omits or will omit to state a fact necessary to make the statements contained therein not misleading.

Litigation

- (a) There is no prosecution, litigation, arbitration, claim (including tax claim), action, suit, proceeding, investigation, audit or inquiry pending or threatened against the Consortium or otherwise affecting the Consortium, any member of the Consortium, the Project, the Land, the Building Structures or the Casino License.
- (b) The Consortium is not, and no member of the Consortium is a party to any prosecution, litigation, arbitration, claim (including tax claim), action, suit, proceeding, investigation, audit or inquiry concerning the Consortium, the Project, the Land, the Building Structures or the Casino License.
- (c) The Consortium has not, and no member of the Consortium has been, at any time in the past five (5) years been a party to any prosecution, litigation, arbitration, claim (including tax claim), action, suit, proceeding, investigation, audit or inquiry concerning the Consortium, the Project, the Land, the Building Structures or the Casino License.
- (d) There are no circumstances which may give rise to any prosecution, litigation, arbitration, claim (including tax claim), action, suit, proceeding, investigation, audit or inquiry against or concerning the Consortium, any member of the Consortium, the Project, the Land, the Building Structures or the Casino License.

No Adverse Effect

- (a) No event has occurred which might materially and adversely affect the carrying out of the business of the Philippine Parties or the SM Subsidiaries or the Project, or the financial condition, results of operation or business prospects of any of them or which makes it improbable that any of them would be able to fulfil any of its obligations under the Transaction Documents and Ancillary Documents.
- (b) No event has occurred, or is likely to occur, which might materially and adversely affect the Licensees, the Project, the Land, the Building Structures or the Casino License.

Due Diligence

- (a) The MCE Parties have been provided with true and complete copies of all documents, materials, papers, contracts, agreements, leases, sub-leases, land use rights grant contracts, land use conditions, and other information in relation to the Consortium, the Casino License and the Project.
- (b) The Due Diligence Information is accurate and complete and not misleading and no information has been omitted which renders the Due Diligence Information inaccurate or misleading.
- (c) The Due Diligence Information contains all material information concerning the Consortium, the Casino License and the Project (including for the avoidance of doubt, the Land and Building Structures) necessary to enable the MCE Parties to make an informed assessment of the liabilities and prospects of the Project.
- (d) The MCE Parties have been provided with true and complete copies of all correspondence, letters and other documents between PAGCOR and any of the Philippine Parties (or any of their Affiliates) in relation to the Consortium, the Casino License or the Project.

Land and Building Structures

- (a) Belle is (i) the absolute beneficial and legal owner of the Owned Land; (ii) has good legal, valid, title, rights and/ or interests to the Owned Land and Building Structures; and (iii) will be the registered owner and have indefeasible title on Closing.
- (b) Belle has full power and authority to lease the Owned Land and Building Structures to MCE Leisure or the relevant MCE Designated Entity.
- (c) Belle is in possession of and has the right to use and control the Owned Land and Building Structures and no other person is actually or conditionally entitled to possession, occupation, use, fit out, operate or control of any of the Owned Land or Building Structures.
- (d) There are no liabilities, obligations, claims, Encumbrances, conditional sale agreements on, or affecting, the Land or any of the Building Structures.
- (e) There are no outstanding real property taxes and other applicable taxes, fees or charges imposed by any Government Authority relating to the Owned Land.
- (f) No Person or Government Authority has or claims any security interest, lien, option, right of pre-emption or other similar interest in or over any of the Owned Land or Building Structures.
- (g) None of the Owned Land or the Building Structures is affected by an agreement, arrangement or understanding (whether oral or written) for sale or other disposition of interest in it.
- (h) The use of the Owned Land or the Building Structures is in compliance with all Applicable Laws and there have been no contraventions of such Applicable Laws.
- (i) The design and workmanship of the works carried out on the Land and Building Structures are in compliance with (i) all Applicable Laws and all relevant codes and standards for the intended usages of the Project (ii) this Agreement, in particular Schedule 5, (iii) the PAGCOR Development Guidelines and the PAGCOR Wrap Letter (as applicable), (iv) the National Building Code and the (v) Layout/Plan of the Land and Building Structures.

- (j) Belle holds all Government Approvals required in relation to the Land and the Building Structures and their use.
- (k) Each Government Approvals and every development carried out in relation to the Land and Building Structures has been properly obtained and any conditions, requirements, obligations, or restrictions imposed by any Government Approvals have been observed and performed.
- (l) Belle has performed all covenants, conditions, agreements, statutory requirements, by- laws, orders and regulations which is binding on it and affecting the Land and the Building Structures and there have been no contraventions of the provisions of those statutes and regulations.
- (m) Belle has exclusive occupation and quiet enjoyment of the Land and the Building Structures and there is no event, circumstances or dispute (whether actual, threatened or anticipated which could adversely affect the exclusive occupation and quiet enjoyment of the Land and the Building Structures.
- (n) Either or both the Land and the Building Structures are not:
 - (i) destroyed;
 - (ii) damaged in any way which adversely affects, or may reasonably expected to adversely affect, their ability to be used in the Project; or
 - (iii) subject to any material defect or other thing which adversely affects, or may reasonably expected to adversely affect, their ability to be used in the Project.
- (o) The Land and Building Structures have been and are maintained and operated in accordance with all Applicable Laws.
- (p) All activities conducted on the Land and the Building Structures have been conducted in accordance with all Applicable Laws.
- (q) The Land and the Building Structures are not the subject of, or affected by, any:
 - (i) dispute, claim, legal proceedings, investigation or inquiry and there are no circumstances that could give rise to any dispute, claim, legal proceedings, investigation or inquiry;
 - (ii) order or other obligation to demolish, alter or reinstate all or part of any improvements comprised in the Land and Building Structures; or
 - (iii) notice of any breach or alleged breach of any material covenants, restrictions, conditions, agreements, Applicable Law or other stipulations affecting the land and the Building Structures or its use.
- (r) There are no outstanding orders or notices (requiring work to be done or expenditure made) affecting the Land and the Building Structures and there are no proposals of any local or other authority (involving compulsory acquisition or requisition of otherwise) or any other circumstances known which may result in any such order or notice being made or served or which may otherwise affect the Land and the Building Structures.
- (s) There are no agreements with any adjoining property owners or Government Authority which adversely affects the use and enjoyment of the Land and the Building Structures.
- (t) No alterations have made to the Building Structures or other improvements on the Building Structures other than in accordance with any Government Approval.

- (u) Belle has not received notice in writing from any third party in respect of the Land:
 - (i) in respect of the compulsory acquisition or resumption or any part of the Land;
 - (ii) asserting that the current use of the Land breaches the requirements of any relevant planning scheme; or
 - (iii) which would be likely to have a material adverse effect on the current use of the Land.
- (v) The sale of 348 square meters of the land covered by TCT No. 010-201000882 and 867 square meters of land covered by TCT No. 010-201000883 (a portion of Lot 6) to Light Rail Transit Authority will not affect the Project or the Casino License (including any Government Approvals required for the Project).

On the Leased Land

- (a) Belle is in possession of and has the right to lease the Leased Land under the SSS Lease Contract, that such contract is valid and existing for the full term of the Casino License.
- (b) No person other than Belle is actually or conditionally entitled to possession, occupation, use or control of the Leased Land.
- (c) Belle has the right to sublease the Leased Land to the MCE Parties for the full term of the Casino License and SSS has consented in writing to such a sublease.
- (d) Belle is not in breach and it has not been given notice that it is in breach of any term, condition, covenant, restriction or obligation of the lease contracts in respect of the Leased Land.
- (e) To the best of the knowledge of Belle, there are no outstanding real property taxes and other applicable taxes, fees or charges imposed by any Government Authority or by the SSS pertaining to the Leased Land.
- (f) No person or Government Authority has or claims any Encumbrance, option, right of pre-emption or other similar interest in or over any of the Leased Land.
- (g) None of the Leased Land is affected by a subsisting contract for sale or other disposition of interest in it.
- (h) To the best of knowledge of Belle, none of the Leased Land is subject to or located in an area which is or is proposed to be subject to an order, resolution or proposal for confiscation, condemnation, compulsory acquisition.
- (i) The use of the Leased Land is in compliance with all Applicable Laws and the SSS Lease Contract and there have been no contraventions of such Applicable Laws or the SSS Lease Contract.
- (j) The DST in respect of the leases of the Leased Land have been paid.
- (k) There is no arrangement (whether written or not) which has the effect of amending, supplementing or varying the terms and conditions of the SSS Lease Contract.
- (l) On Closing, the SSS Lease Contract will be registered or annotated on Transfer Certificates of Title Nos. 166290,166921 and 166292 registered in the name of SSS in the Register of Deeds in the Philippines.

Environmental

- (a) There is no Hazardous Material or hazard to the Environment, including asbestos, in, on or affecting any of the Land and Building Structures (including in the groundwater under the Land).

- (b) The Philippine Parties and SM Subsidiaries are not in breach of any Environmental Law in a way or to an extent which would have a material adverse effect on the operation of the Project or result in the imposition of a material liability on Philippine Parties or the MCE Group.
- (c) There is no condition of the Owned Land or the Building Structures which would entitle any person to require the Philippine Parties or SM Subsidiaries to decontaminate or take other remedial action in or around the Owned Land or the Building Structures or to contribute to the costs of doing so.
- (d) No request or demand has been made on the Philippine Parties or any other person to decontaminate or take other remedial action in relation to the Land and the Buildings or to contribute to the cost of doing so.
- (e) There are no circumstances which have been or are likely to give rise to a claim in relation to any Hazardous Material or any hazard to the Environment affecting the Land and the Building Structures and there has not been an escape of any Hazardous Material from the Land or the Building Structures.
- (f) No complaints have been made by any person alleging that there are or have been hazardous or offensive conditions or conduct in relation to the Environment affecting the Land or the Building Structures.
- (g) No environmental, safety or quality audits or studies have been conducted in relation to the Land or the Building Structures by or on behalf of the Philippine Parties or SM Subsidiaries or a Government Authority or consultant other than as disclosed in the Philippine Parties Disclosure Letter.
- (h) The Philippine Parties and or SM Subsidiaries are not in receipt of any notice from any Government Authority which:
 - (i) asserts that any of the Land and Building Structures is in material non-compliance with Environmental Law; or
 - (ii) asserts that it is not complying with any license required under Environmental Law for the operation of the Project as currently carried on.

Furniture, Fittings, Fit-outs and Equipment

- (a) The furniture, fittings, fit-outs and equipment installed in the Phase 1 Building are:
 - (i) immediately prior to Closing, owned by the Philippine Parties free of any Encumbrances and other third party rights;
 - (ii) in good repair and condition and in good working order;
 - (iii) are capable of doing the work for which they were designed and purchased; and
 - (iv) not subject to any outstanding claims by or against suppliers of such furniture, fittings, fit-outs and equipment.

Casino License

- (a) The Provisional License and the Certificate of Affiliation and Provisional License dated December 12, 2008 and PAGCOR Guidelines issued by PAGCOR are valid and binding and free of all Encumbrances. The Philippine Parties and SM Subsidiaries have not violated any of the terms and conditions thereof and have complied with all requirements, undertakings and obligations therein, particularly and without limitation those stated in Article II section 4, Article II section 6, Article II section 7, Article II section 8, Article II section 9, Article III section 1, Article III section 2 and Article V and that no notice pursuant to Article XI has been given to PAGCOR.

- (b) There is no suit, court, arbitration or other proceeding, inquiry or investigation pending to the knowledge of the Philippine Parties or SM Subsidiaries or notice of which has been received by any Philippine Party or SM Subsidiary or threatened against any Philippine Party or SM Subsidiary before any Government Authority or arbitrator which disputes, questions or challenges the Provisional License and the Certificate of Affiliation and Provisional License dated December 12, 2008 and PAGCOR Guidelines issued by PAGCOR.
- (c) None of the Philippine Parties or SM Subsidiaries are in receipt of any notice or communication from PAGCOR imposing or collecting any fee, charge or penalty relating to the Casino License.
- (d) The Philippine Parties and or SM Subsidiaries have, at all times, complied with the debt- to-equity ratio of 70% Debt- 30% Equity required under Article IV section 19 of the Casino License.
- (e) As at the time immediately prior to Closing the balance of the Old Escrow Account is U.S. Dollars: Fifty Million (\$50,000,000.00).

PEZA Registration

- (a) The Project Site is on Closing registered as a Tourism Ecozone with the PEZA.
- (b) The PEZA Registration is in full force and effect and has not been amended, varied, novated, supplemented, replaced or substituted.
- (c) Belle has not violated any of the terms and conditions of the PEZA Registration and complied with all requirements under the PEZA Registration.

Compliance

- (a) Each of the Philippine Parties and or SM Subsidiaries have obtained all Government Approvals required for carrying on the Project effectively in the places and in the manner in which such business is carried on and are in full force and effect.
- (b) The Philippine Parties and or SM Subsidiaries have complied at all times with all Applicable Laws in relation to the Land and the Building Structures.
- (c) All applications required to be filed for the grant, issuance or renewal, as may be applicable, of any Government Approval for the Project have been duly filed on a timely basis, and all other filings required to have been made with respect to any Government Approval have been duly made on a timely basis, except where a delay in such filing would not have or could not reasonably be expected to have a Material Adverse Change.
- (d) Each Philippine Party and SM Subsidiary is, and at all times has been, in full compliance with the terms of and requirements of its respective Government Approvals (including, the Casino License and in the case of Belle, the PEZA Registration) and there has been no default under the conditions of the same. None of the Philippine Parties or SM Subsidiaries has received any notice or other communication from any Government Authority regarding any actual, alleged, possible or potential violation of, or failure to comply with, any term or requirement of any Government Approvals. Neither has any Philippine Party or SM Subsidiary received any notice or other communication from any Government Authority regarding any actual, proposed, possible or potential revocation, withdrawal, suspension, cancellation, termination or modification to, any Government Approval.

Insurances

- (a) The Philippine Parties, have and continue to have, valid and adequate insurances required by law to be effected by them and in respect of all risks which are normally insured against by persons carrying on similar businesses as the business of the Philippine Parties for such amounts as are prudent.
- (b) Belle has not done or omitted to do any act or thing which might render any of such insurances void or voidable and none of such insurances is rendered void or voidable as result of this Agreement.
- (c) All of the Owned Land and the Building Structures are insured for their full replacement value.

Contracts

- (a) Except for the Casino License and the NAIA Expressway MOA, there are no other contracts, commitments, or agreements, whether or not in writing, to any Person or any Government Authority that creates or results in or could create or result in any commitment, obligation or liability on all or any of the Licensees (in its capacity as a Licensee).
- (b) None of the Philippine Parties or the SM Subsidiaries has entered into any agreement, understanding or arrangement in connection with the Project except the AB Leisure Contracts, the SSS Lease, the ALBGI Agreements, or agreements entered into as required under Section 2.03.
- (c) True and complete copies of each of the agreements referred to paragraph (b) are contained in the Due Diligence Information.
- (d) None of the parties to any of the agreements referred in paragraph (b) is in breach, nor would be in breach of any such agreement, but for the requirements of notice or lapse of time.
- (e) None of the Philippine Parties or the SM Subsidiaries has received any notice which may adversely affect any of their rights in respect of any of the agreements referred to paragraph (b).
- (f) None of the Philippine Parties or SM Subsidiaries have granted any extension of time, issued any variation under, or waived any rights in respect of, any of the agreements referred in paragraph (b).

Exhibit A
[Not Used]

Exhibit B
Form of the Operating Agreement

OPERATING AGREEMENT

This **Operating Agreement** (“**Agreement**”) is made and entered into this _____, and effective on the date of this Agreement, by and among:

- (1) **BELLE CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines (“**Belle**”) for itself and on behalf of (a) **SM INVESTMENTS CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at the 10th Floor, One E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines (“**SMIC**”) and (b) **PREMIUMLEISURE AND AMUSEMENT, INC.**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines (“**PLAI**”);
- (Belle, SMIC and PLAI shall each be known as a “**Philippine Party**”, and collectively, as the “**Philippine Parties**”);
- (2) **MCE HOLDINGS NO.2 (PHILIPPINES) CORPORATION** (“**MCE 2 Holdings**”) for itself and for and on behalf of MCE Holdings (Philippines) Corporation (“**MCE Holdings**”), each a corporation duly organized and existing under and by virtue of Philippine laws, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines,
- (MCE 2 Holdings and MCE Holdings shall each be known as an “**MCE Party**”, and collectively as the “**MCE Parties**”); and
- (3) **MCE LEISURE (PHILIPPINES) CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines (“**MCE Leisure**”),
- Each of the Philippine Parties, the MCE Parties and MCE Leisure shall be known as a “**Licensee**” or “**Party**”, and collectively, as the “**Licensees**” or “**Parties**”.

RECITALS

- (A) The Licensees are the named licensees and holders of the Casino License.
- (B) The Licensees have entered into an agreement for the purpose of regulating the relationship of the Licensees as the named licensees and holders of the Casino License (the “**Cooperation Agreement**”).
- (C) Under the Cooperation Agreement, the Licensees have appointed MCE Leisure as the Special Purpose Entity.
- (D) Belle and MCE Leisure have executed the Belle Lease, whereby Belle has agreed to lease to MCE Leisure the Land and Building Structures on the terms of lease.
- (E) MCE Leisure has agreed to operate and manage the Project on the terms of this Agreement for the purposes of generating revenue.

NOW, THEREFORE, the Parties hereto agree as follows:

SECTION 1. DEFINITIONS AND CONSTRUCTION

1.01 Defined Terms

Unless defined in this Agreement (including, for the avoidance of doubt **Schedule 2**), capitalized terms have the meaning ascribed to such terms in the Cooperation Agreement.

1.02 Principles of Construction

- (a) Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing a gender include every gender.
- (b) If a word or phrase is defined, its other grammatical forms have corresponding meanings.
- (c) A reference to “**includes**” means includes without limitation.
- (d) References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any statutory provision of which they are re-enactments (whether with or without modification).
- (e) Save where the contrary is indicated, any reference to this Agreement or any other agreement or document shall be construed as a reference to this Agreement, or other agreement or document as the same may have been, or may from time to time be (subject to any restrictions therein), amended, varied, novated, supplemented, replaced or substituted, and shall include all the schedules, annexes, exhibits and supplements to all of the foregoing.
- (f) Reference to “**Person**” denotes natural persons, corporations, partnerships, joint ventures, trusts, unincorporated organizations, political subdivisions, agencies or instrumentalities, and such reference to a “Person” shall include its respective successors and permitted assigns.
- (g) References herein to “**Sections**” and “**Schedules**” are to be construed as references to the Sections and Schedules of and to this Agreement unless the context requires otherwise.
- (h) A “**month**” is the period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the immediately succeeding calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month).
- (i) The headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.
- (j) No rule of construction will apply to a Section to the disadvantage of a Party merely because that Party put forward the Section or would otherwise benefit from it.
- (k) The obligations of the Philippine Parties together under this Agreement shall be joint and several, except in relation to **Sections 4.05(b)** and **14.06** which shall be (despite anything to the contrary in those Sections) the joint and several liability of each of Belle and PLAI.

1.03 Schedules

The following Schedules form integral parts of this Agreement:

| | |
|------------|---------------------|
| Schedule 1 | Defined Terms |
| Schedule 2 | Formula for Sharing |

SECTION 2. TERM**2.01 Commencement**

This Agreement shall take effect on the date of execution of this Agreement by each of the Parties.

2.02 Term

- (a) This Agreement shall, subject to **Section 2.02(b)**, continue in full force and effect for the period of the Casino License (as that license is extended, restored or renewed), unless terminated earlier in accordance with the terms of this Agreement (“**Term**”).
- (b) If the Casino License is terminated or suspended (other than due to the default of a Party) this Agreement will continue for a further period of twelve (12) months from the date of termination or suspension (“**Suspension Period**”), and if, during that period, the Casino License is restored to the Licensees, this Agreement shall continue in full force and effect for the period of the restored Casino License. During the Suspension Period, MCE Leisure’s obligations under this Agreement will be suspended.
- (c) If at the end of the Suspension Period the Casino License has not been restored to the Licensees this Agreement will automatically terminate.
- (d) The Parties agree that if the Casino License is extended or renewed after July 11, 2033, or restored during the Suspension Period as contemplated by **Section 2.02(b)** and PAGCOR amends or modifies the Casino License in connection with any such extension, renewal, or the restoration, the Parties shall consult with each other for the purposes of agreeing such amendments and modifications to this Agreement which may be reasonably necessary to take into account any amendments of modifications made by PAGCOR to the Casino License.

SECTION 3. APPOINTMENT OF MCE LEISURE**3.01 Appointment**

The Licensees appoint MCE Leisure as the sole and exclusive operator and manager of the Project for the Term, and MCE Leisure accepts that appointment, on the terms of this Agreement.

3.02 Standard of Care

MCE Leisure shall use commercially reasonable efforts to operate the Project in a manner consistent with the Casino License (including the Project Implementation Plan), the PAGCOR Wrap Letter, the Technical and Pre-Operating Budget and the Annual Operating Budget.

3.03 Liability

- (a) Despite any provision of this Agreement to the contrary, MCE Leisure shall not be liable for any Loss suffered or incurred by any of the Philippine Parties or MCE Parties, arising out of or in connection with, or to the extent such Loss is contributed to, or increased by, any breach by MCE Leisure of this Agreement, in each case where such breach arises directly or indirectly out of, or in connection with, or is caused by, a breach by any of the Philippine Parties or MCE Parties (as applicable) of any Transaction Document or Ancillary Document or by any of the Philippine Parties or MCE Parties (as applicable) causing (whether by act or omission) MCE Leisure to breach any Applicable Laws or financing agreement to which it is a party.
- (b) For the purposes of **Section 3.03(a)** only, and for the avoidance of doubt, “**Loss**” shall include any loss or profits, consequential loss, or special damages.

3.04 General Powers

- (a) Without limiting **Section 3.01**, MCE Leisure shall be responsible for, and have sole discretion and control over, all matters relating to the management and operation of the Project (including prior to Opening) and including:
- (i) the casino and gaming operations of the Casino;
 - (ii) the hotel, retail and other non-gaming components of the Project;
 - (iii) charges for rooms and commercial space;
 - (iv) the determination of gaming and non-gaming credit policies and all credit grant and collection decisions and actions including related criminal and civil legal actions to collect debt;
 - (v) food and beverage service and policies;
 - (vi) employment policies and determination of salaries and benefits;
 - (vii) procurement of all furniture, fixtures and equipment including gaming equipment;
 - (viii) Inventories;
 - (ix) supplies and services;
 - (x) promotion;
 - (xi) advertising;
 - (xii) publicity and marketing;
 - (xiii) appointment of, and entry into agreements with, gaming promoters;
 - (xiv) the formulation and implementation of policies and procedures consistent with the operation, management and maintenance of the Project, including the casino, hotel, retail, and other non-gaming components on the Land and Building Structures;
 - (xv) any of the matters listed in **Sections 3.04(a)(i) to 3.04(a)(xiv)** in relation to the period prior to Opening; and
 - (xvi) all other activities necessary, desirable or incidental to, or for, in MCE Leisure's sole discretion, the management and the operation of the Project.
- (b) For the avoidance of doubt, the Philippine Parties shall have, and assume, no responsibility whatsoever under this Agreement for the operation and management of the Project.

3.05 Contracts, Equipment Leases and Other Agreements

- (a) Subject to **Section 3.05(b)**, MCE Leisure is entitled to grant concessions, lease commercial space and enter into any other contract, equipment lease, agreement, commitment, understanding or arrangement (whether oral or written) pertaining to or otherwise related to, necessary, desirable or incidental to or for, in MCE Leisure's sole discretion, the operation and management of the Project and including the matters listed in **Section 3.04(a)** (such concession, lease, equipment lease, contract, agreement, commitment, understanding or arrangement being a "**Contract**" and together the "**Contracts**").
- (b) MCE Leisure must not enter into any Contract outside the ordinary course of the operation and management of the Project with an aggregate contract value of more than U.S. Dollars Three Million (US\$3,000,000) (increased by five percent (5%) each year on the anniversary of the date of entry into this Agreement) without the prior approval of the other Licensees (such consent not to be unreasonably withheld, delayed or conditioned).

- (c) All Contracts shall be entered into in the name of MCE Leisure or such other Person as MCE Leisure may designate.
- (d) MCE Leisure must provide to each of the other Licensees, no later than twenty (20) Business Days after each anniversary of the date of entry into this Agreement, a list of the Contracts (other than junket promoter agreements) with an aggregate contract value of more than U.S. Dollars Two Million (US\$2,000,000) and a summary of the key terms of each such Contract in each case in effect as at that date and provided that the Licensee agrees to such obligations of confidentiality as MCE Leisure may determine in its sole discretion.

3.06 Sub-contracting

The Parties agree that:

- (a) all obligations to be performed by MCE Leisure under this Agreement may be performed or discharged by MCE Leisure or any other Person designated by MCE Leisure; and
- (b) MCE Leisure remains liable for the performance and discharge of all obligations to be performed by it under this Agreement (despite another Person being designated by MCE Leisure to perform or discharge those obligations or another Person entering into Contracts relating to the operation or management of the Project).

3.07 Client Database

- (a) MCE Leisure shall establish a client database in connection with the Casino and other businesses carried out on the Land and Building Structures (“**Client Database**”).
- (b) The Philippine Parties shall do all things reasonably required by MCE Leisure to contribute to the development of, and to assist in the population of, the Client Database (including providing names and details of persons for inclusion in that database).
- (c) Only the MCE Group shall have access to the Client Database.

SECTION 4. OPERATION

4.01 Use of Land and Building Structures

- (a) MCE Leisure shall use the Land and Building Structures solely for the operation and management of the Project and for all casino gaming, hotel, retail, and other non-gaming, and other related or ancillary commercial and other activities related to, desirable for, or incidental to, the Project.
- (b) The Licensees (other than MCE Leisure) agree that MCE Leisure may cause or arrange to be provided to the Project certain services which are provided generally on a central or regional basis to other projects or other properties either managed or operated by MCE Leisure or its Affiliates, including:
 - (i) marketing, advertising and promotion;
 - (ii) recruiting, training, career development;
 - (iii) financial accounting, management and legal services;
 - (iv) internal audit and compliance;
 - (v) strategic planning, private jet and international office support;
 - (vi) employee benefits administration;

- (vii) engineering, risk and insurance management;
 - (viii) information technology;
 - (ix) purchases arising in the ordinary course of operations;
 - (x) reservation systems; and
 - (xi) such other additional services as are or may be, from time to time, provided for the benefit of MCE Leisure or its Affiliates' other projects or properties or in substitution for services performed at MCE Leisure's or any of its Affiliate's individual properties which may, in the opinion of MCE Leisure, be more efficiently performed on a group basis.
- (c) MCE Leisure agrees that all services to be provided under **Section 4.01(b)** under any Contract having an aggregate Contract value of equal to or greater than U.S. Dollars Three Million (US\$3,000,000) (increased by five percent (5%) each year on the anniversary of the date of entry into this Agreement) must be entered into on arm's-length terms.
- (d) MCE Leisure shall be entitled to treat, as a deduction in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**, all complimentary hotel rooms, food and beverage, and other non-gaming services used at competitive market rates and shall be allowed to offer benefits to clients in a such a manner it deems appropriate.

4.02 Expenses

- (a) MCE Leisure shall be liable for and must pay all of the costs and expenses in relation to the operation, management and maintenance (other than costs the Philippine Parties are liable to pay under this or any other Transaction Document) of the Project.
- (b) The Licensees agree that, for the avoidance of doubt, the costs and expenses paid or incurred by MCE Leisure in relation to the operation and management and maintenance of the Casino shall be allowed as a deduction in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.
- (c) Without limiting any of the rights the MCE Parties may have under any Transaction Document or Ancillary Document, MCE Leisure shall not be liable to pay any costs and expenses under **Section 4.02(a)** to the extent such costs and expenses are suffered or incurred, contributed to, or increased by (and whether directly or indirectly by) any breach of the Philippine Parties of any Transaction Document or an Ancillary Document or by any of the Philippine Parties causing (whether by act or omission) MCE Leisure to breach any Applicable Laws or financing or other agreement to which it is a party.

4.03 Surety Bond

MCE Leisure shall pay the premiums for any surety bond required by PAGCOR under the Provisional License for the purposes of guaranteeing payment of the License Fees in connection with the Casino operation and any such payment shall be allowed as a deduction in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.

4.04 Audit and Gaming Reports

- (a) The Philippine Parties (together) shall, on prior written notice to MCE Leisure, have the right (at their sole cost) to appoint an internationally recognised audit firm to audit, no more than once each calendar year, the calculation of relevant Casino Gaming EBITDA in **Schedule 2**.
- (b) MCE Leisure shall provide to any audit firm appointed under **Section 4.04(a)**:
- (i) copies of supporting documents (including contracts, invoices and receipts) relating to the calculation of relevant Casino Gaming EBITDA;

- (ii) reasonable access to the books and financial accounting records of MCE Leisure for the purposes of the audit; and
- (iii) reasonable access to members of the senior management of MCE Leisure to discuss the calculations in **Schedule 2**.
- (c) MCE Leisure shall provide to each of the other Licensees a copy of the annual audit report of MCE Leisure within 10 Business Days from filing thereof with the relevant Government Authority.
- (d) MCE Leisure shall provide to the auditor such assistance as reasonably required for the purposes of the audit under **Section 4.04(b)** but at no time is it required to incur additional expenditure or provide dedicated staff to assist in, or in connection with, any such audit.
- (e) MCE Leisure shall provide to each of the other Licensees copies of any gaming reports provided by it to the monitoring team of PAGCOR within ten (10) Business Days of providing such report to PAGCOR.

4.05 General

- (a) The Licensees (other than MCE Leisure) shall not:
 - (i) hold themselves out as either or both the manager and operator of the Project or as an agent of MCE Leisure without prior written authority from MCE Leisure; and
 - (ii) have any authority to perform or discharge any obligation or duty that is binding on MCE Leisure or cause or incur any obligation or liability for or on behalf of MCE Leisure.
- (b) The Licensees (other than MCE Leisure) shall indemnify MCE Leisure from any and all Loss suffered or incurred by MCE Leisure arising out of or in connection with any breach by the Licensees (other than MCE Leisure) of **Section 4.05(a)**.

SECTION 5. WORKING CAPITAL AND INVENTORIES

5.01 Working Capital and Inventories

- (a) MCE Leisure shall fund, or procure the funding of, Working Capital and Inventories, which, however funded, are and shall remain, at all times, the property of MCE Leisure.
- (b) The Philippines Parties shall not be liable to fund Working Capital and Inventories (except if required to do so under the Cooperation Agreement).

5.02 Fixed Assets

MCE Leisure shall provide the funds necessary to supply the Project with furniture, fittings and equipment as reasonably determined by it to be adequate for the proper and efficient operation of the Project, except to the extent such funds are required to be spent, or the amount of such funds is increased, directly or indirectly as a result of a breach by any of the Philippine Parties of any Transaction Document or Ancillary Document or by any of the Philippine Parties causing (whether by act or omission) MCE Leisure to breach any Applicable Laws or financing agreement to which it is a party.

SECTION 6. MAINTENANCE, REPLACEMENT AND CHANGES**6.01 Repairs and Maintenance**

- (a) MCE Leisure shall, in its sole discretion:
 - (i) implement policies and procedures relating to the repairs and maintenance to the Land and Building Structures and its fixtures, furniture, furnishings and equipment (“**FF&E**”) in order to keep the same in good repair and condition; and
 - (ii) supervise the implementation of such policies and procedures from time to time as it deems reasonably necessary for such purposes.
- (b) For avoidance of doubt, the Licensees agree that repair and maintenance costs to be allocated to the Casino are allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.
- (c) All changes, repairs, alterations, improvements, renewals or replacements contemplated by this **Section 6.01** shall be the property of MCE Leisure.
- (d) For the avoidance of doubt, nothing in this **Section 6.01** shall require MCE Leisure to undertake any repairs and maintenance which are the responsibility of Belle under the Belle Lease.

SECTION 7. EMPLOYEES**7.01 Employee Hiring and Termination**

- (a) MCE Leisure shall, in its sole discretion and in compliance with Applicable Laws, be responsible for the hiring, promotion, supervision and discharge of all personnel working on the Project (other than those personnel engaged in the construction of the Phase 1 Building and Phase 2 Building).
- (b) MCE Leisure, or its designated entities, shall be the employer of the personnel hired for the Project.

7.02 Costs, Benefit Plans

- (a) MCE Leisure shall determine the employees’ terms of employment, including compensation, and establish and maintain all policies relating to employment, in accordance with Applicable Laws.
- (b) Without limiting **Section 7.02(a)**, MCE Leisure may provide the employees of the Project with pension, medical and health, life insurance, and similar employee benefit plans (“**Benefit Plans**”) as are reasonably necessary to attract and retain employees and generally remain competitive.
- (c) The Benefit Plans may be joint plans for the benefit of employees at more than one (1) property owned, leased or managed or operated by MCE Leisure or any of its Affiliates and any employer contributions to such plans (including any withdrawal liability incurred upon termination of this Agreement) and administrative fees, in connection with them, shall be the responsibility of MCE Leisure, provided that only such employer contributions and administrative fees pertaining to employees rendering services to the Project shall be allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.

7.03 Employees

- (a) All personnel employed at the Project will be the employees of MCE Leisure or its nominated entity for all purposes, including national and local tax and reporting purposes, and all costs and expenses, of whatever nature, incurred in connection with such employees, including wages, salaries, on-site staff, bonuses, commissions, fringe benefits, employee benefits, recruitment costs, workmen's compensation and unemployment insurance premiums, payroll taxes, severance payments, vacation and sick leave will be recognised in the accounts of MCE Leisure.
- (b) MCE Leisure shall use such care when hiring any employees as may be common to the casino and hospitality business and consistent with the standards of operation of MCE Leisure.

SECTION 8. BUDGETS**8.01 Budgets**

- (a) No later than three (3) months prior to the Opening, MCE Leisure shall prepare and deliver to the other Licensees a technical and pre-operating plan and budget setting out in detail an estimated profit and loss statement for the Project for the next five (5) years, including a schedule of Project room rentals and other rentals and a marketing and business plan for the Project.
- (b) The budget in Section 8.01(a) shall be prepared in accordance with MCE Leisure's then current practices or as may be determined by MCE Leisure (the "**Technical and Pre-Operating Budget**").
- (c) No later than fifteen (15) days prior to the beginning of each Fiscal Year, MCE Leisure shall prepare and deliver to the other Licensees:
 - (i) the operating budget approved by MCE Leisure for the ensuing Fiscal Year setting forth in detail an estimated profit and loss statement for the next twelve (12)-month accounting period, including a schedule of Project room rentals and other rentals and a marketing and business plan for the Project, such budgets to be prepared in accordance with MCE Leisure's current practices or as may be determined by MCE Leisure from time to time (the "**Annual Operating Budget**"); and
 - (ii) a budget for the expenditures necessary for replacement FF&E and building repairs contemplated by Section 6.01 for the ensuing Fiscal Year ("**Capital Improvement Budget**").
- (d) All plans and budgets, forecasts, projections and reports to be provided to the Licensees are for internal reference and monitoring purposes only, and the Licensees shall keep such information on a strictly confidential basis as provided in **Section 17**.
- (e) Subject to **Section 3.02**, MCE Leisure shall have no liability to the Licensees, and shall not be in breach of any Transaction Document if the actual operating results vary from the Technical and Pre-Operating Budget or Annual Operating Budget for any reason and the failure of the Project to perform in accordance with any such budget shall not constitute a breach by MCE Leisure of this Agreement.

8.02 Budget Revisions

- (a) The Licensees and MCE Leisure acknowledge and agree that the Annual Operating Budgets are merely forecasts of operating revenues and expenses for a Fiscal Year and are not a guarantee of future revenues.
- (b) The Licensees agree that the Annual Operating Budgets and the Capital Improvement Budget may be modified or revised by MCE Leisure from time to time, and MCE Leisure shall provide the Licensees with copies of such revisions from time to time.
- (c) MCE Leisure shall provide the Philippine Parties with a revised forecast on a timely basis should result expectations (adjusted for rolling chip win rate (as determined by MCE Leisure consistently with MCE Group's then current practices from time to time) above or below the theoretical percentage of 2.80%) for the relevant year be lower than fifteen percent (15%) below budget or the prior forecast provided.

8.03 Budget Consultations

MCE Leisure may consult with the other Licensees on matters of policy concerning management, sales, room rates, wage scales, personnel, general overall operating procedures, economics and operation and other matters affecting the operation of the Project, but it has no obligation to do so.

SECTION 9. PAYMENTS, FEES AND EXPENSES

9.01 Gross Win and Non-Gaming Revenue

MCE Leisure shall be entitled to receive and retain one hundred percent (100%) of the Gross Win and all non-gaming revenue (including, for the avoidance of doubt, all revenue from the hotel, retail and other non-gaming components of the Project).

9.02 Monthly Payment and VIP True Up Payment

In consideration of PLAI agreeing to the appointment of MCE Leisure as the Special Purpose Entity in place of PLAI, MCE Leisure agrees to pay to PLAI (if applicable) the Monthly Mass Payment, the Monthly VIP Payment and the VIP True Up Payment in accordance with **Section 9.04**.

9.03 Calculation of Monthly Mass Payment, Monthly VIP Payment and VIP True Up Payment

MCE Leisure must calculate the Monthly Mass Payment, Monthly VIP Payment and VIP True Up Payment in accordance with **Schedule 2**.

9.04 Timing of payments

MCE Leisure shall pay to PLAI, if applicable:

- (a) the Monthly Mass Payment and Monthly VIP Payment, in each case on or before the date twenty (20) Business Days after the end of the calendar month to which the relevant payment relates; and
- (b) the VIP True Up Payment on or before the date forty (40) Business Days after the end of the Fiscal Period to which the relevant payment relates.

9.05 Audit accounts payments

- (a) MCE Leisure agrees that it will, as soon as practicable after finalisation of its annual audit report for each Fiscal Year ending on the last day of a Fiscal Period calculate the aggregate amount of Monthly Mass Payments, Monthly VIP Payments and the VIP Payment on the basis of the result of that annual audit and the audit for the preceding Fiscal Year (“**Final Payment Amount**”).
- (b) The Licensees agree that if the Final Payment Amount:
 - (i) is greater than the aggregate of the Monthly Mass Payment, Monthly VIP Payment and VIP True Up Payment paid under this **Section 9** in respect of that Fiscal Period (“**Aggregate Payment Amount**”), MCE Leisure must pay to PLAI the amount of that difference within twenty (20) Business Days of the date of determination of the Final Payment Amount; or
 - (ii) is less than the Aggregate Payment Amount, then MCE Leisure will be entitled to deduct the amount of the difference from any payment required to be made by MCE Leisure in respect of the following Fiscal Period under this **Section 9**.

9.06 Evidence of calculation

MCE Leisure must provide to PLAI reasonable details of the calculation of the Monthly Mass Payment, the Monthly VIP Payment and the VIP True Up Payment on or before the date of payment of the amount to which such calculations relate.

9.07 Payment of License Fees and Expenses

- (a) MCE Leisure shall be liable for payment of:
- (i) the License Fees and other payments to PAGCOR under the Casino License; and
 - (ii) all taxes, fees and dues relating to the operation and management of the Land and Building Structures (including tax payments on the operations of the Casino, hotel, non-gaming and commercial lease and retail establishments),
- and such amounts shall be allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.
- (b) For the avoidance of doubt, MCE Leisure shall not be liable for the payment of real property taxes on the Land and Building Structures, which Belle shall be liable for and shall promptly pay.
- (c) Each Party shall be solely liable to pay the corporate income tax applicable to it.
- (d) The Parties agree that the Philippine Parties shall not be liable for any gaming losses incurred by MCE Leisure or the Project over a Fiscal Period. Despite the preceding sentence, any monthly gaming losses will be treated in accordance with the methodology set out in **Schedule 2**.

9.08 Review of Casino operations

- (a) MCE Leisure must on or before the date forty (40) Business Days after the end of each Fiscal Period, calculate PLAI VIP Net Win and PLAI VIP EBITDA for that period and serve a notice on the Philippine Parties specifying those amounts (together with reasonable details of the calculation of each such amount).
- (b) If PLAI VIP EBITDA is less than PLAI VIP Net Win, each of Licensees agree to meet in Hong Kong (or such other location as they may agree in writing) within ten (10) Business Days of the date of the notice in **Section 9.08(a)** to:
- (i) discuss and review the financial performance and operations of the Project and the amounts to be retained by MCE Leisure, and paid to PLAI, in each case under this **Section 9**; and
 - (ii) to negotiate in good faith such changes to either or both the business and operations of the Project and the formulation for the calculation of the payments contemplated by this **Section 9** as they may agree.
- (c) If the Licensees are unable to reach agreement under **Section 9.08(b)** within ninety (90) Business Days after the date of first meeting under that **Section** ("**Closure Date**"), MCE Leisure must as soon as practicable after the Closure Date suspend the VIP Market operations at the Casino and, despite any provision in this Agreement or any other Transaction Document to the contrary, the rent payable in respect of that part of the Phase 1 Building designed primarily or exclusively for the usage of VIPs (including all areas and related facilities such as food and beverage, lounges and other similar or ancillary areas or facilities designed primarily or exclusively for usage of VIPs and/or access is reserved for the exclusive use of VIPs) will be abated for so long as the VIP Market operations at the Casino are suspended.

9.09 Withholding of Taxes, Duties, Fees, Liabilities or Other Charges

- (a) If the amount payable to PLAI as provided in **Section 9.02** or any other amount to be paid to PLAI pursuant to this Agreement is subject to any deductions or withholdings for any present or future taxes, duties, fees, liabilities or other charges imposed by any competent Government Authority in the Philippines or under Applicable Laws, MCE Leisure will withhold such amount and make the necessary payments to the relevant Government Authority and any amounts payable to PLAI under this **Section 9.09** will be reduced accordingly.
- (b) Belle shall, in consultation with MCE Leisure, determine the rate of withholding under Applicable Laws. Belle shall indemnify MCE Leisure for any Loss suffered or incurred by MCE Leisure arising out of, or in connection with, the withholding by MCE Leisure of taxes at the rate specified by Belle.

9.010 Late Payments

Any payments due by one Party to the other and not paid on or before the applicable due date in this Agreement or on or before the due dates indicated in the relevant invoices shall accrue interest at five percent (5%) per annum on the unpaid portions, unless such payment is disputed and being resolved.

SECTION 10. INSURANCE

- (a) The Philippine Parties shall procure insurance as required under the Cooperation Agreement.
- (b) MCE Leisure shall be entitled to procure third party liability insurance for an amount of US\$200,000,000 for the operation, management and maintenance of the Project, crime insurance and business interruption insurance, the costs of which shall be allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.

SECTION 11. ACCOUNTING & FINANCE, LEGAL & COMPLIANCE**11.01 Management**

The management of all finance, legal and accounting functions of MCE Leisure in relation to the Project will be the responsibility of MCE Leisure.

11.02 Costs

MCE Leisure agrees it will not charge to the Project the costs of any consultants engaged by any Affiliate of it for the purpose of preparing any consolidated audited accounts required to be prepared by that Affiliate.

SECTION 12. PROPRIETARY MARKS; INTELLECTUAL PROPERTY**12.01 Intellectual Property**

- (a) All Intellectual Property (including Software as well as manuals, brochures, policies, and directives issued by MCE Leisure to the employees at the Project regarding procedures and techniques to be used in operating the Project) developed, used or created by MCE Leisure or any of its Affiliates at any time (including in the performance of its obligations under this Agreement) and used on, or in connection with, the Project shall at all times be owned by MCE Leisure.

- (b) Nothing in this Agreement shall require MCE Leisure or any Affiliate to share any Intellectual Property (including any previously developed trade secrets, customer lists or databases or trademarks or trade names or other existing or future) developed by any of them with the Philippine Parties or to use any such Intellectual Property in the performance by MCE Leisure of its duties.
- (c) To the extent that MCE Leisure develops and/or utilizes unique and proprietary processes in the performance of its obligations hereunder, these shall remain the property of MCE Leisure.

12.02 Marks and Brands

The marks and brands used by MCE Leisure in the Project shall be owned by MCE Leisure and on termination of this Agreement MCE Leisure may enter into a licensing agreement for the use of such marks and brands as it may determines.

SECTION 13. OTHER COVENANTS

13.01 General obligations

The Licensees shall do all things reasonably required by MCE Leisure (including providing any information requested by a Government Authority) to assist MCE Leisure and any of its Affiliates to comply with any Applicable Law (including the Casino License) and the requirements, rules and regulations of any Government Authority.

13.02 Foreign Corrupt Practices Act Undertaking

Sections 9.01 to 9.03 (inclusive) of the Cooperation Agreement (“**Foreign Corrupt Practices Act Undertaking**”, “**Rights of MCE Leisure**” and “**Anti-Corruption**”) shall apply and the Parties agree to be bound by the covenants and undertakings specified in those Sections as if the representations, covenants and undertakings in those Sections were repeated in this Agreement.

SECTION 14. REPRESENTATIONS AND WARRANTIES

14.01 Common Representations and Warranties

The Philippine Parties represent and warrant to the MCE Parties and MCE Leisure in respect of each Philippine Party that, except as otherwise disclosed in Philippine Parties Disclosure Letter, and the MCE Parties and MCE Leisure represent and warrant to the Philippine Parties in respect of each MCE Party and MCE Leisure (as applicable) that, except as otherwise disclosed in the MCE Disclosure Letter:

- (a) it is a corporation duly organized, validly existing and in good standing under Philippine laws, is duly qualified to do business in all jurisdictions where the ownership of its assets or the conduct of its business requires such qualification, has full legal capacity and possesses the capacity to sue or be sued in its own name, has the power to own its property and assets and carry on its business as it is now being conducted;
- (b) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, this Agreement, except for approvals as may be required to be subsequently obtained in accordance with the terms of this Agreement;
- (c) it has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of this Agreement;

- (d) this Agreement constitutes its legal, valid and binding obligations, enforceable in accordance with their respective terms;
- (e) its execution, delivery and performance of this Agreement does not and will not (i) violate any Applicable Law; or (ii) conflict with or result in the breach of, or result in the imposition of any Encumbrance under any agreement or instrument to it is a party or by which any of its property is bound; and
- (f) no Insolvency Event has occurred in relation to it.

14.02 Representations and Warranties of Belle

Belle represents and warrants to each of the MCE Parties and MCE Leisure that, except as otherwise disclosed in the Philippine Parties Disclosure Letter:

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of this Agreement, for and on behalf of each of SMIC and PLAI, except for approvals as may be required to be subsequently obtained in accordance with the terms of this Agreement; and
- (b) each of SMIC and PLAI has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of this Agreement by Belle for and on behalf of such company.

14.03 Representations and Warranties of MCE 2 Holdings

MCE 2 Holdings represents and warrants to each of the Philippine Parties that except as otherwise disclosed in the MCE Disclosure Letter:

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, this Agreement, for and on behalf of MCE Holdings except for approvals as may be required to be subsequently obtained in accordance with the terms of this Agreement; and
- (b) MCE Holdings has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of this Agreement by MCE 2 Holdings for and on behalf of MCE Holdings.

14.04 Representations and Warranties

The representations and warranties in this **Section 14** are given as at, and are true, complete and accurate as of, the date of this Agreement.

14.05 Reliance on Representations

Each of the representations and warranties herein is deemed to be a separate representation and warranty and each of the Philippine Parties, MCE Parties and MCE Leisure has placed complete reliance thereon in agreeing to execute this Agreement. Each representation and warranty shall survive the termination of this Agreement.

14.06 Indemnity

Each Party (the “**first Party**”) indemnifies each other Party (the “**second Party**”) against any Loss suffered or incurred by the second Party as a result of the breach of any warranty given by the first Party in this **Section 14**.

SECTION 15. POWERS AND REPRESENTATIVES

15.01 Powers of Belle under this Agreement

- (a) Each of SMIC and PLAI irrevocably appoints Belle as its agent and attorney, to the exclusion of each of SMIC and PLAI, to do anything permitted or required to be done by it under this Agreement, including:
- (i) exercise any rights or powers SMIC or PLAI may have under this Agreement (including as Licensees and Philippine Parties, and together with Belle as the Philippine Parties);
 - (ii) carry out any act, approve or consent to any matter under this Agreement;
 - (iii) amend, vary or waive any rights SMIC or PLAI has or may have under this Agreement;
 - (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;
 - (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement; and
 - (vii) receive any amount owed or payable to it.
- (b) Each of SMIC and PLAI irrevocably agree:
- (i) that all acts and things done by Belle in exercising powers under this Agreement on behalf of SMIC or PLAI will be as good and valid as if they had been done by that company;
 - (ii) to ratify and confirm whatever is done by Belle in exercising powers on behalf of SMIC and PLAI under this Agreement (including under **Section 15.01(a)**); and
 - (iii) that any rights SMIC or PLAI have or may have under this Agreement (including as a Licensee, a Philippine Party and together with Belle as the Philippine Parties) may only be exercised by Belle and SMIC and PLAI will not exercise any such rights in their own name.
- (c) Belle agrees that it is liable for, and must perform and discharge, any and all obligations and liabilities of each of SMIC and PLAI under or in connection with this Agreement.
- (d) The Philippine Parties indemnifies each MCE Party and MCE Leisure from any Loss suffered or incurred by as a result of:
- (i) any breach by any of SMIC and PLAI of this **Section 15.01(b)**; and
 - (ii) the exercise by Belle of any powers under **Section 15.01(a)**.

15.02 Powers of MCE 2 Holdings under this Agreement

- (a) MCE Holdings irrevocably appoints MCE 2 Holdings as its agent and attorney, to the exclusion of MCE Holdings, to do anything permitted or required to be done by MCE Holdings under this Agreement, including:
- (i) exercise any rights or powers MCE Holdings may have under this Agreement (including as a Licensee and MCE Party);
 - (ii) carry out any act, approve or consent to any matter under this Agreement;
 - (iii) amend, vary or waive any rights MCE Holdings has or may have under this Agreement;
 - (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;

- (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement; and
 - (vii) receive any amount owed or payable to it.
- (b) MCE Holdings irrevocably agrees:
- (i) that all acts and things done by MCE 2 Holdings in exercising powers under this Agreement on behalf of MCE Holdings will be as good and valid as if they had been done by MCE Holdings;
 - (ii) to ratify and confirm whatever is done by MCE 2 Holdings in exercising powers on behalf of MCE Holdings under this Agreement (including under **Section 15.02(a)**); and
 - (iii) that any rights MCE Holdings has or may have under this Agreement (including as a Licensee and MCE Party) may only be exercised by MCE 2 Holdings and MCE Holdings will not exercise any such rights in its own name.
- (c) MCE 2 Holdings agrees that it is liable for, and must perform and discharge, any and all obligations and liabilities of MCE Holdings under or in connection with this Agreement.
- (d) The MCE Parties indemnify each Philippine Party from any Loss suffered or incurred by as a result of:
- (i) any breach by MCE Holdings of this **Section 15.02(b)**; and
 - (ii) the exercise by MCE 2 Holdings of any powers under **Section 15.02(a)**.

SECTION 16. TERMINATION AND SUSPENSION

16.01 Termination

This Agreement may only be terminated:

- (a) by the mutual written consent of the Parties;
- (b) by MCE Leisure on written notice to the Philippine Parties, if a Philippine Party materially breaches this Agreement, and such breach is not capable of remedy, or if capable of remedy, is not remedied to the reasonable satisfaction of MCE Leisure within sixty (60) days of written notice from MCE Leisure to the breaching Philippine Party;
- (c) by a Philippine Party on written notice to MCE Leisure, if MCE Leisure materially breaches this Agreement, and such breach is not capable of remedy, or if capable of being remedied is not remedied to the reasonable satisfaction of the relevant Philippine Party within sixty (60) days of written notice from a Philippine Party to MCE Leisure, and such breach results in, or is reasonably likely to result in the Project being materially adversely affected; or
- (d) by the Philippine Parties or the MCE Parties if any of the other Transaction Documents are terminated in accordance with their terms.

16.02 Effect of Termination

If this Agreement is terminated:

- (a) the Parties shall be entitled to exercise whatever remedies they have under the Cooperation Agreement only; and
- (b) none of the Parties shall be entitled to damages or any other remedy for any Losses suffered or incurred by any other Party under this Agreement whatsoever (including arising out of, or relating to, the events giving rise to the right of termination).

16.03 Suspension

The Parties agree that, if Sections 18.01(h), 18.02(c) or 18.03(d) of the Cooperation Agreement apply, the rights and obligations of the Parties under this Agreement will be suspended in accordance with those Sections.

16.04 Other

- (a) In all cases under **Section 16.01**, each Party must return to the relevant other Party, or destroy any records or confidential information given or disclosed to it.
- (b) Nothing in this **Section 16** limits any rights a Party may have in respect of any breach of this Agreement arising prior to termination (other than in respect of that event giving rise to the right of termination).
- (c) This **Section 16** survives termination of this Agreement.

SECTION 17. CONFIDENTIALITY OF INFORMATION

- (a) Each of the Philippine Parties, MCE Parties and MCE Leisure agree that it will keep this Agreement, and other documents, agreements, certificates, reports (including gaming reports), materials and papers provided or required under, or related to, this Agreement or the Project (the “**Confidential Information**”) confidential and will not disclose that information to any Person without the prior written consent of MCE Leisure, except on a need to know basis to:
 - (i) its employees, consultants, directors, officers, agents and/or advisors; or
 - (ii) its shareholders, investors, financiers, insurers and their respective advisors in connection with the Project, and such persons have been informed of and have agreed to comply with the terms of this confidentiality obligations under this **Section 17**.
- (b) The confidentiality obligations under **Section 17(a)** shall not apply to:
 - (i) information which at the time of disclosure was already in the public domain;
 - (ii) information properly obtained by a Party in a manner not involving any breach of confidentiality under this Agreement from a source other than the disclosing Party or its employees, director, officers, agents, shareholders, consultants, financiers, insurers, investors, and their agents, and/or advisors;
 - (iii) disclosure required by Applicable Law; or
 - (iv) disclosure required by any court, Government Authority or stock exchange with competent authority over any Party.
- (c) In the event of a breach of this **Section 17** by a Party:
 - (i) damages may be inadequate as a means of redressing any loss or damage suffered by a Party; and
 - (ii) a Party is entitled to seek injunctive relief or other equitable form of relief as it considers necessary.
- (d) This **Section 17** survives termination of this Agreement.

SECTION 18. MISCELLANEOUS

18.01 Payments

The Parties agree that receipt by Belle of any funds or amounts owed by MCE Leisure to PLAI under this Agreement shall constitute a full discharge of MCE Leisure's obligations in respect of the payment of the relevant amounts and MCE Leisure will not be obliged to see to or be liable for the ultimate distribution or subsequent payment of the funds so paid.

18.02 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

18.03 Arbitration

- (a) If a dispute ("**Dispute**") arises out of or relates to this Agreement (including any dispute as to the existence, breach or termination of this Agreement or as to any claim in tort, in equity or pursuant to any statute) a Party may only commence arbitration proceedings relating to the Dispute if the procedures set out in this Section 18.03 have been fulfilled.
- (b) A Party claiming the Dispute has arisen under or in relation to this Agreement must give written notice ("**Dispute Notice**") to the other Parties to the Dispute specifying the nature of the Dispute.
- (c) On receipt of the Dispute Notice by the other Parties, all the Parties to the Dispute ("**Disputing Parties**") must endeavour in good faith to resolve the Dispute expeditiously using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed by them.
- (d) In the event that no resolution is reached under **Section 18.03(c)** within 30 days from the date the Dispute Notice is issued by a Party, the Dispute shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules for the time being in force, which rules are deemed to be incorporated by reference in this **Section 18.03(d)**.
- (e) The Parties agree that the panel of arbitrators has jurisdiction to settle the issue of whether this Agreement (or any provision thereof) is void, unenforceable or ineffective.
- (f) The Hong Kong International Arbitration Centre tribunal shall consist of three arbitrators.
- (g) The arbitral proceedings shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- (h) The arbitral award shall be final and binding upon the Parties and enforceable by any court having jurisdiction for this purpose.
- (i) By agreeing to arbitration pursuant to this **Section 18.03**, the Parties do not intend to deprive any court of its jurisdiction to issue an interim injunction or other interim relief in aid of the arbitration proceedings, provided that the Parties agree that they may seek only such relief as is consistent with their agreement to resolve the Dispute by way of arbitration. Without prejudice to such relief that may be granted by a national court, the arbitral tribunal shall have full authority to grant interim or provisional remedies or to order a Party to seek modification or vacation of the relief granted by a national court.
- (j) Any dispute that arises under this Agreement must be resolved in accordance with this **Section 18.03**.
- (k) The Parties agree that this **Section 18.03** constitutes a separate and independent agreement among them and no claim that this Agreement is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration.

18.04 Notices

- (a) All communications and notices under this Agreement shall be in writing and shall be personally delivered or transmitted via electronic mail, facsimile transmission or postage prepaid registered mail, addressed to the relevant Party at the addresses set forth below or such other address, contact details or contact persons as shall be designated by a Party in a written notice to the other Party:

SM Investments Corporation

10th Floor, One E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Frederic DyBuncio
Senior Vice President, Portfolio

Telephone No. : +63 2 857-8009

Facsimile No. : +63 2 857-8009

Email Address frederic.dybuncio@sminvestments.com

Belle Corporation

5th Floor, 2 E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Armin B. Raquel-Santos
Deputy Head

Telephone No. : +63 2 857-0100 local 1508

Facsimile No. : +63 2 857-0140

Email Address : armin.raquel-santos@sminvestments.com

PremiumLeisure and Amusement, Inc.

5th Floor, 2 E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Armin B. Raquel-Santos
Executive Vice President

Telephone No. : +63 2 857-0100 local 1508

Facsimile No. : +63 2 857-0140

Email Address : armin.raquel-santos@sminvestments.com

If to MCE Holdings (Philippines) Corporation and MCE Holdings No. 2 (Philippines) Corporation

c/ - Melco Crown Entertainment Limited

Level 36, The Centrium

60 Wyndham Street, Central

Hong Kong

Attention: Ms Stephanie Cheung
Chief Legal Officer, Melco Crown Entertainment

Telephone No.: +852 2598 3638

Facsimile No. : +852 2537 3618

Email Address: scheung@melco-crown.com

If to MCE Leisure:

c/- Melco Crown Entertainment limited

Level 36, The Centrium

60 Wyndham Street, Central

Hong Kong

Attention: Ms Stephanie Cheung
Chief Legal Officer, Melco Crown Entertainment

Telephone No.: +852 2598 3638

Facsimile No.: +852 2537 3618

Email Address: scheung@melco-crown.com

or at such other address as shall be specified by like notice.

- (b) All notices shall be deemed duly given (i) on the date of receipt, if personally delivered, (ii) seven (7) days after posting, if by registered mail, or (iii) upon receipt of the written confirmation of the electronic mail or facsimile, if by electronic mail or facsimile transmission.
- (c) If a communication is given (i) after 5.00 pm in the place of receipt; or (ii) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt, it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.
- (d) All communications must be given in English.

18.05 Encumbrances

- (a) No Party shall create, permit to subsist, or suffer the existence of, any Encumbrance over, or rights in favour of any Person over, the Party's interest in this Agreement except in the case of MCE Leisure, in connection with any financing or any loan facility to be obtained by the MCE Parties, or their Affiliates in connection with the Project (including from BDO).
- (b) The Licensees agree to do all things reasonably required by any MCE Party or MCE Leisure (including execute any document and deliver any notice) in connection with the creation by any MCE Party of any Encumbrance over this Agreement (including in favor of BDO) and the enforcement of any rights under such Encumbrance or other rights.

18.06 Successors and Assigns

- (a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- (b) The MCE Parties and MCE Leisure may assign any of their rights under this Agreement to any Person in connection with the financing or any loan facility to be obtained by the MCE Parties or any of their Affiliates in connection with the Project (including from BDO).
- (c) Except as expressly permitted under this Agreement, no Party may assign, transfer or otherwise deal with its rights under this Agreement or allow any interest in them to arise or be varied without the consent of the other Parties.

18.07 Further Assurances

The Parties agree to execute or cause to be executed such additional agreements and documents, and to take such other actions, as may be necessary to affect the purposes of this Agreement.

18.08 Modifications

Any action or agreement by the Parties to modify this Agreement, in whole or in part, shall be binding upon the Parties, so long as such modification agreement is in writing and is executed by all of the Parties with the same formality with which this Agreement was executed.

18.09 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same Agreement. Each Party may execute this Agreement by signing any such counterpart.

18.010 Delay or Partial Exercise Not Waiver

No failure or delay on the part of any Party to exercise any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document. To be effective, any waiver of any right hereunder shall be in writing and be signed by a duly authorized officer or representative of the Party bound thereby.

18.011 No Agency

This Agreement shall not constitute any Party hereto as a legal representative or agent of the other, nor shall any Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name of or on behalf of the other Party.

18.012 Severability

The invalidity of any Section (or portion thereof) of this Agreement shall not affect the remaining sections of this Agreement, all of which shall continue in full force and effect and shall be construed as if the invalid Section (or portion thereof) had not been inserted.

18.013 Direct Expenses

Each of the Parties shall bear their own respective expenses, including, without limitation, counsel and accountants' fees, in connection with the preparation and negotiation of this Agreement.

18.014 Force Majeure

No Party shall be liable to the other in damages or otherwise, for any failure to perform any term or condition of this Agreement on account of any event of Force Majeure beyond such Party's control. The Party suffering any event of Force Majeure shall notify the other Party in writing as soon as possible after the occurrence of Force Majeure and shall to the extent that it is capable of doing so, use its best endeavors to remove or remedy such cause of non-performance or delay in performance hereunder.

IN WITNESS WHEREOF, the Parties have caused this Operating Agreement to be executed by their duly authorized signatories on the date and at the place first above written.

BELLE CORPORATION for itself and on behalf of **SM INVESTMENTS CORPORATION** and **PREMIUMLEISURE AND AMUSEMENT, INC.**

By:

Name
Position

By:

_____ Chung, Yuk Man
Director

MCE LEISURE (PHILIPPINES) CORPORATION

By:

Name
Position

Schedule 1
Defined Terms

“**Aggregate Payment Amount**” has the meaning given to that term in Section 9.05(b)(i).

“**Agreement**” means this Operating Agreement.

“**Annual Operating Budget**” has the meaning as set forth in **Section 8.01(c)(i)**.

“**Bad Debt Expense**” means the net movement in the provision for gaming bad debts reflected in the profit and loss statement including debt write-offs and discounts, and credit collection costs.

“**Benefit Plans**” has the meaning as set forth in **Section 7.02(b)**.

“**Capital Improvement Budget**” has the meaning as set forth in **Section 8.01(c)(ii)**.

“**Client Database**” has the meaning as set forth in **Section 3.07(a)**.

“**Commissions and Incentives**” means all commissions and incentives paid or provided by Leisure to market and attract VIP Gaming Business; and includes but is not limited to all roll commissions, rebate and revenue share payments, complimentary services and goods, airfares and transportation that are directly related to VIP gaming activities.

“**Confidential Information**” has the meaning as set forth in **Section 17**.

“**Contract(s)**” has the meaning as set forth in **Section 3.05(a)**.

“**Cooperation Agreement**” has the meaning as set forth in **Recital B**.

“**Dispute**” has the meaning as set forth in **Section 18.03(a)**.

“**Dispute Notice**” has the meaning as set forth in **Section 18.03(b)**.

“**Disputing Parties**” has the meaning as set forth in **Section 18.03(c)**.

“**FF&E**” has the meaning as set forth in **Section 6.01(a)(i)**.

“**Financial Payment Amount**” has the meaning given to that term in **Section 9.05(a)**.

“**Fiscal Period**” means:

- (a) the period commencing on the Opening and ending on 31 December of the second calendar year after the calendar year in which the Opening occurs, unless Opening occurs on or before 31 March of any calendar year, in which case it ends on 31 December of the first year calendar year after the calendar year in which the Opening occurs; and
- (b) each subsequent 24 month period ending on 31 December.

“**Fiscal Year**” means the twelve (12)-month calendar year ending December 31, except that the first Fiscal Year and last Fiscal Year of the term of this Agreement may not be full calendar years.

“**Force Majeure**” means any act of God (including adverse weather conditions); act of the government at any level in its sovereign capacity; war; civil disturbance, riot or mob violence; terrorism; earthquake, flood, fire or other casualty; epidemic; quarantine restriction; labor strikes or lock out; freight embargo; civil disturbance; or similar causes beyond the reasonable control of a Party.

“**IFRS**” means the International Financial Reporting Standards.

“**Intellectual Property**” includes copyright (and future copyright), trademark, trade names, software, design, patent, semiconductor and circuit layout rights, rights in respect of trade secrets and other confidential information, and all other rights generally falling within the scope of the term “intellectual property”, whether registered or unregistered and whether registrable or not.

“**Inventories**” means “**Inventories**” as defined in International Accounting Standard (IAS) 2 “Inventories” as amended from time to time.

“**MCE Group**” means Melco Crown Entertainment Limited and each of its Affiliates from time to time.

“**Software**” means the software and systems used by MCE Leisure to provide its services under this Agreement, in particular the operating systems developed, licensed, accessed or used by MCE Leisure or any of its Affiliates, including any and all configurations, modifications, developments, adaptation or derivatives of the relevant software, as well as user manuals, brochures, literatures and technical and specification documents containing or relating to the Software.

“**Suspension Period**” has the meaning as set forth in **Section 2.02(b)**.

“**Technical and Pre-Operating Budget**” has the meaning as set forth in **Section 8.01(b)**.

“**Term**” has the meaning as set forth in **Section 2.02(a)**.

“**VIPs**” means a patron playing table games in the VIP Market areas.

“**Working Capital**” shall include all cage cash (gaming), opening cash balance (non gaming), Inventories, change and petty cash funds, operating bank accounts, receivables, prepaid expenses and deposits.

Schedule 2
Formula for Sharing

Part A. Calculation of Monthly Mass Payment

1. Monthly Mass Payment

The Licensees agree that the Monthly Mass Payment shall be determined by MCE Leisure in accordance with Part A of this **Schedule 2**.

2. Calculation of Monthly Mass Payment

The Licensees agree that the Monthly Mass Payment shall be the higher of PLAI NW and PLAI MM EBIDTA (as defined below).

MCE Leisure must calculate the Monthly Mass Payment each complete calendar month after Opening and pay that amount to PLAI in accordance with **Section 9.04(a)** (if applicable).

The Licensees agree that if, for any reason, the Monthly Mass Payment is a negative amount, the Monthly Mass Payment for the relevant calendar month will be deemed to be nil.

3. Timing

MCE Leisure must calculate the Monthly Mass Payment on or before the date twenty (20) Business Days after the end of the calendar month to which the Monthly Mass Payment relates.

4. Determination of PLAI NW and PLAI MM EBIDTA

MCE Leisure must calculate PLAI NW and PLAI MM EBIDTA, based on the financial performance of the Casino for the relevant month, and in accordance with the methodology in the table in item 5 of this Part A and the principles in Part D of this **Schedule 2**.

5. Method of calculation

MCE Leisure shall calculate PLAI NW and PLAI MM EBIDTA by applying the methodology in the following table:

| Computation (per calendar month or part of) | |
|--|--|
| Mass Market Gross Win | |
| <i>less</i> the PAGCOR License Fee (Mass Market) | |
| ===== | |
| Mass Market Net Win | 15% of Mass Market Net Win (PLAI NW) |
| <i>less</i> Management Allowance (2%) (Mass Market) | |
| ===== | |
| Mass Market Net Win after Management Allowance (Mass Market) | |
| <i>less</i> Mass Market Casino Operating Expenses | |
| ===== | |
| Mass Market Casino Gaming EBITDA | |
| <i>less</i> Deductible (7%) (Mass Market) | |
| ===== | |
| Mass Market Casino Gaming EBITDA after Deductible (Mass Market) | 50% of Mass Market Casino Gaming EBITDA after Deductible (Mass Market) (PLAI MM EDBITA) |

Part B. Calculation of Monthly VIP Payment

1. Monthly VIP Payment

The Licensees agree that the Monthly VIP Payment shall be determined by MCE Leisure in accordance with Part B of this **Schedule 2**.

2. Calculation of Monthly VIP Payment

MCE Leisure must calculate the Monthly VIP Payment each complete calendar month after Opening.

The Licensees agree that if the amount of the Monthly VIP Payment is a negative amount, the Monthly VIP Payment for the relevant calendar month will be deemed to be nil.

3. Timing

MCE Leisure must calculate the Monthly VIP Payment on or before the date twenty (20) Business Days after the end of the calendar month to which the Monthly VIP Payment relates.

4. Calculation of Monthly VIP Payment

MCE Leisure must calculate the Monthly VIP Payment in accordance with the following formula:

$$V = A - B$$

Where

V is the Monthly VIP Payment.

A is the higher of PLAI VIP NW and PLAI VIP EBITDA for the relevant month in each case calculated in accordance with Part B of this **Schedule 2**.

B is the sum of the Monthly VIP Payments made during the relevant Fiscal Period to date.

5. PLAI VIP NW and PLAI VIP EBITDA

MCE Leisure must determine PLAI VIP NW and PLAI VIP EBITDA in each case in accordance with the methodology in the table in item 6 of Part B of and the principles in Part D of this **Schedule 2** and based on the financial performance of the Casino for period commencing on the first day of the relevant Fiscal Period and ending on the last day of the calendar month prior to the date of calculation.

6. Method of calculation of PLAI VIP NW and PLAI VIP EBIDTA

MCE Leisure shall calculate PLAI VIP NW and PLAI VIP EBIDTA by applying the methodology in the following table:

| Computation (for the relevant part of the Fiscal Period) | |
|--|---|
| VIP Market Gross Win | |
| <i>less</i> PAGCOR License Fee (VIP) | |
| <i>Less</i> Commissions and Incentives and VIP Bad Debt Expenses | |
| ===== | |
| VIP Net Win | 2% of VIP Net Win (PLAI VIP NW) |
| <i>less</i> Management Allowance (2%) (VIP) | |
| ===== | |
| VIP Net Win after Management Allowance | |
| <i>less</i> VIP Operating Expenses | |
| ===== | |
| VIP Casino Gaming EBITDA | |
| <i>less</i> Deductible (7%) (VIP) | |
| ===== | |
| VIP Casino Gaming EBITDA after Deductible (VIP) | 50% of VIP Casino Gaming EBITDA after Deductible (VIP) (PLAI VIP EBIDTA) |

Part C. Calculation of VIP True Up Payment

1. VIP True Up Payment

The Licensees agree that the VIP True Up Payment shall be determined by MCE Leisure in accordance with Part C of this **Schedule 2**.

2. Calculation of VIP True Up Payment

MCE Leisure must determine the VIP True Up Payment, in respect of each Fiscal Period, on or before the date forty (40) Business Days after the end of the relevant Fiscal Period.

3. Calculation of VIP True Up Payment

MCE Leisure must calculate the Monthly VIP Payment in accordance with the following formula:

V = A – B

Where

V is the VIP True Up Payment.

A is the higher of 5% of VIP Net Win and PLAI VIP EBITDA for the relevant Fiscal Period.

B is the sum of the Monthly VIP Payments made during the relevant Fiscal Period.

4. PLAI VIP NW and PLAI VIP EBITDA

MCE Leisure must determine VIP Net Win and PLAI VIP EBITDA in each case in accordance with the methodology in the table in item 6 of Part B and the principles in Part D of this **Schedule 2** and based on the financial performance of the Casino for the relevant Fiscal Period

5. VIP True Up Payment is Negative

If the VIP True Up Payment is negative, the amount of the VIP True Up Payment may be deducted by MCE Leisure from any Monthly VIP Payments to be made in respect of the following Fiscal Period.

6. Termination

If the Operating Agreement is terminated, any prepaid VIP profit share maybe offset from any other amounts owed by the MCE Parties to PLAI or its Affiliates, including but not limited to the Mass Market Profit Share or Belle Lease.

Part D. Principles and Other Matters

1. Principles

In determining each of the amounts required to be calculated under the tables in Parts A and B of this **Schedule 2** MCE Leisure shall apply the principles set out in Part D of this **Schedule 2**.

The **Mass Market Gross Win** shall be calculated to be the amount of Gross Win attributable to the Mass Market.

The **Gross Win** shall be the amount of wagers won net of wagers lost that is retained and recorded as casino revenue plus or minus the amount of any jackpot decrement or increment for the relevant period.

PAGCOR License Fees will be determined by MCE Leisure in accordance with the Casino License.

The **PAGCOR License Fee (Mass Market)** shall be determined by MCE Leisure to be the amount of the PAGCOR License Fee attributable to the Mass Market.

The **PAGCOR License Fee (VIP)** shall be determined by MCE Leisure to be the amount of the PAGCOR License Fee attributable to the VIP Market.

The **Mass Market** shall be (i) the table game operations conducted on the public mass gaming floors and (ii) the slot machines operations, in each case in the Casino.

The **Management Allowance** shall be the amount equal to two percent (2%) Mass Market Net Win and VIP Net Win.

The **Deductible** shall be the amount equal to seven percent (7%) of Mass Market Casino Gaming EBITDA and VIP Casino Gaming EBITDA.

The **Mass Market Casino Operating Expenses** shall be the sum of all Mass Market Direct Expenses, *plus* an allocation of General Casino Expenses *plus* an allocation of Property Overheads (including such costs incurred prior to Opening). The process for determining the relevant allocation of Property Overheads to Mass Market Casino Operating Expenses is set out in this Part D of **Schedule 2** below.

The **Mass Market Direct Expenses** shall be all operating costs and expenses incurred that are directly identifiable with the Mass Market business. Such directly identifiable costs include direct promotional, entertainment, marketing and sales costs and allowances; salaries and wages and employee benefits; a gaming replacement reserve equal to 5% of Mass Market revenue; patron transportation costs; costs for the operation, maintenance and control of the Mass Market gaming business; legal, regulatory and licensing costs of Mass Market; and other expenses directly related to the Mass Market business, but excluding rent under the Belle Lease, interest income, interest expense, depreciation and amortization expenses, real estate and income taxes if any, and VIP Operating Expenses and Non-Gaming Expenses.

The **VIP Market Gross Win** shall be calculated to be the amount of Gross Win attributable to the VIP Market.

The **VIP Market** shall be the table game operations conducted in private gaming areas for VIPs utilizing Rolling Chip Programs or other incentive Programs.

The **VIP Operating Expenses** shall be all VIP Direct Expenses, plus allocation of General Casino Expenses, plus an allocation of Property Overheads (including such costs incurred prior to Opening). The process for determining the relevant allocation of Property Overheads to VIP Operating Expenses is set out in this Part D of Schedule 2 below.

The **VIP Direct Expenses** shall be operating costs and expenses that are incurred directly in relation to the VIP Market business. Such direct identifiable costs include salaries and wages and employee benefits; marketing, entertainment, promotional and other sales costs excluding Commissions and Incentives; costs for the operations, maintenance and control of the VIP gaming business; a gaming replacement reserve equal to 2% of VIP Market revenue; legal, regulatory and licensing costs of VIP Market; and other expenses directly related to the VIP gaming business, but excluding rent under the Belle Lease, interest income, interest expense, depreciation and amortization expenses, real estate and income taxes if any, and Mass Market Operating Expenses and Non-Gaming Expenses.

The **General Casino Expenses** shall be those directly identifiable casino operating costs and expenses that are incurred for the benefit of both Mass Market and VIP Market and other Casino activities not directly identifiable to Mass Market or VIP Market. Such directly identifiable costs include direct and indirect incremental costs of operating general casino departments, executive and senior management oversight of the casino areas, marketing the overall casino areas, costs of compliance with Casino agreements and laws and regulations, performing gaming audits and internal control reviews, maintaining assets for the benefit of the overall casino areas, costs for the general operation, maintenance and control of the overall casino common areas, other casino regulatory and licensing costs; and other general casino expenses but excluding rent under the Belle Lease, interest income, interest expense, depreciation and amortization expenses, real estate and income taxes if any.

General Casino Expense Allocation Process - General Casino Expenses will be allocated to Mass Market and VIP Market in proportion to Mass Market Revenue and Theoretical VIP Market Revenue respectively or in proportion to the applicable driver of the expense if relevant, in the month the expense is incurred.

The **Property Overheads** are those operating costs and expenses directly identifiable to common areas and shared and centralized services that are necessary to operate the integrated resort that are not directly identifiable to Gaming or Non-Gaming. Such directly identifiable costs include but are not limited to the costs listed in the table below.

Property Overhead Allocation Process - Property overheads will be allocated between Mass Market, VIP Market and non-gaming business segments on a basis that is fair and reasonable that takes into account where feasible the relative proportion of use, whether time, effort or other driver determining usage and services devoted to those business segments. The table below illustrates an example of the methodology for allocating the costs. The allocation methods will be determined monthly based on actual results of the month.

| Cost | Example of an Appropriate Allocation Method |
|--|--|
| Executive management and administration and general offsite storage and administration rental costs. | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| General marketing and sales | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Common area security and cleaning costs | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Employee services costs such as Human Resources, wardrobe | % of direct employees |
| Other Support services such as finance, IT, legal, call centre, Supply Chain | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Audit and general consultant and advisory fees | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Engineering and common area maintenance and utilities | In proportion to direct usage |
| Insurance | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Corporate services | % of total revenue with VIP included at Theoretical VIP Market Revenue |

Theoretical VIP Market Revenue equals VIP Roll multiplied by 2.8% as amended from time to time.

Non-Gaming Expenses means all operating costs and expenses directly identifiable to Non Gaming including hotel, food and beverage and non-gaming departments and the allocation of Property Overheads to the Non-Gaming.

VIP Roll is the amount of Non-Negotiable Chips wagered and lost.

Non-Negotiable Chips are promotional casino chips that are used to track the amount wagered and are not exchangeable for cash.

Rolling Chip Programs are Programs under which commission and other incentives are based on the amount of VIP Roll.

Programs refer to arrangements whereby Casino patrons are provided commissions and/or other incentives as a reward for their gaming play.

Mass Market Revenue is revenue generated from the Mass Market business.

Gaming means Mass Market, VIP Market and other support casino operations.

Non Gaming means all revenue generated from operations of the Casino other than Gaming.

UNDERTAKING AGREEMENT

This Undertaking Agreement (“**Undertaking**”), is made and entered into this [—], day at [—], Philippines, and effective upon its execution, by and between:

- (1) **BELLE CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila (“**Belle**”);
 - (2) **MCE LEISURE (PHILIPPINES) CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines for itself and on behalf of the MCE Group (“**MCE Leisure**”);
- (Each, a “**Party**”, and together, the “**Parties**”).

RECITALS

- (A) The Philippine Parties are the named licensees under the Casino License issued by PAGCOR.
- (B) Belle and MCE Leisure (among others) entered into a closing arrangement agreement dated [#insert#] (“**Closing Arrangement Agreement**”).
- (C) Under Section 3.03(a) (ix) of the Closing Arrangement Agreement, Belle has agreed to execute a written undertaking in favor of the MCE Group on the terms set out in this Undertaking.

NOW, THEREFORE, the Parties agree and bind themselves as follows:

SECTION 1. DEFINITIONS

Unless otherwise specifically defined herein, capitalized terms shall have the meanings ascribed to them under the Closing Arrangement Agreement.

SECTION 2. UNDERTAKING

Belle undertakes to each MCE Group Company that (except to the extent that any of the MCE Parties have expressly agreed under the Cooperation Agreement to undertake any of the following obligations and undertakings to the exclusion of Belle), it will:

- (a) comply with the PAGCOR Development Guidelines or any amendment thereto in relation to the design and construction of the Phase 1 Building as a hotel and casino complex;
- (b) conduct and complete the site survey report prescribed under Article II, Section 2 of the Provisional License when required by PAGCOR and provide a copy of that report promptly to the MCE Parties; and
- (c) comply with the provisions of the Casino License, and particularly, without limitation, Article II Section 4 (Master Development Plan), Article II Section 6 (Project Costs and Implementation Plan and Detailed Schedule of Work), Article II Section 7 (Architects and Consultants), Article II Section 8 (Contractors), Article II Section 9 (Material Change in Master Development Plan and/or PIP), Article III Section 1 (Escrow Account), Article III Section 2 (Performance Assurance), Article V (Casino License) and Article VIII (Insurance).

SECTION 3. MISCELLANEOUS

3.01 MCE Group

- (a) The Parties agree that MCE Leisure, holds the benefit of any promises under this Undertaking on behalf of, and for the benefit of, the MCE Group (other than MCE Leisure) and may enforce this Undertaking on behalf of those Persons.
- (b) Nothing in this Undertaking imposes any liability or obligation on any company in the MCE Group except for MCE Leisure.

3.02 Non-Waiver

The failure of any Party to insist upon a strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of such terms, conditions or covenants, granted to such Party, nor shall it be construed as a condonation of any subsequent breach or default of the terms, conditions and covenants hereof, which terms, conditions and covenants shall continue to be in full force and effect.

Nothing in this Undertaking limits any of the rights of any MCE Group Company under the Closing Arrangement Agreement, any of the Transaction Agreements, or any of the Ancillary Documents.

3.03 Governing Law

This Undertaking shall be construed, interpreted and governed by the laws of the Philippines.

3.04 Entire Agreement

This Undertaking constitutes the complete understanding between the parties with respect to the subject matter hereof and supersedes any prior expression of intent, representation or warranty with respect to this transaction. This Undertaking may be amended but only with an instrument in writing signed by the parties.

3.05 Binding Effect

All the terms, covenants, conditions and provisions of this Undertaking shall be binding and enforceable upon the parties and their successors-in-interest and assigns.

3.06 Severability

If any one or more of the provisions of this Undertaking is declared invalid or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

3.07 Counterparts

This Undertaking may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original and all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the Parties have caused this Undertaking Agreement to be executed by their duly authorized signatories on the date and at the place first above written.

BELLE CORPORATION

MCE LEISURE (PHILIPPINES) CORPORATION

By:

By:

Signed in the presence of:

UNDERTAKING AGREEMENT
(in relation to the ABLGI Lease Agreements)

This Undertaking Agreement (the “**Undertaking**”), is made and entered into this [—], day at [—], Philippines, and effective upon its execution, by and between:

- (1) **BELLE CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila (“**Belle**”);
 - (2) **MCE LEISURE (PHILIPPINES) CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at [—] (“**MCE Leisure**”);
- (Each, a “**Party**”, and together, the “**Parties**”).

RECITALS

- (A) Belle has entered into certain lease agreements with AB Leisure Global, Inc. (“**ABLGI**”) as lessee and Leisure & Resorts World Corporation (“**LRWC**”) as guarantor in respect of the Land and the Building Structures, namely the “Lease Agreement” and “Contract of Lease” both dated 14 January 2011 (the “**ABLGI Lease Agreements**”).
- (B) Belle and MCE Leisure (among others) entered into a closing arrangement agreement dated 25 October 2012 (“**Closing Arrangement Agreement**”).
- (c) Under section 3.03(a)(xi) of the Closing Arrangement Agreement, Belle has agreed to execute a written undertaking on the terms set out in this Undertaking.

NOW, THEREFORE, the Parties agree and bind themselves as follows:

SECTION 1. DEFINITIONS

Unless otherwise specifically defined herein, capitalized terms shall have the meanings ascribed to them under the Closing Arrangement Agreement.

SECTION 2. UNDERTAKING

2.01 Waiver

Belle undertakes that neither MCE Leisure or any of its Affiliates are required to pay any penalties, charges or fees due and owing to any person as a result of or in relation to any default, whether or not an actual declaration of default has been made by the Philippine Parties and/or by ABLGI under the ABLGI Lease Agreements, including without limitation non-payment or delay in payment of lease rentals under the said agreements, fees for common usage service area, and any security deposit or advance rental forfeited by ABLGI.

2.02 Free and Harmless

Belle shall hold MCE Leisure and its Affiliates free and harmless from any and all actions, claims, charges, or demands by ABLGI and/or LRWC in relation to the ABLGI Lease Agreements. Belle hereby covenants not to bring any suit, action or proceedings or make any demand or claim against MCE Leisure and its Affiliates of any liabilities and obligations whatsoever under the ABLGI Lease Agreements (whether actual or contingent).

SECTION 3. PARTIES' ADDITIONAL COVENANTS

3.01 Assignment

MCE Leisure may assign or transfer its rights under this Undertaking, in whole or in part, to any of person in connection with the financing or any loan facility to be obtained by the MCE Parties or any of their Affiliates in connection with the Project (including from BDO Unibank, Inc)

3.02 Non-Waiver

The failure of any Party to insist upon a strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of such terms, conditions or covenants, granted to such Party, nor shall it be construed as a condonation of any subsequent breach or default of the terms, conditions and covenants hereof, which terms, conditions and covenants shall continue to be in full force and effect.

3.03 Governing Law

This Undertaking shall be construed, interpreted and governed by the laws of the Philippines.

3.04 Entire Agreement

This Undertaking constitutes the complete understanding between the parties with respect to the subject matter hereof and supersedes any prior expression of intent, representation or warranty with respect to this transaction. This Undertaking may be amended but only with an instrument in writing signed by the parties.

3.05 Binding Effect

All the terms, covenants, conditions and provisions of this Undertaking shall be binding and enforceable upon the parties and their successors-in-interest and assigns.

3.06 Severability

If any one or more of the provisions of this Undertaking is declared invalid or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

3.07 Counterparts

This Undertaking may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original and all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the Parties have caused this Undertaking Agreement to be executed by their duly authorized signatories on the date and at the place first above written.

BELLE CORPORATION

Lessor

MCE LEISURE (PHILIPPINES) CORPORATION

Lessee

By:

By:

SIGNED IN THE PRESENCE OF:

Exhibit H
Form of Closing Certificate - Philippine Parties

Date: [Closing Date]

To: **MCE LEISURE (PHILIPPINES) CORPORATION**

Ladies and Gentlemen:

Reference is hereby made to the Closing Arrangement Agreement dated [—] (the “**Agreement**”) SM Investments Corporation for itself and on behalf of the SM Group (“**SM**”), Belle Corporation (“**Belle**”), PremiumLeisure and Amusement, Inc. (“**PLAI**”), and MCE Leisure (Philippines) Corporation. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Agreement.

We certify to you that as of the date hereof:

1. No Material Adverse Change to [SM/Belle/PLAI] has occurred.
2. All the representations and warranties of [SM/Belle/PLAI] contained in Section 4.01 and 4.02 of the Agreement, remain true, complete, accurate and not misleading in any material respects, and at all times between the date of the Agreement and today.
3. The MCE Parties have complied in all material respects with the covenants, agreements and obligations required to be performed by them under this Agreement at or prior to Closing.
4. All applicable conditions for Closing required under Section 3.02(a) and 3.02(b) of the Agreement have been fulfilled, and all documents delivered pursuant to Section 3.03(a) continue to be in full force and effect.

**[SM INVESTMENTS CORPORATION (FOR ITSELF AND
ON BEHALF OF THE SM GROUP)
BELLE CORPORATION
PREMIUMLEISURE AND AMUSEMENT, INC.]**

By:

Name:

Position:

Exhibit I
Form of FCPA Certificate

FCPA Certificate

In consideration of the MCE Parties agreeing to enter into the Cooperation Agreement with the Philippine Parties on 25 October 2012 (“**Cooperation Agreement**”), without limiting clauses 9.01 to 9.06 of the Cooperation Agreement, I, the undersigned, being an authorized signatory of each of the Philippine Parties certify for and on behalf of each Philippine Party that:

1. I have read and understand clauses 9.01 to 9.06 of the Cooperation Agreement, in which each Philippine Party agrees to conduct its business in compliance with Applicable Laws, including those relating to anti-corruption, anti-bribery, anti-money-laundering and sanctions;
2. I am familiar with clauses 9.01 to 9.06 of the Cooperation Agreement and in particular, the prohibition against any payment gift, offer, promise, or authorization of any payment of money or anything of value to any official, directly or indirectly through a third party intermediary;
3. At no time during the subsistence of the Cooperation Agreement or any Transaction Document will any Philippine Party or any person acting for or on behalf of any Philippine Party:
 - (a) pay any bribe; or
 - (b) take any action that would create any liability for any of the MCE Parties or constitute a breach of clause 9 of the Cooperation Agreement or any Applicable Laws by any MCE Party;
4. each Philippine Party understands that if it has violated any of these commitments, the MCE Parties may terminate the Cooperation Agreement; and
5. I certify that if any Philippine Party receives or learns of any request for a payment falling within paragraphs 2 and 3 above, the Philippines Parties will immediately report that to the MCE Parties.

Capitalized terms defined herein shall have the same meanings defined in the Cooperation Agreement.

Signed on this day of

Signed for and on behalf of [#each of the Philippine Parties#] in the presence of

Signature of authorized signatory

Name of authorized signatory (print)

Exhibit J
Form of Closing Certificate – MCE Leisure

Date: [Closing Date]

To: **SM INVESTMENTS CORPORATION**
BELLE CORPORATION
PREMIUMLEISURE AND AMUSEMENT, INC.

Ladies and Gentlemen:

Reference is hereby made to the Closing Arrangement Agreement dated [—] (the “**Agreement**”) SM Investments Corporation for itself and on behalf of the other corporations of the SM Group, Belle Corporation, PremiumLeisure and Amusement, Inc., and MCE Group. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Agreement.

MCE Group hereby certifies to you that as of the date hereof:

1. No Material Adverse Change to MCE Group has occurred.
2. All the representations and warranties of MCE Group contained in **Section 4.01** and **4.03** of the Agreement, remain true, complete, accurate and not misleading in any material respects, and at all times between the date of the Agreement and today.
3. The Philippine Parties and the SM Subsidiaries have complied in all material respects with the covenants, agreements and obligations required to be performed by them under this Agreement at or prior to Closing.
4. All applicable conditions for Closing required under **Section 3.02(a)** and **3.02(b)(xv)** of the Agreement have been fulfilled, and all documents delivered pursuant to Section 3.03(b) continue to be in full force and effect.

**MCE LEISURE (PHILIPPINES) CORPORATION (FOR
ITSELF AND ON BEHALF OF MCE HOLDINGS
(PHILIPPINES) CORPORATION AND MCE HOLDINGS
NO. 2 (PHILIPPINES) CORPORATION)**

By:

Name:

Position:

[#insert date]

Attention: []
Social Security System
SSS Building, East Avenue
Quezon City
Metro Manila
Philippines

Dear [#insert#]

Acknowledgement of sublease

We refer to the Lease Agreement between the Social Security System (“SSS”) and Belle Corporation (“Belle”) dated 26 April 2010 as amended by the Amendment to Contract of Lease dated 14 May 2012 (“Head Lease”) for the lease by SSS to Belle of 3 parcels of land (“SSS Land”) situated at the Aseana Business Park, Paranaque City. As you know, MCE Leisure (Philippines) Corporation (“MCE”) is considering entering into a sublease with Belle of the SSS Land (“Sublease”).

To give MCE and Belle some comfort in relation to their entry into the Sublease, please confirm that SSS acknowledges MCE’s entry into the Sublease and agrees that:

- (1) SSS will comply with its obligations under the Head Lease;
 - (2) SSS will not do anything that might affect any of MCE’s rights under the Sublease, including doing anything that might result in a breach of the Head Lease;
 - (3) if Belle is in breach of the Head Lease, MCE or MCE’s nominee may step into the Head Lease and exercise any of Belle’s rights under the Head Lease as if they were given in favour of MCE;
 - (4) the SSS Land will form part of an integrated casino, hotel, retail and entertainment complex;
 - (5) Belle is not, as of the date of this letter, in breach of the Head Lease, and there are no circumstances which might give rise to any such breach; and
 - (6) the Sublease can be registered on SSS’ Certificate of Title in respect of the SSS Land.
-

Executed by **MCE Leisure (Philippines) Corporation**

Signature of authorised person: _____

Name of authorised person: _____

Executed by **Belle Corporation** _____

Signature of authorised person: _____

Name of authorised person: _____

By signing this letter, SSS agrees to the matters outlined above.

Executed by **Social Security System**

Signature of authorised person: _____

Name of authorised person: _____

Part A - ABLGI Form of the Waiver, Discharge and Quitclaim

Part B - PHP Form of the Waiver, Discharge and Quitclaim

Exhibit M

Part A

RELEASE, WAIVER, DISCHARGE AND QUITCLAIM

KNOW ALL MEN BY THESE PRESENTS:

AB LEISURE GLOBAL, INC., a company incorporated in the Philippines, whose principal address is at the 26th F, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines ("**ABLGI**") and **LEISURE & RESORT WORLD CORPORATION**, a company incorporated in the Philippines whose principal address is at 26th F, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines ("**LRWC**"), on behalf of themselves, their respective successors and assigns and their subsidiaries (collectively the "**Releasing Parties**") in consideration of the acts and transactions contemplated herein, hereby unconditionally and irrevocably waive, release and discharge each of the persons set out in **Annex A** (collectively, the "**Released Parties**") from any and all claims, charges, liens, demands, causes of actions, obligations, damages and liabilities, known or unknown, suspected or unsuspected (each, a "**Claim**"), that any of the Releasing Parties had, now has, or may have against the Released Parties including but not limited to:

(1) arising out of, in relation to, or in connection with the following agreements (including the termination of any such agreements):

- (a) Memorandum of Agreement by and between PLAI (as defined below) and ABLGI dated January 14, 2011;
- (b) Operating Agreement by and between PLAI and ABLGI dated January 14, 2011;
- (c) Supplemental Agreement by and between PLAI and ABLGI dated January 14, 2011;
- (d) Building Lease Agreement by and between Belle (as defined below), ABLGI, LRWC and PLAI dated January 14, 2011; and
- (e) Land Lease Agreement by and between Belle, ABLGI, LRWC and Belle Bay City Corporation dated January 14, 2011;

(each of the agreements in Section 1, an "**ABLGI Agreement**" and collectively, the "**ABLGI Agreements**");

- (2) in relation to the construction, fit out, lease and development, operations, management and maintenance of casino, hotel, retail and entertainment complex (and associated businesses) at Aseana Boulevard, Macapagal Avenue, Paranaque City, Philippines ("**Project**");
- (3) in relation to the Certificate of Affiliation and Provisional License dated December 12, 2008 and identified as PAGCOR Provisional Casino License No. CA/License Reg. No. 08-003 issued by PAGCOR for the Project as amended from time to time;

- (4) the inclusion of MCE Leisure, MCE Holdings and MCE Holdings No 2 (in each case as defined below) as members of the New Consortium (defined below) and MCE Leisure or any MCE Designated Entity as operator of the Project; and
- (5) arising out of, in relation to, or in connection with, any other document, agreement, arrangement, understanding, act, transaction, matter or thing referred to in, contemplated by, or incidental or ancillary to, the paragraphs (1) to (4).

ABLGI and LRWC, for themselves and on behalf of each of the other Releasing Parties, represent and confirm that other than the ABLGI Agreements and the Memorandum of Agreement dated July 5, 2012 by and among Belle Corporation, PremiumLeisure and Amusement, Inc., ABLGI and LRWC, that there are no other arrangements, agreements, contracts, commitments, documents, whether oral or written, between the Releasing Parties and the Released Parties.

ABLGI and LRWC, for themselves and on behalf of each of the other Releasing Parties agree that that they do not have, and will not make a Claim, against any of the Released Parties in respect of any of the matters set out in paragraphs (1) to (5) above.

For the purposes of implementing a full and complete release, ABLGI and LRWC understand and agree that this document is intended to include all Claims, if any, which any of the Releasing Parties may have and which such Releasing Party does not now know or suspect to exist in its favour against the Releasing Parties and this document extinguishes those Claims. Accordingly, ABLGI and LRWC expressly waive all rights under any statute in any applicable jurisdiction prohibiting or restricting the waiver of unknown Claims.

ABLGI and LRWC agree that in the event that at any time after the date of this document any further action is necessary or desirable to carry out the purposes of this document, they will take such further actions, and will procure such actions are taken, (including the execution and delivery of such further documents or amendments thereto) as the Released Parties may request.

ABLGI and LRWC expressly agree that the Released Parties may plead this document as an absolute bar in any court of law, arbitral tribunal or otherwise in response to any proceedings or Claim whatsoever brought by any party arising out of or in relation to any of the matters referred to or contained in this document.

ABLGI and LRWC irrevocably confirm that they each have the full legal right, power and authority to enter into, execute and deliver this document for themselves and on behalf of their respective Releasing Parties.

This Release, Waiver, Discharge and Quitclaim shall be governed by the laws of the Republic of the Philippines.

Executed this [—] day of [—] 2012 at [—] City, Philippines.

For and on behalf:
AB LEISURE GLOBAL, INC.,

Name:
Position:

For and on behalf:
LEISURE & RESORT WORLD CORPORATION.,

Name:
Position:

Column 2

- 1 The consortium entered into between each of SM Investments Corporation (“**SMIC**”), SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc, SM Development Corporation, Belle Corporation (“**Belle**”), and Premium Leisure and Amusement, Inc (“**PLAI**”) prior to the date of this document.
- 2 The cooperation agreement entered into between each of SMIC, Belle, PLAI, MCE Leisure (Philippines) Corporation (“**MCE Leisure**”), MCE Holdings (Philippines) Corporation (“**MCE Holdings**”) and MCE Holdings No 2 (Philippines) Corporation (“**MCE Holdings No 2**”) dated on or about the date of this document (“**New Consortium**”).
- 3 Each of persons specified in row 1, column 2 of this table and row 2, column 2
- 4 In respect of each of the persons specified in row 3, column 2, their respective past and present, direct and indirect, affiliates, subsidiaries, joint venturers, partners, equity holders, successors and assigns, as well as each of their respective past and present officers, directors, employees, representatives and attorneys

Part B

RELEASE, WAIVER, DISCHARGE AND QUITCLAIM

KNOW ALL MEN BY THESE PRESENTS:

BELLE CORPORATION, a company incorporated in the Philippines, whose principal address is at the 5th floor, 2 E-com Centre, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("**Belle**") and **PREMIUMLEISURE AND AMUSEMENT, INC**, a company incorporated in the Philippines whose principal address is at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines ("**PLAI**"), on behalf of themselves, their respective successors and assigns, and their subsidiaries (collectively the "**Releasing Parties**") in consideration of the acts and transactions contemplated herein, hereby unconditionally and irrevocably waive, release and discharge each of the persons set out in **Annex A** (collectively, the "**Released Parties**") from any and all claims, charges, Hens, demands, causes of actions, obligations, damages and liabilities, known or unknown, suspected or unsuspected (each, a "**Claim**"), that any of the Releasing Parties had, now has, or may have against the Released Parties including but not limited to:

- (1) arising out of, in relation to, or in connection with the following agreements (including the termination of any such agreements):
 - (a) Memorandum of Agreement by and between PLAI and AB Leisure Global, Inc. ("**ABLGI**") dated January 14, 2011;
 - (b) Operating Agreement by and between PLAI and ABLGI dated January 14, 2011;
 - (c) Supplemental Agreement by and between PLAI and ABLGI dated January 14, 2011;
 - (d) Building Lease Agreement by and between Belle, ABLGI, Leisure & Resort World Corporation ("**LRWC**") and PLAI dated January 14, 2011; and
 - (e) Land Lease Agreement by and between Belle, ABLGI, LRWC and BBCC dated January 14, 2011;(each of the agreements in Section 1, an "**ABLGI Agreement**" and collectively, the "**ABLGI Agreements**");
- (2) in relation to the construction, fit out, lease and development, operations, management and maintenance of casino, hotel, retail and entertainment complex (and associated businesses) at Aseana Boulevard, Macapagal Avenue, Paranaque City, Philippines ("**Project**");
- (3) in relation to the Certificate of Affiliation and Provisional License dated December 12, 2008 and identified as PAGCOR Provisional Casino License No. CA/License Reg. No. 08-003 issued by PAGCOR for the Project as amended from time to time;

- (4) the inclusion of MCE Leisure, MCE Holdings and MCE Holdings No 2 (in each case as defined below) as members of the New Consortium (defined below) and MCE Leisure or any MCE Designated Entity as operator of the Project; and
- (5) arising out of, in relation to, or in connection with, any other document, agreement, arrangement, understanding, act, transaction, matter or thing referred to in, contemplated by, or incidental or ancillary to, the paragraphs (1) to (4).

Belle and PLAI, for themselves and on behalf of each of the other Releasing Parties, represent and confirm that other than the ABLGI Agreements and the Memorandum of Agreement dated July 5, 2012 by and among Belle Corporation, PremiumLeisure and Amusement, Inc., ABLGI and LRWC, that there are no other arrangements, agreements, contracts, commitments, documents, whether oral or written, between the Releasing Parties and the Released Parties.

Belle and PLAI, for themselves and on behalf of each of the other Releasing Parties agree that that they do not have, and will not make a Claim, against any of the Released Parties in respect of any of the matters set out in paragraphs (1) to (5) above.

Belle and PLAI agree to procure that **BELLE BAY CITY CORPORATION**, a company incorporated in the Philippines (“**BBCC**”), complies with the covenants and gives and makes the representations and warranties in this document as if named as a party to this document. Belle and PLAI joint indemnify the Released Parties from any loss, liability, claim, expense, cost or damages (including loss of profits and whether contingent or otherwise) suffered or incurred by the Released Parties arising out of or in connection with any breach by Belle and PLAI of their obligations in the preceding sentence.

For the purposes of implementing a full and complete release, Belle and PLAI understand and agree that this document is intended to include all Claims, if any, which any of the Releasing Parties may have and which such Releasing Party does not now know or suspect to exist in its favour against the Releasing Parties and this document extinguishes those Claims. Accordingly, Belle and PLAI expressly waive all rights under any statute in any applicable jurisdiction prohibiting or restricting the waiver of unknown Claims.

Belle and PLAI agree that in the event that at any time after the date of this document any further action is necessary or desirable to carry out the purposes of this document, they will take such further actions, and will procure such actions are taken, (including the execution and delivery of such further documents or amendments thereto) as the Released Parties may request.

Belle and PLAI expressly agree that the Released Parties may plead this document as an absolute bar in any court of law, arbitral tribunal or otherwise in response to any proceedings or Claim whatsoever brought by any party arising out of or in relation to any of the matters referred to or contained in this document.

Belle and PLAI irrevocably confirm that they each have the full legal right, power and authority to enter into, execute and deliver this document for themselves and on behalf of their respective Releasing Parties.

This Release, Waiver, Discharge and Quitclaim shall be governed by the laws of the Republic of the Philippines.

Executed this [—] day of [—] 2012 at [—] City, Philippines.

For and on behalf:

BELLE CORPORATION

Name:

Position:

For and on behalf:

PREMIUMLEISURE AND AMUSEMENT, INC

Name:

Position:

Column 2

- 1 The consortium entered into between each of SM Investments Corporation (“**SMIC**”), SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc, SM Development Corporation, Belle PLAI prior to the date of this document.
- 2 The cooperation agreement entered into between each of SMIC, Belle, PLAI, MCE Leisure (Philippines) Corporation (“**MCE Leisure**”), MCE Holdings (Philippines) Corporation (“**MCE Holdings**”) and MCE Holdings No 2 (Philippines) Corporation (“**MCE Holdings No 2**”) dated on or about the date of this document (“**New Consortium**”).
- 3 Each of persons specified in row 1, column 2 of this table and row 2, column 2
- 4 In respect of each of the persons specified in row 3, column 2, their respective past and present, direct and indirect, affiliates, subsidiaries, joint venturers, partners, equity holders, successors and assigns, as well as each of their respective past and present officers, directors, employees, representatives and attorneys

Project Leisure
Due Diligence
List of Documents

| | |
|--------|---|
| Belle | Belle Corporation |
| SMIC | SM Investments Corporation |
| SMCP | SM Commercial Properties, Inc. |
| SML | SM Land, Inc. |
| SMHCC | SM Hotels and Conventions Corp. |
| PLAI | PremiumLeisure and Amusement, Inc. |
| SMDC | SM Development Corporation |
| ABLGI | AB Leisure Global, Inc. |
| LRWC | Leisure & Resort World Corporation |
| PAGCOR | Philippine Amusement and Gaming Corporation |

| Reference No. | Description | Date of Document |
|---------------|---|-------------------|
| | THE PHILIPPINE GROUP | |
| 1.1 | Group Chart | |
| | Belle | 31 December 2011 |
| | SMIC | 31 December 2011 |
| 1.2 | Group Company Details | |
| <i>Belle</i> | SEC Certificate of Filing of Amended Articles of Incorporation | 08 January 2002 |
| | Amended Articles of Incorporation | |
| | SEC Certificate of Filing Amended By-Laws | 01 December 2004 |
| | Amended By-Laws | |
| | Company Data Maintenance Form | 24 November 2004 |
| | General Information Sheet 2011 | 18 May 2011 |
| | General Information Sheet 2010 | 21 May 2010 |
| | General Information Sheet 2009 | 22 July 2009 |
| | Certificate of Increase of Capital Stock | 21 February 1997 |
| | Letter from Tan & Venturanza to SEC re Amendment of Articles of Incorporation | 13 November 1996 |
| | Certificate of Increase of Capital Stock | 25 October 1996 |
| | Secretary's Certificate | 5 November 1996 |
| | Letter from Belle to SEC re Verification of Deposit | 5 November 1996 |
| | Bank Certificate issued to Belle from IEBank | 28 October 1996 |
| | Company Data Maintenance Form | 12 January 1997 |
| | Final Prospectus Relating to the Offer of 1,508,483,257 Common Shares with a par value of PhP1.00 per share through a Stock Rights Offering | |
| | Memorandum of Agreement between Belle & SMCP | 23 November 2009 |
| <i>PLAI</i> | SEC Certificate of Incorporation | 11 November 2008 |
| | Articles of Incorporation | 24 October 2008 |
| | By-Laws | 24 October 2008 |
| | General Information 2012 | 02 February 2012 |
| | Amended General Information 2011 | 06 July 2011 |
| | General Information Sheet 2011 | 27 January 2011 |
| | General Information Sheet 2010 | 29 September 2010 |
| | Amended General Information Sheet 2010 | 15 February 2010 |
| | Secretary's Certificate re assignment of US\$50M under Escrow Account | 09 August 2011 |
| | Secretary's Certificate re signatories and representatives to the Consortium Agreement and the Provisional License Application with PAGCOR | 04 April 2011 |
| | Secretary's Certificate re formation of consortium and appointment of signatories for the consortium | 24 December 2008 |

Project Leisure
Due Diligence
List of Documents

| | | |
|--------------|--|-------------------|
| <i>SMCP</i> | SEC Certificate of Filing of Amended Articles of Incorporation | 30 September 2008 |
| | Cover Sheet of Amended Articles of Incorporation & By-Laws | |
| | Amended Articles of Incorporation | 11 September 2006 |
| | Certificate of Filing of Amended By-Laws | 30 September 2008 |
| | Amended By-Laws | 11 October 2006 |
| | Certificate of Amendment of Articles of Incorporation and By-Laws | 12 September 2008 |
| | Letter to SEC re pending change of names of SM Companies | 26 August 2008 |
| | Amended General Information Sheet 2011 | 29 December 2011 |
| | General Information Sheet 2011 | 22 August 2011 |
| | Amended General Information Sheet 2010 | 18 August 2010 |
| | Secretary's Certificate re assignment of US\$50M under Escrow Account | 09 August 2011 |
| | Secretary's Certificate re amendment of Resolution dated 04 November 2008 | 04 April 2011 |
| <i>SMDC</i> | SEC Certificate of Filing of Amended Articles of Incorporation | 28 August 1997 |
| | Amended Articles of Incorporation | 12 July 1974 |
| | SEC Certificate of Filing of Amended By-Laws | 12 May 2004 |
| | Amended By-Laws | 29 July 1974 |
| | Company Data Maintenance Form | |
| | General Information Sheet 2011 | 26 May 2011 |
| | Certification | 26 May 2010 |
| | General Information Sheet 2010 | 26 May 2010 |
| | Secretary's Certificate re assignment of US\$50M under Escrow Account | 07 December 2011 |
| | Secretary's Certificate re formation of consortium and appointment of signatories for the consortium | 03 March 2009 |
| | Certificate of Increase of Capital Stock | 2 June 2011 |
| <i>SMHCC</i> | SEC Certificate of Filing of Amended Articles of Incorporation | 29 March 2010 |
| | Certificate of Amendment of Articles of Incorporation and By-Laws | 09 May 2010 |
| | SEC Certificate of Filing of Amended By-Laws | 29 March 2010 |
| | Amended By-Laws | 03 March 2008 |
| | General Information Sheet 2011 | 26 December 2011 |
| | Amended General Information Sheet 2011 | 08 February 2011 |
| | Amended General Information Sheet 2010 | 16 September 2010 |
| | General Information Sheet 2010 | 11 January 2010 |
| | Secretary's Certificate re assignment of US\$50M under Escrow Account | 09 August 2011 |
| | Secretary's Certificate re signatories and representatives to the Consortium Agreement and the Provisional License | 04 April 2011 |
| | Application with PAGCOR | |
| | Secretary's Certificate re formation of consortium and appointment of signatories for the consortium | 24 December 2008 |

Project Leisure
Due Diligence
List of Documents

| | | |
|--------------|--|-------------------|
| <i>SMIC</i> | SEC Certificate of Filing of Amended Articles of Incorporation | 03 June 2009 |
| | Amended Articles of Incorporation | 23 December 1959 |
| | SEC Certificate of Filing of Amended By-Laws | 08 May 2007 |
| | Amended By-Laws | 18 January 1960 |
| | General Information Sheet 2011 | 27 May 2011 |
| | General Information Sheet 2010 | 28 May 2010 |
| | General Information Sheet 2009 | 25 May 2009 |
| | Secretary's Certificate re assignment of US\$50M under Escrow Account | 07 December 2011 |
| | Secretary's Certificate re formation of consortium and appointment of signatories for the consortium | 24 December 2008 |
| | Certificate of Increase of Capital Stock | 14 June 2007 |
| | Treasurer's Affidavit | 26 April 2007 |
| <i>SML</i> | Certificate of Filing of Amended Articles of Incorporation | 06 October 2011 |
| | Amended Articles of Incorporation (As Amended as of August 8, 2008) | 04 August 2011 |
| | Certificate of Filing of Amended By-Laws | 03 October 2008 |
| | Amended By-Laws (As Amended as of August 8, 2008) | 08 August 2009 |
| | 2011 General Information Sheet | 26 December 2011 |
| | Amended General Information Sheet | 29 December 2011 |
| | General Information Sheet 2011 | 04 April 2011 |
| | Amended General Information Sheet 2011 | 08 September 2011 |
| | General Information Sheet 2011 | 05 May 2011 |
| | General Information Sheet 2010 | 04 Ma 2010 |
| | Amended General Information Sheet 2009 | 11 February 2009 |
| | Secretary's Certificate re assignment of US\$50M under Escrow Account | 09 August 2011 |
| | Secretary's Certificate re signatories and representatives to the Consortium Agreement and the Provisional License Application with PAGCOR | 04 April 2011 |
| | Secretary's Certificate re formation of consortium and appointment of signatories for the consortium | 24 December 2008 |
| | Certificate of Increase of Capital Stock | 6 October 2011 |
| | Certificate of Increase of Capital Stock | 4 August 2011 |
| | Treasurer's Affidavit | 4 August 2011 |
| | List of Stockholders | 1 October 2010 |
| | Secretary's Certificate | 4 August 2011 |
| | Secretary's Certificate | 4 August 2011 |
| | SGV Auditor's Report | 25 August 2011 |
| | Secretary's Certificate | 18 August 2011 |
| | SEC Company Registration and Monitoring Department | 26 September 2011 |
| 1.4 | Annual Report | |
| <i>Belle</i> | | |
| | 2011 Annual Report | 2011 |
| <i>SMDC</i> | | |
| | 2010 Annual Report | 2010 |
| | 2011 Annual Report | 2011 |
| <i>SMIC</i> | | |
| | 2009 Annual Report | 2009 |
| | 2010 Annual Report | 2010 |
| | 2011 Annual Report | 2011 |

Project Leisure
Due Diligence
List of Documents

| | | |
|--------------|--|------------------|
| 1.5 | Audited Financial Statements | |
| <i>PLAI</i> | 2008 Financial Statements | 2008 |
| | 2009 Financial Statements | 2009 |
| <i>SMHCC</i> | 2009 Financial Statements | 2009 |
| | 2010 Financial Statements | 2010 |
| | 2011 Financial Statements | 2011 |
| <i>SML</i> | 2009 Financial Statements | 2009 |
| | 2010 Financial Statements | 2010 |
| | 2011 Financial Statements | 2011 |
| <i>SMCP</i> | 2009 Financial Statements | 2009 |
| | 2010 Financial Statements | 2010 |
| | 2011 Financial Statements | 2011 |
| <i>SMDC</i> | 2008 Financial Statements | 2008 |
| | 2009 Financial Statements | 2009 |
| | 2010 Financial Statements | 2010 |
| <i>SMIC</i> | 2009 Financial Statements | 2009 |
| | 2010 Financial Statements | 2010 |
| | 2011 Financial Statements | 2011 |
| 1.6 | SEC Forms | |
| <i>Belle</i> | 2011 SEC Form 17-A | 31 December 2011 |
| | Index to Financial Statement and Supplementary Schedule, Form 17A, Item No. 7 | N/A |
| | Index to Exhibits Form 11-A | N/A |
| | Signatures | 28 March 2012 |
| | Belle Statement of Management's Responsibility For Consolidated Financial Statements | 15 March 2012 |
| | Independent Auditor's Report | 22 February 2012 |
| | Consolidated Statement of Financial Positions | |
| | Consolidated Statement of Comprehensive Income | |
| | Consolidated Statement of Changes in Equity for the years ended December 31, 2011, 2010 & 2009 | |
| | Consolidated Statement of Cash Flows | |
| | Notes to Consolidated Financial Statements | |
| | Independent Auditors Report on Supplementary Schedule | |
| | Schedule A-Financial Assets | 31 December 2011 |
| | Schedule B-Amount of Receivables from Directors, Officers, and Employees | |
| | Schedule C-Amount of Receivables from Related Parties | |
| | Schedule D-Intangible Assets | |
| | Schedule E-Long Term Debt | |
| | Schedule F-Indebtedness to Related Parties | |
| | Schedule G-Guarantees of Securities of other Issuers | |
| | Schedule H-Capital Stocks | |
| | Schedule I-Reconciliation of Retained Earnings Available for Dividend Declaration | |
| | Supplementary Schedule Required under SRC Rule 68, as Amended (2011) | |
| | Conglomerate Map of SMIC | |
| | Conglomerate Map of Belle | |
| | Memorandum of Agreement between SM and Belle | 23 November 2009 |

Project Leisure
Due Diligence
List of Documents

SMIC

| | |
|--|-------------------|
| SEC Form 17-A | |
| SEC Form 17-A December 31, 2011 | 12 April 2012 |
| SEC Form 17-A December 31, 2010 | 08 April 2011 |
| SEC Form 17-A December 2009 (Final) | 12 April 2010 |
| SEC Form 17-C 2009 | |
| SEC Form 17-C 2009 SM Hits a Hundred Retail Outlets | 06 May 2009 |
| SEC Form 17-C 2009 SMIC Cash Dividend | 29 April 2009 |
| SEC Form 17-C Final Terms of 2009 Bond | 15 September 2009 |
| SEC Form 17-C Organizational Meeting & 30% Cash Dividend | 29 April 2009 |
| SEC Form 17-C Press Release on Dollar Bond Issue | 09 September 2009 |
| SEC Form 17-C Press Release on SMIC sets rates for retail bonds | 05 June 2009 |
| SEC Form SEC 17-C SM Philratings | 27 April 2009 |
| SEC Form SEC 17-C SM to Issue P10B Fixed Rate Bonds | 03 April 2009 |
| SEC Form 17-C SM Doubles Bond Size to P10B | 15 June 2009 |
| SEC Form 17-C SM obtain SEC Approval for Retail Bond Issue | 29 May 2009 |
| SEC Form 17-C SM Q1'09 | 13 May 2009 |
| SEC Form 17-C SM's Net Income Increases 14% to P10.8B | 16 November 2009 |
| SEC Form 17-C on Corporate Government Award | 29 April 2010 |
| SEC Form 17-C on SM 2010 SM Declares Cash Dividends | 28 April 2010 |
| SEC Form 17-C Organizational Meeting & 30% Cash Dividend | 28 April 2010 |
| SEC Form 17-C Press release SMIC to Issue New USD Bonds due 2017 in Exchange Offer & New Cash Transactions | 22 September 2010 |
| SEC Form 17-C SM to Open Radisson Blu Hotel Cebu by 2H2010 | 20 May 2010 |
| SEC Form 17-C SM's Posts 14% Growth in Net Income 1 st Qtr 2010 results | 28 April 2010 |
| SEC Form 17-C Press release on Minimum Coupon on USD Bonds Due 2017 | 29 September 2010 |
| SEC Form 17-C Press release on NEW USD Bonds due 2017 in Exchange Offer and New Cash Transaction 9.22 | 22 September 2010 |
| SEC Form 17-C SM First Half 2010 NI up 15% to P8.5B Press Release | 05 August 2010 |
| SEC Form 17-C SM Outperforms Net Income Target for Jan to Sept Rising 16% to P12.5B Press Release | 12 November 2010 |
| SEC Form 17-C Change of Transfer Agent | 05 August 2010 |
| Press Release SM Declares 2010 Cash Dividends | 28 April 2010 |

Project Leisure
Due Diligence
List of Documents

| | |
|---|-------------------|
| SEC Form 17-C SM 2011 SM Declares Cash Dividends | 27 April 2011 |
| SEC Form 17-C SM Organizational Meeting on 4.27.11 & 30% Cash Dividends | 27 April 2011 |
| SEC Form 17-C Press release on SM First Half 2011 Net Income up 13% to P9.6B | 04 August 2011 |
| SEC Form 17-C Press release on SMHCC Signs Contract with Carlson for Park Inn Davao | 09 May 2011 |
| SEC Form 17-C Press release on SM Net Income up to 13.6% to 14.2B | 14 November 2011 |
| SEC Form 17-C Press release on SM posts 13% growth in IQ2011 Net Income | 05 May 2011 |
| SEC Form 17-C Press release on SM Purchase of Atlas | 01 July 2011 |
| SEC Form 17-C Press release on SM Invest in Atlas Mining | 01 July 2011 |
| SEC Form 17-C Press release on SMIC Issues P5 Billion Fixed Rates Corporation Notes | 22 September 2011 |
| SEC Form 17-C Press release on SM's P10B bonds maintain PRS AAA Rating | 29 September 2011 |
| SEC Form 17-C SM Organizational Meeting & 30% Cash Dividends | 26 April 2012 |
| SEC Form 17-C SMIC Notice on 2012 Annual SH Meeting | 02 March 2012 |
| SEC Form 17-C Press release on SM 2011 Net Income Expands to 15% to P21.2B | 07 March 2012 |
| SEC Form 17-C Press Release on SM First Quarter 2012 Net Income Grows 13% to P6.0B | 26 April 2012 |
| SEC Form 17-C Press release on SM Php 10 Billion Fixed Rate Bonds Received PRS AAA Rating | 16 April 2012 |
| SEC Form 17-C Press release on SM to Issue Convertible Bond | 02 February 2012 |
| SEC Form 17-C Press release on SM to Issue Fixed-Rate Retail Bonds | 13 April 2012 |
| SEC Form 17-C Press release on SMIC successfully launched convertible bond | 02 February 2012 |
| SEC Form 17-C Press release SM 2012 Cash Dividends | 26 April 2012 |
| SEC Form 17-Q 2009 2 nd Quarter Report | 30 June 2009 |
| SEC Form 17-Q 2009 1 st Quarter Report | 31 March 2009 |
| SEC Form 17-Q 2009 3 rd Quarter Report | 30 September 2009 |
| SEC Form 17-Q 2010 2 nd Quarter Report | 30 June 2010 |
| SEC Form 17-Q 2010 1 st Quarter Report | 31 March 2010 |
| SEC Form 17-Q 2010 3 rd Quarter Report | 30 September 2010 |
| SEC Form 17-Q 2011 2 nd Quarter Report | 30 June 2011 |
| SEC Form 17-Q 2011 1 st Quarter Report | 31 March 2011 |
| SEC Form 17-Q 2011 3 rd Quarter Report | 30 September 2011 |

Project Leisure
Due Diligence
List of Documents

PROVISIONAL GAMING LICENSE

| | | |
|-----|--|------------------|
| 2.1 | Provisional License | |
| | PAGCOR Certificate of Affiliation & Provisional License | 12 December 2008 |
| | PAGCOR letter to SMI re possible extension of 2 year period for the full investment of 40% of total investment | 10 December 2008 |
| | Provisional License granted by PAGCOR to the Consortium | 12 December 2008 |
| | Annex A-Documentary Requirement | |
| | Annex B-Licensee's Proposal, Concept Plan, Key Concept | |
| | Components of the Master Development Plan, Financial Projection | |
| | SMIC Manila Bay Casino Business Plan | February 2008 |
| | Narrative Description | |
| | Casino Staff Numbers | |
| | 5 Year Projected Financials-SMIC (Operation at Full Scale) | |
| | Annex C-Site Map Description | |
| | Annex D-Income Components | |
| 2.2 | Consortium Agreement | 12 December 2008 |
| 2.3 | Terms of Reference re Bagong Nayong Pilipino Manila Bay Integrated City | N/A |
| 2.7 | Correspondences with PAGCOR | |
| | SMIC letter to Belle re the transmittal to PAGCOR of the original bond certificate issued by Prudential Guarantee and Assurance, Inc. | 21 February 2012 |
| | PLAI letter to PAGCOR transmitting the original copy of the bond certificate issued by Prudential Guarantee and Assurance, Inc. to secure the performance by the Consortium of its obligations under the Provisional License | 17 February 2012 |
| | Surety Bond issued by Prudential Guarantee and Assurance, Inc. in the amount of PhP100 Million | 15 February 2012 |
| | Indemnity Agreement between Belle and Prudential Guarantee and Assurance, Inc. | 15 February 2012 |
| | PAGCOR letter to SMIC re identification of beneficiary foundation | 31 January 2012 |
| | PAGCOR letter to SMIC re Board approval of proposal to secure PhP100M Performance Bond from Prudential Guarantee and Assurance, Inc. | 30 January 2012 |
| | PAGCOR letter to PLAI re Board approval of the Consortium's Project Implementation Plan | 20 December 2011 |
| | PAGCOR letter to Travellers International Hotel Group, Inc., Tiger Resorts Leisure and Entertainment, Inc., SMIC and Bloomberry Resorts and Hotels, Inc. acknowledging receipt of submitted documents on the Project Implementation Plan for Entertainment City Manila Project | 2 December 2011 |
| | SMIC letter to PAGCOR re New Project Implementation Plan for Belle Grande | 29 November 2011 |
| | PAGCOR letter to SMIC approving the request that Belle be formally included as a member of the SM Consortium | 28 November 2011 |
| | PAGCOR letter to SMIC re deadline for submission of New Project Implementation Plan for the Entertainment City Manila Project | 8 November 2011 |
| | PLAI letter to PAGCOR re inquiry on possibility of leasing 10 hectares in space | 18 November 2011 |
| | PLAI letter to PAGCOR re background discussion on the inclusion of Belle in the Consortium | 3 November 2011 |
| | Inclusion of Belle as Consortium Member Work Paper | N/A |

Project Leisure
Due Diligence
List of Documents

| | |
|--|------------------|
| PAGCOR letter to PLAI and SMIC re supplier's claim to be endorsed by PAGCOR to supply licensees' logistical requirements for the Entertainment City Manila Project | 3 October 2011 |
| PAGCOR letter to SMIC re List of the Project Implementation Plan documentary requirements for submission | 14 October 2011 |
| PAGCOR-Entertainment City Manila Project Implementation Plan | N/A |
| PAGCOR letter re company profile of Pampanga-based suppliers | 7 September 2011 |
| Letter from Chamber of Furniture Industries of the Philippines re company profile of Pampanga members for accreditation to become suppliers | 1 September 2011 |
| Letter to PAGCOR from PLAI transmitting the 18 July 2011 guidelines letter with the conformity of PLAI | 5 September 2011 |
| PAGCOR letter to PLAI and SMIC re Board approval of the request to change location of the project site | 26 August 2011 |
| PAGCOR letter to SMIC re request for submission of documents in line with internal reportorial requirements | 4 August 2011 |
| PAGCOR letter re development guidelines as prerequisites to casino opening | 18 July 2011 |
| PLAI letter to PAGCOR requesting for the approval of the proposed members of the Board of Directors of PLAI | 25 April 2011 |
| SMIC letter to PAGCOR clarifying certain matters relating to the Provisional License | 30 March 2011 |
| Letter from PAGCOR to SMIC request for extension of the period for the full investments of 40% of total investment commitment | 25 March 2009 |
| Letter from PAGCOR to SM Investments Corp re: Provisional License | 22 March 2011 |
| PLAI Secretary's Certificate on the authorized representatives of PLAI to the Consortium Agreement and the Provisional License Application | 4 April 2011 |
| PLAI letter to PAGCOR transmitting proof of lawful possession of the land for the Phases 1 and 2 Project sites in compliance with the conditions for the approval of the Project Implementation Plan | 2 January 2011 |
| SMIC letter to PAGCOR transmitting summary of cost estimates, cost breakdowns, etc. pursuant to the Project Implementation Plan | 29 June 2010 |
| SMIC letter PAGCOR clarifying certain data contained in the Project Implementation Plan | 22 June 2010 |
| Cost Estimate – Budgetary Estimate Summary | 21 June 2010 |
| Cost Estimate – Phase 1A-Basement, Casino, Condo Podium, Hotel Tower 1 Structure | 21 June 2010 |
| Cost Estimate – Phase IB-High End Hotel Tower 1 – Structure & Finishes | 21 June 2010 |
| Cost Estimate – Phase 2-Hotel Tower 2 – Structure & Finishes | 21 June 2010 |
| Amphitheatre Preliminary Cost | 21 June 2010 |
| PLAI letter to PAGCOR re possibility of leasing 10 hectare portion of the Bagong Nayong Pilipino – Entertainment City to build an Integrated Resort Complex | 15 November 2010 |
| PAGCOR letter to SMIC approving the request for extension of submission of documentary requirements | 26 October 2010 |

Project Leisure
Due Diligence
List of Documents

| | |
|--|------------------|
| PAGCOR letter re request for submission of documents from each of the consortium members (i.e. business permits, audited financial statements, etc.) | 13 October 2010 |
| PAGCOR letter to SMIC acknowledging receipt of the SM Consortium's revised Project Implementation Plan, noting the changes made, and raising certain points for clarification | 1 June 2010 |
| PAGCOR letter to SMIC re requesting for clarification on inaccuracies found in various news reports | 18 May 2010 |
| PAGCOR letter to SMIC confirming that the Consortium can secure Performance and Surety Bonds from the GSIS | 15 May 2009 |
| PAGCOR letter enforcing compliance with Regulatory Order No. 002-2009 requiring employees of casino licensees to obtain Gaming Employment Licenses | 24 April 2009 |
| PAGCOR letter to SMIC confirming the utilization of the US\$50 Million BDO Escrow Account maintaining balance as security for financing the completion of not only the Casino component but the entire Bagong Nayong Pilipino Entertainment City Project | 23 April 2009 |
| PAGCOR letter to SMIC approving SMIC's request to place its Escrow Account with BDO as security for the loans which it will secure from such bank. | 20 April 2009 |
| PAGCOR letter to SMIC approving the latter's request for an extension of at least 1 year but not to exceed 2 years for the full investment of 40% of the total investment commitment amounting to US\$1 Billion | 25 March 2009 |
| PAGCOR letter to SMIC seeking for clarification on certain matters relating to the Provisional License | 22 March 2011 |
| PAGCOR letter to SMIC enforcing compliance with the PD 1869 as amended the RA 9487 re purchasing gaming equipment and paraphernalia from PAGCOR-accredited suppliers | 19 March 2009 |
| PAGCOR letter re invitation to charity auction | 10 March 2010 |
| PAGCOR letter to SMIC responding to letter dated 8 February 2010 on the US\$3,073,055.56 drawdown on Escrow Account and raising certain points of clarification | 22 February 2010 |
| PAGCOR letter to SMIC requesting for supporting documents showing usage of drawdowns from the Escrow Account | 14 January 2010 |
| PAGCOR letter to SMIC following up on requested revision of the Project Implementation Plan to be consistent with the target dates indicated in the Revised Capital Expenditure Projection, as well as for the submission of certain documents and information | 26 November 2009 |
| PAGCOR letter to SMIC requesting for the revision of the Project Implementation Plan to be consistent with the target dates indicated in the Revised Capital Expenditure Projection, as well as for the submission of certain documents and information | 6 October 2009 |
| PAGCOR letter to SMIC approving the proposal to consolidate casino operations at the Bagong Nayong Pilipino Entertainment City Manila through the transfer of SMIC's ownership of PLAI to a special purpose entity which will be formed and owned by Belle and one or more Nevada-based casino operators | 7 August 2009 |

Project Leisure
Due Diligence
List of Documents

| | |
|---|------------------|
| Letter from PAGCOR to SMIC re compliance on regulatory order no. 002-2009 | 24 April 2009 |
| Letter from PAGCOR to SMIC re letter dated 20 April 2009 covering advise of approval on the request of the SM Consortium to use the US\$50 Million maintaining balance of Escrow Account at BDO | 23 April 2009 |
| PAGCOR letter to SMIC approving the extension of the deadline for submission of the Project Implementation Plan for the Bagong Nayong Pilipino Entertainment City Manila Project up to 30 June 2009 | 21 April 2009 |
| Letter from PAGCOR to SMIC re compliance with regulatory order | 19 March 2009 |
| PAGCOR letter to SMIC granting an extension of the period within which 40% of the total investment commitment must be infused to least 1 year but not to exceed 2 years, which shall reckon from the end of the 2 year period stated in the Provisional License | 16 March 2009 |
| Letter from PAGCOR to SMIC re query with various bonding companies for quotation on the Performance and Surety Bonds | 15 March 2009 |
| PAGCOR letter to SMIC re identification of possible foundation dedicated to cultural heritage that would be a beneficiary to the 2% revenues from non-junket tables | 16 February 2009 |
| PAGCOR letter to SMIC highlighting certain deliverables of the SM Consortium as stated in the Provisional License (i.e. setting up of escrow account, submission of a performance assurance, etc.) | 22 December 2008 |
| PAGCOR letter to SMIC transmitting 6 sets of the revised Provisional License covering the Bagong Nayong Pilipino Entertainment City Manila for signing | 2 December 2008 |

LAND

| | | |
|-----|--|------------------|
| 3.3 | Real Property Tax Declarations over the Owned Land and Proof of Payment of Real Property Taxes Declaration of Real Property at City of Paranaque and Official Receipts | |
| | Declaration of Real Property Control No. 134515 for CTC No. 166290; Tax Declaration No. E-015-07791 in the name of Social Security System | 07 March 2012 |
| | Declaration of Real Property Control No. 134516 for CTC No. 166291; Tax Declaration No. E-015-07792 in the name of Social Security System | 07 March 2012 |
| | Declaration of Real Property Control No. 134517 for CTC No. 166292; Tax Declaration No. E-015-07793 in the name of Social Security System | 07 March 2012 |
| | Declaration of Real Property Control No. 134518 for CTC No. 010-20100000882; Tax Declaration No. E-015-09396 in the name of Manila Bay Park Developers Inc. | 07 March 2012 |
| | Declaration of Real Property Control No. 134519 for CTC No. 010-20100000883; Tax Declaration No. E-015-09397 in the name of Manila Bay Park Developers Inc. | 07 March 2012 |
| | Declaration of Real Property Control No. 134517 for CTC No. 010-20100000881; Tax Declaration No. E-015-09395 in the name of Manila Bay Park Developers Inc. | 30 December 2010 |

Project Leisure
Due Diligence
List of Documents

| | |
|---|------------------|
| Declaration of Real Property for CTC No. 010- 20100000880; Tax Declaration No. E-015-09394 in the name of Manila Bay Park Developers Inc. | 30 December 2010 |
| Declaration of Real Property for CTC No. 010- 20100000879; Tax Declaration No. E-015-09393 in the name of Manila Bay Park Developers Inc. | 30 December 2010 |
| Declaration of Real Property for CTC No. 010- 20100000878; Tax Declaration No. E-015-09392 in the name of Manila Bay Park Developers Inc. | 30 December 2010 |
| Declaration of Real Property for CTC No. 136452; Tax Declaration No. E-015-06707 in the name of Manila Bay Park Developers Inc. | 30 June 1999 |
| Declaration of Real Property for CTC No. 166290; Tax Declaration No. E-015-09554 in the name of Social Security System | 27 November 2011 |
| Declaration of Real Property for CTC No. 166291; Tax Declaration No. E-015-09555 in the name of Social Security System | 2 November 2011 |
| Declaration of Real Property Control No. 203086 for CTC No. 166290; Tax Declaration No. E-015-08310 in the name of Social Security System | 9 May 2011 |
| Declaration of Real Property Control No. 203087 for CTC No. 166291; Tax Declaration No. E-015-08311 in the name of Social Security System | 9 May 2011 |
| Declaration of Real Property Control No. 203088 for CTC No. 166292; Tax Declaration No. E-015-08312 in the name of Social Security System | 9 May 2011 |
| Real Property Tax Receipt OR No. 27295195 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 27295207 issued to Manila Bay Landholdings Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 27295230 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 27295244 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 27295252 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 27295263 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 27295274 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 27295285 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 14 December 2011 |
| Real Property Tax Receipt OR No. 2662158 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 October 2011 |
| Real Property Tax Receipt OR No. 2662159 issued to Manila Bay Landholdings Inc. issued at Paranaque City | 20 October 2011 |
| Real Property Tax Receipt OR No. 2662162 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 October 2011 |
| Real Property Tax Receipt OR No. 2662163 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 October 2011 |
| Real Property Tax Receipt OR No. 2662164 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 October 2011 |

Project Leisure
Due Diligence
List of Documents

| | | |
|-----|---|-----------------|
| | Real Property Tax Receipt OR No. 2662165 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 October 2011 |
| | Real Property Tax Receipt OR No. 2662166 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 October 2011 |
| | Real Property Tax Receipt OR No. 2662167 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 October 2011 |
| | Real Property Tax Receipt OR No. 2634941 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2634942 issued to Manila Bay Landholdings Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2634945 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2634946 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2634947 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2634948 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2634949 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2634950 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 19 April 2011 |
| | Real Property Tax Receipt OR No. 2604441 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2604442 issued to Manila Bay Land Holdings Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2604443 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2604444 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2604445 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2604446 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2604447 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2604448 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 January 2011 |
| | Real Property Tax Receipt OR No. 2494065 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 30 July 2010 |
| | Real Property Tax Receipt OR No. 2494066 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 30 July 2010 |
| | Real Property Tax Receipt OR No. 2482868 issued to Manila Bay Park Developers Inc. issued at Paranaque City | 20 April 2010 |
| 3.4 | Valuation Report of the Land | |
| | Cuervo Appraisers | |
| | Comparative Analysis | N/A |
| 3.5 | Mortgages | |
| | Real Estate Mortgage for Php50M | 19 April 2005 |
| | Amendment of Real Estate of Mortgage for Php100M | 06 June 2005 |
| | Second Amendment of Real Estate Mortgage for Php400M | 13 July 2005 |

Project Leisure
Due Diligence
List of Documents

| | | |
|-----|--|-------------------|
| 3.6 | Lease Contracts | |
| | Contract of Lease between SSS and Belle | 22 April 2010 |
| | Amendment to Contract of Lease between SSS and Belle | 10 April 2010 |
| | Contract of Lease between Belle and ABLGI, LRWC, with the conformity of PLAI | 14 January 2011 |
| | Lease Agreement between Belle and ABLGI, LRWC, with the conformity of Belle Bay City Corporation | 14 January 2011 |
| | Memorandum of Agreement between PLAI and ABLGI | 14 January 2011 |
| | Operating Agreement between PLAI and ABLGI | 14 January 2011 |
| | Supplemental Agreement between PLAI and ABLGI | 14 January 2011 |
| | Site Relocation of ABLGI/LRWC | 12 December 2011 |
| | PLAI letter to LRWC re Site Relocation of ABLGI/LRWC Addendum | 15 December 2011 |
| | SSS Letter to Belle re revised Amendment to Contract of Lease between SSS and Belle for the extension of the lease up to 25 years of the 2.0 hectare lot located in Aseana Business Park | 11 April 2012 |
| | Amendment to Contract of Lease | N/A |
| | Signed Amendment to Contract of Lease SSS and Belle | 24 May 2012 |
| | Belle letter to SM Investment Corp. re Amendment to Contract of Lease | 22 May 2012 |
| | SSS letter to Belle re notarized Amendment to Contract of Lease | 14 May 2012 |
| | Amendment to Contract of Lease | 4 September 2012 |
| | Letter stating "SSS has no objection" to the annotations of the two lease contracts onto the TCT's of the lands owned by SSS. | |
| 3.7 | Proof of Compliance of Obligations Under the Lease Contracts | |
| | SSS Rental Payment for April 23 to May 22, 2012 in the amount of P2,223,980.00 paid by Belle – M0280171 | 19 April 2012 |
| | SSS Rental Payment for March 23 to April 22, 2012 in the amount of P555,995.00 paid by Belle – M0350093 | 19 March 2012 |
| | SSS Rental Payment for February 23 to March 22, 2012 in the amount of P555,995.00 paid by Belle – M0190105 | 20 February 2012 |
| | SSS Rental Payment for January 23 to February 22, 2012 in the amount of P555,995.00 paid by Belle – M0190159 | 19 January 2012 |
| | SSS Rental Payment for December 23 to January 22, 2012 in the amount of P555,995.00 paid by Belle - M0280119 | 19 December 2011 |
| | SSS Rental Payment for November 23 to December 22, 2011 in the amount of P555,995.00 paid by Belle – M0350142 | 18 November 2011 |
| | SSS Payment for October 23 to November 22, 2012 in the amount of P555,995.00 paid by Belle – M0350054 | 20 October 2011 |
| | SSS Rental Payment for September 23 to October 22, 2011 in the amount of P555,995.00 paid by Belle – M0350087 | 20 September 2011 |
| | SSS Rental Payment for August 23 to September 22, 2011 in the amount of P555,995.00 paid by Belle – | 19 August 2011 |
| | SSS Rental Payment for July 23 to August 22, 2011 in the amount of P555,995.00 paid by Belle – M0350179 | 20 July 2011 |
| | SSS Rental Payment for June 23 to July 22, 2011 in the amount of P555,995.00 paid by Belle – M0350017 | 21 June 2011 |
| | SSS Rental Payment for May 23 to June 22, 2011 in the amount of P555,995.00 paid by Belle – M0370051 | 20 May 2011 |
| | SSS Rental Payment for April 23 to May 22, 2011 in the amount of P555,995.00 paid by Belle – M0280173 | 18 April 2011 |
| | SSS Rental Payment for March 23 to April 22, 2011 in the amount of P555,995.00 paid by Belle – M0030065 | 22 March 2011 |

Project Leisure
Due Diligence
List of Documents

| | |
|---|------------------------------|
| SSS Rental Payment for February 23 to March 22, 2011 in the amount of P555,995.00 paid by Belle – M0350108 | 21 February 2011 |
| SSS Rental Payment for January 23 to February 22, 2011 in the amount of P555,995.00 paid by Belle – M0350002 | 24 January 2011 |
| SSS Rental Payment for December 23 to January 22, 2011 in the amount of P555,995.00 paid by Belle – M0180002 | 21 December 2010 |
| SSS Payment Deposit for 2 months in the amount of P4,447,960.00 paid by Belle – M0180027 | 23 April 2010 |
| SSS Payment for 8 months advance rental in the amount of P4,447,960.00 paid by Belle – M0180026 | 23 April 2010 |
| Belle letter to SSS re confirmation of Belle’s approval to execute the proposed Amendment to Contract of Lease with attached Amendment to Contract of Lease between SSS and Belle | 13 April 2012 |
| Email from Manuel Gana to SMIC re Revision to Amendment to Contract of Lease with SSS | 11 April 2012 4:27 p.m. |
| Email from Manuel Gana to SMIC re Revision to Amendment to Contract of Lease with SSS | 11 April 2012 2:55 p.m. |
| SSS letter to Belle re for confirmation of the revised Amendment to Contract of Lease with attached Amendment to Contract of Lease | 11 April 2012 |
| Belle fax memo to SMIC re SSS Amendment to the Contract of Lease with attached Amendment to Contract of Lease | 10 April 2012 |
| Belle letter to SSS re request for written consent to pose no objection to the inclusion of the properties to Tourism Economic Zone Developer with PEZA | 29 March 2012 |
| Letter to SSS re Belle’s Application for its Integrated Resort Complex to be accredited as a Tourism Economic Zone by the PEZA | 05 January 2012 |
| Undertaking | 04 January 2012 |
| Letter to SSS re approval of the proposed Amendment to Contract of Lease by the Board of Directors with attached Amendment to Contract of Lease | 26 March 2012 |
| SSS letter to Belle re approval of the proposal to extend the lease of SSS | 20 March 2012 |
| Email to SMIC re Draft Agreement for extension of lease on SSS Land to 2035 | 20 March 2012 |
| Email to SMIC re transmittal of soft copy of Draft Amendment to Contract of Lease | 19 March 2012 |
| Belle fax memo re Proposed Terms for Extension of Contract of Lease with SSS | 23 February 2012 10:20 am |
| Belle fax memo re Proposed Extension of Contract of Lease with SSS with attached Belle Letter to SSS and Proposed Lease Rate Derivation Method as Exhibit 1 | 23 February 2012 9:55 am |
| Update on SSS Lease Extension Summary of Relevant Lease Terms | 16 February 2012 |
| Belle letter to Mr. Washington Sycip re request for courtesy meeting | 13 February 2012 |
| Belle letter to SSS re consideration of certain amendments as to Annual Lease Rental, Rental rate and 5% escalation rate within each Appraisal Cycle. | 6 February 2012 |
| Email to Manuel Gana re terms and conditions approved by the IOC on the proposal to extend the lease term for 10 years of ASEANA Property | 01 February 2012 |

Project Leisure
Due Diligence
List of Documents

| | |
|--|-------------------|
| Belle letter to SSS re proposed term of extension of lease by 15 years (to April 2035) on the Contract of Lease | 6 February 2012 |
| Email to Manuel Gana re approved terms and conditions by the OIC on the proposed extension of lease from 10 to 25 years | 01 February 2012 |
| Email to SMIC re SSS Lease Extension-Draft response to SSS counter-proposal | 06 February 2012 |
| Final version of the letter to SSS incorporating comments of the Excom members | |
| Belle fax memo re SSS Lease Extension | 02 February 2012 |
| Belle draft letter to SSS re proposed term of extension of lease by 15 years (to April 2035) on the Contract of Lease | 6 February 2012 |
| Belle letter to SSS for consideration of its current Contract of Lease from 10 years to 15 years | 20 January 2012 |
| Email to Manuel Gana allowing the SSS proposed provision that the rental rate should never decrease | 02 February 2012 |
| Email to Marge Y. Hernando re Extension of Belle Contract of Lease to April 2035 | 20 January 2012 |
| Belle letter to SSS re prospective extension of the term of the Contract of Lease | 16 January 2012 |
| Email to SMIC re Update on SSS Lease Extension | 08 December 2011 |
| Belle fax letter to SMPH re Leases of Land Adjacent to Belle Grande Resort, for Adjoining Mall & Entertainment project | 5 December 2011 |
| SSS letter to Belle re approval of the extension of Belle's Corporation Lease up to 25 years or until 22 April 2035 with Schedule of Rent for 25 years | 28 November 2011 |
| Belle letter to SSS re proposal of certain amendments to the Contract of Lease | 28 October 2011 |
| SSS letter reply on regards to the request for written confirmation to the inclusion of the SSS Property for application of Belle for PEZA Accreditation | 18 October 2011 |
| Memo of Manuel Gana to Excom of Belle re Proposal for SSS land lease extension with Analysis of Lease Extension of SSS to 25 years as Exhibit 1 | 25 October 2011 |
| Belle draft letter to SSS re proposal of certain amendments to the Contract of Lease | 28 October 2011 |
| Belle letter to SMPH on the request of input and suggestion on the proposal for SSS Land lease extension | 21 October 2011 |
| Belle letter to SSS regarding its request for a meeting to discuss the amendment of the Contract of Lease with attached preliminary design for retail and entertainment mall | 6 October 2011 |
| Email from Manuel Gana re revised draft proposal to extend term of SSS Lease from 10 years to 25 years-with revised draft letter to SSS | 30 September 2011 |
| Email from Manuel Gana re request for a letter with formal proposal of the extension | 30 September 2011 |
| Draft letter to SSS re proposed certain amendments to the contract of lease | 30 September 2011 |
| Acknowledgment Receipt of Payment for Contract of Lease SSS & Belle | |
| Belle Letter to SSS re Lease Payment | 20 February 2012 |
| SSS R6 Miscellaneous Form Payment in the amount of P555,995.00 | |

Project Leisure
Due Diligence
List of Documents

| | | |
|--|---|---|
| 3.8 | Third parties' rights, interests and/or encumbrances Two Deeds of Sale between Light Rail Transit Authority & Belle covering portions of two parcels of land of the Project Site, both with the same date. | 06 December 2011 |
| 3.9 | NAIA Expressway Memorandum of Agreement between PAGCOR and Travellers International Hotel Group Inc., Bloomberry Resorts and Hotels Inc., Belle Corporation, Tiger Resorts Leisure and Entertainment Inc. Side Letter between PAGCOR and Travellers International Hotel Group Inc., Bloomberry Resorts and Hotels Inc., Belle Corporation, Tiger Resorts Leisure and Entertainment Inc. | 18 July 2012 18 July 2012 |
| CONSTRUCTION AND SITE WORK IN THE BUILDING STRUCTURES | | |
| 4.3 | Contract and agreements with the Integrated Resort Construction Parties Notice of Award ("NOA")/To Proceed ("NTP") and Contract Agreement Log | 26 April 2012 |
| 4.4 | Contracts and agreements suggested to be assumed by Melco for the construction of the Integrated Resort Total Estimated Cost Plan – ABLGI Only Notice of Award to Proceed Supply & Installation Uninterruptible Power Supply Equipment (30 Minutes Back-Up Time) Construction Agreement Belle & Computer Support Center NOA/NTP Supply & Installation of Auxiliary System NOA/NTP Architectural & Finishing Works at Basement Level NOA/NTP Architectural & Finishing Works at Ground Floor NOA/NTP Supply and Installation of Raised Flooring System NOA/NTP Internal Wall Partitions for Belle Grande Suites 1 to 4 ABLG letter to PLAI re Internal Wall Partitions for the 4 towers of the Belle Grande Suites Construction Cost per ABGLI for Belle Grande Manila Bay NOA NTP Supply & Installation of Uninterruptible Power Supply of Computer Supper Center, Inc. NOA NTP Supply & Installation of Auxilliary System (Structured Cabling & Data Network System of Electro- Systems Industries Corp. NOA NTP Architectural & Finishing Works at Basement Level-BOH of Paravisible Construction Non-Vat Official Acknowledgment Receipt P58,497.25 BDO Certifications Paravisible Construction P8,500,000.00 Non-Vat Official Acknowledgment Receipt P51,077.60 BDO Certifications Paravisible Construction P6,800,000.00 Non-Vat Official Acknowledgment Receipt P150,773.00 | 29 February 2012 28 June 2011 03 August 2011 03 June 2011 29 September 2011 29 September 2011 16 August 2011 15 February 2012 23 February 2012 N/A 28 June 2011 03 June 2011 29 September 2011 17 January 2012 17 January 2012 17 January 2012 17 January 2012 17 January 2012 |

Project Leisure
Due Diligence
List of Documents

| | |
|---|-------------------|
| BDO Certifications Paravisible Construction P34,000,000.00 | 17 January 2012 |
| NOA NTP Supply & Installation of Raised Flooring System of CWC International Corp. | 16 August 2011 |
| NOA NTP Internal Wall Partitions for Belle Grande Suites 1 to 4 of Macro Industrial Packaging Products Corp. | 15 February 2012 |
| ABLI letter to PLAI re Internal Partitions for the 4 towers | 23 February 2012 |
| FriedMutter Group letter Proposal for Architectural/Interior Master Plan Design Services-Concept | 26 November 2009 |
| Interior Design Services – Additional Areas for Hernandez Design Associates | 14 April 2010 |
| Design Agreement between ABGLI & Hernandez Design Associates, Inc. | 26 November 2009 |
| Contract of Services between ABGLI and Peter Cheung & Associates | N/A |
| NOA/NTP Schematic Master Planning for 6 Hotels of Yoo Eng Chia | 16 November 2011 |
| NOA/NTP Interior Design Services for New Areas for M Contemporary Interior Concept Corp. | 19 July 2011 |
| Interior Design of Additional New Areas, Change Order No. 1, M Contemporary Interior Concept Corp for ABLGI Change Order | 19 July 2011 |
| Change Order No. 1 New Areas | 19 July 2011 |
| Statement of Account Issued by M Contemporary for ABLGI | 5 July 2011 |
| Contract of Services by ABGLI and M Contemporary Interior Concept Corp. | 25 January 2011 |
| Contract of Services by ABGLI and Arlen P. De Guzman Design Associates Co. | 25 January 2011 |
| Billing Endorsement for Arlen P. De Guzman & Consultant Change Order No. 2 (Additional Areas & Revisions) Interior Design Service | 31 January 2011 |
| Change Order No. 2 Summary | 10 July 2011 |
| Interior Design Services – Phase 1 Change Order No. 2 (Additional Areas and Revisions) Arlen P. De Guzman | 17 October 2011 |
| Billing for Interior Design Consultancy Services – Arlen P. De Guzman | 29 November 2011 |
| Bar Chart for Belle Grande Casino & Resort | N/A |
| Declaration of Change Order No. 2 – Adjustment of Areas | N/A |
| Contract of Services ABGLI & EC Studio Manila, Inc. | 28 September 2011 |
| NOA/NTP Interior Design & Services for Hotel 1 & 2 | 02 August 2011 |
| Arlen P. De Guzman letter to ABLGI Approval & Compensation | 11 July 2011 |
| Change Order No. 2 Hotel Additional Area for Belle Grande Casino & Resort | N/A |
| Belle Grande Original Contract | N/A |
| NOA/NTP Lighting & Video Consultancy – Interior Scope for C-Lao Philippines, Inc. | 04 November 2011 |
| Lighting Design Consultancy Services Tabulation | 16 September 2011 |
| NOA/NTP Signage & Wayfinding Consultancy-Exterior Scope for B+C Design Inc. | 04 November 2011 |
| NOA/NTP 3D Animation Works for Digiscript Phils. Inc. | 12 October 2011 |
| Design Coordinates Inc. ID Construction Management Services | 31 August 2011 |

Project Leisure
Due Diligence
List of Documents

| | |
|--|-------------------|
| Proposed Manning Deployment Schedule for Condotel | 31 August 2011 |
| DCI Project Site Organization | 31 August 2011 |
| Appendix A – Scope of Services Design Coordinates | N/A |
| Project Management by ABGLI & Design Coordinates Inc. | 7 March 2011 |
| Design Coordinates ID Construction Management Services | 04 August 2011 |
| Scope of Basic Services | 04 August 2011 |
| DCI Project Site Development | 04 August 2011 |
| Proposed Manning Deployment Schedule for Casino, VIP Suites & South Hotel | 04 August 2011 |
| NOA/NTP Architectural and Engineering Design Services and Laundry Design Services for Felix Guggenheim | 24 August 2011 |
| Memo to Rogelio Robang re Proposal for Guggenheim Consulting | 18 August 2011 |
| Laundry Provisions Projected Cost Tabulation | 19 August 2011 |
| Commercial Terms | N/A |
| Engagement Agreement by ABGLI and Asia Pacific Gaming Consultancy Ltd. | 21 March 2011 |
| NOA/NTP Interior Architectural Finishing Works for Main Lobby, Mass Gaming and Public Toilets A, B, C & D for Excell Contractors and Developers, Inc. | 15 July 2011 |
| NOA/NTP Supply & Installation of Stones (Main Lobby, Mass Gaming, Junkets & Public Toilets A-D) of Liberty Marble & Granite | 30 September 2011 |
| NOA/NTP Supply & Delivery of Fabrics (Main Lobby, Mass Gaming, Junkets & Public Toilets A-D) of Weaves of Asia | 30 September 2011 |
| NOA/NTP Interior Architectural Finishing Works for Junket Area of Classique Ideas Interior Designs, Inc. | 15 July 2011 |
| NOA/NTP Supply, Delivery and Installation of Carpets of Barrington Carpets/C&A Carpets | 27 June 2011 |
| NOA/NTP Supply, Delivery & Installation of Decorative Lighting (Main Lobby, Mass Gaming, Junkets & Public Toilets A-D) of Azcor Lighting Systems, Inc. | 30 September 2011 |
| NOA/NTP Supply, Deliver & Installation of Slot Machine Chairs | 16 November 2011 |
| Hard Rock Hotel Application for Hotel & Casino | N/A |
| Hard Rock letter on proposed hotel & casino in Manila with Schedule 1 – Summary of Terms & Conditions | 24 February 2011 |
| Letter from Catania Gaming Consultants on Anti-Money Laundering (AML) Consultant for Belle Grande Manila Casino and Integrated Resort | 4 July 2011 |
| CIMIGO Research Proposal | 27 March 2011 |
| NOA/NTP Supply & Delivery of Cooling Towers of BAC Cooling Systems | 21 February 2011 |
| Change Order | 23 February 2012 |
| NOA/NTP Delivery of Three Chillers (Casino Only) of Trane Philippines | 27 June 2011 |

Project Leisure
Due Diligence
List of Documents

| | | |
|-----|--|------------------|
| 4.5 | Contract and Agreement relevant to the proper maintenance, security, repair, and replacement of necessary parts and equipment of the Building Structures | |
| | American Independent Line Bill of Lading No. AI1365836 | 06 November 2011 |
| | Trane Packaging List L/C 1016678 | 06 November 2011 |
| | NOA/NTP Supply and Delivery of Additional Five Chillers (Due to Centralized Mechanical Plant) for Trane Philippines | 23 March 2012 |
| | Belle Corp Purchase Orders from Trane Export, LLC Corp | 19 April 2012 |
| | NOA/NTP Supply & Installation of Generator Equipment, Synchronizing Switchgear, Fuel & Exhaust System (Casino Only) for Energetix Power Tech | 29 June 2011 |
| | Belle Corp Purchase Order from Huashi HK Investment Ltd. | 18 April 2012 |
| | Standard Chartered Negotiation Advices | 2 November 2011 |
| | Mitsubishi Invoice No. MPE-1APB096-1 | 27 October 2011 |
| | APL Bill of Lading | 28 October 2011 |
| | Certificate of Marine Cargo Insurances from Tokyo Marine & Nichido Insurance Co. Ltd. Certificate No. 14-01831943 | 21 November 2005 |
| | NOA/NTP Supply & Installation of Elevators for Hyco Industrial Sales Corp. | 15 July 2011 |
| | NOA/NTP Supply & Installation of Uninterruptible Power Supply Equipment (30 Minutes Back-Up Time) for Computer Support Center, Inc. | 28 June 2011 |
| | NOA/NTP Supply & Installation of Raised Flooring System for CWC International Corporation | 16 August 2011 |
| | NOA/NTP Supply & Installation of Maintenance Catwalk for New Touchstone Mdsg. Ent. Phils. Corp. | 03 August 2011 |
| | NOA/NTP Supply & Installation of Substation Equipment for Casino for LJ Industrial Fabrication, Inc. | 30 May 2011 |
| | NOA/NTP Supply & Installation of Escalators for International Elevator & Equipment, Inc. | 09 June 2011 |
| | Construction Agreement by Belle & BAC Cooling Systems & Equipment Sales, Inc. (Cooling Towers) | 15 November 2011 |
| | Construction Agreement by Belle & LJ Industrial Fabrication Inc. (Substation Equipment for Casino) | 26 July 2011 |
| | Construction Agreement by Belle & International Elevator & Equipment Inc. (Escalators) | 19 April 2012 |
| | Construction Agreement by Belle & Computer Support Center Inc. (Uninterruptible Power Supply (30 Minute Back-Up Time)) | 03 August 2011 |
| | Construction Agreement by Belle & New Touchstone Mdsg. Enterprises Phil Corp (Maintenance Catwalk) | 17 November 2011 |
| | Continuation of Construction Agreement by Belle & BAC Cooling Systems & Equipment Sales, Inc. (Cooling Towers) | 15 November 2011 |
| | Construction Agreement by Belle & LJ Industrial Fabrication Inc. (Substation Equipment for Casino) | 26 July 2011 |
| | Construction Agreement by Belle & International Elevator & Equipment Inc. (Escalators) | 19 April 2011 |
| | Construction Agreement by Belle & Computer Support Center Inc. (Uninterruptible Power Supply (30 Minute Back-Up Time)) | 03 August 2011 |
| | Construction Agreement by Belle & New Touchstone Mdsg. Enterprises Phil Corp (Maintenance Catwalk) | 17 November 2011 |
| | Project Update No. 100 | 27 April 2012 |

Project Leisure
Due Diligence
List of Documents

ACCOUNT & FINANCING

| | | |
|--------|--|------------------|
| 5.1 | Costs and Expenses in relation to the Land, the Integrated Resort and its Construction, etc. | |
| | Total Contract Cost Mintoring and Cash Flow – Belle Only | 24 April 2012 |
| 5.2(b) | Debts or other securities issued by any Group Company | |
| | Terms & Condition of BDO Loan | |
| | Comparative Consolidated Balance Sheet (Unaudited) Total Debt | 31 December 2011 |
| 5.3 | Current Indebtedness | |
| | Belle Corp Schedule of Bank Loan | N/A |
| | Promissory Note Php570,000,000.00 | 13 April 2011 |
| | Promissory Note Php175,000,000.00 | 5 May 2011 |
| | Promissory Note Php105,000,000.00 | 20 May 2011 |
| | Promissory Note Php 92,000,000.00 | 23 June 2011 |
| | Promissory Note Php356,000,000.00 | 30 June 2011 |
| | Promissory Note Php375,000,000.00 | 10 November 2011 |
| | Promissory Note Php 1,000,000,000.00 | 30 January 2012 |
| | Omnibus Loan & Security Agreement among Belle, PLAI, Banco de Oro Unibank, Inc., Banco de Oro Unibank, Inc. – Trust and Investments Group, ABLGI, Belle Bay City Corporation, and BDO Capital & Investment Corporation | 1 December 2010 |
| | Supplement to Omnibus Loan & Security Agreement | 18 February 2011 |
| | Affidavit of Good Faith | 25 February 2011 |

COMPLIANCE

| | | |
|-----|--|-------------------|
| 5.1 | PEZA Registration | |
| | Letter from Belle to SSS re request for written consent for no objection on application for Tourism Economic Developer with PEZA | 29 March 2012 |
| | Letter from Belle to SSS re Application for PEZA | 15 January 2012 |
| | Accreditation of its Integrated Resort Complex Undertaking | 04 January 2011 |
| | Letter from Belle to SSS re PEZA Accreditation | 04 January 2011 |
| | SSS reply letter to Belle's request for PEZA Accreditation | 20 December 2011 |
| | Letter to SSS re request for the written confirmation | 18 October 2011 |
| | Letter to SSS re request for the written confirmation | 7 October 2011 |
| | Letter to SSS Asset Management Division on their letter dated 24 August 2011 | 1 September 2011 |
| | Letter to SSS request for written consent for no objection | 31 August 2011 |
| | Draft letter to BDO request to allow Belle to assign BDO all rights and interest of the Lease Agreement | N/A |
| | SSS letter to Belle on request to allow Belle to assign BDO all rights and interest of the Lease Agreement | 3 May 2011 |
| | SSS letter re acknowledged receipt of letter dated 24 August 2011 with copy of Certificate of Board Resolution No. 10-204 | 26 August 2011 |
| | Belle letter forwarding the Certificate of Board Resolution No. 10-204 issued by PEZA | 24 August 2011 |
| | DOT letter re application for endorsement to PEZA | 15 September 2011 |
| | DOT letter re MOA between DOT and PEZA favoring endorsement the registration of BGMB | 15 September 2011 |
| | Paranaque City Resolution No. 11-035 Endorsement to PEZA | 23 May 2011 |
| | PEZA Certificate of Board Resolution | 14 May 2010 |

Project Leisure
Due Diligence
List of Documents

| | | |
|-----|---|------------------|
| 6.7 | Belle letter to PSE re Press Statement to secure Tourism Economic Zone | 28 April 2010 |
| | Press Release Belle Develops Tourism Eco-Zone in Batangas | N/A |
| | Letter to PEZA re Application for Registration of Tourism Economic Zone | 12 May 2010 |
| | Application for Registration of Tourism Economic Zone Form of Belle | 11 May 2010 |
| | General Compliance with Laws and Regulations | — |
| | Building Permit | — |
| | Mechanical Permit | 1 April 2010 |
| | Sanitary/Plumbing Permit | 1 April 2010 |
| | Application for Electrical Permit | 1 April 2010 |
| | Locational Clearance | 10 June 2008 |
| | Paranaque City Resolution No. 08-059 re Endorsing the Tourism Economic Zone Status to the Development Project of PAGCOR known as Manila Bay Entertainment City | 10 December 2010 |
| | Paranaque City Resolution No. 98-64 re Authorizing PAGCOR to Establish its Corporate Offices and to Operate Government Run Gambling Casinos within the Territorial Jurisdiction of the City of Paranaque | 10 December 2010 |
| | Paranaque City Resolution No. 00-16 re Allocating the Monthly Voluntary Assistance Fund Committed by PAGCOR to the City Government Exclusively for the Funding of its Priority Projects and Creating a Trust Fund for the Purpose | 10 December 2010 |
| | Amended Certificate of Environmental Compliance | 09 August 2011 |
| | Environmental Compliance Commitment | 09 August 2011 |
| | Project Assessment Planning Tool | 09 August 2011 |
| | Height Clearance Permit | 03 August 2011 |
| | Paranaque City Local Zoning Board Resolution No. 035 re Granting a Locational Clearance to Belle for the Proposed Mixed-Use Development Project Along Roxas Boulevard, Barangay Tambo, City of Paranaque, Metro Manila | 2010 |
| | DCI Transmittal Letter to Engr. Ruel Laqui, Asst. City Building Official of Paranaque | 13 October 2011 |
| | DCI Transmittal Letter to Engr. Ruel Laqui, Asst. City Building Official of Paranaque | 24 November 2011 |

LITIGATION

| | | |
|-----|---|----------------|
| 7.1 | Current Litigation | |
| | Regional Trial Court, Paranaque City, Branch 274, Order re Motion for Reconsideration is denied | 5 August 2011 |
| | Court of Appeals, Manila, Notice re records for disposal for preparation of required briefs | 30 March 2012 |
| | Regional Trial Court, Paranaque City, Branch 274, Notice of Appeal filed by Belle Bay City Corp. | 24 August 2011 |
| | Regional Trial Court, Paranaque City, Branch 274, Decision, Belle Bay City Corporation vs. City of Paranaque, et. Al. | 11 April 2011 |

Project Leisure
Due Diligence
List of Documents

| | |
|---|----------------|
| Letter from Paranaque City Treasurer to Tan & Venturanza denying BBCC's request for a refund | 24 March 2003 |
| Letter from Asst. City Treasurer of Paranaque, Juanita M. Alcordo, addressed to Atty. Raymond Ramos of Paranaque Register of Deeds re: Lifting of Levy on land covered by TCT No. 136452. | 20 July 2012 |
| Letter from Asst. City Treasurer of Paranaque, Juanita M. Alcordo, addressed to Jose Marleo Del Rosario of Paranaque Asst. City Assessor re: Lifting of Levy on land covered by TCT No. 136452. | 20 July 2012 |
| Copy of updated TCT No. 136452 reflecting the lifting of the Notice of Levy Insurance | 15 August 2012 |

INSURANCE

| | | |
|---|--|--|
| 8 | <p>Belle Corp (Belle Grande Resort Hotel & Casino) Prudential Guarantee Policy No. EN-COC-HOM-0000092</p> <p>PGA Statement of Account SA No. 110142442 Control No. 0776128, 2751473, 2751474 Control No. 3119127 Control No. 3033209 Endorsement No. EN-CAD-HOM-0000539N Risk Note No. EN-CAD-HOM-0002292 Statement of Account SA No. 110155166 Risk Note No. EN-CAD-HOM-0002353 PGA Inc. OR No. 905757A in the amount of P960,190.00 Statement of Account No. 120024626 Risk Note No. EN- CAD-HOM-0002353 Control No. 0937451 PGA Inc. OR No. 897760A Statement of Account SA No. 120002489 Risk Note No. EN-CAD-HOM-0002329 Control No. 3135061 PGA Inc. OR No. 878042A Risk Note No. EN-CAD-HOM-0002253 Non-VAT Official Acknowledgment Receipt No. 198501 Endorsement No. EN-CAD-HOM-0000056N Risk Note No. EN-CAD-HOM-0002283 Control No. 1910433 BDO Certification issued to L.M. Camus Engineering Corp.</p> <p>Risk Note No. EN-CAD-HOM-0002284 Control No. 3218583 Non-VAT Official Acknowledgement Receipt No. 197998</p> <p>Risk Note No. EN-CAD-HOM-0002284 Control No. 3118507 Control No. 3135061 PGA Inc. OR No. 884274A PG PGA OR No. 878004 PGA Inc. Statement of Account No. 110142299 Risk Note No. EN-CAD-HOM-0002250 Statement of Account No. 110140078 PGA Inc. OR No. 878002A</p> | <p>01 December 2011</p> <p>04 November 2011 24 August 2011 01 December 2011 16 December 2011 07 December 2011 07 December 2011 10 February 2012 14 February 2012 10 February 2012 17 January 2012 05 January 2012 05 January 2012 01 December 2011 21 November 2011 04 November 2011 29 November 2011 29 December 2011 23 November 2011 12 December 2011</p> <p>25 January 2012 29 November 2011</p> <p>23 November 2011 23 November 2011 01 December 2011 08 December 2011 04 November 2011 14 November 2011 27 October 2011 27 October 2011 14 November 2011</p> |
|---|--|--|

Project Leisure
Due Diligence
List of Documents

| | |
|--|------------------|
| Risk Note No. EN-CAD-HOM-0002255 | 04 November 2011 |
| Statement of Account No. 110142416 | 04 November 2011 |
| BDO letter to International Elevator re Erection All Risk | 22 December 2011 |
| BDO Schedule Ear Policy No. MK-11-11-LF-000089 | 23 December 2011 |
| BDO Billing Details Policy Information Summary | 07 December 2011 |
| MAA General Assurance Phils. Inc. re Erection All Risks Policy No. MK-11-11 -LF-000089 with Schedule Ear | 10 November 2011 |
| PGA Inc. Provisional Receipt No. 653404 | 24 November 2011 |
| PGA Inc. Provisional Receipt No. 880841A | 24 November 2011 |
| Risk Note No. EN-CAD-HOM-0002285 | 23 November 2011 |
| Statement of Account No. 110149676 | 23 November 2011 |
| Contractor's All Risk Open Cover | 27 June 2011 |
| Statement of Account No. 110131910 | 10 October 2011 |
| Control No. 3120163 | 29 December 2011 |
| Non-Vat Official Acknowledgment Receipt No. 197975 | 29 November 2011 |
| Control No. 3033387 | 16 December 2011 |
| Risk Note No. EN-CAD-HOM-0002293 | 07 December 2011 |
| Statement of Account No. 110155260 | 07 December 2011 |
| Risk Note No. EN-CAD-HOM-0002167 | 22 August 2011 |
| Statement of Account No. 110109943 | 22 August 2011 |

TAXATION & PAGCOR PAYMENTS

No Folder Available

PREVIOUS DEALINGS WITH ABLGI

| | | |
|------|--|-------------------|
| 10.9 | Proof of Payment by ABLGI/LWRC of lease rentals over the Leased Land | |
| | Belle Official Receipt No. 68126 | 21 September 2011 |
| | Belle Statement of Account issued to ABLGI | 12 September 2011 |
| | Belle Non-VAT Official Acknowledgment Receipt No. 21287 | 14 January 2011 |
| | Belle Non-VAT Official Acknowledgment Receipt in the amount of P2,731,696.00 | N/A |
| | Belle Official Receipt No. 68986 | 26 October 2011 |
| | Belle Statement of Account No. 10-1 in the amount of P25,679237.26 issued to ABLGI | 17 October 2011 |
| | Belle Official Receipt No. 68124 | 21 September 2011 |
| | Belle Official Receipt No. 70073 | 08 December 2011 |
| | Belle Official Receipt No. 70081 | 08 December 2011 |
| | Belle Statement of Account No. 12-1A issued to ABLGI | 01 December 2011 |
| | Belle Official Receipt No. 70075 | 08 December 2011 |
| | Belle Official Receipt No. 70076 | 08 December 2011 |
| | Belle Official Receipt No. 70077 | 08 December 2011 |
| | Belle Official Receipt No. 29207 | 08 December 2011 |
| | Belle Official Receipt No. 29206 | 08 December 2011 |
| | Belle Non-VAT Acknowledgment Receipt No. 29208 | 08 December 2011 |

INTELLECTUAL PROPERTY

| | | |
|------|---|------------------|
| 11.1 | Intellectual Property Registrations | |
| | Intellectual Property Certificate of Registration The Belle Grande Manila Bay | 22 December 2010 |

Project Leisure
Due Diligence
List of Documents

OTHERS

| | | |
|----|---|--|
| 12 | Letter from Tan & Venturanza re to SEC re Merger of Belle Bay City Corporation (“BBCC”) (Surviving Corporation) and Manila Bay Lan Holdings, Inc. (“MBLHI”) and Manila Bay Park Developers, Inc. (“MBPDI”) (Absorbed Corporations | 01 October 1997 26 September 1997 30 June 1997 |
| | Articles of Merger | |
| | Certification | |
| | Plan of Merger | |
| | Secretary’s Certificate of BBCC | |
| | Secretary’s Certificate of MBLHI | |
| | Secretary’s Certificate of MBPDI | |
| | List of Stockholders as of 26 September 1997 BBCC | |
| | List of Stockholders as of 26 September 1997 MBLHI | |
| | List of Stockholders as of 26 September 1997 MBPDI | |
| | MBLHI Due from Parent Company and Affiliates (Unaudited) | 22 August 1997 |
| | MBPDI Due from Parent Company and Affiliates (Unaudited) | 04 January 2006 |
| | BBCC Financial Statement and Supplementary Information SGV letter to BBCC | |
| | MBLHI Financial Statements June 30, 1997 and December 31, 1996 | |
| | MBPDI Financial Statements June 30, 1997 and December 31, 1996 | |
| | BBCC Minutes of the Meeting of the Board of Liquidators | |
| | BBCC Minutes of the Special Meeting of Stockholders | 10 July 2003 |

STUDIO CITY FINANCE LIMITED
as Issuer

and

THE SUBSIDIARY GUARANTORS AS SPECIFIED HEREIN

US\$825,000,000
8.500% Senior Notes due 2020

PURCHASE AGREEMENT

WHITE & CASE

9/F, Central Tower
28 Queen's Road Central
Hong Kong

Each of the institutions named in Schedule A hereto (each, an “**Initial Purchaser**” and, collectively, the “**Initial Purchasers**”)

Ladies and Gentlemen:

Studio City Finance Limited, a BVI business company with limited liability incorporated under the laws of the British Virgin Islands (the “**Issuer**”), confirms its agreement with the Initial Purchasers with respect to the issuance and sale by the Issuer and the purchase by the Initial Purchasers, acting severally and not jointly, of the respective principal amounts set forth in Schedule A hereto of US\$825,000,000 aggregate principal amount of the Issuer’s 8.500% Senior Notes due 2020 (the “**Notes**”), subject to the terms and conditions set forth in this purchase agreement (this “**Agreement**”). The Notes are to be issued pursuant to an indenture (the “**Indenture**”), dated as of the Closing Date (as defined below), among the Issuer, DB Trustees (Hong Kong) Limited, as trustee (the “**Trustee**”) and the existing subsidiaries of the Issuer listed on Schedule B hereto (each, a “**Subsidiary Guarantor**” and collectively, the “**Subsidiary Guarantors**”).

The Issuer’s obligations under the Notes, including the due and punctual payment of interest on the Notes, will be jointly, severally and unconditionally guaranteed on a senior basis by each of the Subsidiary Guarantors pursuant to the Indenture. Under the terms of an escrow agreement (the “**Escrow Agreement**”) to be entered into on the Closing Date (as defined below) between the Issuer and Bank of China Limited, Macau Branch, as escrow agent (the “**Escrow Agent**”), the Issuer will deposit in an escrow account (the “**Escrow Account**”) established by the Issuer with the Escrow Agent an amount at least equal to the net proceeds from the offering of the Notes. The Notes will be subject to a special mandatory redemption at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon from and including the Closing Date (as defined below) through the Special Mandatory Escrow Redemption Date (as defined in the Offering Memorandum) (the “**Escrowed Funds**”). DB Trustees (Hong Kong) Limited, as collateral agent for the holders of the notes (the “**Collateral Agent**”), will have a perfected security interest in the Escrow Account and the Escrowed Funds contained therein on an exclusive basis for the benefit of the holders of the Notes.

Prior to the Closing Date (as defined below) and in addition to the Escrow Account, the Issuer will be required to establish (i) a note proceeds account (the “**Note Proceeds Account**”), (ii) a note interest reserve account (the “**Note Interest Reserve Account**”), (iii) a note interest accrual account (the “**Note Interest Accrual Account**”), and (iv) a Hong Kong dollar note disbursement account and a U.S. dollar note disbursement account (together, the “**Note Disbursement Accounts**”), each as described in the Offering Memorandum (and each of (i) – (iv) or any one of them, the “**Notes Accounts**”). Upon release from the Escrow Account in accordance with the Escrow Agreement, the Escrowed Funds (after the funding of the Note Interest Reserve Account) will be deposited in the Notes Proceeds Account. If no funds have been released from the Notes Proceeds Account by the date set forth in the Indenture, the Notes are subject to a Mandatory Note Proceeds Redemption, at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon from the last interest payment date through the Special Mandatory Note Proceeds Redemption Date.

On the Closing Date (as defined below), the Issuer and Studio City Company Limited, among others, will enter into the Note Disbursement and Account Agreement, which will, among other things, establish the conditions and sequence for disbursements from the project accounts.

The Notes will be secured by (i) a first-priority security interest in the Escrow Account, the Note Proceeds Account, the Note Interest Reserve Account, the Note Interest Accrual Account and the Note Disbursement Accounts and (ii) a pledge of the intercompany note proceeds loan to be entered into on the Closing Date (as evidenced by an intercompany promissory note (the “**Intercompany Promissory Note**”), to be issued by Studio City Investments Limited on the same date thereof). As used herein, the term “**Notes**” shall include the guarantees thereof (the “**Guarantees**”) by the Subsidiary Guarantors, unless the context otherwise requires, and this Agreement, the Indenture, the Notes, the Intercompany Promissory Note, the Escrow Agreement, the Security Documents, and the Note Disbursement and Account Agreement and any other documents entered into in connection with the offer and sale of the Notes are referred to herein as the “**Operative Documents.**”

The offer of the Notes by the Initial Purchasers is herein called the “**Offering.**” All references to “**U.S. dollars**” or “**US\$**” herein are to United States dollars. In connection with the Offering, the Issuer has made a listing application to, and approval-in-principle has been obtained from, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing on the SGX-ST of the Notes.

The Issuer understands that the Initial Purchasers propose to make the Offering on the terms and in the manner set forth herein and agrees that the Initial Purchasers may resell, subject to the conditions set forth herein, all or a portion of the Notes to purchasers (“**Subsequent Purchasers**”) at any time after this Agreement has been executed and delivered. The Notes are to be offered and sold through the Initial Purchasers without being registered under the United States Securities Act of 1933 (as amended, the “**1933 Act**”), in reliance upon exemptions therefrom. Pursuant to the terms of the Notes and the Indenture, investors that acquire Notes may only resell or otherwise transfer such Notes (A) (i) if such Notes are hereafter registered under the 1933 Act or (ii) if an exemption from the registration requirements of the 1933 Act is available for such resale or transfer (including, without limitation, the exemptions afforded by Rule 144A under the 1933 Act (“**Rule 144A**”), or Regulation S under the 1933 Act (“**Regulation S**”) and (B) in compliance with transfer restrictions set forth in the Offering Memorandum under the caption “Transfer Restrictions”.

In connection with the sale of the Notes, the Issuer confirms that it has prepared and delivered to each of the Initial Purchasers copies of a preliminary offering memorandum dated November 7, 2012 (the “**Preliminary Offering Memorandum**”) and final pricing supplement, in the form attached hereto as Schedule C (the “**Pricing Supplement**”) and that it will prepare and deliver to each of the Initial Purchasers, dated the date hereof, a final offering memorandum (the “**Final Offering Memorandum**”), each for use by such Initial Purchaser in connection with its solicitation of purchases of, or offering of, the Notes. “**Offering Memorandum**” means, with respect to any date or time referred to in this Agreement, the most recent offering memorandum (whether the Preliminary Offering Memorandum or the Final Offering Memorandum, or any amendment or supplement to either such document), including, without limitation, exhibits thereto and any documents incorporated therein by reference, which has been prepared and delivered by the Issuer to each of the Initial Purchasers in connection with their solicitation of purchases of, or offering of the Notes.

For purposes of this Agreement:

“**Gaming License**” means a license for operating games of chance and other casino games in Macau, pursuant to a valid subconcession contract.

“**Material Contracts**” means each of (i) the Services and Right to Use Agreement originally dated May 11, 2007 and as amended on June 15, 2012 (the “**Services and Right to Use Agreement**”) between Studio City Entertainment Limited (formerly named MSC Diversões Limitada and New Cotai Entertainment (Macau) Limited) and Melco Crown Gaming (Macau) Limited, previously known as PBL Entertainment (Macau) Limited, a Macau company (“**MC Gaming**”); (ii) the Land Concession dated October 9, 2001 between Macau Special Administrative Region and Studio City Developments Limited (formerly known as East Asia-Televisão Por Satelite, Limitada and MSC Desenvolvimentos, Limitada), as amended on July 25, 2012; (iii) the reimbursement agreement dated June 15, 2012, between MC Gaming and Studio City Entertainment Limited; and (iv) all amendments, variations, modifications and supplements of the documents referred to in (i) through (iii) above.

“**Project**” refers to the first phase of the project to develop the Site (as defined in the Offering Memorandum) into a large-scale integrated leisure resort called “Studio City” combining 5-star luxury hotel and related facilities, gaming capacity, retail, attractions and entertainment venues (including a multipurpose entertainment studio).

“**Security Documents**” means (i) the Macau law account pledge agreement (the “**Account Pledge**”) by and among the Escrow Agent, Bank of China Limited, Macau Branch, as the note disbursement agent, the Collateral Agent and the Issuer dated as of the date thereof, and (ii) the New York law pledge agreement of the intercompany note proceeds loan (the “**Pledge Agreement**”) by and between the Issuer and the Collateral Agent.

SECTION 1. Representations and Warranties by the Issuer and the Subsidiary Guarantors.

Each of the Issuer and the Subsidiary Guarantors represents and warrants to each Initial Purchaser as of the date hereof and, as of the Closing Date referred to in Section 2(b) hereof, and agrees with each Initial Purchaser, as follows:

(i) Disclosure Package and Final Offering Memorandum. As of the Applicable Time (as defined below), neither (x) the Offering Memorandum as supplemented by the Pricing Supplement, that has been prepared and delivered by the Issuer to each Initial Purchaser in connection with their solicitation of offers to purchase Notes, all considered together (collectively, the “**Disclosure Package**”), nor (y) any individual Supplemental Offering Materials (as defined below), when considered together with the Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. “**Applicable Time**” means the time when sales of the Notes were first made.

“**Supplemental Offering Materials**” means any “written communication” (within the meaning of the rules and regulations promulgated under the 1933 Act by the U.S. Securities and Exchange Commission (the “**Commission**”)), prepared by or on behalf of the Issuer, or used or referred to by the Issuer, that constitutes an offer to sell or a solicitation of an offer to buy the Notes other than the Offering Memorandum or amendments or supplements thereto (including the Pricing Supplement), including, without limitation, any road show relating to the Notes that constitutes such a written communication.

As of its date of issue and as of the Closing Date, the Final Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that this representation, warranty and agreement shall not apply to statements in or omissions from the Disclosure Package or the Final Offering Memorandum or any amendments or supplements thereto made in reliance upon and in conformity with information furnished to the Issuer in writing by an Initial Purchaser expressly for use in the Disclosure Package or the Final Offering Memorandum or any amendments or supplements thereto. For the avoidance of doubt, such information shall be limited to such Initial Purchaser’s name as set forth in the first two sentences of the first paragraph under the section “Plan of Distribution—Price Stabilization and Short Positions” in the Disclosure Package and Final Offering Memorandum.

(ii) Existence. The Issuer and each of its subsidiaries has been duly incorporated and is existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and conduct its business as described in the Disclosure Package and the Final Offering Memorandum and to enter into, execute and perform its obligations under the Operative Documents to which it is a party, and is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, and is and will be subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction.

(iii) Subsidiaries. The Issuer does not have any subsidiaries other than the ones listed on Schedule B. Each subsidiary of the Issuer has been duly incorporated and is existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and conduct its business as described in the Disclosure Package and the Final Offering Memorandum; and each subsidiary of the Issuer is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is and will be subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; all of the issued and outstanding authorised shares of each subsidiary of the Issuer has been duly authorized and validly issued and is fully paid and non-assessable; and the authorised shares of each subsidiary owned by the Issuer, directly or through subsidiaries, is owned free from liens, encumbrances and defects. The statements and the diagrams set forth in the Disclosure Package and Final Offering Memorandum under the section “Summary—Corporate Structure and Certain Financing Arrangements,” insofar as they purport to describe the ownership interests of the Issuer and its subsidiaries are accurate and fair in all material respects.

(iv) Share Capital. The authorized, issued and outstanding shares of the Issuer is as set forth in the Disclosure Package and the Final Offering Memorandum in the column entitled “Actual” under the caption “Capitalization”; all outstanding shares of the Issuer have been duly authorized; and the shareholders of the Issuer have no preemptive rights with respect to the authorized shares.

(v) Registration Rights. There are no contracts, agreements or understandings between the Issuer or any of its subsidiaries and any person granting such person the right to require the Issuer or such subsidiary to file a registration statement under the 1933 Act with respect to any securities of the Issuer or any of its subsidiaries owned or to be owned by such person or to require the Issuer or any of its subsidiaries to include such securities in the Notes registered pursuant to a registration statement or in any securities being registered pursuant to any other registration statement filed by the Issuer under the 1933 Act.

(vi) Absence of Further Requirements. No consent, approval, or order of, clearance by, or filing or registration with, any person (including any governmental agency or body or any court or any stock exchange) is required to be obtained or made by the Issuer or any of its subsidiaries for the consummation by the Issuer or such subsidiary of the transactions contemplated by the Operative Documents, the Disclosure Package and the Final Offering Memorandum except (A) such as may be required under the blue sky or similar laws of any jurisdiction in connection with the purchase and distribution of the Notes by the Initial Purchasers in the manner contemplated in the Operative Documents, the Disclosure Package and the Final Offering Memorandum and (B) such as may be required by the SGX-ST in connection with its granting approval-in-principle for the listing and quotation of the Notes when such approval is obtained. No governmental authorization is required to effect payments of principal, premium, if any, and interest on the Notes.

(vii) Title to Property. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, the Issuer and its subsidiaries have good and marketable title to all real property and all other property and assets owned by them as are necessary to the conduct of their respective businesses in the manner described in the Disclosure Package and the Final Offering Memorandum, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them, and the Issuer and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them and except for such liens, encumbrances, charges, defects, claims, options or restrictions which, individually or in the aggregate, would not have a material adverse effect on the condition (financial or other), business, properties, business prospects or results of operations of the Issuer and its subsidiaries taken as a whole (“**Material Adverse Effect**”).

(viii) Compliance. Neither the Issuer nor any of its subsidiaries is (A) in violation of its respective constitutional documents, (B) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed or trust, loan or credit agreement, note, license, lease or other agreement or instrument, including, without limitation, each Material Contract (as defined above) to which the Issuer or any of its subsidiaries is a party or by which it may be bound, or to which any of the properties or assets of the Issuer or any of its subsidiaries may be subject (and no event has occurred which, with the giving of notices or lapse of time or both, would constitute such default) or (C) in violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or such subsidiary or any of its properties, as applicable, except, in the case of (B) and (C) only, any defaults or violations which, individually and collectively, would not have a Material Adverse Effect.

(ix) Absence of Defaults and Conflicts Resulting from Transaction. The execution, delivery and performance of each Operative Document and the consummation of the transactions contemplated herein, the issuance and sale of the Notes and the application of the proceeds from the sale of the Notes, as described in the Offering Memorandum under the caption "Use of Proceeds" and compliance by the Issuer and its subsidiaries with their obligations hereunder, do not and will not result in (A) a violation of the respective constitutional documents of the Issuer or any of its subsidiaries, (B) a violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or any of its subsidiaries or any of their properties, or (C) a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Issuer or any of its subsidiaries pursuant to, the constitutional documents of the Issuer or any of its subsidiaries, any statute, rule, regulation or order of any governmental agency or body or any court, arbitrator or other authority, domestic or foreign, having jurisdiction over the Issuer or any of its subsidiaries or any of their properties, or any agreement or instrument to which the Issuer or any of its subsidiaries is a party or by which the Issuer or any of its subsidiaries is bound or to which any of the properties of the Issuer or any of its subsidiaries is subject except in the case of (C) above, where any such violation, contravention or default would not, individually or in the aggregate, have a Material Adverse Effect. A "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Issuer or any of its subsidiaries, or that would prevent the satisfaction of, or defeat any condition to drawdown or other requirement under any contract related to indebtedness or otherwise adversely affect the availability to the Issuer or any of its subsidiaries of financing contemplated thereby.

(x) Authorization of Material Contracts. There are no other contracts that are material to the operation of the Issuer's or its subsidiaries' business than the Material Contracts, and each Material Contract to which the Issuer or any of its subsidiaries is a party has been duly authorized, executed and delivered by the Issuer and/or such subsidiary, as applicable, and assuming due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding agreement of such parties, enforceable against the Issuer and such subsidiary, as the case may be, in accordance with its terms, in each case, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(xi) Licenses. The Issuer and its subsidiaries possess, and are in compliance with the terms of, all adequate licenses, certificates, authorizations, and franchise permits (collectively, "**Licenses**") issued by appropriate governmental agencies or bodies necessary or material to the conduct of the business now operated by them or proposed in the Disclosure Package and the Final Offering Memorandum to be conducted by them and have not received any notice of proceedings relating to the revocation or modification of any License that, if determined adversely to the Issuer or any of its subsidiaries would, individually or in the aggregate, have a Material Adverse Effect. To the best knowledge of the Issuer, the Gaming License of MC Gaming remains in full force and effect and validly authorizes MC Gaming to carry on the gaming business as is and is proposed to be conducted pursuant to the Services and Right to Use Agreement and on the terms and conditions, in each case as described in the Disclosure Package and the Final Offering Memorandum, and to the knowledge of the Issuer, no notice of any proceeding or claim or action for the invalidation, revocation, cancellation or imposition of any further condition or requirement of or in connection with the Gaming License has occurred or is threatened.

(xii) Absence of Labor Dispute. No labor dispute with the employees of the Issuer or any of its subsidiaries exists or, to the knowledge of the Issuer or any of its subsidiaries, is imminent, and neither the Issuer nor any of its subsidiaries is aware of any existing or imminent labor disturbance by the employees of any of the Issuer's or such subsidiaries principal suppliers, contractors or customers, that, in any such case, would have a Material Adverse Effect.

(xiii) Possession of Intellectual Property. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, the Issuer and its subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "**intellectual property rights**") necessary to conduct the business now operated or proposed to be operated by them or presently employed or proposed to be employed by them, and if such business is described in the Disclosure Package and the Final Offering Memorandum, as described in the Disclosure Package and the Final Offering Memorandum. Neither the Issuer nor any of its subsidiaries has received any notice or communication of infringement of or conflict with asserted rights of others with respect to any intellectual property rights of others that, if determined adversely to the Issuer or any of its subsidiaries would, individually or in the aggregate, have a Material Adverse Effect.

(xiv) Absence of Other Material Contracts or Documents. There is no franchise, contract or other document of a character required to be described in the Disclosure Package or Final Offering Memorandum, or to be filed as an exhibit thereto, which is not described or filed as required (and the Preliminary Offering Memorandum contains in all material respects the same description of the foregoing matters contained in the Final Offering Memorandum).

(xv) Offering Memorandum. The statements set forth in the Offering Memorandum (i) under the sections headed "Summary," "Use of Proceeds," "Capitalization," "Description of Notes," "Description of Other Material Indebtedness" and "Principal Shareholders," insofar as they purport to constitute a summary of the terms of the Notes, and (ii) under the sections headed "Management," "Risk Factors," "Business," "Plan of Distribution," "Summary," "Capitalization," "Regulation," "Taxation," "Enforcement of Civil Liabilities" and "Description of Construction and Other Material Contracts," insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and fair in all material respects. The Operative Documents will conform in all material respects to the respective statements relating thereto contained in the Offering Memorandum.

(xvi) Environmental Laws. Neither the Issuer nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances or relating to the safety of employees in the workplace (collectively, “**environmental laws**”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any civil, criminal or administrative action, suit, claim, hearing, notice of violation, investigation or proceeding (“**Proceeding**”) relating to any environmental laws, which violation, contamination, liability or Proceeding would, individually or in the aggregate, have a Material Adverse Effect; and neither the Issuer nor any of its subsidiaries is aware of any pending hearing or investigation which might lead to such a claim.

(xvii) Insurance. The Issuer and its subsidiaries maintain insurance in such amounts and covering such risks as the Issuer and each subsidiary reasonably considers adequate for the conduct of its business and as is customary for companies engaged in similar businesses in similar industries and in similar locations, all of which insurance is in full force and effect. There are no material claims by the Issuer or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. Neither the Issuer nor any of its subsidiaries has a reason to believe that it will not be able to renew its existing renewable insurance as and when such coverage expires or will not be able to obtain replacement insurance adequate for the conduct of the business and the value of its properties at a cost that would not have a Material Adverse Effect.

(xviii) Statistical and Market-Related Data. Any third-party statistical and market-related data included in the Disclosure Package or the Final Offering Memorandum are based on or derived from sources that the Issuer believes to be reliable and accurate.

(xix) Absence of Accounting Issues. The sole director of the Issuer has confirmed that the director is not reviewing or investigating, and neither the Issuer’s independent auditors nor their internal auditors have recommended that the director review or investigate, (i) adding to, deleting, changing the application of, or changing the Issuer’s disclosure with respect to, the Issuer’s material accounting policies; (ii) any matter which could result in a restatement of the Issuer’s financial statements for any annual or interim period during the current or prior three fiscal years.

(xx) Taxes. No taxes, imposts or duties of any nature (including, without limitation, stamp or other issuance or transfer taxes or duties and capital gains, income, withholding or other taxes) are payable by or on behalf of the Initial Purchasers to the governments of the British Virgin Islands or Macau or, in each case, any political subdivision or taxing authority thereof or therein in connection with (A) the execution and delivery of the Operative Documents, (B) the creation, issue or delivery of the Notes pursuant hereto and the sale thereof and the giving of the Guarantees by the Subsidiary Guarantors, (C) the consummation of the transactions contemplated by this Agreement or (D) except as disclosed in the Disclosure Package and the Final Offering Memorandum under the heading “Taxation,” the resale and delivery of such Notes by the Initial Purchasers in the manner contemplated in the Disclosure Package and the Final Offering Memorandum.

(xxi) Filing of Tax Returns. Each of the Issuer and its subsidiaries has filed on a timely basis all necessary tax returns, reports and filings (except in any case in which the failure to file on a timely basis would not have a Material Adverse Effect), and all such returns, reports or filings are true, correct and complete in all material aspects, and are not the subject of any disputes with revenue or other authorities and to the Issuer's knowledge there are no circumstances giving rise to, or which could give rise to, such disputes. None of the Issuer or its subsidiaries is delinquent in the payment of any taxes due thereunder or has any knowledge of any tax deficiency which might be assessed against any of them, which, if so assessed, would have a Material Adverse Effect.

(xxii) Litigation. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Issuer, any of its subsidiaries or any of their respective properties that, if determined adversely to the Issuer or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect, or would materially or adversely affect the ability of the Issuer or any of its subsidiaries to perform its obligations under the Operative Documents to which it is a party, or which are otherwise material in the context of the sale of the Notes; and to the Issuer's and each of its subsidiaries' best knowledge, no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened or contemplated.

(xxiii) Auditors. Each of Ernst & Young ("E&Y") and Deloitte Touche Tohmatsu ("Deloitte"), who certified its respective portions of the financial statements and the supporting schedules included in the Disclosure Package and the Final Offering Memorandum, are independent public accountants of the Issuer.

(xxiv) Financial Statements. The consolidated financial statements of the Issuer and its consolidated subsidiaries, together with the applicable related notes, included in the Disclosure Package and the Final Offering Memorandum present fairly the consolidated financial position of the Issuer and its consolidated subsidiaries at the dates indicated and their consolidated statement of operations, stockholders' equity and cash flows for the periods specified. Such consolidated financial statements of the Issuer and its consolidated subsidiaries have been prepared in conformity with generally accepted accounting principles applied on a consistent basis in the United States of America ("U.S. GAAP") throughout the periods involved. The selected financial data and the summary financial information included in the Disclosure Package and the Final Offering Memorandum present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Disclosure Package and the Final Offering Memorandum and the other financial information included in the Disclosure Package and the Final Offering Memorandum has been derived from the accounting records of the Issuer and its subsidiaries and presents fairly the information shown thereby.

(xxv) No Material Adverse Change in Business. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, since the date of the period covered by the latest financial statements included in the Disclosure Package and the Final Offering Memorandum, neither the Issuer nor any of its subsidiaries has (i) incurred, assumed or acquired any material liability (including contingent liability) or other obligation, (ii) received notice of any cancellation, termination, breach, violation or revocation of, or imposition or inclusion of additional conditions or requirements with respect to the Services and Right to Use Agreement, or received notice of any cancellation, termination, breach, violation or revocation of any Material Contract, or of any Debt Repayment Triggering Event, (iii) acquired or disposed of or agreed to acquire or dispose of any business or any other asset material to the Issuer and its subsidiaries taken as a whole, (iv) entered into a letter of intent or memorandum of understanding (or announced an intention to do so) relating to any matter identified in clauses (i) through (iii) above, or (v) sustained any material loss or interference with its business from fire, explosion or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, and since the respective dates as of which information is given in the Disclosure Package and the Final Offering Memorandum, there has been no change, nor any development or event that would have a Material Adverse Effect. Except as disclosed in or contemplated by the Disclosure Package and the Final Offering Memorandum, there has been no dividend or distribution of any kind declared, paid or made by the Issuer on any class of its authorised shares and there has been no material adverse change in the authorised shares, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Issuer and its subsidiaries.

(xxvi) Management's Discussion and Analysis of Financial Condition and Results of Operations. The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in the Disclosure Package and the Final Offering Memorandum accurately and fully describes (A) accounting policies which the Issuer believes are the most important in the portrayal of the financial condition and results of operations of the Issuer and its consolidated subsidiaries and which require management's most difficult, subjective or complex judgments ("**critical accounting policies**"); (B) judgments and uncertainties affecting the application of critical accounting policies; and (C) explanation of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. The Issuer's director and senior management have reviewed and agreed with the selection, application and disclosure of critical accounting policies. The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Disclosure Package and the Final Offering Memorandum accurately and fully describes (A) all material trends, demands, commitments, events, uncertainties and risks that the Issuer believes would materially affect liquidity and are reasonably likely to occur; and (B) all off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources of the Issuer and its subsidiaries taken as a whole. Except as otherwise disclosed in the Disclosure Package and the Final Offering Memorandum, there are no outstanding guarantees or other contingent obligations of the Issuer or any subsidiary that would have a Material Adverse Effect.

(xxvii) No Prohibition on Subsidiaries from Paying Dividends or Making Other Distributions. Except as otherwise disclosed in the Disclosure Package and the Final Offering Memorandum, no subsidiary of the Issuer is currently prohibited, directly or indirectly, (i) from paying any dividends to the Issuer, (ii) from making any other distribution on such subsidiary's authorized shares, (iii) from repaying to the Issuer any loans or advances to such subsidiary from the Issuer or (iv) from transferring any of such subsidiary's property or assets to the Issuer or any other subsidiary of the Issuer.

(xxviii) Investment Company Act. (i) Assuming the accuracy of the representations and warranties of the Initial Purchasers and compliance by the Initial Purchasers with their agreements in Sections 6(a) and 6(d), none of the Issuer or the Subsidiary Guarantors is required to register, and after giving pro forma effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Offering Memorandum, would be required to register, as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"); (ii) based upon the covenants of the Initial Purchasers set forth in Section 6(a), disclosure in the Offering Memorandum under the caption "Transfer Restrictions" and the inclusion on the Notes of the legend as set forth in Offering Memorandum under the caption "Transfer Restrictions", the Issuer has a reasonable belief that the initial placement and the subsequent transfers of the Notes sold in reliance on Rule 144A will be limited to persons who are QIBs that are also qualified purchasers ("**QPs**") as defined in Section 2(a)(51) of the Investment Company Act at the time they acquire the Notes; (iii) the Issuer will not permit its agents, intermediaries or affiliates to, resell any Notes sold in reliance on Regulation S to any U.S. person (as defined in Rule 902 under the Securities Act), unless the reseller of such Notes has a reasonable belief that the U.S. person (as defined in Rule 902 under the Securities Act) is a QIB and a QP, and the Notes are subject to the transfer restrictions described in the Offering Memorandum under the caption "Transfer Restrictions" in transactions pursuant to Rule 144A; and (iv) none of the Issuer nor the Subsidiary Guarantors will offer the Notes to their participant-directed employee plans or to a participant-directed employee plan of any affiliate.

(xxix) No Undisclosed Relationships. No relationship, direct or indirect, exists between or among the Issuer or any of its subsidiaries, on the one hand, and the directors, officers, shareholders, customers, suppliers or other affiliates of the Issuer or any of its subsidiaries, on the other hand, that is required to be described in the Disclosure Package and the Final Offering Memorandum that is not so described.

(xxx) Stabilization Activities. None of the Issuer or the subsidiaries, their respective Affiliates (as defined below) or any person acting on its or their behalf, has taken or will take, directly or indirectly, any action for the purpose of stabilizing or manipulating the price of any security to facilitate the sale or resale of the Notes in violation of any applicable law, *provided, however*, that this provision shall not apply to any trading or stabilization activities conducted by the Initial Purchasers.

(xxxi) Choice of Law. The agreement of each of the Issuer and the Subsidiary Guarantors to the choice of law provisions set forth in Section 19 of this Agreement will be recognized by the courts of the British Virgin Islands and Macau and are legal, valid and binding; each of the Issuer and the Subsidiary Guarantors can sue and be sued in its own name under the laws of the British Virgin Islands and Macau; the irrevocable submission by the Issuer and the Subsidiary Guarantors to the jurisdiction of a New York court and the appointment of Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017, as its authorized agent for the purpose described in Section 19 of this Agreement is legal, valid and binding; service of process effected in the manner set forth in Section 19 of this Agreement will be effective to confer valid personal jurisdiction over the Issuer and the Subsidiary Guarantors; and, except as disclosed in the Disclosure Package and the Final Offering Memorandum, a judgment obtained in a New York court arising out of or in relation to the obligations of the Issuer and the Subsidiary Guarantors under this Agreement would be enforceable against the Issuer and the Subsidiary Guarantors in the courts of the British Virgin Islands and Macau, in each case, without further review of the merits.

(xxxii) Compliance with Certain Laws and Regulations. None of the Issuer, any of its subsidiaries or any director, officer, agent, employee or other person has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or made any direct or indirect unlawful payment to any government official or employee from corporate funds. Each of the Issuer, its subsidiaries, its affiliates and any of their respective officers, directors, supervisors, managers, agents, or employees, has not violated, and will not violate and the Issuer operates and will continue to operate its business in compliance with all applicable: (a) anti-bribery laws, including but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 or any other law, rule or regulation of similar purpose and scope, (b) any applicable anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code sections 1956 and 1957, the U.S. Patriot Act, the U.S. Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (c) laws and regulations of the United States and other countries or bodies imposing economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, the Iran Sanctions Act, as amended, the National Defense Authorization Act for Fiscal Year 2012, the Iran Threat Reduction and Syria Human Rights Act of 2012, the United Nations Participation Act, and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, including but not limited to, Executive Order 13590 and Executive Order 13622, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended and any other regulations issued by the Office of Foreign Assets control of the United States Treasury Department, any sanctions imposed by the United Kingdom, the United Nations, Her Majesty's Treasury, the European Union or any orders or licenses issued under any of the above.

(xxxiii) Forward-Looking Statements. Each "forward-looking statement" (within the meaning of Section 27A of the Act and Section 21E of the U.S. Securities Exchange Act of 1934 Act (the "**1934 Act**")) included or incorporated by reference in the Disclosure Package or the Final Offering Memorandum has been made or reaffirmed by the Issuer with a reasonable basis, in good faith and based on sound and reasonable assumptions.

(xxxiv) Authorization of this Agreement. The Issuer and each of the Subsidiary Guarantors have all requisite corporate power and authority to execute, deliver and perform their obligations under this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized, executed and delivered by the Issuer and each Subsidiary Guarantor and constitutes a legal, valid and binding obligation of the Issuer and each of the Subsidiary Guarantors.

(xxxv) Authorization of the Notes. The Notes have been duly authorized and, at the Closing Date, will have been duly executed by the Issuer and, when authenticated, issued and delivered in the manner provided for in the Indenture and delivered against payment of the Purchase Price (defined below) therefor as provided in this Agreement, will constitute legal, valid and binding obligations of the Issuer, and will be in the form contemplated by, and entitled to the benefits of, the Indenture, will be consistent with the information in the Disclosure Package and will conform to the description thereof contained in the Final Offering Memorandum.

(xxxvi) Authorization of the Indenture and the Guarantees. Each of the Indenture and the Guarantees has been duly authorized by the Issuer and the Subsidiary Guarantors, and, when executed and delivered by the Issuer and the Subsidiary Guarantors (assuming the due authorization, execution and delivery by the Initial Purchasers), will constitute a legal, valid and binding agreement of each of them, enforceable against each of them in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(xxxvii) Authorization of the Escrow Agreement. The Escrow Agreement has been duly and validly authorized by the Issuer and, when executed and delivered by the Issuer (assuming the due authorization, execution and delivery by the other parties thereto), will constitute a legal, valid and legally binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms, subject to subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(xxxviii) Authorization of the Security Documents. Each of the Security Documents to which the Issuer is a party has been duly and validly authorized by the Issuer on or before the Closing Date, will have been duly executed and delivered by the Issuer and will conform to the description thereof contained in the Disclosure Package and the Final Offering Memorandum and any such Security Document will constitute a legal, valid and binding obligation of the Issuer, in each case enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law). There are no mortgages, liens, pledges, charges, security interests or encumbrances of any kind on the property of the Issuer or any of its subsidiaries other than mortgages, liens, pledges, charges, security interests or encumbrances specifically permitted under the Indenture or arising from statutory law or otherwise in the course of ordinary business of the Issuer.

(xxxix) Security Interest in the Collateral. As of the Closing Date, each of the Security Documents will create, in favor of the Trustee and the Collateral Agent for the benefit of the holders of the Notes, a legal, valid and enforceable perfected first priority security interest in and mortgages, liens, pledges, charges, security interests or encumbrances, as applicable, on all of the Collateral (as defined in the Indenture) (subject to the completion of the recordings, notations and filings as required to perfect the security under Macau law and New York law, as the case may be, and subject to certain permitted liens and exceptions as set forth in the applicable Security Document). No filings or recordings are required in order to perfect and protect the security interests created under the applicable Security Document; provided that any foreclosure or other exercise of remedies by the Trustee or the Collateral Agent, as the case may be, may require additional approvals and consents that have not been obtained from governmental authorities or agencies.

(xl) Authorization of the Note Disbursement and Account Agreement. The Note Disbursement and Account Agreement has been duly authorized by the Issuer and, when executed and delivered by the Issuer (assuming the due authorization, execution and delivery by the Disbursement Agent, the Collateral Agent and the Trustee), will constitute a valid and binding agreement of each of them, enforceable against the Issuer in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting the creditors' rights generally and to generally principles of equity (regardless of whether considered in a proceeding in equity or at law).

(xli) No Qualification under Trust Indenture Act. In connection with the offer, sale and delivery of the Notes to Initial Purchasers in the manner contemplated by this Agreement, no qualification of the Indenture under the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder (the "TIA") is required in connection with the offer and sale of the Notes contemplated hereby or in connection with the resales thereof by the Initial Purchasers. On the Closing Date, the Indenture will conform in all material respects to the requirements of the TIA and the rules and regulations of the Commission thereunder applicable to an indenture which is required to be qualified thereunder.

(xlii) Payments without Withholding. Except as described in the Disclosure Package and Final Offering Memorandum, all payments on the Notes will be made by the Issuer and the Subsidiary Guarantors without withholding or deduction for or on account of any and all taxes, duties or other charges or whatsoever nature (including, without limitation, income taxes) imposed by the British Virgin Islands or Macau, or, in each case, any political subdivision or taxing authority thereof or therein.

(xliii) Sovereign Immunity. None of the Issuer or any of its subsidiaries or any of their respective properties has any sovereign immunity from jurisdiction or suit of any court or from set-off or from any legal process or remedy (whether through service, notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of Macau.

(xliv) Solvency. Immediately after the Closing Time, the Issuer and each of its subsidiaries will be Solvent. As used herein, the term “**Solvent**” means, with respect to the Issuer and each of its subsidiaries, on a particular date, that on such date (1) the fair market value of the assets of such entity is greater than the total amount of liabilities (including contingent liabilities) of the entity, (2) the present fair saleable value of the assets of such entity is greater than the sum of stated liabilities and identified contingent liabilities, (3) such entity is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (4) such entity does not have unreasonably small capital after giving due consideration to the prevailing practice in the industry in which the Issuer or any Subsidiary Guarantor is engaged, and (5) such entity is not unable to or has not been deemed to be unable to pay its debts as they fall due. No proceedings have been commenced nor have resolutions been passed or petitions presented for purposes of, and no judgment has been rendered for, the liquidation, bankruptcy, winding-up, administration or analogous event of the Issuer and each of its subsidiaries. This representation provided in this clause (xliv) assumes the correctness of the report dated October 8, 2012 prepared by Savills (Macau) Limited titled “Valuation Report in respect of Studio City” as of immediately after the Closing Time.

(xlv) Undisclosed Liabilities. There are (i) no liabilities of the Issuer or any of its subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and (ii) no existing situations or set of circumstances that would reasonably be expected to result in such a liability, other than (x) liabilities set forth in the Offering Memorandum, or (y) other undisclosed liabilities which would not, individually or in the aggregate, have a Material Adverse Effect.

(xlvi) Accounting Controls. The Issuer and its consolidated subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management’s general or specific authorization, and (iv) and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xlvii) Similar Offerings. None of the Issuer, any of its subsidiaries or any of its Affiliates, as such term is defined in Rule 501(b) under the 1933 Act (each, an “**Affiliate**”) or any other person acting on their behalf, has, directly or indirectly, solicited any offer to buy, sold or offered to sell or otherwise negotiated in respect of, or will solicit any offer to buy, sell or offer to sell or otherwise negotiate in respect of, in the United States or to any U.S. person (as defined in Regulation S), any security which is or would be integrated with the sale of the Notes in a manner that would require the Notes to be registered under the 1933 Act.

(xlviii) Rule 144A Eligibility. The Notes are eligible for resale pursuant to Rule 144A and will not be, at the Closing Time, of the same class as securities listed on a national securities exchange registered under Section 6 of the 1934 Act, or quoted in a U.S. automated interdealer quotation system. Each of the Disclosure Package and Final Offering Memorandum, as of its date, contain all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the 1933 Act.

(xlix) No General Solicitation. None of the Issuer or its subsidiaries, their Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom no representation is made) has engaged or will engage, in connection with the offering of the Notes, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the 1933 Act.

(l) Public Announcements Relating to Stabilization Actions. Each of the Issuer and its subsidiaries represents, warrants and agrees that in relation to any Notes for which Deutsche Bank AG, Singapore Branch is named as a Stabilizing Manager (the “**Stabilizing Manager**”), each of the Issuer and its subsidiaries will not issue, without the prior consent of the Stabilizing Manager, any press release or other public announcement referring to the proposed issue of Notes unless the announcement adequately discloses the fact that stabilizing action may take place in relation to the Notes to be issued and each of the Issuer and its subsidiaries authorizes the Initial Purchasers to make adequate public disclosure of the information required by the Market Abuse Directive (Directive 2003/6/EC) instead of the Issuer or such subsidiary.

(li) No Registration Required. Subject to compliance by the Initial Purchasers with the representations and warranties set forth in this section and the procedures set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Notes to the Initial Purchasers and to each Subsequent Purchaser in the manner contemplated by this Agreement and the Offering Memorandum to register the Notes under the 1933 Act.

(lii) No Directed Selling Efforts. With respect to those Notes sold in reliance on Regulation S, (A) none of the Issuer or its subsidiaries, their respective Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Issuer and its subsidiaries make no representation) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (B) each of the Issuer, its subsidiaries and their respective Affiliates and any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Issuer and its subsidiaries make no representation) has complied with and will comply with the offering restrictions requirement of Regulation S. The sale of the Notes and the Guarantees pursuant to Regulation S is not part of a plan or scheme to evade the registration provisions of the 1933 Act.

(liii) Foreign Private Issuer. The Issuer is a “foreign private issuer” as defined in Rule 405 under the 1933 Act.

(liv) ERISA Compliance. (A) The Issuer, its subsidiaries and “ERISA Affiliates” (as defined below) and any “employee benefit plan” (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, “ERISA”), excluding any Foreign Plans (as defined below)) established or maintained by the Issuer, its subsidiaries or any ERISA Affiliate are in compliance with ERISA and the Code (as defined below) except as would not have a Material Adverse Effect. “ERISA Affiliate” means, with respect to the Issuer or its subsidiaries, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the “Code”) of which the Issuer or such subsidiary is a member. No “reportable event” (as defined under Section 4043 of ERISA) has occurred or is reasonably expected to occur with respect to any “employee benefit plan” subject to Title IV of ERISA established or maintained by the Issuer, its subsidiaries or any ERISA Affiliate, except as would not, individually or in the aggregate have a Material Adverse Effect. None of the Issuer, its subsidiaries or any ERISA Affiliate has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any “employee benefit plan” or (ii) Sections 412, 4975 or 4980B of the Code, except as would not, individually or in the aggregate, have a Material Adverse Effect.

(B) With respect to any employee benefit plan, program or other arrangement providing compensation or benefits to any current or former employee, director, officer or consultant (or any dependent or beneficiary thereof) of the Issuer or its subsidiaries that is subject to the laws of any jurisdiction outside of the United States (the “**Foreign Plans**”): (i) such Foreign Plan has been maintained in all material respects in accordance with all applicable requirements and all applicable laws, (ii) except as would not reasonably be expected to result in a material liability to the Issuer or any of its Subsidiaries, if intended to qualify for special tax treatment, such Foreign Plan meets all requirements for such treatment, (iii) except as would not reasonably be expected to result in a material liability to the Issuer or any of its subsidiaries, if intended or required to be funded and/or book-reserved, such Foreign Plan is fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions, and (iv) no material liability exists or reasonably could be expected to be imposed upon the assets of the Issuer or any of its subsidiaries by reason of such Foreign Plan.

(lv) Sale Proceeds. None of the transactions contemplated by this Agreement (including without limitation, the use of the proceeds from the sale of the Notes), will violate or result in a violation of Section 7 of the 1934 Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System.

(lvi) Construction Plans. To the best knowledge of the Issuer and subject to the risk factors and qualifications as disclosed in the Disclosure Package and the Final Offering Memorandum, (i) the current anticipated completion of construction of the Project is as set forth in the Offering Memorandum; and (ii) the section entitled “Use of Proceeds” in the Offering Memorandum set forth the current anticipated cost of construction of the Project (including interest, legal, architectural, engineering, planning, and other similar costs) and such other current anticipated cost related to the development of the Project, in each case, as is currently budgeted by the Issuer; these amounts are based upon reasonable assumptions as to all matters material to these estimates set forth therein.

(lvii) Consultant Report. All information provided to Franklin & Andrews (Hong Kong) Limited (the “**Consultant**”) for the purposes of the Consultant’s preparation of that certain technical report in connection with the Project, as memorialized in the “Final Independent Technical Report” dated as of October 25, 2012 contained in Appendix A to the Offering Memorandum (the “**Report**”) has been supplied in good faith and such information, when supplied, was to the best knowledge of the Issuer, true and accurate and complete in all material respects. To the best knowledge of the Issuer, the Consultant was, as of the date of the Report, and is, as of the date hereof, “independent”. For purposes of this paragraph, the Consultant shall be considered “independent” if, from the date which was six months prior to the date of the Offering Memorandum, the Consultant (i) had not, or was not committed to acquire, any direct material financial interest in the Issuer or any of its subsidiaries or (ii) was not, or is not connected as a promoter, underwriter, voting trustee, investor, investee, director, officer or employee of the Issuer or any of its subsidiaries.

SECTION 2. Sale and Delivery to Initial Purchasers; Closing.

(a) *Notes.* On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Issuer agrees to sell to each Initial Purchaser, severally and not jointly, and each Initial Purchaser severally and not jointly, agrees to purchase from the Issuer, at the purchase price of 98.40% (consisting of the purchase price for the Notes net the underwriting commission thereon) of the principal amount thereof (the “**Purchase Price**”), the aggregate principal amount of Notes set forth in Schedule A opposite the name of such Initial Purchaser, plus any additional principal amount of Notes which such Initial Purchaser may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) *Payment of Purchase Price, Initial Purchaser Commission and Fees.* Payment of the Purchase Price for the Notes shall be made by the Initial Purchasers, in U.S. dollars in immediately available funds by wire transfer to the account of the Issuer notified to the Representative (as defined below) at least two business days before 9:30 A.M. New York City time on November 26, 2012 (the “**Closing Date**”), or at least two business days before such other date, not later than seven calendar days after the foregoing date, as shall be agreed upon by the Representative and the Issuer (such time and date of payment being herein called the “**Closing Time**”). The Initial Purchasers shall be entitled to offset from the payment of the Purchase Price for the Notes the costs and expenses which the Issuer and the Subsidiary Guarantors have agreed to pay pursuant to Section 4 of this Agreement pursuant to the engagement letter entered into by the Initial Purchasers with Studio City International Holdings Limited dated October 19, 2012 (the “**Engagement Letter**”).

Payment shall be made to the Issuer against delivery to the Initial Purchasers for the respective accounts of the several Initial Purchasers or the accounts of the persons procured by the Initial Purchasers to purchase the Notes. Each Initial Purchaser shall accept delivery of, receipt for, and make payment of the Purchase Price for, the Notes which it has agreed to purchase, or procure the purchase of. Each of the Initial Purchasers, may (but shall not be obligated to) make payment of the Purchase Price for the Notes to be purchased by any persons procured by such Initial Purchaser, whose funds have not been received by the Closing Time.

(c) *Delivery.* The Issuer will deliver to the Initial Purchasers, against payment of the Purchase Price thereof pursuant to Section 2(b) above, the Notes to be purchased by the Initial Purchasers hereunder and to be offered and sold by each Initial Purchaser in reliance on Regulation S in the form of one or more global notes in definitive form (the “**Regulation S Global Notes**”) and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), and deposited with the Trustee as custodian for DTC for the respective accounts of the DTC participants for Euroclear Bank S.A./N.V. (“**Euroclear**”), and Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream, Luxembourg**”). The Issuer will deliver to the Initial Purchasers against payment of the Purchase Price thereof the Notes to be purchased by the Initial Purchasers hereunder and to be offered and sold by each Initial Purchaser in reliance on Rule 144A in the form of one or more global notes in definitive form (the “**Rule 144A Global Notes**”) deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Global Notes and the Rule 144A Global Notes shall be assigned separate CUSIP numbers. The Regulation S Global Notes and the Rule 144A Global Notes shall include the legend regarding restrictions on transfer set forth under “Transfer Restrictions” in the Offering Memorandum. Interests in the Regulation S Global Notes and the Rule 144A Global Notes will be held only in book-entry form through DTC except in the limited circumstances described in the Indenture when they may be exchanged for definitive certificated Notes.

(d) *Stabilization*. Deutsche Bank AG, Singapore Branch, as Stabilizing Manager (or any person duly appointed as acting for the Stabilizing Manager) may, to the extent permitted by applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so the Stabilizing Manager shall act as principal and not as agent of the Issuer. Each Initial Purchaser acknowledges that, in order to assist in the orderly distribution of the Notes, the Stabilizing Manager may, after consultation with the other Initial Purchasers, over-allot in arranging subscriptions, sales and purchases of the Notes and may subsequently make purchases and sales of the Notes, in addition to the Purchase Percentage, in the open market or otherwise, on such terms as the Stabilizing Manager deems advisable. All such purchases, sales and over-allotments shall be made in accordance with applicable law for the account of each Initial Purchaser, and may be reallocated among the Initial Purchasers in proportion to the ratio that each Initial Purchaser's underwriting commitment bears to the aggregate principal amount of the Notes; provided, however, notwithstanding the foregoing, upon consultation by the Stabilizing Manager with the Initial Purchasers, each Initial Purchaser shall be responsible for managing its individual long or short position (the "**Individual Position**") and may cover any short position, sell any long position and/or engage in hedging activities in respect of its Individual Position (collectively, the "**Stabilizing Activities**"). "**Purchase Percentage**" means the principal amount of Notes subscribed for by an Initial Purchaser as a ratio of the aggregate principal amount of the Notes. Each Initial Purchaser shall be liable for any loss, or entitled to any profit, arising from its own Stabilizing Activities and, for the avoidance of doubt, no Initial Purchaser shall be liable for the loss, or entitled to any profit, arising from the Stabilizing Activities of any other Initial Purchaser's Individual Position. All Stabilizing Activities and any gains or losses arising therefrom shall be made in accordance with applicable law. Upon the aforementioned consultation by the Stabilizing Manager with the Initial Purchasers, any Stabilizing Activities may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but in no case later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Notes.

SECTION 3. Covenants of the Issuer and the Subsidiary Guarantors. The Issuer and each Subsidiary Guarantor covenants with each Initial Purchaser as follows:

(a) *Disclosure Package and Offering Memorandum*. During the period from the date hereof to that indicated in Section 3(b)(ii) below, the Issuer, as promptly as possible, will furnish to each Initial Purchaser, without charge, such number of copies of the Disclosure Package and Final Offering Memorandum and any amendments and supplements thereto and documents incorporated by reference therein as such Initial Purchaser may reasonably request.

(b) *Notice and Effect of Material Events.* The Issuer will immediately notify each Initial Purchaser, and confirm such notice in writing, of (i) any filing made by the Issuer or any Subsidiary Guarantor of information relating to the offering of the Notes with any securities exchange or any other regulatory body in the applicable jurisdiction, and (ii) at any time prior to the completion of the resale of the Notes by the Initial Purchasers, any material changes in or affecting the condition, financial or otherwise, or the earnings, business affairs or business prospects of the Issuer and its subsidiaries considered as one enterprise which (x) make any statement in the Disclosure Package, any Offering Memorandum or any Supplemental Offering Material false or misleading or (y) are not disclosed in the Disclosure Package or Offering Memorandum. In such event or if during such time any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Offering Memorandum in order that the Offering Memorandum not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances then existing, or if in the reasonable opinion of the Initial Purchasers or counsel for the Initial Purchasers it is otherwise necessary to amend or supplement the Offering Memorandum to comply with law, the Issuer will forthwith amend or supplement the Offering Memorandum by promptly preparing and furnishing, at its own expense, to each Initial Purchaser an amendment or amendments of, or a supplement or supplements to, the Offering Memorandum (in form and substance satisfactory in the reasonable opinion of counsel for the Initial Purchasers) so that, as so amended or supplemented, the Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a person procured by an Initial Purchaser to purchase any Notes or a Subsequent Purchaser, not misleading or so that the Offering Memorandum, as amended or supplemented, will comply with law.

(c) *Amendments and Supplements to the Offering Memorandum; Preparation of Pricing Supplement; Supplemental Offering Materials.* The Issuer will promptly submit for review and approval to each Initial Purchaser any proposed amendment or supplement to the Disclosure Package and Offering Memorandum, such approval not to be unreasonably withheld or delayed. Neither the approval of the Initial Purchasers, nor the Initial Purchaser's delivery of any such amendment or supplement, shall constitute a waiver of any of the conditions set forth in Section 5 hereof. The Issuer represents and agrees that, unless it obtains the prior consent of the Representative, it has not made and will not make any offer relating to the Notes by means of any Supplemental Offering Materials.

(d) *Qualification of Notes for Offer and Sale.* The Issuer and the Subsidiary Guarantors will use their commercially reasonable best efforts, in cooperation with the Initial Purchasers and counsel for the Initial Purchasers, to qualify the Notes for offering and sale under the applicable securities laws of such states and other jurisdictions as the Initial Purchasers may designate and will maintain such qualifications in effect as long as required for the sale of the Notes; *provided, however,* that neither Issuer nor any Subsidiary Guarantor shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities or take any other action in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Issuer will advise the Initial Purchasers promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Notes for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Issuer shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(e) *DTC.* The Issuer and the Subsidiary Guarantors will cooperate with the Initial Purchasers and use their best efforts to permit the Notes to be eligible for clearance and settlement through the facilities of DTC and will assist the Initial Purchasers in obtaining the approval of DTC for "book-entry" transfer of the Notes in global form.

(f) *Euroclear and Clearstream, Luxembourg.* The Issuer and the Subsidiary Guarantors will cooperate with the Initial Purchasers and use their best efforts to permit the Notes to be eligible for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg and will assist the Initial Purchasers in obtaining the approval of Euroclear and Clearstream, Luxembourg for “book-entry” transfer of the Notes in global form.

(g) *Use of Proceeds.* The Issuer will apply the net proceeds received by it from the sale of the Notes (upon the release to the Issuer from the Escrow Account (as defined in the Indenture)) in the manner specified in the Offering Memorandum under “Use of Proceeds” and will not use such net proceeds for any purpose that would be subject to sanction under any of the laws, rules or regulations described in clause (xxxiii) of Section 1 hereof.

(h) *Restriction on Sale of Securities.* For a period of 90 days from the date of this Agreement, the Issuer and each of the Subsidiary Guarantors agree not to, directly or indirectly, sell, offer to sell, contract to sell, grant any option to purchase, issue any instrument convertible into or exchangeable for, or otherwise transfer or dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition in the future of), any debt securities of the Issuer or any of the Subsidiary Guarantors with terms substantially similar (including having equal rank) to the Notes (other than the Notes and the sale or issuance of convertible bonds by a parent company or Affiliate of the Issuer), except with the prior consent of the Representative.

(i) *Listing on Securities Exchange.* The Issuer will use commercially reasonable efforts to have the Notes listed or admitted to trading on the SGX-ST.

(j) *Investment Company.* The Issuer shall not invest, or otherwise use the proceeds received by the Issuer from its sale of the Notes in such a manner as would require the Issuer or any Subsidiary Guarantor to register as an investment company under the Investment Company Act. The Issuer and the Subsidiary Guarantors agree to perform their duties set forth in Schedule D hereto to ensure that no sale or other transfer of Securities (as defined therein) will be made that would require the Issuer to register as an “investment company” under the Investment Company Act or would jeopardize the exemptions from registration provided thereunder; provided that the Issuer and the Subsidiary Guarantors may modify such duties to the extent that such modification would not result in the loss of the Issuer’s exemption from registration under the Investment Company Act and the Issuer and the Subsidiary Guarantors first provide the Initial Purchasers an opinion of counsel satisfactory to the Initial Purchasers to the effect that such modification will not have an adverse effect on the ability of the Issuer to rely on the exemption from registration under the Investment Company Act pursuant to Section 3(c)(7) thereof.

(k) *Stabilization and Manipulation.* In connection with the issuance and sale of the Notes, until the Initial Purchasers have notified the Issuer and the other Initial Purchasers of the completion of the placement and resales of the Notes by the Initial Purchasers, none of the Issuer, any Subsidiary Guarantor or any of their respective Affiliates has taken, nor will any of them take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of the Notes to facilitate the sale or resale of the Notes. Except as permitted by the 1933 Act, none of the Issuer or the Subsidiary Guarantors will distribute any offering material in connection with the resales of the Notes.

(l) *Trust Indenture Act*. The Issuer and the Subsidiary Guarantors agree that at such time as may be required, the Indenture shall be qualified under the TIA and any necessary supplemental indentures will be entered into in connection therewith.

(m) *Further Assurances*. The Issuer and the Subsidiary Guarantors will do and perform all things required or necessary to be done and performed under this Agreement by them prior to the Closing Date, and to satisfy all conditions precedent to the Initial Purchasers' obligations hereunder to purchase, or procure the purchase of, the Notes.

SECTION 4. Payment of Expenses.

The Issuer and the Subsidiary Guarantors will pay the expenses as agreed in the Engagement Letter, and the Representative, on behalf of the Initial Purchasers, shall be entitled to deduct such amounts from the Purchase Price of the Notes as provided in Section 2(b) hereof.

SECTION 5. Conditions of Initial Purchasers' Obligations.

The obligations of the several Initial Purchasers to purchase and pay for, or procure the purchase of and payment for, the Notes hereunder are subject to the accuracy of the representations and warranties of the Issuer and the Subsidiary Guarantors contained in Section 1 hereof, as of the date hereof and as of the Closing Date, or in certificates of any officer or director of the Issuer and the Subsidiary Guarantors, delivered pursuant to the provisions hereof, to the performance by the Issuer and the Subsidiary Guarantors of their respective covenants and other obligations hereunder, and to the following further conditions (any of which may be waived by the Representative):

(a) *Opinion of U.S. Counsel for the Issuer and the Subsidiary Guarantors*. At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received (x) the opinion and (y) the 10b-5 disclosure letter, dated as of the Closing Time, of Shearman & Sterling, U.S. counsel for the Issuer and the Subsidiary Guarantors, in form and substance satisfactory to the Representative.

(b) *Opinion of British Virgin Islands Counsel for the Issuer*. At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Appleby, special British Virgin Islands counsel for the Issuer, in form and substance satisfactory to the Representative.

(c) *Opinion of Macau Counsel for the Issuer*. At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Manuela António Lawyer and Notaries, special Macau counsel for the Issuer, in form and substance satisfactory to the Representative.

(d) *Opinion of U.S. Counsel for the Initial Purchasers*. At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received (x) the opinion and (y) the 10b-5 disclosure letter, dated as of the Closing Time, of White & Case, U.S. counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

(e) *Opinion of British Virgin Islands Counsel for the Initial Purchasers.* At the Closing Time the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Maples and Calder, special British Virgin Islands counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

(f) *Opinion of Macau Counsel for the Initial Purchasers.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Henrique Saldanha, Advogados e Notários, special Macau counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

(g) *Compliance Certificate of the Issuer and the Subsidiary Guarantors.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received a certificate signed by an executive officer or director of the Issuer and the Subsidiary Guarantors, dated as of the Closing Time, to the effect that (i) since the date of the most recent financial statements included in the Disclosure Package, there shall have been no event or development, and no information shall have become known, that, individually or in the aggregate, has a Material Adverse Effect, (ii) the representations and warranties of the Issuer and the Subsidiary Guarantors in Section 1 hereof are true and correct in all material respects with the same force and effect as though expressly made at and as of the Closing Time, and (iii) the Issuer and the Subsidiary Guarantors have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the Closing Time.

(h) *Comfort Letter of the Accountants.* At the time of the execution of this Agreement, the Representative on behalf of the Initial Purchasers shall have received from each of E&Y and Deloitte a letter dated such date, in form and substance satisfactory to the Representative, containing statements and information of the type ordinarily included in accountants' "comfort letters" to Initial Purchasers, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletins), with respect to the financial statements and certain financial information contained in the Offering Memorandum.

(i) *Bring-down Comfort Letter.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received from Deloitte a letter, dated as of the Closing Time, to the effect that Deloitte reaffirms the statements made in its letters furnished pursuant to subsection (i) of this Section 5, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(j) At each of (x) the time of the execution of this Agreement and (y) at the Closing Time, the Representative shall have received from the Consultant a certificate regarding the Report.

(k) *Approval of Listing.* At the Closing Time, the Notes shall have been approved in principle for listing on the SGX-ST, subject only to official notice of issuance.

(l) *Delivery of Operative Documents.* Executed copies of the Operative Documents in form and substance reasonably satisfactory to the Representative shall have been delivered to the Representative on behalf of the Initial Purchasers.

(m) *No Material Adverse Change or Ratings Agency Change.* For the period from and after the date of this Agreement and prior to the Closing Date:

(i) in the judgment of the Initial Purchasers, there shall not have occurred any event or development, and no information shall have become known, that, individually or in the aggregate, would have a Material Adverse Effect (“**Material Adverse Change**”); and

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any securities of the Issuer or any of its subsidiaries by any “nationally recognized statistical rating organization” as such term is defined for purposes of Rule 436 under the 1933 Act.

(n) *Escrow Agreement and Escrow Deposit.* The Initial Purchaser shall have received a counterpart of the Escrow Agreement that shall have been executed and delivered by a duly authorized officer of each party thereto. The Escrow Agreement shall be in full force and effect. A first-priority lien on and security in the funds in the Escrow Account shall be granted on an exclusive basis in accordance with the terms of the Escrow Agreement.

(o) *Establishment of Accounts.* Each of the Escrow Account, the Note Disbursement Accounts, the Note Proceeds Account, the Note Interest Accrual Account and the Note Interest Reserve Account shall have been established.

(p) *DTC.* At the Closing Time, the Notes shall be eligible for clearance and settlement through DTC.

(q) *Operative Documents.* With respect to any Operative Document to be executed at Closing Time, each of the parties thereto shall have entered into each such Operative Document to which each is a party. The Initial Purchasers shall have received copies of each executed Operative Document.

(r) *Additional Documents.* On or before the Closing Time, the Representative on behalf of the Initial Purchasers or counsel for the Initial Purchasers shall have received such information, documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Notes as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Issuer and the Subsidiary Guarantors in connection with the issuance and sale of the Notes as herein contemplated shall be reasonably satisfactory in form and substance in all material respects to the Initial Purchasers and counsel for the Initial Purchasers.

(s) *Termination of Agreement.* If any condition specified in this Section 5 shall not have been fulfilled in all material respects when and as required to be fulfilled, this Agreement may be terminated by the Representative on behalf of the Initial Purchasers by notice to the Issuer at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 7 and 8 shall survive any such termination and remain in full force and effect.

The documents required to be delivered by this Section 5 will be delivered at the offices of White & Case, counsel for the Initial Purchasers, at 9th Floor, Central Tower, 28 Queen's Road, Central, Hong Kong.

SECTION 6. Offers and Sales of the Notes.

(a) Offer and Sale Procedures. The Initial Purchasers hereby establish and agree to observe the following procedures in connection with the offer and sale of the Notes:

(i) Offers and Sales only to Qualified Institutional Buyers and Qualified Purchasers in the United States or to Non-U.S. Persons. Initial offers and sales of the Notes shall only be made (A) by the U.S. broker-dealer affiliates of the Initial Purchasers to persons whom the Initial Purchasers reasonably believe to be (x) qualified institutional buyers, as defined in Rule 144A ("QIBs") that are also (y) QPs that can make each of the representations set forth in the legend relating to Global 144A Notes under the caption "Transfer Restrictions – Rule 144A Notes" in the Offering Memorandum or (B) to non-U.S. persons (as defined in Regulation S) outside the United States upon Regulation S.

(ii) Each of the Initial Purchasers hereby severally represents and agrees that:

- (1) it, or the U.S. broker-dealer affiliates of such Initial Purchaser making sales pursuant to Rule 144A, is a QIB and QP; and
- (2) if it is not a QIB or QP, then it represents and agrees with the Issuer and the other Initial Purchasers that it shall offer and sell the Notes only outside the United States in offshore transactions to persons who are not U.S. person (as defined in Rule 902 under the Securities Act).

(iii) No Directed Selling Efforts. None of the Initial Purchasers, their Affiliates or any person acting on its or their behalf, has engaged or will engage in any directed selling efforts within the meaning of Regulation S and each of the Initial Purchasers, their Affiliates and any person acting on its or their behalf has complied and will comply with the offering restrictions of Regulation S.

(iv) No General Solicitation. No general solicitation or general advertising (within the meaning of Rule 502(c) under the 1933 Act) has been or will be used in the United States in connection with the offering or sale of the Notes.

(v) Purchases by Non-Bank Fiduciaries. In the case of a non-bank Subsequent Purchaser of a Note acting as a fiduciary for one or more third parties, each third party shall, in the judgment of the applicable Initial Purchaser, be a QIB and a QP or a non-U.S. person outside the United States.

(vi) Restrictions on Transfer. The selling and transfer restrictions and the other provisions set forth in the Offering Memorandum under the heading "Transfer Restrictions" including, without limitation, the legend required thereby, shall apply to the Notes except as otherwise agreed by the Issuer and the Initial Purchasers.

Following the sale of the Notes by the Initial Purchasers to the Subsequent Purchasers in accordance with the terms hereof, the Initial Purchasers shall not be liable or responsible to the Issuer for any losses, damages or liabilities suffered or incurred by the Issuer, including any losses, damages or liabilities under the 1933 Act, arising from or relating to any resale or transfer of any Note; *provided that* each Initial Purchaser shall be liable and responsible for any such losses, damages or liabilities arising from its gross negligence, willful misconduct or fraud.

(b) *Covenants of the Issuer and the Subsidiary Guarantors.* The Issuer and each Subsidiary Guarantor covenants with each Initial Purchaser as follows:

(i) Integration. The Issuer and each Subsidiary Guarantor agrees that it will not and will cause persons under its control or acting on its behalf, other than the Initial Purchasers, as to which the Issuer and the Subsidiary Guarantors do not covenant, directly or indirectly, solicit any offer to buy, sell or make any offer or sale of, or otherwise negotiate in respect of, securities of the Issuer of any class if, as a result of the doctrine of “integration” referred to in Rule 502 of Registration D under the 1933 Act, such offer or sale would render invalid (for the purpose of (i) the sale of the Notes by the Issuer to the Initial Purchasers, (ii) the resale of the Notes by the Initial Purchasers to Subsequent Purchasers or (iii) the resale of the Notes by such Subsequent Purchasers to others) the exemption from the registration requirements of the 1933 Act provided by Section 4(2) thereof or by Rule 144A or by Regulation S thereunder or otherwise.

(ii) Rule 144A Information. The Issuer each Subsidiary Guarantor agrees that, in order to render the Notes eligible for resale pursuant to Rule 144A, while any of the Notes remain outstanding, it will make available, upon request, to any holder of Notes or prospective purchasers of Notes the information specified in Rule 144A(d)(4).

(iii) Restriction on Repurchases. Until the expiration of one year after the later of the date of the original issuance of the Notes and the last date on which the Issuer or any of its Affiliates were the owner of Notes, neither the Issuer nor any of its subsidiaries will, and will cause persons acting on its or their behalf, other than the Initial Purchasers to which the Issuer and the Subsidiary Guarantors do not covenant, not to, resell any such Notes which are “restricted securities” (as such term is defined under Rule 144(a)(3) under the 1933 Act), whether as beneficial owner or otherwise (except an agent acting as a securities broker on behalf of and for the account of customers in the ordinary course of business in unsolicited broker’s transactions).

(c) *Resale Pursuant to Rule 903 of Regulation S or Rule 144A.* Each Initial Purchaser understands that the Notes have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the 1933 Act. Each Initial Purchaser severally represents and agrees, that, except as permitted by Section 6(a) above, it has not offered and sold Notes and will not offer and sell Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the date upon which the offering of Notes commences and the Closing Time, only in accordance with Rule 903 of Regulation S, Rule 144A or another applicable exemption from the registration requirements of the 1933 Act. Accordingly, neither the Initial Purchasers, their Affiliates nor any persons acting on their behalf have engaged or engage in any directed selling efforts with respect to Notes sold hereunder pursuant to Regulation S, and the Initial Purchasers, their Affiliates and any person acting on their behalf have complied and will comply with the offering restrictions of Regulation S. Each Initial Purchaser severally agrees that, at or prior to confirmation of a sale of Notes pursuant to Regulation S, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the restricted period a confirmation or notice to substantially the following effect:

“The Notes may be purchased and transferred only in minimum principal amounts of US\$250,000 and integral multiples of US\$1,000 in excess thereof.

This Note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any jurisdiction and may not be reoffered, resold, pledged or otherwise transferred within the United States or to a U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from registration under the Securities Act. The Issuer of this Note has agreed that this legend shall be deemed to have been removed on the 41st day following the later of the commencement of the offering of the Notes and the final delivery date with respect thereof.”

(d) *Principal or Face Amount of the Notes.* The Initial Purchasers agree that no sale of the Notes to any U.S. persons (as defined in Rule 902 under the Securities Act) or within the United States shall be for less than US\$250,000 principal or face amount, and no Notes sold to any U.S. persons or within the United States shall be issued in a smaller principal or face amount. If the purchaser is a non-bank fiduciary acting on behalf of others in the United States or who are U.S. persons, each such person for whom such purchaser is acting must purchase at least US\$250,000 principal or face amount of the Notes.

SECTION 7. Indemnification.

(a) *Indemnification of Initial Purchasers.* Each of the Issuer and the Subsidiary Guarantors will indemnify and hold harmless each Initial Purchaser, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act (each, an “**Indemnified Party**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the 1933 Act, the 1934 Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Disclosure Package as of any time, the Final Offering Memorandum (or any amendment or supplement thereto) or any Supplemental Offering Materials, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating, defending against or appearing as a third party witness in connection with any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; *provided, however,* that neither the Issuer nor any Subsidiary Guarantor shall be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Issuer by any Initial Purchaser specifically for use therein, it being understood and agreed that the only such information furnished by any Initial Purchaser consists of the information described as such in subsection (b) below.

(b) *Indemnification of Issuer and Subsidiary Guarantors.* Each Initial Purchaser will severally and not jointly indemnify and hold harmless the Issuer and the Subsidiary Guarantors and each person, if any, who controls the Issuer or the Subsidiary Guarantors within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act (each, an “**Initial Purchaser Indemnified Party**”), against any losses, claims, damages or liabilities to which such Initial Purchaser Indemnified Party may become subject, under the 1933 Act, the 1934 Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of the Disclosure Package, the Final Offering Memorandum or in any Supplemental Offering Materials or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Issuer by such Initial Purchasers specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Initial Purchaser Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Initial Purchaser Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Initial Purchaser consists of the following information in the Offering Memorandum furnished on behalf of each Initial Purchaser: their respective names as set forth in the first two sentences of the first paragraph under the section “Plan of Distribution—Price Stabilization and Short Positions” in the Disclosure Package and the Final Offering Memorandum.

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above hereafter, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7, as the case may be, for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Control Persons*. The obligations of the Issuer and the Subsidiary Guarantors under this Section 7 shall be in addition to any liability which the Issuer and the Subsidiary Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Initial Purchaser, within the meaning of the 1933 Act; and the obligations of the Initial Purchasers under this Section 7 shall be in addition to any liability which the respective Initial Purchaser may otherwise have and shall extend, upon the same terms and conditions, to each director of the Issuer and the Subsidiary Guarantors and to each person, if any, who controls the Issuer and the Subsidiary Guarantors within the meaning of the 1933 Act.

SECTION 8. Contribution.

If the indemnification provided for in Section 7 is unavailable or insufficient to hold harmless an indemnified party under Section 7 (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in Section 7 (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Initial Purchasers on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Issuer and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer and the Subsidiary Guarantors bear to the total underwriting discounts and commissions received by the Initial Purchasers. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this Section 8. Notwithstanding the provisions of this Section 8, no Initial Purchaser shall be required to make contributions hereunder that in the aggregate exceed the total discounts, commissions and other compensation received by such Initial Purchaser under this Agreement, less the aggregate amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of the untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations in this Section 8 to contribute are several in proportion to their respective underwriting obligations and not joint. The Issuer, the Subsidiary Guarantors and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8.

SECTION 9. Agreement among Managers.

The Initial Purchasers agree as between themselves that they will be bound by and will comply with the International Capital Market Association Standard Form Agreement Among Managers version 1, together with the New York Law Schedule (the “**AAM**”) as amended in the manner set out below and further agree that references in the AAM to the “Joint Lead Manager” and the “Managers” shall mean the Initial Purchasers and references in the AAM and this Agreement to the “Settlement Lead Manager” and the “Stabilising Manager” shall mean Deutsche Bank AG, Singapore Branch (or persons acting on its behalf). The Initial Purchasers agree as between themselves to amend the AAM as follows:

- (a) references in the AAM to the “Commitments” shall mean, as between the Initial Purchasers only, the amounts set out in Schedule A;
- (b) clause 3 shall be deemed to be deleted in its entirety;
- (c) clause 4 shall be deemed to be deleted in its entirety;
- (d) clause 5 shall be deemed to be deleted in its entirety and replaced with the following:

“Each Joint Lead Manager acknowledges that, in order to assist in the orderly distribution of the Securities, the Stabilising Manager may, after consultation with the other Joint Lead Managers, over-allot in arranging subscriptions, sales and purchases of the Securities and may subsequently make purchases and sales of the Securities, in addition to the Purchase Percentage, in the open market or otherwise, on such terms as the Stabilising Manager deems advisable. All such purchases, sales and over-allotments shall be made in accordance with applicable law for the account of the Joint Lead Managers, and may be reallocated among the Joint Lead Managers in proportion to each Joint Lead Manager’s Purchasing Percentage; provided, however, notwithstanding the foregoing, upon consultation by the Stabilising Manager with the Joint Lead Managers, each Joint Lead Manager shall be responsible for managing its individual long or short position (the “**Individual Position**”) and may cover any short position, sell any long position and/or engage in hedging activity in respect of its Individual Position (collectively, the “**Stabilising Activities**”). Purchase Percentage means the principal amount of Securities subscribed for by a Joint Lead Manager as a ratio of the aggregate principal amount of the Securities.

Each Joint Lead Manager shall be liable for any loss, or entitled to any profit, arising from its own Stabilising Activities and, for the avoidance of doubt, no Joint Lead Manager shall be liable for such loss, or entitled to any profit, arising from the Stabilising Activities of any other Joint Lead Manager's Individual Position. All Stabilising Activities and any gains or losses arising therefrom shall be made in accordance with applicable law. Upon the aforementioned consultation by the Stabilising Manager with the Joint Lead Managers, any Stabilising Activities may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may be ended at any time, but in no case later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities."

(e) clause 6(b) shall be deemed to be deleted in its entirety;

(f) clause 7 shall be deemed to be deleted in its entirety;

(g) Within 90 days of the Closing Date, the Settlement Lead Manager shall determine and pay the net commissions due to the other Initial Purchasers. The parties agree that interest earned on the aggregate net commission will be shared between the Initial Purchasers pro rata by reference to their respective Commitments;

(h) Deutsche Bank AG, Singapore Branch shall act as a representative of each of them for administrative purposes (in such capacity, the "**Representative**").

Where there are any inconsistencies between this Agreement and the AAM, the terms of this Agreement shall prevail.

SECTION 10. Default of Initial Purchasers.

If any Initial Purchaser or Initial Purchasers default in their obligations to purchase Notes hereunder at the Closing Time and the aggregate number of Notes that such defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase does not exceed 10% of the total number of Notes that the Initial Purchasers are obligated to purchase at such Closing Time, the Representative may make arrangements satisfactory to the Issuer for the purchase of such Notes by other persons, including any of the Initial Purchasers, but if no such arrangements are made by such Closing Time, the non-defaulting Initial Purchasers shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Notes that such defaulting Initial Purchasers agreed but failed to purchase at such Closing Time. If any Initial Purchaser or Initial Purchasers so default and the aggregate number of Notes with respect to which such default or defaults occur exceeds 10% of the total number of Notes that the Initial Purchasers are obligated to purchase at such Closing Time and arrangements satisfactory to the Representative and the Issuer for the purchase of such Notes by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Initial Purchaser or the Issuer, except as provided in Section 12 hereof. As used in this Agreement, the term "Initial Purchaser" includes any person substituted for an Initial Purchaser under this Section 10. Nothing herein will relieve a defaulting Initial Purchaser from liability for its default.

SECTION 11. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Issuer or any of the Subsidiary Guarantors submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Initial Purchaser or controlling person, or by or on behalf of the Issuer or any Subsidiary Guarantor, and shall survive delivery of the Notes to the Initial Purchasers.

SECTION 12. Termination of Agreement.

(a) *Termination; General.* Prior to the Closing Time, this Agreement may be terminated by the Initial Purchasers by notice given to the Issuer if at any time:

(i) trading in securities generally on the New York Stock Exchange, NASDAQ, the Hong Kong Stock Exchange, the London Stock Exchange or the SGX-ST shall have been suspended or materially limited, or minimum or maximum prices shall have been generally established on any of such stock exchanges by the Commission or the SGX-ST, or maximum ranges for prices shall have been required by any of said exchanges or by such system or by order of the Commission or any other governmental authority in the United States or otherwise or a material disruption has occurred in commercial banking or securities, settlement or clearance services with respect to DTC in the United States or with respect to Euroclear and Clearstream, Luxembourg in Europe; (ii) a general banking moratorium shall have been declared by any of federal, New York, British Virgin Islands, Macau, Hong Kong, Singapore or European authorities; (iii) there shall have occurred any outbreak or escalation of national or international hostilities or any crisis or calamity, or any change in the United States or international financial markets, or any substantial change or development involving a prospective substantial change in United States' or international political, financial or economic conditions or currency exchange rates or exchange controls, in each case the effect of which is such as to make it, in the judgment of the Initial Purchasers, impracticable or inadvisable to market the Notes in the manner and on the terms described in the Offering Memorandum or to enforce contracts for the sale of the Notes; (iv) in the judgment of the Initial Purchasers there shall have occurred any Material Adverse Change; or (v) the Issuer and its subsidiaries shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as in the judgment of the Initial Purchasers may interfere materially with the conduct of the business and operations of the Issuer and its subsidiaries taken as a whole regardless of whether or not such loss shall have been insured. Any termination pursuant to this Section 12 shall be without liability on the part of (i) the Issuer or any Subsidiary Guarantor to any Initial Purchaser, except that the Issuer shall be obligated to reimburse the expenses of the Initial Purchasers pursuant to Section 12 hereof, (ii) any Initial Purchaser to the Issuer or any Subsidiary Guarantor or (iii) any party hereto to any other party except that the provisions of Section 7 and Section 8 shall at all times be effective and shall survive such termination.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section 12, such termination shall be without liability of any party to any other party, and provided further that Sections 1, 7, 8 and 12 shall survive such termination and remain in full force and effect.

SECTION 13. Reimbursement of Initial Purchasers' Expenses.

If this Agreement is terminated by the Initial Purchasers pursuant to Section 5 or Section 12 hereof, including if the sale to the Initial Purchasers of the Notes on the Closing Date is not consummated because of any refusal, inability or failure on the part of the Issuer or the Subsidiary Guarantors to perform any agreement herein or to comply with any provision hereof, the Issuer agrees to reimburse the Initial Purchasers (or such Initial Purchasers as have terminated this Agreement with respect to themselves), severally, upon demand for all reasonable expenses as set forth in the Engagement Letter.

SECTION 14. Notices.

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt if mailed, delivered or transmitted by telefax at the address set forth below:

- (a) if to the Initial Purchasers:

c/o the Representative,
Deutsche Bank AG, Singapore Branch,
One Raffles Quay
#17-00 South Tower
Singapore 048583
Telephone : +65 6423 5342
Attention: Global Risk Syndicate
Facsimile: +65 6883 1769

- (b) if to the Issuer:

c/o Melco Crown Entertainment
36/F, The Centrium
60 Wyndham Street
Central, Hong Kong
Telephone: 852 2598 3600
Attention: Company Secretary
Facsimile: 852 2537 3818

SECTION 15. Parties.

This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Issuer, the Subsidiary Guarantors and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Initial Purchasers, the Issuer and the Subsidiary Guarantors and their respective successors and the controlling persons and officers and directors referred to in Sections 7 and 8 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Initial Purchasers, the Issuer, the Subsidiary Guarantors and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Notes from any Initial Purchaser shall be deemed to be a successor by reason merely of such purchase.

SECTION 16. Counterparts.

This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 17. Absence of Fiduciary Relationship. Each of the Issuer and the Subsidiary Guarantors acknowledges and agrees that:

(a) *No Other Relationship*. The Initial Purchasers have been retained solely to act as the initial purchasers of the Notes and that no fiduciary, advisory or agency relationship between the Issuer and the Subsidiary Guarantors and the Initial Purchaser has been created in respect of any of the transactions contemplated by this Agreement, the Disclosure Package or the Final Offering Memorandum, irrespective of whether the Initial Purchasers have advised or are advising the Issuer or the Subsidiary Guarantors on other matters;

(b) *Arms' Length Negotiations*. The price of the Notes set forth in this Agreement was established by the Issuer and the Subsidiary Guarantors following discussions and arms-length negotiations with the Initial Purchaser and each of the Issuer and the Subsidiary Guarantors is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose*. Each of the Issuer and the Subsidiary Guarantors has been advised that the Initial Purchasers and their affiliates are engaged in a broad range of transactions which may involve interests that differ from or conflict with those of the Issuer and the Subsidiary Guarantors and that the Initial Purchasers have no obligation to disclose such interests and transactions to the Issuer and the Subsidiary Guarantors by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver*. Each of the Issuer and the Subsidiary Guarantors waives, to the fullest extent permitted by law, any claims it may have against the Initial Purchasers for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Initial Purchasers shall have no liability (whether direct or indirect) to the Issuer and the Subsidiary Guarantors in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Issuer and the Subsidiary Guarantors, including shareholders, employees or creditors of the Issuer and the Subsidiary Guarantors.

SECTION 18. Waiver of Immunity.

To the extent that the Issuer and each Subsidiary Guarantor has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Issuer and each Subsidiary Guarantor hereby irrevocably waives and agrees not to plead or claim such immunity in respect of its obligations under this Agreement.

SECTION 19. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the state of New York.

Each of the Issuer and the Subsidiary Guarantors hereby submits to the non-exclusive jurisdiction of the federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Issuer and the Subsidiary Guarantors irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in federal and state courts in the Borough of Manhattan in the City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. Each of the Issuer and the Subsidiary Guarantors irrevocably appoints Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017, as its authorized agent in the Borough of Manhattan in the City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Issuer and the Subsidiary Guarantors by the person serving the same to the address provided in Section 14, shall be deemed in every respect effective service of process upon the Issuer and the Subsidiary Guarantors in any such suit or proceeding. Each of the Issuer and the Subsidiary Guarantors further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of nine years from the date of this Agreement.

The obligations of the Issuer and the Subsidiary Guarantors pursuant to this Agreement in respect of any sum due to any Initial Purchaser shall, notwithstanding any judgment in a currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Initial Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Initial Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Initial Purchaser hereunder, the Issuer and the Subsidiary Guarantors agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Initial Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Initial Purchaser hereunder, such Initial Purchaser agrees to pay to the Issuer and the Subsidiary Guarantors an amount equal to the excess of the dollars so purchased over the sum originally due to such Initial Purchaser hereunder.

SECTION 20. Waiver of Jury Trial. Each party hereto hereby waives its rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement or the subject matter hereof. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. This Section 20 has been fully discussed by each of the parties hereto and these provisions shall not be subject to any exceptions. Each party hereto hereby further warrants and represents that such party has reviewed this waiver with its legal counsel, and that such party knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. This waiver is irrevocable, meaning that it may not be modified either orally or in writing, and this waiver shall apply to any subsequent amendments, supplements or modifications to (or assignments of) this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial (without a jury) by the court.

SECTION 21. Effect of Headings.

The section headings herein are for convenience only and shall not affect the construction hereof.

[Signature Pages to Follow]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Issuer a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between each of the Initial Purchasers and the Issuer and each of the Subsidiary Guarantors in accordance with its terms.

Very truly yours,

The Issuer

STUDIO CITY FINANCE LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

STUDIO CITY INVESTMENTS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

STUDIO CITY COMPANY LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

STUDIO CITY HOLDINGS TWO LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

STUDIO CITY ENTERTAINMENT LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

STUDIO CITY SERVICES LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

STUDIO CITY HOTELS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

SCP HOLDINGS LIMITED

By _____

Name:

Title:

Subsidiary Guarantor

STUDIO CITY HOSPITALITY AND SERVICES LIMITED

By _____

Name:

Title:

Subsidiary Guarantor

SCP ONE LIMITED

By _____

Name:

Title:

Subsidiary Guarantor

SCP TWO LIMITED

By _____

Name:

Title:

Subsidiary Guarantor

STUDIO CITY DEVELOPMENTS LIMITED

By _____

Name:

Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written:

DEUTSCHE BANK AG, SINGAPORE BRANCH

By _____

Name:

Title:

By _____

Name:

Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

UBS AG, HONG KONG BRANCH

By _____
Name:
Title:

By _____
Name:
Title:

SCHEDULE A

| <u>Name of Initial Purchaser</u> | <u>Principal Amount of Securities</u> |
|---|---|
| Deutsche Bank AG, Singapore Branch | \$ 117,857,142.857143 |
| Australia and New Zealand Banking Group Limited | \$ 117,857,142.857143 |
| BOCI Asia Limited | \$ 117,857,142.857143 |
| Citigroup Global Markets Inc | \$ 117,857,142.857143 |
| Crédit Agricole Corporate and Investment Bank | \$ 117,857,142.857143 |
| Merrill Lynch International | \$ 117,857,142.857143 |
| UBS AG, Hong Kong Branch | \$ 117,857,142.857143 |
| Total | \$ 825,000,000 |

SCHEDULE B

SUBSIDIARY GUARANTORS

Studio City Investments Limited
Studio City Company Limited
Studio City Holdings Two Limited
Studio City Entertainment Limited
Studio City Services Limited
Studio City Hotels Limited
SCP Holdings Limited
Studio City Hospitality and Services Limited
SCP One Limited
SCP Two Limited
Studio City Developments Limited

SCHEDULE C
PRICING SUPPLEMENT

SCHEDULE D

For purposes of this Schedule D, the term “Securities” shall mean the Notes sold in reliance on Rule 144A.

(a) *Annual or Other Periodic Notifications.* The Issuer or the Subsidiary Guarantors will send annual or other periodic reports to holders of Securities at least annually. Such reports will include a reminder that: (i) each beneficial holder that is a U.S. person is required to be both a QIB and a QP that can make the representations and agreements set forth in the Offering Memorandum under the caption “Transfer Restrictions”, (ii) the Securities can be transferred only to another U.S. person that is both a QIB and a QP that can make such representations and agreements or in an offshore transaction in accordance with Rule 904 under the Act and (iii) any such transfer not in accordance with such provisions is void *ab initio* and the Issuer has the right to force any beneficial holder who is in breach of any such representations and agreements to sell or redeem its Securities. The Issuer or the Subsidiary Guarantors will send the annual or periodic report, together with the reminder, to each subsequent purchaser with a request that such subsequent purchaser pass the notifications along to beneficial owners of Securities. The Issuer or the Subsidiary Guarantors will arrange for the report and the reminder to be sent to participants identified by the book-entry system(s) in which the Securities are deposited, with a request that participants pass them along to beneficial owners.

(b) *Bloomberg.* The Issuer shall ensure that any Bloomberg screen containing information about any Security includes the following (or substantially similar) language:

(i) The “Note Box” on the bottom of the “Security Display” page describing the Security should state “Iss’d Under 144A/3c7.”

(ii) The “Security Display” page should have a flashing red indicator that states “Additional Note Pg.”

(iii) The indicator referred to in clause (ii) above should link to the “Additional Security Information” page, which should state that the Securities “are being offered in reliance on the exemption from registration under Rule 144A of the Act to persons who are both (A) qualified institutional buyers (as defined in Rule 144A under the Act) and (B) qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act).”

(iv) The “Disclaimer” page for the Securities should state that the Securities “will not be and have not been registered under the Act and the Issuer is not required to be and has not been registered under the Investment Company Act, and these securities may not be offered or sold to U.S. persons absent an applicable exemption from the registration requirements and any such offer or sale of these securities to U.S. persons must be in accordance with Section 3(c)(7) of the Investment Company Act.”

(c) *Other Information Service Providers.* In the event that Telekurs, Reuters or any other information service provider becomes an important source of information in the secondary market for the Securities, the Issuer shall ensure that any screen of any such provider containing information about any Security includes language substantially similar to the language set forth in paragraph (b) above.

(d) *DTC*. The Issuer will instruct the Depository Trust Company (“DTC”) to take the following (or substantially similar) steps with respect to the Securities:

(i) *3(c)(7) Marker*: The DTC 20-character descriptor for the Securities and the 48-character additional descriptor shall include a “3c7” marker that indicates that sales, resales, pledges, exchanges or other transfers of beneficial interests to U.S. persons are limited to QIBs that are also QPs;

(ii) *Settlement Notice*: Where the deliver order ticket that DTC delivers after settlement for the Securities is physical, it will have the 20-character descriptor printed on it. Where the deliver order ticket is electronic, it will have a “3c7” indicator and a related user manual for participants, which will contain a description of the relevant restrictions, substantially in the form attached as Attachment A to the memorandum titled “Revised Procedures for Book-Entry Deposit of Rule 144A Securities Relying on Section 3(c)(7) of the Investment Company Act” (the “Procedures Memorandum”);

(iii) *Initial Important Notice*: DTC shall send an “Important Notice” outlining the 3(c)(7) and other transfer restrictions with respect to the Global Notes (as defined below) to all DTC participants in connection with the initial offering, substantially in the form attached as Attachment C to the Procedures Memorandum;

(iv) *Additional Important Notices*: Up to one time per year, upon the request of the Issuer, DTC shall re-issue the “Important Notice”;

(v) *List of Participants*: Upon request of the Issuer, DTC shall provide to the Issuer a list of all DTC participants holding interests in the Global Notes; and

(vi) *List of Securities*: DTC shall include in its “Reference Directory” it makes available to its participants the name of the Issuer on the list of all issuers who have advised DTC that they are 3(c)(7) issuers, the CUSIP number of one or more global notes representing the Securities (collectively, the “Global Notes”) and a paragraph explaining the transfer restrictions for the Global Notes in more detail, substantially in the form attached as Attachment B to the Procedures Memorandum.

(e) The Issuer shall verify with the CUSIP Bureau that the confirmations relating to trades of the Securities sold in reliance on Rule 144A contain a CUSIP number which has a fixed field attached thereto containing “Section 3(c)(7)” and “Rule 144A” indicators.

(f) *Forced Sale or Redemption for Non-QIBs/QPs.* The Issuer has the right under the Indenture to require any holder of a Security (or beneficial interest therein) that is a U.S. person and is determined not to have been both (i) a QIB and (ii) a QP at the time of acquisition of such Security or is otherwise determined to be in breach, at the time given, of any of the representations and agreements contained in the Offering Memorandum under “Transfer Restrictions” to transfer such Security (or beneficial interest therein) to a transferee acceptable to the Issuer who is able to and who does make all of the representations and agreements set forth in the Offering Memorandum under “Transfer Restrictions” or redeem such Security (or beneficial interest therein) on specified terms. Pending such transfer or redemption, such holder will be deemed not to be the holder of such Security for any purpose, including but not limited to receipt of interest and principal payments on such Security, and such holder will be deemed to have no interest whatsoever in such Security except as otherwise required to sell or redeem its interest therein.

(g) *Legends.* The Issuer will not remove the legends or portion thereof relating to Section 3(c)(7) of the Investment Company Act described in the Preliminary Offering Memorandum and the Offering Memorandum and the Indenture from the Securities sold in reliance on Rule 144A so long as the Issuer is relying on the exemption from registration under the Investment Company Act provided by Section 3(c)(7) thereof.

(h) *Participant Directed Employee Plans.* The Issuer and the Subsidiary Guarantors will not offer the Securities in its own or any affiliated participant-directed employee plan.

Execution version

Interpharma Holdings & Management Corporation

Pharma Industries Holdings Limited

MCE (Philippines) Investments Limited

MCE (Philippines) Investments No. 2 Corporation

Acquisition Agreement

Contents

| | | |
|----------|--|-----------|
| 1 | Definitions | 1 |
| 1.1 | Definitions | 1 |
| 1.2 | Construction | 7 |
| 1.3 | Headings | 9 |
| 2 | Conditions | 9 |
| 2.1 | Conditions | 9 |
| 2.2 | Best endeavours | 10 |
| 2.3 | Regulatory Approvals | 10 |
| 2.4 | Benefit and waiver of certain Conditions | 10 |
| 2.5 | Notification of certain events | 11 |
| 2.6 | Consultation if Conditions not met | 11 |
| 2.7 | Failure to agree | 12 |
| 2.8 | Effect of termination | 12 |
| 3 | Sale and purchase of Sale Shares | 12 |
| 3.1 | Sale of Sale Shares | 12 |
| 3.2 | Title and risk | 12 |
| 3.3 | Compliance with obligations | 13 |
| 4 | Conduct and actions pending Closing | 13 |
| 4.1 | Conduct of business | 13 |
| 4.2 | Access to information | 14 |
| 5 | Exclusivity | 15 |
| 5.1 | No current discussions | 15 |
| 5.2 | No shop restriction | 15 |
| 5.3 | No talk and no due diligence | 15 |
| 5.4 | Notification of approaches | 16 |
| 6 | Authority to open new bank account | 16 |
| 7 | Closing | 16 |
| 7.1 | Date, time and place | 16 |
| 7.2 | Interdependence with Subsidiary Sale Agreements | 17 |
| 7.3 | Transfer of Sale Shares at Closing | 17 |
| 7.4 | Obligations of the Selling Shareholders at Closing | 17 |
| 7.5 | Obligations of the Buyer at Closing | 19 |
| 7.6 | Company board meeting | 20 |
| 7.7 | Interdependence of obligations | 20 |
| 8 | Post Closing | 20 |
| 8.1 | Receipt of Subsidiary Sale Amount | 20 |
| 8.2 | Transfer of Commercial Documents | 20 |
| 8.3 | Performance of Commercial Contracts | 21 |
| 8.4 | Future intentions with the Company | 21 |
| 8.5 | Maintenance of insurance | 21 |
| 8.6 | Access to information | 21 |

| | | |
|-----------|---|-----------|
| 9 | Representations and warranties | 22 |
| 9.1 | Representations and warranties | 22 |
| 9.2 | Reliance by parties | 22 |
| 9.3 | Survival of representations | 22 |
| 9.4 | Notification of breach and compliance certificate | 22 |
| 10 | Indemnities | 23 |
| 10.1 | Selling Shareholders indemnity | 23 |
| 10.2 | Buyers indemnity | 23 |
| 10.3 | Tax indemnity | 23 |
| 10.4 | Indemnity relating to Commercial Documents | 25 |
| 10.5 | Indemnity relating to Ongoing Litigation | 25 |
| 10.6 | Survival of indemnities | 25 |
| 11 | Confidentiality | 26 |
| 11.1 | Selling Shareholders' obligations | 26 |
| 11.2 | Buyers' obligations | 26 |
| 12 | Public announcements | 27 |
| 12.1 | Announcement of Transaction | 27 |
| 12.2 | Public announcements | 27 |
| 12.3 | Permitted disclosure | 28 |
| 12.4 | Statements on termination | 28 |
| 13 | Notices | 28 |
| 13.1 | General | 28 |
| 13.2 | How to give a communication | 28 |
| 13.3 | Particulars for delivery of notices | 29 |
| 13.4 | Communications by fax | 30 |
| 13.5 | Communications by email | 30 |
| 13.6 | After hours communications | 30 |
| 13.7 | Process service | 30 |
| 14 | General | 30 |
| 14.1 | Duty | 30 |
| 14.2 | Legal costs | 30 |
| 14.3 | Amendment | 31 |
| 14.4 | Waiver and exercise of rights | 31 |
| 14.5 | Rights cumulative | 31 |
| 14.6 | Consents | 31 |
| 14.7 | Further steps | 31 |
| 14.8 | Governing law and jurisdiction | 31 |
| 14.9 | Assignment | 31 |
| 14.10 | Liability | 31 |
| 14.11 | Counterparts | 31 |
| 14.12 | Entire understanding | 32 |
| 14.13 | Relationship of parties | 32 |

| | | |
|--|------------------------|-----------|
| 14.14 | Specific performance | 32 |
| 14.15 | Benefits held on trust | 32 |
| Schedule 1 – Sale Shares | | 33 |
| Schedule 2 – Selling Shareholders’ representations and warranties | | 34 |
| Schedule 3 – Buyers’ representations and warranties | | 40 |
| Schedule 4 – Commercial Documents | | 41 |
| Schedule 5 – Documentary Evidence | | 44 |
| Execution | | 45 |
| Annexure A – Direction to Pay | | 47 |

Parties

Interpharma Holdings & Management Corporation of 32nd floor, Zuellig Building, Makati Avenue corner Paseo de Roxas, Makati City, Philippines (**Interpharma**)

Pharma Industries Holdings Limited of 32nd floor, Zuellig Building, Makati Avenue corner Paseo de Roxas, Makati City, Philippines (**Pharma**)

MCE (Philippines) Investments Limited of Jayla Place, Wickams Cay I, Road Town, Tortola, British Virgin Islands (**MCE**)

MCE (Philippines) Investments No. 2 Corporation of c/- 21st floor, Philamlife Tower, Paseo de Roxas, Makati, Metro Manila Philippines (**Co-Investor**)

Background

- A Each Selling Shareholder is the legal and beneficial owner of the Sale Shares set out opposite its name in column 2 of the table in **Schedule 1**.
- B The Sale Shares represent 93.06% of the total issued share capital in the Company.
- C The Selling Shareholders have agreed to sell, and the Buyers have agreed to buy, the Sale Shares on the terms of this document.

Agreed terms

1 Definitions

1.1 Definitions

In this document these terms have the following meanings:

A Class Share means a fully paid A class ordinary share in the capital of the Company carrying the rights and obligations for that class set out in the Articles of Incorporation of the Company.

Advisers means in relation to an entity, its legal, financial and other expert advisers and agents.

Affiliate means, with a respect to a person:

- (a) any person which either directly or indirectly Controls, or which is Controlled by, or is under common Control with, the person; or
- (b) a director or secretary of that person, or any person who acts, or proposes to act, in concert with that person.

Authorisation includes any consent, permit, licence, authorisation or exemption from, by, or with, a Regulatory Authority.

B Class Share means a fully paid B class ordinary share in the capital of the Company carrying the rights and obligations for that class set out in the Articles of Incorporation of the Company.

BIR means the Bureau of Internal Revenue of the Republic of the Philippines.

Board means the board of directors of the Company.

Business Day means a day which is not a Saturday, Sunday or a public holiday in the Republic of the Philippines or in Hong Kong.

Buyer Confidential Information means any commercial, financial or technical information of any member of the Buyers Group disclosed or supplied by or on behalf of any such entity to a Selling Shareholder or any of its Representatives, whether orally or visually or in documentary or electronic form and including the notes, records or copies made by a Selling Shareholder or any of its Representatives of such information but excluding information which is in the public domain (other than as a result of a breach of this document by a Selling Shareholder) or otherwise previously known to a Selling Shareholder.

Buyer Indemnified Parties means:

- (a) in respect of MCE, MCE and each member of the MCE Group, and the Officers and employees of each of those entities; and
- (b) in respect of Co-Investor, Co-Investor and the Officers of that entity.

Buyers means each of MCE and Co-Investor.

Buyers' Broker means UBS Securities Philippines, Inc., the broker appointed by the Buyer for the purpose of executing the special block sale under **clause 7.3(a)**.

Buyers Group means the Buyers and each of their Affiliates (as defined in paragraph (a) of that definition) and **Buyer Group Company** means any one of them.

Capital Gains Tax Liability means the capital gains tax liability of the Company arising as a result of the Subsidiary Sale.

Closing means settlement of the sale and purchase of the Sale Shares in accordance with **clause 6**.

Closing Certificate has the meaning given to that term in **clause 7.4(a)(i)**.

Closing Date means the Business Day immediately following the date on which the Condition in **clause 2.1(c)** is satisfied.

Commercial Contract means each contract or arrangement listed in **Part A** of **schedule 4**.

Commercial Documents means each contract, arrangement, permit, licence, or trade mark entered into, or held, by the Company as listed in **schedule 4**.

Company means Manchester International Holdings Unlimited Corporation, a corporation duly organised and existing under and by virtue of the laws of the Republic of the Philippines, and whose Shares are listed on the PSE under the ticker codes "MIH" and "MIHB".

Company Disclosure Materials means all information (written or oral) in connection with the affairs of the Group provided by or on behalf of a Selling Shareholder or the Company to the Buyer or any of its Representatives as at the date of this document.

Condition means a condition set out in **clause 2.1**.

Control means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the concerned entity, whether through the ownership of voting securities by contract, voting trusts, through majority membership on the board of directors or governing body of a corporation or other legal entity or otherwise.

Cut Off Date means 5pm on 21 December 2012, or such later date as the parties agree in writing.

Deferred Tax Liability means the deferred tax liability amounting to PhP8,660,000 on the audited balance sheet of the Company as at 31 December 2011.

Direction to Pay means a direction to pay in the form set out in **annexure A**.

Documentary Evidence means each form of documentary evidence listed in column 2 of the table in **schedule 5**.

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset; or
- (b) created or otherwise arising in or over any interest in any asset under any mortgage, charge, pledge, lien, hypothecation, trust or bill of sale, by way of security for the payment of a debt or other monetary obligation or the performance of any other obligation.

Exclusivity Period means the period from and including the date of this document to and including the earlier of:

- (a) the date this document is terminated in accordance with its terms; or
- (b) the Closing Date.

Group means the Company and each of its Subsidiaries and **Group Company** means any one of them.

Insolvency Event means any of the following:

- (a) a person is or states that the person is unable to pay from the person's own money all the person's debts as and when they become due and payable;
- (b) a person is taken or must be presumed to be insolvent or unable to pay the person's debts under any applicable legislation;
- (c) an application or order is made for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of a corporation;
- (d) an administrator, provisional liquidator, liquidator or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in respect of a corporation or any action is taken to appoint any such person and the action is not stayed, withdrawn or dismissed within seven days;
- (e) a controller is appointed in respect of any property of a corporation;
- (f) a corporation is deregistered or notice of its proposed deregistration is given to the corporation;
- (g) a distress, attachment or execution is levied or becomes enforceable against any property of a person;
- (h) a person enters into or takes any action to enter into an arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of the person's creditors or members or a moratorium involving any of them; or
- (i) anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in respect of a person.

Interphil means Interphil Laboratories, Inc, a corporation duly organised and existing under and by virtue of the laws of the Republic of the Philippines.

Lancashire means Lancashire Realty Holding Corporation, a corporation duly organised and existing under and by virtue of the laws of the Republic of the Philippines.

Letter of Authority means a written notice or letter from the BIR seeking an examination, audit or investigation.

Loss means, in relation to a person, any liability (whether actual, contingent or prospective), damage, loss, cost, or expense of whatsoever description incurred by the person, however arising (including contractual, tortious, legal, equitable or pursuant to statute).

Management Services Agreement means the management services agreement between the Company and Interphil dated 1 January 2011.

Material Adverse Change means a matter, event or circumstance that occurs, is announced or becomes known to the Selling Shareholders or the Company (whether or not it becomes public) prior to Closing where that matter, event or circumstance has, has had, or could reasonably be expected to have, individually or when aggregated with all such matters, events or circumstances:

- (a) a 10% or greater decrease in the aggregate net book value of the Subsidiaries; or
- (b) a material adverse effect on the business, assets, liabilities or financial position, profitability or prospects of the Company.

MCE Group means MCE and any person which either directly or indirectly Controls, or which is Controlled by, or is under common Control with, MCE.

Mercator means Mercator Holdings corporation, a corporation duly organised and existing under and by virtue of the laws of the Republic of the Philippines.

Officer means in relation to an entity, its directors, company secretaries and senior executives.

Ongoing Litigation means each of the following matters:

- (a) matter between the Company and OEP Philippines, Inc. (CA G.R. CV No. 92550) in the 15th Division, Court of Appeals, Manila; and
- (b) matter between the Company and Danilo M. Lucinario relating to the dismissal of Mr Lucinario.

PSE means Philippines Stock Exchange.

Purchase Price means the total amount of PhP1,259,000,000 payable in such manner, and to such persons, as set out in **clause 7.5**.

Regulatory Approval means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with a Regulatory Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Regulatory Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Regulatory Authority means any Philippine or foreign government or governmental, semi-governmental, administrative, fiscal, municipal, local, regulatory or judicial entity, instrumentality, commission, tribunal, agency or authority or any Minister, department, office or delegate of any government. It includes a self-regulatory organisation established under statute, the SEC, the PSE, and any other stock exchange (as appropriate).

Representative means, in relation to a body corporate, each of its Affiliates, and any Officers, employees and Advisers of the body corporate or its Affiliates.

Sale Shares means the Shares set out opposite the name of each Selling Shareholder in column 2 of the table in **schedule 1**.

SEC means the Securities and Exchange Commission of the Republic of the Philippines.

Selling Shareholder Amount means PhP200,000,000.

Selling Shareholders means each of Interpharma and Pharma.

Selling Shareholders' Broker means Maybank ATR Kim Eng Securities, the broker appointed by the Selling Shareholders to execute the special block sale under **clause 7.3(a)**.

Selling Shareholder Confidential Information means any commercial, financial or technical information of any member of the Group disclosed or supplied by or on behalf of any such entity to a Buyer or any of its Representatives, whether orally or visually or in documentary or electronic form and including the notes, records or copies made by a Buyer or any of its Representatives of such information but excluding information which is in the public domain (other than as a result of a breach of this document by the Buyer) or otherwise previously known to the Buyer.

Selling Shareholders' Indemnified Parties means each Selling Shareholder and the Officers and employees of each of those entities.

Selling Shareholders' Warranties means the representations and warranties of the Selling Shareholders set out in **schedule 2**.

Share means an A Class Share or a B Class Share.

Subsidiaries means Interphil and Lancashire.

Subsidiary Sale means the sale of all of the Company's shares in Interphil to Interpharma, and the sale of all of the Company's shares in Lancashire to Mercator, in each case, under the Subsidiary Sale Agreement.

Subsidiary Sale Agreements means:

- (a) the deed of assignment dated on or around the date of this document between the Company and Interpharma in respect of the sale of the Company's shares in Interphil to Interpharma; and
- (b) the deed of assignment dated on or around the date of this document between the Company and Mercator, in respect of the sale of the Company's shares in Lancashire to Mercator.

Subsidiary Sale Amount means PhP1,059,000,000.

Tax includes all national, local and foreign taxes, charges, fees, licenses or other assessments imposed by any tax authority, whether domestic or foreign, including any interest, penalties or additions to any tax applicable thereto.

Tax Liability means a Loss relating to Tax incurred or payable by a Buyer Indemnified Party or the Company.

Tender Offer means the mandatory offer which, subject to exemptive relief, is required by the laws of the Republic of Philippines, to be made by the Buyers (or their nominee) to acquire all of the Shares held by the shareholders of the

Company (other than the Sale Shares to be acquired by the Buyers) on entering into this document.

Third Party Proposal means:

- (a) a transaction which, if completed, would mean a person (other than the Buyers) would, directly or indirectly:
 - (i) acquire all or a substantial part of the assets or business of the Company;
 - (ii) acquire an interest in 10% or more of the Company's voting shares, or enter into any cash settled equity swap or other derivative contract arrangement in respect of (when aggregated with any existing shareholding of the person or its Affiliates) 10% or more of the Company's share capital; or
 - (iii) acquire Control of the Company;
- (b) a transaction which, if completed, would mean a person (other than the Selling Shareholders) would, directly or indirectly:
 - (i) acquire all or a substantial part of the assets or business of the Subsidiaries;
 - (ii) acquire an interest in 10% or more of either of the Subsidiaries' voting shares, or enter into any cash settled equity swap or other derivative contract arrangement in respect of (when aggregated with any existing shareholding of the person or its Affiliates) 10% or more of either of the Subsidiaries' share capital; or
 - (iii) acquire Control of the Company;
- (c) a mandatory offer or other takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, purchase of main undertaking or other business combination involving any Group Company; or
- (d) any agreement, arrangement or understanding requiring a Selling Shareholder to abandon, or otherwise fail to proceed with, the Transaction or which is otherwise prejudicial to the Transaction,

and for the avoidance of any doubt, does not include the Subsidiary Sale.

Transaction means the sale and purchase of the Sale Shares under this document.

1.2 Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) 'includes' means includes without limitation;

- (e) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it;
- (f) a reference to:
 - (i) a holder includes a joint holder;
 - (ii) a party means a party to this document;
 - (iii) a person includes:
 - (A) a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority; and
 - (B) the person's legal personal representatives, administrators, successors, assigns and persons substituted by novation;
 - (iv) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
 - (v) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
 - (vi) a right includes a benefit, remedy, discretion or power;
 - (vii) time is to local time in Manila, Republic of the Philippines;
 - (viii) 'PhP' is a reference to Philippines Pesos, the currency of the Republic of the Philippines;
 - (ix) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;
 - (x) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;
 - (xi) this document includes all schedules and annexures to it;
 - (xii) a clause, schedule or annexure is a reference to a clause, schedule or annexure, as the case may be, of this document; and
 - (xiii) an obligation of liability of the Selling Shareholders under this document binds each Selling Shareholder jointly and severally;
- (g) if the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day; and
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

1.3 Headings

Headings do not affect the interpretation of this document.

2 Conditions

2.1 Conditions

The obligations of the parties at closing are conditional on each of the following conditions being satisfied or waived in accordance with **clause 2.4**:

- (a) **(Subsidiary Sale Agreements)** the execution of each of the Subsidiary Sale Agreements by the parties to those documents in a form satisfactory to the Buyers;
- (b) **(minimum level of cash)** the Buyers are satisfied (acting reasonably) that the Company has, immediately before closing, a cash balance of not less than PhP84,600,000;
- (c) **(PSE Special Block Approval)** the PSE grants its written approval to the Transaction being conducted by way of a special block transfer on the PSE;
- (d) **(no shareholder claims)** no shareholder of the Company has raised (or has proposed to raise) any objection to, complaint with, or claim against, the Company or any party arising from, in connection with, or concerning either the Transaction or the Subsidiary Sale, which has not been resolved by the parties as at Closing Date;
- (e) **(representations and warranties of the Selling Shareholders)**: the Selling Shareholders' Warranties are true and correct at all times up to the Closing Date;
- (f) **(representations and warranties of the Buyers)** the representations and warranties of the Buyers in **schedule 3** are true and correct at all times up to the Closing Date;
- (g) **(no Material Adverse Change)**: no Material Adverse Change occurs or becomes apparent between the date of this document and Closing;
- (h) **(no breach)**: no event set out in **clause 4.1** occurs between the date of this document and Closing Date;
- (i) **(termination of Management Services Agreement)** on or before the Closing Date, the Management Services Agreement is terminated with effect from Closing under a termination agreement, which must be in a form satisfactory to the Buyers; and
- (j) **(transfer or termination of Commercial Documents)** the Buyers are satisfied that by the Closing Date, each Commercial Document is assigned or novated to a Subsidiary or is otherwise terminated by the Company, in each case without any liability to the Company whatsoever.

2.2 Best endeavours

Each party must use its best endeavours to ensure that:

- (a) each of the Conditions is satisfied as soon as practicable after the date of this document, and continues to be satisfied at all times until the last time it is to be satisfied (as the case may require), and in any event before the Cut Off Date; and
- (b) there is no event or circumstance within the reasonable control or influence of that party that would prevent the Conditions being satisfied.

2.3 Regulatory Approvals

Without limiting the generality of **clause 2.2**:

- (a) each party that is responsible for obtaining a Regulatory Approval must promptly apply for such Regulatory Approval, providing a copy to the other party of all such applications, and take all steps it is responsible for as part of the approval process, including responding to requests for information at the earliest practicable time; and
- (b) each party must use reasonable endeavours to consult with the other in advance in relation to all material communications with any Regulatory Authority relating to any Regulatory Approval and provide the other party with all information reasonably requested in connection with the application for any Regulatory Authority.

2.4 Benefit and waiver of certain Conditions

- (a) The Conditions (other than the Condition in **clause 2.1(f)**) are for the benefit of the Buyers and may only be waived by the Buyers in writing, and will be effective only to the extent specifically set out in that waiver.
- (b) The Condition in **clause 2.1(f)** is for the benefit of the Selling Shareholders and may only be waived by the Selling Shareholders in writing, and will be effective only to the extent specifically set out in that waiver.
- (c) If a waiver by the Buyers or the Selling Shareholders (as applicable) of a Condition is itself conditional and the Buyers or Selling Shareholders (as applicable) accept the condition, the terms of that condition apply accordingly. If the Buyers or the Selling Shareholders (as applicable) do not accept a conditional waiver of the Condition, the Condition has not been waived.
- (d) If the Buyers waive the breach or non-fulfilment of any of the Conditions (other than the Condition in **clause 2.1(f)**), that waiver will not preclude them from suing the Selling Shareholders for any breach of this document, including a breach that resulted in the non-fulfilment of the Condition that was waived.
- (e) If the Selling Shareholders waive the breach or non-fulfilment of the Condition in **clause 2.1(f)**, that waiver will not preclude them from suing the Buyers for any breach of this document, including a breach that resulted in the non-fulfilment of that Condition.

- (f) Unless specified in the waiver, a waiver of the breach or non-fulfilment of any Condition will not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Condition resulting from events or circumstances giving rise to the breach or non-fulfilment of the first Condition; or
 - (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event or circumstance.

2.5 Notification of certain events

Each party must:

- (a) **(keep informed)** promptly and reasonably inform the other either directly or through its Advisers of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) **(notice of satisfaction)** promptly notify the other if it becomes aware that any Condition has been satisfied;
- (c) **(notice of failure)** promptly notify the other if it becomes aware that any Condition has failed to be satisfied or has become incapable of being satisfied or is not reasonably capable of being satisfied or of any circumstances which may reasonably be expected to lead to such a state of affairs; and
- (d) **(notice of waiver)** after having given or received a notice in accordance with **clause 2.5(c)** in relation to a Condition that it is entitled under **clause 2.4** to waive, give notice to the other party as soon as possible (and in any event no later than five Business Days) as to whether or not it waives the breach or non-fulfilment of the relevant Condition, specifying the Condition in question.

2.6 Consultation if Conditions not met

If:

- (a) there is a breach or non-fulfilment of a Condition which is not waived in accordance with this document by the time or date specified in this document for its satisfaction; or
- (b) there is an act, failure to act, event or occurrence which will prevent a Condition being satisfied by the time or date specified in this document for its satisfaction (and the breach or non-fulfilment of the Condition which would otherwise occur has not already been waived),

then the parties will consult in good faith with a view to determining whether:

- (c) the Transaction may proceed by way of alternative means or methods and, if so, to agree on the terms of such alternative means or methods;
- (d) to extend the relevant time or date for satisfaction of the Conditions; or
- (e) to extend the Cut Off Date.

2.7 Failure to agree

- (a) If the parties are unable to reach agreement under **clause 2.6** within five Business Days, then unless that Condition is waived in accordance with **clause 2.4**, a party entitled to the benefit of that Condition may (subject to **clause 2.7(b)**) terminate this document.
- (b) A party will not be entitled to terminate this document pursuant to **clause 2.7(a)** if the relevant Condition has not been satisfied as a result of:
 - (i) a breach of this document by that party; or
 - (ii) a deliberate act or omission of that party which either alone or together with other circumstances prevents that Condition from being satisfied.

2.8 Effect of termination

If this document is terminated by a party under **clause 2.7(a)**:

- (a) each party will be released from its obligations under this document except its obligations under **clauses 10, 11, 12 and 14** which will survive termination;
- (b) each party will retain the rights it has or may have against the other party in respect of any breach of this document prior to termination; and
- (c) in all other respects, all future obligations of the parties under this document will immediately terminate and be of no further force or effect.

3 Sale and purchase of Sale Shares

3.1 Sale of Sale Shares

On Closing:

- (a) Pharma must sell, and MCE must buy, the Sale Shares set out against Pharma's name in column 2 of the table in **schedule 1**; and
- (b) Interpharma must sell, and Co-Investor must buy, the Sale Shares set out against Interpharma's name in column 2 of the table in **schedule 1**, (together with all benefits, rights and entitlements accrued or attaching to those Sale Shares on or after the date of this document) for the Purchase Price in the proportions set out in column 4 of the table in **schedule 1**, free from all Encumbrances and the claims and interests of any third parties, in accordance with, and on the terms of, this document.

3.2 Title and risk

Legal and beneficial title to the Sale Shares (and property and risk in them) will pass to the Buyers on and from Closing.

3.3 Compliance with obligations

Each party must do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Transaction on a basis consistent with this document, and in particular each party must do everything reasonably within its power to ensure that the Transaction is effected in accordance with all laws and regulations applicable in relation to the Transaction, and utilise all necessary resources (including management resources and the resources of external Advisers) to comply with their respective obligations under this document.

4 Conduct and actions pending Closing

4.1 Conduct of business

- (a) From the date of this document up to and including the Closing Date, the Selling Shareholders must procure that the Company conducts its business in the ordinary course and in substantially the same manner as previously conducted, including:
- (i) compliance in all material respects with all applicable laws and regulations;
 - (ii) maintaining its assets;
 - (iii) maintaining each of its insurance policies in place as at the date of this document; and
 - (iv) keeping available the services of its Officers.
- (b) Despite **clause 4.1(a)**, from the date of this document up to and including the Closing Date, the Selling Shareholders must procure that the Company does not:
- (i) increase, reduce or otherwise alter the share capital of the Company (including by creating, allotting or issuing new share capital) or grant any options for the issue of shares or other securities in the Company;
 - (ii) distribute or return any capital of the Company, or declare or pay any dividend or other distribution (in cash or otherwise) to the shareholders of the Company;
 - (iii) buy back or redeem any of its shares;
 - (iv) alter, or agree to alter, its articles of incorporation or any other constituent document;
 - (v) distribute or revalue any of its assets;
 - (vi) acquire, lease or dispose, or agree to acquire, lease or dispose of, any asset;
 - (vii) enter into joint venture, partnership or other similar commercial arrangements;

- (viii) incur any actual or contingent liabilities;
 - (ix) incur any indebtedness or issue any indebtedness by way of borrowings, loans or advances;
 - (x) make capital expenditure not previously approved under any budget disclosed to the Buyers;
 - (xi) cause or permit any Encumbrance to be created over any of its business, assets, property or undertakings;
 - (xii) acquire or agree to acquire any share, shares or other interest in any legal entity;
 - (xiii) engage any new employee;
 - (xiv) pay any bonus or termination payment to, or increase the compensation of, any Officer or employee of the Company or the Group Company, other than in accordance with a written contract of employment previously disclosed to the Buyers;
 - (xv) terminate the employment, or amend the terms of employment, of any its employees, except as required by any applicable law;
 - (xvi) enter into any contract or commitment without the prior written consent of the Buyers;
 - (xvii) vary, terminate or fail to renew any of its contracts, Authorisations or commitments;
 - (xviii) change any accounting method, practice or principle used by it;
 - (xix) initiate, settle or compromise (or agree to do so) any claims, actions or legal proceedings;
 - (xx) grant (or agree to grant) a loan, gift or other distribution to any Selling Shareholder or any other person or entity whatsoever; or
 - (xxi) pass any resolution of its shareholders.
- (c) Nothing in this **clause 4.1** restricts or prevents any Selling Shareholder, the Company or any other Group Company from doing anything which is:
- (i) expressly contemplated or required by this document; or
 - (ii) approved by the Buyers in writing, such approval not to be unreasonably withheld, conditioned or delayed.

4.2 Access to information

From the date of this document, the Selling Shareholders must:

- (a) procure that each Buyer, and any person authorised by a Buyer, on reasonable notice, is given all reasonable access during normal business hours to such documents, records and other information (subject to any existing confidentiality obligations owed to third parties), premises, personnel and Advisers of the Company as the Buyer reasonably requires for the purpose of:

- (i) understanding the Company's financial position;
 - (ii) meeting the Buyers' obligations under this document;
 - (iii) facilitating the smooth implementation of plans of the Buyers for the Company following Closing;
 - (iv) verifying warranties; and
 - (v) any other purpose which is agreed in writing between the parties; and
- (b) as soon as reasonably practicable provide to each Buyer, and any person authorised by a Buyer, all reasonable information of the Company reasonably requested by them.

5 Exclusivity

5.1 No current discussions

Each Selling Shareholder represents and warrants to the Buyers that, as at the date of this document, neither it nor the Company nor any of their Representatives:

- (a) is participating, directly or indirectly, in any discussions or negotiations with any persons that concern, or could reasonably be expected to lead to, a Third Party Proposal; or
- (b) is a party to any agreement, arrangement or understanding with any person that may prevent them from entering into this document, or that may prevent them from complying with their obligations under this document.

5.2 No shop restriction

During the Exclusivity Period, the Selling Shareholders must ensure that neither it nor the Company nor any of their Representatives directly or indirectly solicit, invite, facilitate, initiate or encourage the submission of, any enquiries, negotiations or discussions, or communicate to any person an intention to do any of these things which might lead to obtaining any expression of interest, offer or proposal from any other person in relation to a Third Party Proposal.

5.3 No talk and no due diligence

During the Exclusivity Period, the Selling Shareholders must not and must ensure that the Company and each of their Representatives do not:

- (a) directly or indirectly enter into or participate in any discussions or negotiations with any person regarding a Third Party proposal;
- (b) grant any other person any right or access to conduct due diligence investigations in respect of any Group Company;
- (c) enter into any agreement, arrangement or understanding in relation to, or which might lead to, a Third Party Proposal; or

(d) endorse, or propose to endorse, any Third Party Proposal,

even if that Third Party Proposal was not directly solicited, invited, encouraged, or initiated by a Selling Shareholder, the Company or any of their Representatives or the person has publicly announced the Third Party Proposal.

5.4 Notification of approaches

(a) During the Exclusivity Period, the Selling Shareholders must promptly notify the Buyers in writing of:

- (i) any approach, inquiry or proposal made to, and any attempt to initiate negotiations or discussions with, a Selling Shareholder, the Company or any of their Representatives with respect to any Third Party Proposal; or
- (ii) any request for information relating to any of the Selling Shareholders, the Company or any Group Company or any of their businesses or operations, if any of the Selling Shareholders, the Company or their Representatives has reasonable grounds to suspect that it may relate to a current or future Third Party Proposal.

(b) A notice under this clause must include comprehensive details of the applicable matter (including key details of the Third Party Proposal and the identity of that person).

6 Authority to open new bank account

(a) As soon as practicable after the date of this document, and by no later than 11 December 2012, the Selling Shareholders must ensure that the Company appoints MCE as its attorney to do all things necessary (including execute all necessary documents on behalf of the Company) for the purpose of opening a new bank account in the name of the Company to receive amounts in accordance with **clause 7.4(b)(ii)**, and to appoint authorities to operate such bank account as determined by MCE at its sole discretion.

(b) Before Closing, the Selling Shareholders must, and must ensure that the Company must, provide all reasonable assistance (including provision of all necessary information) required by MCE to enable it to open such new bank account as referred to in **clause 6(a)**.

7 Closing

7.1 Date, time and place

Closing must take place at 10:00am on the Closing Date at the law offices of Picazo Buyco Tan Fider & Santos, Liberty Center, Makati City, Manila, or such other time and place as the parties agree in writing.

7.2 Interdependence with Subsidiary Sale Agreements

This document is interdependent with the Subsidiary Sale Agreements and neither the Selling Shareholders nor the Buyers are obliged to close under this document unless closing has occurred under each of the Subsidiary Sale Agreements or all parties to the Subsidiary Sale Agreements are ready, willing and able to close under those documents on the Closing Date. If closing has not occurred, or does not occur, under each of the Subsidiary Sale Agreements on or prior to the Closing Date, then Closing will not occur under this document and this document will be deemed to be terminated.

7.3 Transfer of Sale Shares at Closing

- (a) The parties acknowledge and agree that, subject to Closing, the Sale Shares will be transferred to the Buyers via a special block sale through the facilities of the PSE on the Closing Date in accordance with the rules of the PSE and the SEC.
- (b) The Selling Shareholders must ensure that the Sale Shares are in a scrip-less form and lodged with the Philippine Depositary Trust Corporation for the purpose of executing the special block sale under **clause 7.3(a)** within 3 Business Days after execution of this document.
- (c) All fees payable in connection with the special block sale must be borne equally between the parties.

7.4 Obligations of the Selling Shareholders at Closing

At Closing, each Selling Shareholder must:

- (a) deliver to the Buyers, or procure the delivery to the Buyers of:
 - (i) a certificate, in a form satisfactory to the Buyers, duly executed by each Selling Shareholder, confirming that as at the Closing Date each Condition (other than those waived under **clause 2.4**) has been satisfied in accordance with this document (**Closing Certificate**), together with all Documentary Evidence;
 - (ii) signed resignations of each director, secretary and any other officer of the Company as required by the Buyers, in each case, in a form satisfactory to the Buyers including written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against the Company;
 - (iii) copies of the minutes of meeting or written resolutions of the directors of the Company approving, among other things, the matters contemplated by **clause 7.6** in a form agreed between the Selling Shareholders and the Buyers;
 - (iv) the Direction to Pay, duly executed by each Selling Shareholder;
 - (v) originals of each duly executed assignment, novation, or termination (as applicable) in respect of each Commercial Document, in a form satisfactory to the Buyers, but where any regulatory approval or counterparty consent is required to assign, novate or terminate a Commercial Document, only to the extent that such approval or consent has been obtained in writing before the Closing Date;

- (vi) a certificate, in a form satisfactory to the Buyers, duly executed by each Selling Shareholder and the Company, confirming that completion of the transfer of all of the Company's shares in each of the Subsidiaries has occurred under the Subsidiary Sale Agreements;
- (vii) a certificate, in a form satisfactory to the Buyers, duly executed by each Selling Shareholder and the Company, confirming that there are no payments that remain outstanding that need to be made by the Company against the minimum level of cash required to be maintained by the Company to satisfy the Condition in **clause 2.1(b)**;
- (viii) an undertaking, in a form satisfactory to the Buyers, from Interphil to perform each Commercial Contract and to indemnify the Buyers and the Company in respect of each Commercial Contract in accordance with **clause 8.3**, duly executed by Interphil;
- (ix) an authorisation letter, in a form satisfactory to the Buyers, from each of the Subsidiaries to their auditors authorising the auditor to disclose to the Buyers and the Company all financial information and records of the Subsidiaries in respect of the period on or before the Closing Date as the Company or the Buyers may reasonably require to prepare and complete their financial statements, duly executed by each Subsidiary;
- (x) all necessary documents, duly executed by the Company, to revoke the existing authorities to operate, draw on or have access to the bank accounts(s) of the Company with effect from Closing;
- (xi) complete and up-to-date originals of all contracts, employment agreements (if any) and books and records of the Company, including all corporate records (including articles of incorporation, minute books and registers), tax records and financial records of the Company;
- (xii) certified copies of all outstanding purchase orders under each Commercial Contract which has not been assigned or novated, or otherwise terminated, in each case by the Closing Date, together with written confirmation duly executed by the Selling Shareholders, in a form satisfactory to the Buyers, that there are no other purchase orders under any contract issued to the Company that remain unfulfilled at Closing, and that there is no contract or other commercial arrangement (other than the Commercial Contracts) to which the Company remains a party;
- (xiii) a written confirmation duly executed by each of the Subsidiaries warranting that there are no contracts (other than the Commercial Contracts) to which the Company is a party, and there are no purchase orders under any contract (other than those purchase orders to be provided under **clause 7.4(a)(xii)**) issued to the Company that remain unfulfilled as at Closing;

- (xiv) all other things necessary or desirable to transfer the Sale Shares, to complete any other transaction contemplated by this document and to place the Buyers in effective control of the Company;
- (b) at the Buyers' election, either:
 - (i) provide to the Buyers written confirmation from the relevant bank(s) that the minimum level of cash required to be maintained by the Company to satisfy the Condition in **clause 2.1(b)** is held in an account of the Company maintained by that bank; or
 - (ii) transfer the minimum level of cash required to be maintained by the Company to satisfy the Condition in **clause 2.1(b)** to a bank account nominated by the Buyer and advised to the Selling Shareholders and the Company at least one Business Day prior to the Closing Date; and
- (c) instruct the Selling Shareholders' Broker to transfer the Sale Shares to the Buyers in accordance with the instructions of the Buyers.

7.5 Obligations of the Buyer at Closing

- (a) At closing, immediately after delivery of all documents required to be delivered to it under **clause 7.4(a)**, the Buyers must instruct the Buyers' Broker to acquire on their behalf the Sale Shares, to be held by the Buyers' Broker in accordance with the Buyers' instructions.
- (b) settlement of the Purchase Price for the acquisition of the Sale Shares will be made by the Buyer as follows:
 - (i) by paying to the Selling Shareholders in cash, the Selling Shareholder Amount via payment to the Selling Shareholders' Broker; and
 - (ii) by paying to the Company directly in accordance with the duly executed Direction to Pay, the Subsidiary Sale Amount in cash.
- (c) The selling shareholders acknowledge and agree that payment of the selling shareholder Amount to the selling shareholders' Broker in accordance with **clause 7.5(b)(i)** will be deemed to be receipt of those funds by the Selling Shareholders and it will satisfy the Buyers' obligation to pay that amount to the Selling Shareholders, and following such payment the Buyers will have no further obligation in connection with the payment of the Selling Shareholder Amount.
- (d) As soon as practicable after making the payment under **clause 7.5(b)(ii)**, the Buyers must provide to the selling shareholders a copy of the bank transfer evidencing the remittance of the subsidiary sale Amount to the Company.

7.6 Company board meeting

On Closing, the Selling Shareholders must procure that a meeting of the Board is held at which it is resolved that:

- (a) all existing authorities, as at the Closing Date, to operate, draw on or have access to the bank account(s) of the Company are revoked with effect from Closing, and new replacement authorities (as nominated by the Buyers in their sole discretion) to operate, draw on or have access to the bank account(s) of the Company are approved with effect from Closing;
- (b) each person nominated by the Buyers is appointed as a director, secretary or other officer of the Company (as applicable); and
- (c) the resignations of each director, secretary and any other officer of the Company as required by the Buyers are accepted, subject to such timing and process as required to ensure compliance with the Articles of Incorporation of the Company.

7.7 Interdependence of obligations

- (a) The obligations of the parties in respect of Closing are interdependent and if all such obligations have not been performed, then no Closing may take place.
- (b) Performance of the obligations of each party in respect of Closing is deemed to take place simultaneously and no delivery or payment will be taken to have been made until all obligations of the parties have been performed. Once all such obligations have been performed, they must be treated as having been performed simultaneously on the date on which the final obligation is performed.

8 Post Closing

8.1 Receipt of Subsidiary Sale Amount

Within two Business Days after the Closing Date, the Buyers must procure that the Company provides to the Selling Shareholders a receipt confirming receipt of the Subsidiary Sale Amount in full and final discharge of the obligations of Interpharma and Mecartor under each of the promissory notes issued to the Company by Interpharma and Mercator in connection with each of the Subsidiary Sale Agreements.

8.2 Transfer of Commercial Documents

- (a) To the extent any Commercial Document has not been assigned or novated to a Subsidiary by the Closing Date, then the Selling Shareholders must use their best endeavours to do all things necessary to ensure that such Commercial Documents are assigned or novated, in a form satisfactory to the Buyers (acting reasonably), as soon as practicable after Closing.

- (b) The Selling Shareholders must pay all costs and expenses in connection with any consent to assignment or novation of any Commercial Document, including but not limited to the costs of the Company and the Buyers (including all reasonably incurred legal costs of those parties), and to the extent applicable the costs or charges of any Regulatory Authority or counterparty.
- (c) If any consent or approval to assign or novate a Commercial Document is not obtained by [1 March 2013], the Buyers may procure that such Commercial Documents are dealt with in such manner as they determine at their absolute discretion.

8.3 Performance of Commercial Contracts

In addition to the Selling Shareholders' obligations under **clause 8.2**, to the extent any Commercial Contract has not been assigned or novated, or otherwise terminated, by the Closing Date, the Selling Shareholders must, and must ensure that Interphil must, from Closing:

- (a) pay, perform and discharge all of the obligations of the Company under each Commercial Contract arising after the Closing Date and comply with the terms of each Commercial Contract; and
- (b) indemnify the Buyers and the Company against all Losses suffered or incurred by the Buyers and the Company after the Closing Date in relation to any breach of, or failure to comply with, the terms of a Commercial Contract.

8.4 Future intentions with the Company

The Buyers agree that as at the date of this document, subject to Closing, they intend to manage and operate the Philippines businesses of MCE Group through the Company. The Philippines operations of the MCE Group may, among others, include its Philippines project, which is composed of the casino, hotel, retail and entertainment complex as referred to in the announcement of Melco Crown Entertainment Limited dated October 25, 2012, subject to its completion.

8.5 Maintenance of insurance

The Selling Shareholders must maintain, or must procure the continued maintenance of, product liability insurance for the Company to the same level held by the Company as at Closing for a period of 3 years after the Closing Date.

8.6 Access to information

- (a) From Closing, the Selling Shareholders must ensure that each of the Subsidiaries must, on reasonable notice for a period of seven years, allow the Buyers and the Company to have reasonable access during normal business hours to the business, corporate and financial records (including management accounts and tax records) of the Subsidiaries relating to the period prior to Closing and to take extracts from, or copies of, such records at the Buyers' or the Company's expense, as necessary to enable the Company to comply with any legal obligations imposed on it and arising after Closing.

- (b) The Selling Shareholders agree that the Company may retain copies of any records relating to the Subsidiaries that it may require to enable it to comply with any applicable law, after the Closing Date.
- (c) From Closing, the Selling Shareholders must ensure that each of the Subsidiaries provide all assistance to the Buyers and the Company, as they reasonably require, to assist them with preparing for and completing any audits of the Company relating to the period prior to Closing, including ensuring that upon reasonable notice all relevant personnel of the Subsidiaries are available during normal business hours to provide information and to answer any questions of the Buyers or the Company in connection with any such audits.

9 Representations and warranties

9.1 Representations and warranties

Each of the representations and warranties of the Selling Shareholders in **schedule 2** and of the Buyers in **schedule 3** is given, unless otherwise expressly stated, as at the date of this document, and on each day up to the Closing Date.

9.2 Reliance by parties

Each party (the **representor**) acknowledges that in entering into this document the other party has relied on the representations and warranties provided by the representor under **schedule 2** and **schedule 3** (as appropriate).

9.3 Survival of representations

The representations and warranties provided by each party under this **clause 9**:

- (a) are severable;
- (b) will survive the termination of this document; and
- (c) are given with the intent that liability under them will not be confined to breaches of them discovered prior to the date of termination of this document.

9.4 Notification of breach and compliance certificate

- (a) The Buyers and the Selling Shareholders will respectively promptly advise each other in writing of:
 - (i) a representation or warranty provided in this document by either party becoming false; or
 - (ii) a breach of this document by it.

- (b) By 9.00a.m on the Closing Date, each of the Buyers and the Selling Shareholders must execute and deliver to the other party a certificate signed by a director that, having made all relevant enquiries and except as previously disclosed in writing:
 - (i) it has complied in all material respects with its obligations under this document; and
 - (ii) the representations and warranties given by it under **schedule 2** or **schedule 3** (as appropriate) remain true and correct.

10 Indemnities

10.1 Selling Shareholders indemnity

The Selling Shareholders agree with the Buyers (on their own behalf and separately as trustee for each of the Buyer Indemnified Parties) to indemnify and keep indemnified the Buyer Indemnified Parties from and against all Losses which a Buyer Indemnified Party may suffer or incur by reason of or in relation to:

- (a) a breach by the Selling Shareholders of any of the representations and warranties in **Schedule 2**; or
- (b) any breach by the Selling Shareholders of any covenant or undertaking on the part of the Selling Shareholders under this document.

10.2 Buyers indemnity

The Buyers agree with the Selling Shareholders (on their own behalf and separately as trustee for each of the Selling Shareholders Indemnified Parties) to indemnify and keep indemnified the Selling Shareholders Indemnified Parties from and against all Losses which a Selling Shareholders Indemnified Party may suffer or incur by reason of or in relation to:

- (a) a breach by the Buyers of any of the representations and warranties in **Schedule 3**; or
- (b) any breach by the Buyers of any covenant or undertaking on the part of the Buyer under this document.

10.3 Tax indemnity

- (a) Without limiting **clause 10.1**, the Selling Shareholders must indemnify, and keep indemnified, the Buyer Indemnified Parties and the Company from and against:
 - (i) any Taxes imposed on or issued against a Buyer Indemnified Party or the Company, or for which a Buyer Indemnified party or the Company becomes liable for on or after Closing, or which remain unpaid as at Closing, in respect of, or arising out of, or attributable to, in whole or in part, any income, profit or other amounts received or derived by the Company up to and including the Closing Date.

- (ii) any Taxes imposed on or issued against a Buyer Indemnified Party or the Company, or for which a Buyer Indemnified Party or the Company become liable for, by reason of any matter or thing being other than as represented or warranted in **paragraphs (l) to (o), (t) and (u)** of the Selling Shareholders' Warranties.
- (b) The indemnity in **clause 10.3(a)** does not apply to:
 - (A) the Capital Gains Tax Liability, but only to the extent the Capital Gains Tax Liability is less than or equal to PhP35,940,000 and the Selling Shareholders indemnify each Buyer Indemnified Party and the Company for any amount of the Capital Gains Tax Liability that exceeds PhP35,940,000; or
 - (B) the Deferred Tax Liability, but only to the extent the Deferred Tax Liability is less than or equal to PhP8,660,000 and the Selling Shareholders indemnify each Buyer Indemnified Party and the Company for any amount of the Deferred Tax Liability that exceeds PhP8,660,000.
- (c) In the event that a Buyer Indemnified Party or the Company receives a Letter of Authority for any of the items under **clause 10.3(a)**, it shall immediately (without any delay) forward such document to the Selling Shareholders and the Selling Shareholders must within 5 Business Days of such notice, shall in consultation with the Buyers and the Company, initiate joint discussions (whether oral or written) with the BIR with a view of determining the nature and scope of the investigation and the reasonable basis thereof, and upon completion of the examination discuss with the Buyers and the Company whether or not there is basis for any potential assessment.
- (d) If the investigation results in the issuance of a formal audit or assessment notice, the Selling Shareholders may elect (at their sole discretion) by written notice to MCE or the Company (as applicable) to either:
 - (i) assume the defence of any such audit or assessment in accordance with **clause 10.3(e)**; or
 - (ii) permit the Buyer Indemnified Party or the Company to deal with such audit or assessment as it sees fit at its absolute discretion.
- (e) Each Selling Shareholder acknowledges and agrees that:
 - (i) it may only assume the defence of any such audit or assessment if it obtains a written opinion from either Salvador & Associates or Quiason Makalintal Law Offices, that there is a reasonable case to answer in defending any claims relating to the audit or assessment;
 - (ii) it must conduct any defence assumed under **clause 10.3(d)(i)** in good faith;

- (iii) it must act reasonably in all the circumstances in respect of the conduct of any defence assumed under **clause 10.3(a)(i)**, including having regard to the likelihood of success and the effect of the defence on the goodwill, reputation and affairs and operations of the Buyer Indemnified Parties and the Company;
 - (iv) it must provide the Buyer Indemnified Party or the Company (as applicable) with reasonable access to copies of all notices, correspondence or other documents relating to the defence assumed under **clause 10.3(a)(i)**; and
 - (v) it must keep the Buyer Indemnified Party or the Company (as applicable) informed as and when reasonably requested by the Buyer Indemnified Party or the Company (as applicable) in respect of the conduct of any defence assumed under **clause 10.3(d)(i)** (including any proposed settlement or compromise of it); and
 - (vi) it must not settle or compromise any claim under any audit or assessment without the prior written approval of MCE (such approval not to be unreasonably withheld).
- (f) Notwithstanding the election of the Selling Shareholders under **clause 10.3(c)** and without limiting the indemnity in **clause 10.3(a)**, the Selling Shareholders must indemnify the Buyer Indemnified Parties or the Company, as the case may be, and such indemnity shall include all Losses incurred or payable by a Buyer Indemnified Party or the Company in connection with any Tax Liability arising out of the audit or assessment or any investigation by a Regulatory Authority, including all administrative and legal proceedings relating thereto, and the settlement of, and steps taken to mitigate or resolve any process which could lead to, a Tax Liability, whether or not it transpires that it does.

10.4 Indemnity relating to Commercial Documents

The Selling Shareholders must indemnify, and keep indemnified, each Buyer Indemnified Party and the Company against all Losses suffered or incurred by a Buyer Indemnified Party or the Company as a result of, arising from, or in connection with any Commercial Document, including all Losses suffered or incurred by a Buyer Indemnified Party or the Company in connection with the assignment, novation or termination of any Commercial Document.

10.5 Indemnity relating to Ongoing Litigation

The Selling Shareholders must indemnify, and keep indemnified, each Buyer Indemnified Party and the Company against all Losses suffered or incurred by a Buyer Indemnified Party or the Company as a result of, arising from, or in connection with, any Ongoing Litigation.

10.6 Survival of indemnities

Each indemnity provided by each party under this **clause 10** will:

- (a) be severable;
- (b) be a continuing obligation;

- (c) constitute a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this document; and
- (d) survive the termination of this document;
- (e) in respect of the indemnity under **clause 10.3**, expire three years from Closing (excluding fraud); and
- (f) in respect of all other indemnities under this **clause 10** (other than the tax indemnity in **clause 10.3**), expire five years from Closing (excluding fraud).

11 Confidentiality

11.1 Selling Shareholders' obligations

Each Selling Shareholder acknowledges and agrees that:

- (a) it will use the Buyer Confidential Information exclusively for the purpose of due diligence and in relation to the Transaction, including any submission to a Regulatory Authority necessary for satisfaction of a Condition (**Disclosure Purpose**) and for no other purpose, and without limitation, will not make any use of the Buyer Confidential Information or any part of it to the competitive disadvantage of the Buyer Group;
- (b) it will keep the contents of this document, the Transaction and the Buyer Confidential Information in confidence and will not disclose any such information except:
 - (i) to such Representatives of a Selling Shareholder as require such information for the Disclosure Purpose, but only if any such person owes a duty of confidentiality to the Selling Shareholder and is aware of the obligations of the Selling Shareholder under this **clause 11.1**;
 - (ii) as permitted under **clause 12**;
 - (iii) as required by law; or
 - (iv) with the prior consent of the Buyers;
- (c) it will immediately notify Buyer of any suspected or actual unauthorised use, copying or disclosure of the Buyer Confidential Information; and
- (d) it will, upon request by Buyer, return to Buyer all Buyer Confidential Information provided to a Selling Shareholder and its Representatives, together with any notes, records or copies of the Buyer Confidential Information generated by any such person.

11.2 Buyers' obligations

Each Buyer acknowledges and agrees that:

- (a) it will not make any use of the Selling Shareholder Confidential Information or any part of it except in connection with the Disclosure Purpose and will not make any use of the Selling Shareholder Confidential Information or any part of it to the competitive disadvantage of the Group;

- (b) it will keep the contents of this document, the Transaction and the Selling Shareholder Confidential Information in confidence and will not disclose any such information except:
 - (i) to such Representatives of the Buyer as require such information in connection with the Disclosure Purpose, but only if any such person owes a duty of confidentiality to the Buyer and is aware of the obligations of Buyer under this **clause 11.2**;
 - (ii) in respect of the contents of this document and the Transaction only, to any proposed financier of the Buyers Group, but only if any such person owes a duty of confidentiality to the Buyers is aware of the obligations of the Buyers under this **clause 11.2**;
 - (iii) as permitted under **clause 12**;
 - (iv) as required by law; or
 - (v) with the prior consent of a Selling Shareholder;
- (c) it will immediately notify the Selling Shareholders of any suspected or actual unauthorised use, copying or disclosure of the Selling Shareholder Confidential Information; and
- (d) it will, upon request by the Selling Shareholders, return to the Selling Shareholders all Selling Shareholder Confidential Information provided to the Buyer and its Representatives, together with any notes, records or copies of the Selling Shareholder Confidential Information generated by any such person.

12 Public announcements

12.1 Announcement of Transaction

Immediately after execution of this document, the Selling Shareholders and the Buyers will each announce the Transaction in a form previously agreed between the parties.

12.2 Public announcements

Subject to **clause 12.3**, no public announcement or disclosure (including any briefing to analysts, the media or shareholders) of the Transaction, any other transaction which is the subject of this document, or the terms of this document, may be made other than:

- (a) in a form approved by each party (acting reasonably);
- (b) to each party's respective employees and Advisers with a need to know and on a confidential basis.
- (c) as required by law or the rules of any Regulatory Authority; or

- (d) to the extent the information is already in the public domain (other than by way of a party's breach of this document), including as a result of the release of any announcement under **clause 12.1**.

12.3 Permitted disclosure

Where a party is required by law or the rules of any Regulatory Authority to make any announcement or to make any disclosure in connection with the Transaction or any other transaction which is the subject of this document, it may do so only after it has given at least one Business Day's notice, or such lesser period as may be required or permitted to comply with its legal or regulatory responsibilities, but in any event prior notice, to the other party and has taken all reasonable steps to consult with the other party and its legal Advisers and to take account of all reasonable comments received from the other party.

12.4 Statements on termination

The parties must act in good faith and use all reasonable endeavours to issue an agreed statement or statements in respect of any termination provided for in this document and will make no statements or disclosure in respect of the termination of this document except in accordance with **clauses 12.2** and **12.3**.

13 Notices

13.1 General

A notice, demand, certification, process or other communication relating to this document must be in writing in English and may be given by an agent of the sender.

13.2 How to give a communication

In addition to any other lawful means, a communication may be given by being:

- (a) personally delivered;
- (b) left at the party's current delivery address for notices;
- (c) sent by fax to the party's current fax number for notices; or
- (d) emailed to the party's current email address for notices.

The parties will use all reasonable endeavours to provide a copy of any communication provided under **paragraphs (a) to (c)** of this clause by email to the email address of the other party set out in **clause 13.3**. To avoid doubt, such email communication is provided as support for the official communication provided in accordance with **paragraphs (a) to (c)** of this clause and does not supersede or replace any obligation on a party to provide that communication in accordance with **paragraphs (a) to (c)** of this clause or derogate from the other provisions of this **clause 13**.

13.3 Particulars for delivery of notices

(a) The particulars for delivery of notices are initially:

MCE

Delivery address: Jayla Place, Wickams Cay I
Road Town, Tortola
British Virgin Islands

Copy: c/- Melco Crown Entertainment Limited
36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Fax: +852 2537 3618

Attention: Ms Stephanie Cheung, Chief Legal Officer

Email: scheung@melco-crown.com

Co-investor

Delivery address: 21st floor, Philamlife Tower
Paseo de Roxas, Makati
Metro Manila, Philippines

Copy: c/- Melco Crown Entertainment Limited
36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Fax: +852 2537 3618

Attention: Ms Stephanie Cheung, Chief Legal Officer

Email: scheung@melco-crown.com

Interpharma

Delivery address: 32nd floor, Zuellig Building
Makati Avenue corner Paseo de Roxas
Makati City, Philippines

Fax: +632 815 1806

Attention: Kasigod Jamias

Email: kjamias@zuelligbuilding.com

Pharma

Delivery address: 32nd floor, Zuellig Building
Makati Avenue corner Paseo de Roxas
Makati City, Philippines

Fax: +632 815 1806

Attention: Kasigod Jamias

Email: kjamias@zuelligbuilding.com

(b) Each party may change its particulars for delivery of notices by notice to each other party.

13.4 Communications by fax

Subject to **clause 13.6**, a communication is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

13.5 Communications by email

Subject to **clause 13.6**, if a communication is emailed in accordance with **clause 13.2(d)**, a delivery confirmation report received by the sender, which records the time that the email was delivered to the addressee's last notified email address is prima facie evidence of its receipt by the addressee, unless the sender receives a delivery failure notification, indicating that the electronic mail has not been delivered to the addressee.

13.6 After hours communications

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

13.7 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this document may be served by any method contemplated by this **clause 13** or in accordance with any applicable law.

14 General

14.1 Duty

- (a) The Buyers as between the parties is liable for and must pay all duty (including any fine, interest or penalty except where it arises from default by the other party) on or relating to this document, or any dutiable transaction evidenced or effected by any of these.
- (b) If a party other than the Buyers pay any duty (including any fine, interest or penalty) on or relating to this document, or any dutiable transaction evidenced or effected by any of these, the Buyers must pay that amount to the paying party on demand.

14.2 Legal costs

Except as expressly stated otherwise in this document, each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this document.

14.3 Amendment

This document may only be varied or replaced by a document executed by the parties.

14.4 Waiver and exercise of rights

- (a) A single or partial exercise or waiver by a party of a right relating to this document does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

14.5 Rights cumulative

Except as expressly stated otherwise in this document, the rights of a party under this document are cumulative and are in addition to any other rights of that party.

14.6 Consents

Except as expressly stated otherwise in this document, a party may conditionally or unconditionally give or withhold any consent to be given under this document and is not obliged to give its reasons for doing so.

14.7 Further steps

Each party must promptly do whatever any other party reasonably requires of it to give effect to this document and to perform its obligations under it.

14.8 Governing law and jurisdiction

- (a) This document is governed by and is to be construed in accordance with the laws applicable in the Republic of the Philippines.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in the Republic of the Philippines and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

14.9 Assignment

- (a) A party must not assign or deal with any right under this document without the prior written consent of the other parties.
- (b) Any purported dealing in breach of this clause is of no effect.

14.10 Liability

An obligation of two or more persons binds them separately and together.

14.11 Counterparts

This document may consist of a number of counterparts and, if so, the counterparts taken together constitute one document.

14.12 Entire understanding

- (a) This document contains the entire understanding between the parties as to the subject matter of this document.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this document, including the letter and term sheet between the parties dated 7 November 2012, are merged in and superseded by this document and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this document; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

14.13 Relationship of parties

This document is not intended to create a partnership, joint venture or agency relationship between the parties.

14.14 Specific performance

The parties acknowledge that damages will not be an adequate remedy for breaches of obligations under this document and that it would be appropriate for a court to grant specific performance of those obligations.

14.15 Benefits held on trust

The parties acknowledge and agree that:

- (a) MCE holds the benefit of each right, promise and obligation under this document expressed to be in favour of a Buyers Indemnified Party on trust for that person; and
- (b) MCE may enforce any or all rights granted to a Buyers Indemnified Party under this document on behalf of that person even though they are not parties to this document.

Schedule 1

Sale Shares

| Column 1 Selling Shareholder | Column 2 Number and class of shares held | Column 3 Percentage of total issued share capital in the Company | Column 4 Proportion of Purchase Price |
|------------------------------------|--|---|---|
| Interpharma | 255,270,156 A Class Shares (inclusive of 5,673 A Class Shares held by nominees) | 61.95% | 63.85% |
| Pharma | 128,211,204 B Class Shares (inclusive of 2,211 B Class Shares held by nominees) | 31.11% | 36.15% |
| Total | 383,481,360 | 93.06% | 100% |

Schedule 2

Selling Shareholders' representations and warranties

The Selling Shareholders represent and warrant to the Buyers that:

- (a) **(status)** each of them, and the Company, is a body corporate duly incorporated under the laws of its jurisdiction of incorporation or formation;
- (b) **(power for business)** each Group Company has the power to own its assets and to carry on its business as now conducted or contemplated;
- (c) **(power for document)** each of them has the corporate power to enter into and perform or cause to be performed its obligations under this document and the Transaction, and to carry out the transactions contemplated by this document and the Transaction;
- (d) **(corporate authorisations)** each of them has taken or will take all necessary corporate action to authorise the entry into and performance of this document and the Transaction and to carry out the transactions contemplated by this document and the Transaction;
- (e) **(document binding)** this document is a valid and binding obligation on each of them enforceable in accordance with its terms, subject to any necessary stamping;
- (f) **(transactions permitted)** the execution and performance by each of them of their respective obligations under this document, and each transaction contemplated by this document and the Transaction did not and will not:
 - (i) violate in any material respect a provision of a law or treaty or a judgment, ruling, order or decree of a Regulatory Authority binding on it, or its constitution or any other document or agreement that is binding on it or its assets; or
 - (ii) give to any person any rights of termination, amendment, acceleration or cancellation of any contract to which a Selling Shareholder or the Company is a party, any judgement or comparable order of any court, arbitrator or governmental agency inside or outside the Republic of the Philippines against the Company, or any licenses, permits, approvals or authorizations held by the Company;
- (g) **(continuous disclosure)** the Company:
 - (i) has materially complied with its obligations under the Listing Rules of the PSE (except as regards the minimum float requirement) and the information disclosed to PSE is true and correct in all material respects;

- (ii) is not aware of any information relating to any Group Company or their respective businesses or operations that has or could reasonably be expected to give rise to a material adverse change that has not been disclosed to PSE or to the Buyer prior to the date of this document; and
 - (iii) has disclosed to the Buyers details of each material contract to which the Company is a party;
- (h) **(Shares)** each of the Selling Shareholders is the legal and beneficial owner of the number of Shares set out opposite its name in column 2 of **Schedule 1**, which are free from any liens, Encumbrances or third party claims whatsoever and are fully paid and non-assessable;
- (i) **(authorised capital)** the Company has an authorized capital stock of PhP900,000,000 (PhP900,000,000 divided into 900,000,000 common shares), with a par value of PhP1.00 per Share. All of the outstanding common shares of the Company are registered with the SEC and listed on the PSE.
- (j) **(issued securities)** the Company's only issued and outstanding securities as at the date of this document are:
- (i) 272,696,551 A Class Shares; and
 - (ii) 139,368,045 B Class Shares,
- and no Group Company is under any obligation to issue any shares or securities convertible into Shares to any person and, except as specified above, no option exists nor is any Group Company subject to any actual or contingent obligation to issue or convert securities;
- (k) **(Subsidiaries)** the Company is the legal and beneficial owner of all the issued share capital in each of the Subsidiaries and there is no obligation to transfer, or issue new shares in any of those Subsidiaries to third parties, and other than the Subsidiaries, the Company does not hold any legal or beneficial interest in any other entity;
- (l) **(financial statements)** the consolidated and audited financial statements of the Company lodged with SEC and/or PSE:
- (i) are complete and correct in all material respects;
 - (ii) complied in all material respects with the laws of the Republic of the Philippines and all applicable accounting requirements applicable to the preparation of the financial statements;
 - (iii) complied in all material respects with generally accepted accounting principles in the Philippines applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to the financial statements);

- (iv) fairly presented the consolidated financial position of the Group as at the dates of the relevant financial statements and the consolidated results of the Group's operations and cash flows for the relevant periods; and
- (v) contain no material difference from the financial records maintained and the accounting methods applied for tax purposes;
- (m) **(no material change to financial statements)** there have been no material changes in the books and accounts, and financial statements of the Company since the last consolidated and audited financial statement was lodged with SEC and/or PSE;
- (n) **(no liabilities)** except for liabilities reflected in the consolidated and audited financial statements of the Company last lodged with SEC and/or PSE or any contingent liability relating to a potential fine for non-compliance with the minimum float requirement, the Company has and shall have no liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise, including, without limitation, tax liabilities due, payments under any obligations entered into or transactions undertaken, or those to become due, and whether incurred in respect of transactions entered into or any state of facts existing prior hereto;
- (o) **(compliance with laws)** as far as the Selling Shareholders are aware, after making enquiries of the Officers of the Company, the Company has complied in all material respects with all applicable laws and regulations of the Philippines which would, if breached, have a material adverse effect on the financial position of the Company as a whole;
- (p) **(Company Disclosure Material)** the Company has collated and prepared all of the Company Disclosure Material in good faith for the purposes of Buyers' due diligence on the Group and in this context, as far as the Selling Shareholders are aware, such Company Disclosure Material has been prepared with all reasonable care and skill and is complete, accurate and not misleading in any material respects (including by omission) and there has been no deliberate non-disclosure of any information material to the Buyers' decision to proceed with the Transaction and execute this document;
- (q) **(other information)** any written information or document supplied by or on behalf of the Company or a Selling Shareholder to the Buyers or any of their Representatives in connection with the Transaction or the Subsidiary Sale, is true and accurate in all material respects and there is no fact or matter which has not been disclosed in writing which renders any such information or document untrue or misleading at the date of this document;
- (r) **(consents)** all consents, approvals required to be obtained from, and disclosures and filings required to be made with, any government body or agency, or any other third party, for the execution and performance of this document have been obtained or made or will be obtained or made prior to the Closing Date;

- (s) **(constituent documents)** copies of the articles of incorporation and by-laws of the company, and all amendments thereof, have been delivered to the Buyers and are complete, current and correct. The minute book of the company is complete, current and correctly reflects all corporate actions of the Company taken at all meetings and is a correct and accurate record of all resolutions issued by the board of directors and the shareholders of the Company;
- (t) **(timely filing)** the Company has timely filed and shall timely file, up to the Closing Date, all tax returns, disclosures, reports, forms required to be filed with government agencies, including the Bureau of Internal Revenue and the SEC and with the PSE, which returns, reports, disclosures and forms are and shall be true, correct and complete;
- (u) **(no Tax delinquency)** the company is not delinquent in the payment of any Tax, assessment or government charge and, there is no unpaid Tax, interest, penalty or addition to any Tax due or claimed to be due, nor any unpaid Tax deficiency, determination, or assessment outstanding against the Company. There are no liens for Taxes upon any asset of the Company;
- (v) **(no other Taxes)** the Company is not liable for any Tax whatsoever, other than:
 - (i) the Capital Gains Tax Liability; and
 - (ii) the Deferred Tax Liability;
- (w) **(no regulatory fee delinquency)** the Company has paid, and is not delinquent in the payment of any fees or assessments required or imposed by the PSE including but not limited to those required to maintain the Company's listing and there are no unpaid fees, assessments, interest, penalty or addition to any fee or assessment due, or claimed to be due, against, the Company;
- (x) **(no pending claims)** neither the selling shareholders nor the company has received any notice:
 - (i) of any pending actions, suits, claims or proceedings by or against the Company; or
 - (ii) of any investigations by and before any government entity or with the PSE;which threatens to invalidate any of the Company's corporate rights, powers or privileges, except that the Company has received notices from the PSE to comply with the minimum float requirement;
 - (iii) from any Regulatory Authority indicating to the Company or the Selling Shareholders of any intention to conduct any investigation or other proceeding with respect to the foregoing matters; or

- (iv) of any action at law or equity, or any investigation or proceeding of any kind, which is now pending or threatened against the Company or to declare any of its corporate rights, powers or privileges to be null and void or otherwise than in full force and effect;
- (y) **(minimum level of cash)** at Closing, the Company has, in its bank account(s), the minimum level of cash it is required to have required under **clause 2.1(b)**;
- (z) **(no employees)** there are no independent contractors or employees employed by the Company;
- (aa) **(no business)** the Company does not carry on any business, other than the business carried on by the Subsidiaries, and such business of the Subsidiaries is conducted only in the Republic of the Philippines;
- (bb) **(no Insolvency Event)** neither the Selling Shareholders nor the Company is subject to any Insolvency Event and the Selling Shareholders are not aware of any matter that may lead to a Selling Shareholder or the Company being subject to an Insolvency Event;
- (cc) **(no related party liability)** other than the Management Services Agreement, the Company does not owe any liability whatsoever to any Affiliate, and no Affiliate owes any liability whatsoever to the Company, in each case except as contemplated in this document;
- (dd) **(Commercial Documents)** there is no subsisting obligation or liability on the Company under any commercial document to which the Company is, or was, a party, other than this document or the Subsidiary Sale Agreements;
- (ee) **(intellectual property)** the Company is not infringing any intellectual property rights held by any third party, and has not at any time on or before the Closing Date infringed any intellectual property rights held by any third party whatsoever. Neither the Selling Shareholders nor the Company has received any notice of any pending actions, suits, claims or proceedings against the Company alleging infringement of any intellectual property rights held by any third party;
- (ff) **(net book value)** as at Closing, the aggregate net book value of the Subsidiaries is PhP1,059,000,000;

(gg) **(anti-bribery and anti-corruption)** each Selling Shareholder is familiar with and has complied with, and as far as it is aware, each of its officers, the Company and each of the Company's Officers is familiar with and has complied with, all applicable anti-bribery, anti-corruption and anti-money laundering laws of the Philippines, including those prohibiting such persons from taking corrupt actions in furtherance of an offer, payment, promise to pay or authorization of the payment of anything of value, including, but not limited to, cash, checks, wire transfers, tangible and intangible gifts, favors, services, and those entertainment and travel expenses that go beyond what is reasonable and customary and of modest value to or from (a) an executive, official, employee or agent of a Regulatory Authority or any other governmental department, agency or instrumentality, (b) a director, officer, employee or agent of a wholly or partially government-owned or controlled company or business, (c) a political party or official thereof, or candidate for political office or (d) an executive, official, employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank) (an **"Official"**), while knowing or having a reasonable belief that all or some portion will be used for the purpose of:

- (i) influencing any act, decision or failure to act by an Official in his official capacity;
- (ii) inducing an Official to use his influence with a government or instrumentality to affect any act or decision of such government or entity;
- (iii) securing an improper advantage; or
- (iv) in order to obtain, retain or direct business;

Schedule 3

Buyers' representations and warranties

Each Buyer represents and warrants to the Selling Shareholders that:

- (a) **(status of Buyer)** it is a body corporate duly incorporated under the laws of its jurisdiction of incorporation or formation;
- (b) **(power for business)** each Buyer has the power to own its assets and to carry on its business as now conducted or contemplated;
- (c) **(power for document)** it has the corporate power to enter into and perform or cause to be performed its obligations under this document and the Transaction, and to carry out the transactions contemplated by this document and the Transaction;
- (d) **(corporate authorisations)** it has taken or will take all necessary corporate action to authorise the entry into and performance of this document and the Transaction and to carry out the transactions contemplated by this document and the Transaction;
- (e) **(document binding)** this document is a valid and binding obligation on each Buyer enforceable in accordance with its terms; and
- (f) **(transactions permitted)** the execution and performance by it of its obligations under this document and each transaction contemplated by this document did not and will not violate in any material respect a provision of a law or treaty or a judgment, ruling, order or decree of a Regulatory Authority binding on it, or its constitution or any other document or agreement that is binding on it or its assets.

Schedule 4**Commercial Documents****Part A – Commercial Contracts**

| # | Commercial Document |
|----|--|
| 1 | Manufacturing Agreement between Boehringer Ingelheim (Phil.), Inc. and Interphil Laboratories, Inc. dated 10 June 1999 and renewed on 1 January 2011 |
| 2 | Supply and Toll Manufacturing Contract between Novartis Healthcare Philippines, Inc. and Interphil Laboratories, Inc. dated 4 January 2004 and renewed on 5 January 2012 |
| 3 | Contract Manufacturing Agreement with Pfizer (Malaysia) SDN BHD and Interphil Laboratories, Inc. dated 13 December 2005 and renewed on 13 December 2011 |
| 4 | Supply and Toll Manufacturing Contract between Sandoz Philippines Corporation and Interphil Laboratories, Inc. dated 9 October 2006 and renewed on 9 October 2012 |
| 5 | Contract Manufacturing Agreement between Wyeth Consumer Healthcare Pty Limited and Interphil Laboratories, Inc. dated 14 July 2008 and renewed on 14 July 2012 |
| 6 | Manufacturing Agreement between Johnson & Johnson Pte., Ltd and Interphil Laboratories, Inc. (undated) and renewed on 1 April 2011 |
| 7 | Manufacturing Agreement between Bayer Philippines, Inc. and Interphil Laboratories, Inc. dated 17 April 2001 and renewed on 1 May 2011. |
| 8 | Memorandum of Understanding between Janssen Pharmaceutica and Interphil Laboratories, Inc. dated 14 April 2003 and renewed on 20 December 2011 |
| 9 | Memorandum of Agreement between Pfizer Global Manufacturing Warner-Lambert (Thailand) Ltd. and Interphil Laboratories, Inc. dated 6 May 2003 and renewed on 1 March 2010 |
| 10 | Manufacturing Contract between Solvay Pharma Inc. and Interphil Laboratories, Inc. dated 29 November 2001 and renewed on 15 August 2012 |
| 11 | Manufacturing Agreement between Organon Philippines, Inc. and Interphil Laboratories, Inc. dated 24 August 2005 and renewed on 1 June 2011 |

Part B – FFDA Product Registrations

| CPR NO. | FDA REG. No. | Product Name | Issue Date | Expiry Date | CPR Type |
|-----------|--------------|--------------|----------------|----------------|----------|
| DI-002660 | DRP-1913 | ACTIDIN QUIK | 10 August 2007 | 10 August 2005 | PCPR |
| DJ-02594 | DRP-2404 | CLARIMID | 24 April 2008 | 24 April 2011 | PCPR |
| DJ-02391 | DR-XY34783 | DERMIFENE | 11 August 2008 | 11 August 2013 | Regular |

Part C – Permits and licences

| | Name of Permit | Statutory Basis and Issuing Agency | Issue Date |
|---|---|------------------------------------|-------------------|
| 1 | Environmental Compliance Certificate for the Manufacturing of Pharmaceutical Products of Intephil Laboratories, Inc. located at Lot Nos. 8 and 9 Terelay Phase, Canlubang Industrial Estate, Cabuyao, Laguna | PD 1586 -issued by the DENR-EMB | 30 September 1991 |
| 2 | Environmental Compliance Certificate for the Penicillin and Cephalosporine Plant Project of Intephil Laboratories, Inc. located at Silangan, Canlubang Industrial Park, Canlubang, Laguna (ECC-4A-2000-02-25-102-120) | PD 1586 -issued by the DENR-EMB | 12 April 2000 |

Part C – Trademarks

| PRODUCT NAME | FILING DATE | REGISTRATION STATUS | | |
|---------------|--------------|-----------------------------|--------------|-------------|
| | | CERTIFICATE OF REGISTRATION | | |
| | | REG. NO. | DATE OF REG. | EXPIRY DATE |
| 1. ACTIDIN | 3 Sept. 2007 | 4-2007-009612 | 21-Jan-08 | 21-Jan-18 |
| 2. CIPROPHIL | 3 Sept. 2007 | 4-2007-009615 | 21-Jan-08 | 21-Jan-18 |
| 3. CLARIMID | 3 Sept. 2007 | 4-2007-009607 | 21-Jan-08 | 21-Jan-18 |
| 4. CLINDACIN | 3 Sept. 2007 | 4-2007-009610 | 21-Jan-08 | 21-Jan-18 |
| 5. DIAMED | 3 Sept. 2007 | 4-2007-009614 | 21-Jan-08 | 21-Jan-18 |
| 6. KARDIOSTAN | 3 Sept. 2007 | 4-2007-009609 | 21-Jan-08 | 21-Jan-18 |
| 7. NEOLYTE | 3 Sept. 2007 | 4-2007-009611 | 21-Jan-08 | 21-Jan-18 |

Schedule 5

Documentary Evidence

| Column 1 Condition | Column 2 Documentary Evidence |
|---|--|
| Condition in clause 2.1(a) (Subsidiary Sale Agreements) | Original of each Subsidiary Sale Agreement duly executed by each party to those documents. |
| Condition in clause 2.1(b) (minimum level of cash) | A bank statement, as at the Closing Date, confirming that the Company has at least PhP84,600,000 in free cash in its bank account. |
| Condition in clause 2.1(c) (PSE Special Block Approval) | Original written approval of the PSE to the Transaction being conducted by way of a special block transfer on the PSE. |
| Condition in clause 2.1(d) (no shareholder claims) | Closing Certificate |
| Condition in clause 2.1(e) (representations and warranties of the Selling Shareholders) | Closing Certificate |
| Condition in clause 2.1(f) (representations and warranties of the Buyers) | Closing Certificate |
| Condition in clause 2.1(g) (no Material adverse Change) | Closing Certificate |
| Condition in clause 2.1(h) (termination of Management Services Agreement) | Original of the deed of termination of the Management Services Agreement, duly executed by the Company and Interphil. |
| Condition in clause 2.1(i) (transfer or termination of Commercial Documents) | Original of each assignment, novation or termination document (as applicable) in respect of each Commercial Document capable of assignment, novation or termination before the Closing Date, duly executed by the Company and, if required, each relevant counterparty, in each case in a form satisfactory to the Buyers. |

Execution—Acquisition Agreement

Executed as an agreement.

Executed by Interpharma Holdings & Management Corporation by its duly authorised officer in the presence of:)
)
)

/s/ Francisco R. Billano
Witness

Francisco R. Billano
Name of Witness (print)

Executed by Pharma Industries Holding Limited by its duly authorised officer in the presence of:)
)
)

/s/ Francisco R. Billano
Witness

Francisco R. Billano
Name of Witness (print)

/s/ Kasigod V. Jamias
Authorised Officer

Kasigod V. Jamias
Name of Authorised Officer (print)

/s/ Kasigod V. Jamias
Authorised Officer

Kasigod V. Jamias
Name of Authorised Officer (print)

Execution—Acquisition Agreement

Executed as an agreement.

Executed by MCE (Philippines))
Investments Limited by its duly)
authorised officer in the presence of:)

/s/ Michele Wan
Witness

Michele Wan
Name of Witness (print)

Executed by MCE (Philippines))
Investments No. 2 Corporation by its)
duly authorised Officer in the presence of:)

/s/ Michele Wan
Witness

Michele Wan
Name of Witness (print)

/s/ Chung Yuk Man
Authorised Officer

Chung Yuk Man
Name of Authorised Officer (print)

/s/ Chung Yuk Man
Authorised Officer

Chung Yuk Man
Name of Authorised Officer (print)

Annexure A

Direction to Pay

MCE (Philippines) Investments Limited

Jayla Place, Wickams Cay I
Road Town, Tortola
British Virgin Islands

MCE (Philippines) Investments No. 2 Corporation

c/- 21st floor, Philamlife Tower
Paseo de Roxas, Makati
Metro Manila, Philippines

December 2012

Dear Sirs

Direction to pay the Subsidiary Sale Amount

We refer to the Acquisition Agreement dated [—] December 2012 among Interpharma Holdings & Management Corporation, Pharma Industries Holdings Limited, MCE (Philippines) Investments Limited and MCE (Philippines) Investments No. 2 Corporation (**Acquisition Agreement**).

Unless otherwise stated, defined terms used in this document have the same meaning given to them in the Acquisition Agreement.

Under clause 3.1 of the Acquisition Agreement, the Buyers must pay to the Selling Shareholders the Purchase Price, being the Selling Shareholder Amount plus the Subsidiary Sale Amount (together, PhP1,259,000,000), on Closing.

The Selling Shareholders hereby jointly and irrevocably direct the Buyers to pay to the Company, by electronic funds transfer to an account nominated by the Company, the Subsidiary Sale Amount, being PhP1,059,000,000, in full and final settlement of the promissory notes dated [—] December 2012 issued to the Company by Interpharma and Mercator. Such payment by the Buyers will fully discharge all liability of the Buyers to pay the Subsidiary Sale Amount to the Selling Shareholders as part of the Purchase Price under the Acquisition Agreement.

Executed as a deed

Executed by **Interpharma Holdings & Management Corporation** by its duly authorised officer in the presence of:)
)
)

Witness

Name of Witness (print)

Executed by **Pharma Industries Holdings Limited** by its duly authorised officer in the presence of:)
)
)

Witness

Name of Witness (print)

Authorised Officer

Name of Authorised Officer (print)

Authorised Officer

Name of Authorised Officer (print)

MCE FINANCE LIMITED

as Issuer

and

THE SUBSIDIARY GUARANTORS AS SPECIFIED HEREIN

US\$1,000,000,000

5.00% Senior Notes due 2021

PURCHASE AGREEMENT

WHITE & CASE

9/F, Central Tower
28 Queen's Road Central
Hong Kong

PURCHASE AGREEMENT

January 29, 2013

Each of the institutions named in Schedule A hereto (each, an “**Initial Purchaser**” and, collectively, the “**Initial Purchasers**”)

Ladies and Gentlemen:

MCE Finance Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands (the “**Issuer**”), confirms its agreement with the Initial Purchasers with respect to the issuance and sale by the Issuer and the purchase by the Initial Purchasers, acting severally and not jointly, of the respective principal amounts set forth in Schedule A hereto of US\$1,000,000,000 aggregate principal amount of the Issuer’s 5.00% Senior Notes due 2021 (the “**Notes**”), subject to the terms and conditions set forth in this purchase agreement (this “**Agreement**”). The Notes are to be issued pursuant to an indenture (the “**Indenture**”), dated as of the Closing Date (as defined below), among the Issuer, Deutsche Bank Trust Company Americas, as trustee (the “**Trustee**”) and certain of the subsidiaries of the Issuer listed on Schedule B hereto (each, a “**Subsidiary Guarantor**” and collectively, the “**Subsidiary Guarantors**”).

The Issuer’s obligations under the Notes, including the due and punctual payment of interest on the Notes, will be jointly, severally and unconditionally guaranteed on a senior basis by each of the Subsidiary Guarantors pursuant to the Indenture.

As used herein, the term “**Notes**” shall include the guarantees thereof (the “**Guarantees**”) by the Subsidiary Guarantors, unless the context otherwise requires, and this Agreement, the Indenture, the Notes and any other documents entered into in connection with the offer and sale of the Notes are referred to herein as the “**Operative Documents**.”

The offer of the Notes by the Initial Purchasers is herein called the “**Offering**.” All references to “**U.S. dollars**” or “**US\$**” herein are to United States dollars. In connection with the Offering, the Issuer has made a listing application to, and approval-in-principle has been obtained from, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing on the SGX-ST of the Notes.

The Issuer understands that the Initial Purchasers propose to make the Offering on the terms and in the manner set forth herein and agrees that the Initial Purchasers may resell, subject to the conditions set forth herein, all or a portion of the Notes to purchasers (“**Subsequent Purchasers**”) at any time after this Agreement has been executed and delivered. The Notes are to be offered and sold through the Initial Purchasers without being registered under the United States Securities Act of 1933 (as amended, the “**1933 Act**”), in reliance upon exemptions therefrom. Pursuant to the terms of the Notes and the Indenture, investors that acquire Notes may only resell or otherwise transfer such Notes (A) (i) if such Notes are hereafter registered under the 1933 Act or (ii) if an exemption from the registration requirements of the 1933 Act is available for such resale or transfer (including, without limitation, the exemptions afforded by Rule 144A under the 1933 Act (“**Rule 144A**”), or Regulation S under the 1933 Act (“**Regulation S**”) and (B) in compliance with transfer restrictions set forth in the Offering Memorandum under the caption “Transfer Restrictions”.

In connection with the sale of the Notes, the Issuer confirms that it has prepared and delivered to each of the Initial Purchasers copies of a preliminary offering memorandum dated January 28, 2013 (the “**Preliminary Offering Memorandum**”) and final pricing supplement, in the form attached hereto as Schedule D (the “**Pricing Supplement**”) and that it will prepare and deliver to each of the Initial Purchasers, dated the date hereof, a final offering memorandum (the “**Final Offering Memorandum**”), each for use by such Initial Purchaser in connection with its solicitation of purchases of, or offering of, the Notes. “**Offering Memorandum**” means, with respect to any date or time referred to in this Agreement, the most recent offering memorandum (whether the Preliminary Offering Memorandum or the Final Offering Memorandum, or any amendment or supplement to either such document), including, without limitation, exhibits thereto and any documents incorporated therein by reference, which has been prepared and delivered by the Issuer to each of the Initial Purchasers in connection with their solicitation of purchases of, or offering of the Notes.

For purposes of this Agreement:

“**Gaming License**” means a license for operating games of chance and other casino games in Macau, pursuant to a valid subconcession contract.

“**Material Contracts**” means each of (i) the Subconcession Contract dated September 8, 2006 between Wynn Resorts (Macau), S.A. and Melco Crown Gaming (Macau) Limited (previously known as Melco PBL Gaming (Macau) Limited and before that as PBL Entertainment (Macau) Limited) (“**MC Gaming**”); (ii) the US\$1.75 billion Senior Secured Term Loan and Revolving Credit Facilities Agreement dated September 5, 2007 for MC Gaming (as Original Borrower) arranged by Australia and New Zealand Banking Group Limited, Bank of America, N.A., Bank of China Limited, Macau Branch, Commerz Bank AG and Deutsche Bank AG, Singapore Branch (as coordinating lead arrangers and bookrunners) with Deutsche Bank AG, Hong Kong Branch (as agent) and DB Trustees (Hong Kong) Limited (acting as security agent), as amended by transfer agreements dated October 17, 2007 and December 4, 2007, a supplemental deed dated November 19, 2007, amendment agreements dated December 7, 2007, September 1, 2008, December 1, 2008, May 10, 2010 and June 22, 2011 (the “**Fifth Amendment**”), and all finance and security documents related thereto (together, the “**SFA**”) and the subconcession bank guarantee request letter, dated September 1, 2006, issued by MC Gaming and the bank guarantee number 269/2006, dated September 6, 2006, extended by Banco Nacional Ultramarino, S.A. in favour of the Macau SAR Government at the request of MC Gaming and all finance and security documents related thereto; (iii) the Subordination Deed dated September 13, 2007 between MC Gaming and Others (as Subordinated Creditors), MC Gaming and Others (as Obligors) and DB Trustees (Hong Kong) Limited (as Security Agent); (iv) the Order of the Secretary for Public Works and Transportation No. 20/2006 with respect to the grant by the Macau government of a lease for Altira Macau (previously known as Crown Macau); (v) the Services and Right to Use Agreement dated May 11, 2007 (a supplemented) between Studio City Entertainment Limited (previously known as New Cotai Entertainment (Macau) Limited) and MC Gaming; (vi) the Hotel Taipa Square Right to Use Agreement dated June 12, 2008 between Hotel Taipa Square (Macau) Company Limited and MC Gaming; (vii) the Management Agreement for Grand Hyatt Macau dated August 30, 2008 between Melco Crown COD (GH) Hotel Limited and Hyatt of Macau Ltd.; (viii) the Hotel Trademark License Agreement dated January 22, 2007 between Hard Rock Holdings Limited and Melco Hotels and Resorts (Macau) Limited, as novated to Melco Crown COD (HR) Hotel Limited on August 30, 2008; (ix) the Memorabilia Lease (Casino) dated January 22, 2007 between Hard Rock Cafe International (STP), Inc. and MC Gaming; (x) the Memorabilia Lease (Hotel) dated January 22, 2007 between Hard Rock Café International (STP), Inc. and Melco Hotels and Resorts (Macau) Limited, as novated to Melco Crown COD (HR) Hotel Limited on August 30, 2008; (xi) the Loan Agreement dated September 5, 2007 between MC Gaming and MPEL Investments Limited; (xii) the Loan Agreements dated April 15, 2008, November 7, 2008 and May 1, 2009 between MPEL Investments Limited and MPEL International Limited; (xiii) the Gaming Promotion Agreement dated March 30, 2009 between MC Gaming, Jin Jun Gaming Promotion Company Limited and Chan Meng Kam as amended by an amendment agreement dated April 27, 2010; (xiv) the Operating Agreement dated August 29, 2008 between Melco Crown (COD) Developments Limited and DFS Cotai Limitada; (xv) the Order of the Secretary for Public Works and Transportation No. 25/2008 as amended by the Order of the Secretary for Public Works and Transportation No. 45/2010 with respect to the grant by the Macau SAR of a lease for the City of Dreams property; and (xvi) all amendments, variations, modifications and supplements of the documents referred to in (i) through (xv) above.

SECTION 1. Representations and Warranties by the Issuer and the Subsidiary Guarantors.

Each of the Issuer and the Subsidiary Guarantors represents and warrants to each Initial Purchaser as of the date hereof and, as of the Closing Date referred to in Section 2(b) hereof, and agrees with each Initial Purchaser, as follows:

(i) Disclosure Package and Final Offering Memorandum. As of the Applicable Time (as defined below), neither (x) the Offering Memorandum as supplemented by the Pricing Supplement, that has been prepared and delivered by the Issuer to each Initial Purchaser in connection with their solicitation of offers to purchase Notes, all considered together (collectively, the “**Disclosure Package**”), nor (y) any individual Supplemental Offering Materials (as defined below), when considered together with the Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. “**Applicable Time**” means the time when sales of the Notes were first made.

“**Supplemental Offering Materials**” means any “written communication” (within the meaning of the rules and regulations promulgated under the 1933 Act by the U.S. Securities and Exchange Commission (the “**Commission**”)), prepared by or on behalf of the Issuer, or used or referred to by the Issuer, that constitutes an offer to sell or a solicitation of an offer to buy the Notes other than the Offering Memorandum or amendments or supplements thereto (including the Pricing Supplement), including, without limitation, any road show relating to the Notes that constitutes such a written communication.

As of its date of issue and as of the Closing Date, the Final Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the representations, warranties and agreements made in the first and third paragraphs of this Section 1(i) shall not apply to statements in or omissions from the Disclosure Package or the Final Offering Memorandum or any amendments or supplements thereto made in reliance upon and in conformity with information furnished to the Issuer in writing by an Initial Purchaser expressly for use in the Disclosure Package or the Final Offering Memorandum or any amendments or supplements thereto. For the avoidance of doubt, such information shall be limited to such Initial Purchaser's name as set forth in the first sentence of the first paragraph under the subsection "Plan of Distribution—Price Stabilization and Short Positions" in the Disclosure Package and Final Offering Memorandum.

(ii) Existence. The Issuer and each of its subsidiaries has been duly incorporated and is existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and conduct its business as described in the Disclosure Package and the Final Offering Memorandum and to enter into, execute and perform its obligations under the Operative Documents to which it is a party, and is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified in any such jurisdiction would not, individually or collectively, have a material adverse effect on the condition (financial or other), business, properties, business prospects or results of operations of the Issuer and its subsidiaries taken as a whole ("Material Adverse Effect").

(iii) Subsidiaries. The Issuer does not have any subsidiaries other than the ones listed on Schedule C. Each subsidiary of the Issuer has been duly incorporated and is existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and conduct its business as described in the Disclosure Package and the Final Offering Memorandum; and each subsidiary of the Issuer is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not, individually or collectively, have a Material Adverse Effect; all of the issued and outstanding authorised shares of each subsidiary of the Issuer has been duly authorized and validly issued and is fully paid and non-assessable; and the authorised shares of each subsidiary owned by the Issuer, directly or through subsidiaries, is owned free from liens, encumbrances and defects. The statements and the diagrams set forth in the Disclosure Package and Final Offering Memorandum under the section "Summary—Corporate Structure and Certain Financing Arrangements," insofar as they purport to describe the ownership interests of the Issuer and its subsidiaries are accurate and fair in all material respects.

(iv) Share Capital. The authorized, issued and outstanding shares of the Issuer is as set forth in the Disclosure Package and the Final Offering Memorandum in the column entitled "Actual" under the caption "Capitalization"; all outstanding shares of the Issuer have been duly authorized; and the shareholders of the Issuer have no preemptive rights with respect to the authorised shares.

(v) Registration Rights. There are no contracts, agreements or understandings between the Issuer or any of its subsidiaries and any person granting such person the right to require the Issuer or such subsidiary to file a registration statement under the 1933 Act with respect to any securities of the Issuer or any of its subsidiaries owned by such person or to require the Issuer or any of its subsidiaries to include such securities in the Notes registered pursuant to a registration statement or in any securities being registered pursuant to any other registration statement filed by the Issuer under the 1933 Act.

(vi) Absence of Further Requirements. No consent, approval, or order of, clearance by, or filing or registration with, any person (including any governmental agency or body or any court or any stock exchange) is required to be obtained or made by the Issuer or any of its subsidiaries for the consummation by the Issuer or such subsidiary of the transactions contemplated by the Operative Documents, the Disclosure Package and the Final Offering Memorandum except (A) such as may be required under the blue sky or similar laws of any jurisdiction in connection with the purchase and distribution of the Notes by the Initial Purchasers in the manner contemplated in the Operative Documents, the Disclosure Package and the Final Offering Memorandum and (B) such as may be required by the SGX-ST in connection with its granting approval-in-principle for the listing and quotation of the Notes when such approval is obtained.

(vii) Title to Property. The Issuer and its subsidiaries have good and marketable title to all real property and all other property and assets owned by them as are necessary to the conduct of their respective businesses in the manner described in the Disclosure Package and the Final Offering Memorandum, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them, and the Issuer and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them and except for such liens, charges, encumbrances, defects, claims, options or restrictions which, individually or in the aggregate, would not have a Material Adverse Effect.

(viii) Compliance. Neither the Issuer nor any of its subsidiaries is (A) in violation of its respective constitutional documents, (B) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed or trust, loan or credit agreement, note, license, lease or other agreement or instrument, including, without limitation, each Material Contract (as defined above) to which the Issuer or any of its subsidiaries is a party or by which it may be bound, or to which any of the properties or assets of the Issuer or any of its subsidiaries may be subject (and no event has occurred which, with the giving of notices or lapse of time or both, would constitute such default) or (C) in violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or such subsidiary or any of its properties, as applicable, except, in the case of (B) and (C) only, any defaults or violations which, individually and collectively, would not have a Material Adverse Effect.

(ix) Absence of Defaults and Conflicts Resulting from Transaction. The execution, delivery and performance of each Operative Document and the consummation of the transactions contemplated herein, the issuance and sale of the Notes and the application of the proceeds from the sale of the Notes, as described in the Offering Memorandum under the caption “Use of Proceeds” and compliance by the Issuer and its subsidiaries with their obligations hereunder, do not and will not result in (A) a violation of the respective constitutional documents of the Issuer or any of its subsidiaries, (B) a violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or any of its subsidiaries or any of their properties, or (C) a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Issuer or any of its subsidiaries pursuant to, the constitutional documents of the Issuer or any of its subsidiaries, any statute, rule, regulation or order of any governmental agency or body or any court, arbitrator or other authority, domestic or foreign, having jurisdiction over the Issuer or any of its subsidiaries or any of their properties, or any agreement or instrument to which the Issuer or any of its subsidiaries is a party or by which the Issuer or any of its subsidiaries is bound or to which any of the properties of the Issuer or any of its subsidiaries is subject; except in the case of (B) and (C) above, where any such breach, violation, contravention, default, lien, charge or encumbrance would not, individually or in the aggregate, have a Material Adverse Effect. A “**Debt Repayment Triggering Event**” means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Issuer or any of its subsidiaries, or that would prevent the satisfaction of, or defeat any condition to drawdown or other requirement under any contract related to indebtedness or otherwise adversely affect the availability to the Issuer or any of its subsidiaries of financing contemplated thereby.

(x) Licenses. The Issuer and its subsidiaries possess, and are in compliance with the terms of, all material licenses, certificates, authorizations, and franchise permits (collectively, “**Licenses**”) issued by appropriate governmental agencies or bodies necessary to the conduct of the business now operated by them or proposed in the Disclosure Package and the Final Offering Memorandum to be conducted by them and have not received any notice of proceedings relating to the revocation or modification of any License that, if determined adversely to the Issuer or any of its subsidiaries would, individually or in the aggregate, have a Material Adverse Effect. Without limiting the foregoing, MC Gaming holds a valid and subsisting Gaming License which is and remains in full force and effect and which validly authorizes MC Gaming to carry on the gaming business as is and is proposed to be conducted by them and on the terms and conditions, in each case as described in the Disclosure Package and the Final Offering Memorandum, and no notice of any proceeding or claim or action for the invalidation, revocation, cancellation or imposition of any further condition or requirement of or in connection with the Gaming License has occurred or, to the best knowledge of the Issuer, is threatened.

(xi) Absence of Labor Dispute. No labor dispute with the employees of the Issuer or any of its subsidiaries exists or, to the knowledge of the Issuer or any of its subsidiaries, is imminent, and neither the Issuer nor any of its subsidiaries is aware of any existing or imminent labor disturbance by the employees of any of the Issuer’s or such subsidiaries principal suppliers, contractors or customers, that, in any such case described in this Section 1(xi), would have a Material Adverse Effect.

(xii) Possession of Intellectual Property. The Issuer and its subsidiaries own, possess or can acquire on reasonable terms, material trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, “**intellectual property rights**”) necessary to conduct the business now operated or proposed to be operated by them or presently employed or proposed to be employed by them, and if such business is described in the Disclosure Package and the Final Offering Memorandum, as described in the Disclosure Package and the Final Offering Memorandum. Neither the Issuer nor any of its subsidiaries has received any notice or communication of infringement of or conflict with asserted rights of others with respect to any intellectual property rights of others that, if determined adversely to the Issuer or any of its subsidiaries would, individually or in the aggregate, have a Material Adverse Effect.

(xiii) Offering Memorandum. The statements set forth in the Offering Memorandum (i) under the sections headed “Description of Notes” and “Description of Other Material Indebtedness,” insofar as they purport to constitute a summary of the material terms of the Notes and the material indebtedness of the Issuer, respectively, and (ii) under the sections headed “Plan of Distribution” and “Taxation” insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and fair in all material respects.

(xiv) Environmental Laws. Neither the Issuer nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances or relating to the safety of employees in the workplace (collectively, “**environmental laws**”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any civil, criminal or administrative action, suit, claim, hearing, notice of violation, investigation or proceeding (“**Proceeding**”) relating to any environmental laws, which violation, contamination, liability or Proceeding would, individually or in the aggregate, have a Material Adverse Effect; and neither the Issuer nor any of its subsidiaries is aware of any pending hearing or investigation which would lead to such a claim.

(xv) Insurance. The Issuer and its subsidiaries maintain insurance in such amounts and covering such risks as the Issuer and each subsidiary reasonably considers adequate for the conduct of its business and as is customary for companies engaged in similar businesses in similar industries and in similar locations, all of which insurance is in full force and effect. There are no material claims by the Issuer or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. Neither the Issuer nor any of its subsidiaries has a reason to believe that it will not be able to renew its existing renewable insurance as and when such coverage expires or will not be able to obtain replacement insurance adequate for the conduct of the business and the value of its properties at a cost that would not have a Material Adverse Effect.

(xvi) Statistical and Market-Related Data. Any third-party statistical and market-related data included in the Disclosure Package or the Final Offering Memorandum are based on or derived from sources that the Issuer believes to be reliable and accurate.

(xvii) Absence of Accounting Issues. A member of the Board has confirmed that since December 31, 2011, the Board has not reviewed or investigated, and neither the Issuer's independent auditors nor the audit committee of the Issuer's parent has made any formal recommendation that the Board review or investigate, adding to, deleting, changing the application of, or changing the Issuer's disclosure in any material way with respect to the Issuer's material accounting policies.

(xviii) Taxes. No taxes, imposts or duties of any nature (including, without limitation, stamp or other issuance or transfer taxes or duties and capital gains, income, withholding or other taxes) are payable by or on behalf of the Initial Purchasers to the governments of the Cayman Islands or Macau or, in each case, any political subdivision or taxing authority thereof or therein in connection with (A) the execution and delivery of the Operative Documents, except Cayman Islands stamp duty will be payable if originals of the Operative Documents are executed or brought into the Cayman Islands, (B) the creation, issue or delivery of the Notes pursuant hereto and the sale thereof and the giving of the Guarantees by the Subsidiary Guarantors, (C) the consummation of the transactions contemplated by this Agreement or (D) except as disclosed in the Disclosure Package and the Final Offering Memorandum under the heading "Taxation," the resale and delivery of such Notes by the Initial Purchasers in the manner contemplated in the Disclosure Package and the Final Offering Memorandum.

(xix) Filing of Tax Returns. Each of the Issuer and its subsidiaries has filed on a timely basis all necessary tax returns, reports and filings (except in any case in which the failure to file on a timely basis would not have a Material Adverse Effect), and all such returns, reports or filings are true, correct and complete in all material aspects, and are not the subject of any disputes with revenue or other authorities, and to the Issuer's knowledge there are no circumstances giving rise to, or which could give rise to, such disputes. None of the Issuer or its subsidiaries is delinquent in the payment of any taxes due thereunder or has any knowledge of any tax deficiency which might be assessed against any of them, which, if so assessed, would have a Material Adverse Effect.

(xx) Litigation. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Issuer, any of its subsidiaries or any of their respective properties that, if determined adversely to the Issuer or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect, or which would have a material impact on the sale of the Notes; and to the Issuer's and each of its subsidiaries' best knowledge, no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened or contemplated.

(xxi) Auditors. Deloitte Touche Tohmatsu ("**Deloitte**"), who certified the financial statements and the supporting schedules included in the Disclosure Package and the Final Offering Memorandum, are independent public accountants of the Issuer.

(xxii) Financial Statements. The consolidated financial statements of the Issuer and its consolidated subsidiaries, together with the applicable related notes, included in the Disclosure Package and the Final Offering Memorandum present fairly the consolidated financial position of the Issuer and its consolidated subsidiaries at the dates indicated and their consolidated statement of operations, stockholders' equity and cash flows for the periods specified. Such consolidated financial statements of the Issuer and its consolidated subsidiaries have been prepared in conformity with generally accepted accounting principles applied on a consistent basis in the United States of America ("**U.S. GAAP**") throughout the periods involved. The selected financial data and the summary financial information included in the Disclosure Package and the Final Offering Memorandum present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Disclosure Package and the Final Offering Memorandum and the other financial information included in the Disclosure Package and the Final Offering Memorandum has been derived from the accounting records of the Issuer and its subsidiaries and presents fairly the information shown thereby.

(xxiii) No Material Adverse Change in Business. Since the date of the period covered by the latest financial statements included in the Disclosure Package and the Final Offering Memorandum, neither the Issuer nor any of its subsidiaries has (i) incurred, assumed or acquired any material liability (including contingent liability) or other material obligation, (ii) received written notice of any (a) cancellation, termination, breach, violation or revocation of, or imposition or inclusion of additional conditions or requirements with respect to the Gaming License, (b) cancellation, termination, breach, violation or revocation of any Material Contract, or (c) material Debt Repayment Triggering Event, (iii) acquired or disposed of or agreed to acquire or dispose of any business or any other asset material to the Issuer and its subsidiaries taken as a whole, (iv) entered into a letter of intent or memorandum of understanding (or announced an intention to do so) relating to any matter identified in clauses (i) through (iii) above, or (v) sustained any material loss or interference with its business from fire, explosion or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, and since the respective dates as of which information is given in the Disclosure Package and the Final Offering Memorandum, there has been no change, nor any development or event that would have a Material Adverse Effect. Except as disclosed in or contemplated by the Disclosure Package and the Final Offering Memorandum, there has been no dividend or distribution of any kind declared, paid or made by the Issuer on any class of its authorised shares and there has been no material adverse change in the authorised shares, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Issuer and its subsidiaries.

(xxiv) Management's Discussion and Analysis of Financial Condition and Results of Operations. The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in the Disclosure Package and the Final Offering Memorandum accurately and fully describes in all material respects (A) accounting policies which the Issuer believes are the most important in the portrayal of the financial condition and results of operations of the Issuer and its consolidated subsidiaries and which require management's most difficult, subjective or complex judgments ("**critical accounting policies**"); (B) judgments and uncertainties affecting the application of critical accounting policies; and (C) explanation of the likelihood that materially different amounts would be reported under different conditions or using different assumptions.

(xxv) No Prohibition on Subsidiaries from Paying Dividends or Making Other Distributions. Except as otherwise disclosed or contemplated in the Disclosure Package and the Final Offering Memorandum, no subsidiary of the Issuer is currently prohibited, directly or indirectly, (i) from paying any dividends to the Issuer, (ii) from making any other distribution on such subsidiary's authorised shares, (iii) from repaying to the Issuer any loans or advances to such subsidiary from the Issuer or (iv) from transferring any of such subsidiary's property or assets to the Issuer or any other subsidiary of the Issuer; provided that in the case of clause (iv) only, it is acknowledged that the transfer of gaming assets by MC Gaming and of casinos and/or gaming areas will be subject to the compliance of the Gaming License and related requirements under Macau law.

(xxvi) Investment Company Act. (i) None of the Issuer or the Subsidiary Guarantors is required to register, and after giving pro forma effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Offering Memorandum, would be required to register, as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**").

(xxvii) No Undisclosed Relationships. No relationship, direct or indirect, exists between or among the Issuer or any of its subsidiaries, on the one hand, and the directors, officers, shareholders, customers, suppliers or other affiliates of the Issuer or any of its subsidiaries, on the other hand, that is required to be described in the Disclosure Package and the Final Offering Memorandum that is not so described.

(xxviii) Stabilization Activities. None of the Issuer or the subsidiaries, their respective Affiliates (as defined below) or any person acting on its or their behalf, has taken or will take, directly or indirectly, any action for the purpose of stabilizing or manipulating the price of any security to facilitate the sale or resale of the Notes in violation of any applicable law, *provided, however*, that this provision shall not apply to any trading or stabilization activities conducted by the Initial Purchasers.

(xxix) Choice of Law. The agreement of each of the Issuer and the Subsidiary Guarantors to the choice of law provisions set forth in Section 19 of this Agreement will be recognized by the courts of the Cayman Islands and Macau and are legal, valid and binding; each of the Issuer and the Subsidiary Guarantors can sue and be sued in its own name under the laws of the Cayman Islands and Macau; the irrevocable submission by the Issuer and the Subsidiary Guarantors to the jurisdiction of a New York court and the appointment of Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017, as its authorized agent for the purpose described in Section 19 of this Agreement is legal, valid and binding; service of process effected in the manner set forth in Section 19 of this Agreement will be effective to confer valid personal jurisdiction over the Issuer and the Subsidiary Guarantors; and, except as disclosed in the Disclosure Package and the Final Offering Memorandum, a judgment obtained in a New York court arising out of or in relation to the obligations of the Issuer and the Subsidiary Guarantors under this Agreement would be enforceable against the Issuer and the Subsidiary Guarantors in the courts of the Cayman Islands and Macau, in each case, without further review of the merits.

(xxx) Compliance with Certain Laws and Regulations. None of the Issuer, any of its subsidiaries or any director, officer, agent, employee or other person has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or made any direct or indirect unlawful payment to any government official or employee from corporate funds. Each of the Issuer, its subsidiaries, its affiliates and any of their respective officers, directors, supervisors, managers, agents, or employees, has not violated, and the Issuer operates its business in compliance with, all applicable: (a) anti-bribery laws, including but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 or any other law, rule or regulation of similar purpose and scope, (b) any applicable anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code sections 1956 and 1957, the U.S. Patriot Act, the U.S. Bank Secrecy Act, and international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (c) laws and regulations of the United States and other countries or bodies imposing economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, the Iran Sanctions Act, as amended, the National Defense Authorization Act for Fiscal Year 2012, the Iran Threat Reduction and Syria Human Rights Act of 2012, the United Nations Participation Act, and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, including but not limited to, Executive Order 13590 and Executive Order 13622, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended and any other regulations issued by the Office of Foreign Assets control of the United States Treasury Department, any sanctions imposed by the United Kingdom, the United Nations, Her Majesty's Treasury, the European Union or any orders or licenses issued under any of the above.

(xxxi) Forward-Looking Statements. Each "forward-looking statement" (within the meaning of Section 27A of the Act and Section 21E of the U.S. Securities Exchange Act of 1934 Act (the "**1934 Act**")) included or incorporated by reference in the Disclosure Package or the Final Offering Memorandum has been made or reaffirmed by the Issuer with a reasonable basis, in good faith and based on sound and reasonable assumptions.

(xxxii) Authorization of this Agreement. The Issuer and each of the Subsidiary Guarantors have all requisite corporate power and authority to execute, deliver and perform their obligations under this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized, executed and delivered by the Issuer and each Subsidiary Guarantor.

(xxxiii) Authorization of the Notes. The Notes have been duly authorized and, at the Closing Date, will have been duly executed by the Issuer and, when authenticated, issued and delivered in the manner provided for in the Indenture and delivered against payment of the Purchase Price (defined below) therefor as provided in this Agreement, will constitute legal, valid and binding obligations of the Issuer, except that the enforcement thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and to general principles of equity (regardless of whether considered in a proceeding in equity or at law), and will be in the form contemplated by, and entitled to the benefits of, the Indenture, will be consistent with the information in the Disclosure Package and will conform to the description thereof contained in the Final Offering Memorandum.

(xxxiv) Authorization of the Indenture and the Guarantees. Each of the Indenture and the Guarantees has been duly authorized by the Issuer and the Subsidiary Guarantors, and, when executed and delivered by the Issuer and the Subsidiary Guarantors (assuming the due authorization, execution and delivery by the Initial Purchasers), will constitute a legal, valid and binding agreement of each of them, enforceable against each of them in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(xxxv) No Qualification under Trust Indenture Act. In connection with the offer, sale and delivery of the Notes to Initial Purchasers in the manner contemplated by this Agreement, no qualification of the Indenture under the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder (the "TIA") is required in connection with the offer and sale of the Notes contemplated hereby or in connection with the resales thereof by the Initial Purchasers.

(xxxvi) Payments without Withholding. Except as described in the Disclosure Package and Final Offering Memorandum, all payments on the Notes will be made by the Issuer and the Subsidiary Guarantors without withholding or deduction for or on account of any and all taxes, duties or other charges for or on account of taxation (including, without limitation, income taxes) imposed by the Cayman Islands or Macau, or, in each case, any political subdivision or taxing authority thereof or therein.

(xxxvii) Sovereign Immunity. None of the Issuer or any of its subsidiaries or any of their respective properties has any sovereign immunity from jurisdiction or suit of any court or from set-off or from any legal process or remedy (whether through service, notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of Macau.

(xxxviii) Solvency. Immediately after the Closing Time, the Issuer and each of its subsidiaries will be Solvent. As used herein, the term "**Solvent**" means, with respect to the Issuer and each of its subsidiaries, on a particular date, that on such date (1) the fair market value of the assets of such entity is greater than the total amount of liabilities (including contingent liabilities) of the entity, (2) the present fair saleable value of the assets of such entity is greater than the sum of stated liabilities and identified contingent liabilities, (3) such entity is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (4) such entity does not have unreasonably small capital, and (5) such entity is not unable to or has not been deemed to be unable to pay its debts as they fall due. No proceedings have been commenced by the Issuer or its subsidiaries for, nor has the Issuer or its subsidiaries passed resolutions or presented petitions for, and no judgment has been rendered for, the liquidation, bankruptcy, winding-up, administration or analogous event of the Issuer and each of its subsidiaries.

(xxxix) Undisclosed Liabilities. There are (i) no liabilities of the Issuer or any of its subsidiaries, whether accrued, contingent, absolute, determined, determinable or otherwise that would be required to be set forth on a balance sheet in accordance with U.S. GAAP, and (ii) no existing situations or set of circumstances that would reasonably be expected to result in such a liability, in each case other than (x) as set forth in the Issuer's consolidated financial statements as of September 30, 2012, (y) liabilities, situations or circumstances set forth in the Offering Memorandum, or (z) other undisclosed liabilities, situations or circumstances which would not, individually or in the aggregate, have a Material Adverse Effect.

(xl) Accounting Controls. The Issuer and its consolidated subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xli) Similar Offerings. None of the Issuer, any of its subsidiaries or any of its Affiliates, as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate") or any other person acting on their behalf, has, directly or indirectly, solicited any offer to buy, sold or offered to sell or otherwise negotiated in respect of, or will solicit any offer to buy, sell or offer to sell or otherwise negotiate in respect of, in the United States or to any U.S. person (as defined in Regulation S), any security which is or would be integrated with the sale of the Notes in a manner that would require the Notes to be registered under the 1933 Act.

(xlii) Rule 144A Eligibility. The Notes are eligible for resale pursuant to Rule 144A and will not be, at the Closing Time, of the same class as securities listed on a national securities exchange registered under Section 6 of the 1934 Act, or quoted in a U.S. automated interdealer quotation system. Each of the Disclosure Package and Final Offering Memorandum, as of its date, contain all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the 1933 Act.

(xliii) No General Solicitation. None of the Issuer or its subsidiaries, their Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom no representation is made) has engaged or will engage, in connection with the offering of the Notes, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the 1933 Act.

(xliv) No Registration Required. Subject to compliance by the Initial Purchasers with the representations and warranties set forth in this section and the procedures set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Notes to the Initial Purchasers and to each Subsequent Purchaser in the manner contemplated by this Agreement and the Offering Memorandum to register the Notes under the 1933 Act.

(xlv) No Directed Selling Efforts. With respect to those Notes sold in reliance on Regulation S, (A) none of the Issuer or its subsidiaries, their respective Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Issuer and its subsidiaries make no representation) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (B) each of the Issuer, its subsidiaries and their respective Affiliates and any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Issuer and its subsidiaries make no representation) has complied with and will comply with the offering restrictions requirement of Regulation S. The sale of the Notes and the Guarantees pursuant to Regulation S is not part of a plan or scheme to evade the registration provisions of the 1933 Act.

(xlvi) Foreign Private Issuer. The Issuer is a “foreign private issuer” as defined in Rule 405 under the 1933 Act.

(xlvii) ERISA Compliance. (A) The Issuer, its subsidiaries and “ERISA Affiliates” (as defined below) and any “employee benefit plan” (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, “ERISA”), excluding any Foreign Plans (as defined below)) established or maintained by the Issuer, its subsidiaries or any ERISA Affiliate are in compliance with ERISA and the Code (as defined below) except as would not have a Material Adverse Effect. “ERISA Affiliate” means, with respect to the Issuer or its subsidiaries, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the “Code”) of which the Issuer or such subsidiary is a member. No “reportable event” (as defined under Section 4043 of ERISA) has occurred or is reasonably expected to occur with respect to any “employee benefit plan” subject to Title IV of ERISA established or maintained by the Issuer, its subsidiaries or any ERISA Affiliate, except as would not, individually or in the aggregate have a Material Adverse Effect. None of the Issuer, its subsidiaries or any ERISA Affiliate has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any “employee benefit plan” or (ii) Sections 412, 4975 or 4980B of the Code, except as would not, individually or in the aggregate, have a Material Adverse Effect.

(B) With respect to any employee benefit plan, program or other arrangement providing compensation or benefits to any current or former employee, director, officer or consultant (or any dependent or beneficiary thereof) of the Issuer or its subsidiaries that is subject to the laws of any jurisdiction outside of the United States (the “Foreign Plans”): (i) such Foreign Plan has been maintained in all material respects in accordance with all applicable requirements and all applicable laws, (ii) except as would not reasonably be expected to result in a material liability to the Issuer or any of its Subsidiaries, if intended to qualify for special tax treatment, such Foreign Plan meets all requirements for such treatment, (iii) except as would not reasonably be expected to result in a material liability to the Issuer or any of its subsidiaries, if intended or required to be funded and/or book-reserved, such Foreign Plan is fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions, and (iv) no material liability exists or reasonably could be expected to be imposed upon the assets of the Issuer or any of its subsidiaries by reason of such Foreign Plan.

(xlviii) Sale Proceeds. None of the transactions contemplated by this Agreement (including without limitation, the use of the proceeds from the sale of the Notes), will violate or result in a violation of Section 7 of the 1934 Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System.

SECTION 2. Sale and Delivery to Initial Purchasers; Closing.

(a) *Notes.* On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Issuer agrees to sell to each Initial Purchaser, severally and not jointly, and each Initial Purchaser severally and not jointly, agrees to purchase from the Issuer, at the purchase price of 100% (consisting of the purchase price for the Notes net the underwriting commission thereon) of the principal amount thereof (the “**Purchase Price**”), the aggregate principal amount of Notes set forth in Schedule A opposite the name of such Initial Purchaser, plus any additional principal amount of Notes which such Initial Purchaser may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) *Payment of Purchase Price, Initial Purchaser Commission and Fees.* Payment of the Purchase Price for the Notes shall be made by the Initial Purchasers, in U.S. dollars in immediately available funds by wire transfer to the account of the Issuer notified to the Representative (as defined below) at least two business days before 9:30 A.M. New York City time on February 7, 2013 (the “**Closing Date**”), or at least two business days before such other date, not later than seven calendar days after the foregoing date, as shall be agreed upon by the Representative and the Issuer (such time and date of payment being herein called the “**Closing Time**”). The Initial Purchasers shall be entitled to offset from the payment of the Purchase Price for the Notes the costs and expenses which the Issuer and the Subsidiary Guarantors have agreed to pay pursuant to Section 4 of this Agreement pursuant to the expense side letter entered into by the Initial Purchasers with MCE Finance Limited, dated January 29, 2013 (the “**Expense Side Letter**”).

Payment shall be made to the Issuer against delivery to the Initial Purchasers for the respective accounts of the several Initial Purchasers or the accounts of the persons procured by the Initial Purchasers to purchase the Notes. Each Initial Purchaser shall accept delivery of, receipt for, and make payment of the Purchase Price for, the Notes which it has agreed to purchase or for which it has agreed to procure the purchase. Each of the Initial Purchasers, may (but shall not be obligated to) make payment of the Purchase Price for the Notes to be purchased by any persons procured by such Initial Purchaser, whose funds have not been received by the Closing Time.

(c) *Delivery.* The Issuer will deliver to the Initial Purchasers, against payment of the Purchase Price thereof pursuant to Section 2(b) above, the Notes to be purchased by the Initial Purchasers hereunder and to be offered and sold by each Initial Purchaser in reliance on Regulation S in the form of one or more global notes in definitive form (the “**Regulation S Global Notes**”) and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), and deposited with the Trustee as custodian for DTC for the respective accounts of the DTC participants for Euroclear Bank S.A./N.V. (“**Euroclear**”), and Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream, Luxembourg**”). The Issuer will deliver to the Initial Purchasers against payment of the Purchase Price thereof the Notes to be purchased by the Initial Purchasers hereunder and to be offered and sold by each Initial Purchaser in reliance on Rule 144A in the form of one or more global notes in definitive form (the “**Rule 144A Global Notes**”) deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Global Notes and the Rule 144A Global Notes shall be assigned separate CUSIP numbers. The Regulation S Global Notes and the Rule 144A Global Notes shall include the legend regarding restrictions on transfer set forth under “Transfer Restrictions” in the Offering Memorandum. Interests in the Regulation S Global Notes and the Rule 144A Global Notes will be held only in book-entry form through DTC except in the limited circumstances described in the Indenture when they may be exchanged for definitive certificated Notes.

(d) *Stabilization*. Deutsche Bank AG, Singapore Branch, as Stabilizing Manager (or any person duly appointed as acting for the Stabilizing Manager) may, to the extent permitted by applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so the Stabilizing Manager shall act as principal and not as agent of the Issuer. Each Initial Purchaser acknowledges that, in order to assist in the orderly distribution of the Notes, the Stabilizing Manager may, after consultation with the other Initial Purchasers, over-allot in arranging subscriptions, sales and purchases of the Notes and may subsequently make purchases and sales of the Notes, in addition to the Purchase Percentage, in the open market or otherwise, on such terms as the Stabilizing Manager deems advisable. All such purchases, sales and over-allotments shall be made in accordance with applicable law for the account of each Initial Purchaser, and may be reallocated among the Initial Purchasers in proportion to the ratio that each Initial Purchaser's underwriting commitment bears to the aggregate principal amount of the Notes; provided, however, notwithstanding the foregoing, upon consultation by the Stabilizing Manager with the Initial Purchasers, each Initial Purchaser shall be responsible for managing its individual long or short position (the "**Individual Position**") and may cover any short position, sell any long position and/or engage in hedging activities in respect of its Individual Position (collectively, the "**Stabilizing Activities**"). "**Purchase Percentage**" means the principal amount of Notes subscribed for by an Initial Purchaser as a ratio of the aggregate principal amount of the Notes. Each Initial Purchaser shall be liable for any loss, or entitled to any profit, arising from its own Stabilizing Activities and, for the avoidance of doubt, no Initial Purchaser shall be liable for the loss, or entitled to any profit, arising from the Stabilizing Activities of any other Initial Purchaser's Individual Position. All Stabilizing Activities and any gains or losses arising therefrom shall be made in accordance with applicable law. Upon the aforementioned consultation by the Stabilizing Manager with the Initial Purchasers, any Stabilizing Activities may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but in no case later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Notes.

SECTION 3. Covenants of the Issuer and the Subsidiary Guarantors. The Issuer and each Subsidiary Guarantor covenants with each Initial Purchaser as follows:

(a) *Disclosure Package and Offering Memorandum*. During the period from the date hereof to that indicated in Section 3(b)(ii) below, the Issuer, as promptly as possible, will furnish to each Initial Purchaser, without charge, such number of copies of the Disclosure Package and Final Offering Memorandum and any amendments and supplements thereto and documents incorporated by reference therein as such Initial Purchaser may reasonably request.

(b) *Notice and Effect of Material Events.* The Issuer will immediately notify each Initial Purchaser, and confirm such notice in writing, of (i) any filing made by the Issuer or any Subsidiary Guarantor of information relating to the offering of the Notes with any securities exchange or any other regulatory body in the applicable jurisdiction, and (ii) at any time prior to the completion of the resale of the Notes by the Initial Purchasers, any material changes in or affecting the condition, financial or otherwise, or the earnings, business affairs or business prospects of the Issuer and its subsidiaries considered as one enterprise which (x) make any statement in the Disclosure Package, any Offering Memorandum or any Supplemental Offering Material false or misleading or (y) are not disclosed in the Disclosure Package or Offering Memorandum. In such event or if during such time any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Offering Memorandum in order that the Offering Memorandum not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances then existing, or if in the reasonable opinion of the Initial Purchasers or counsel for the Initial Purchasers it is otherwise necessary to amend or supplement the Offering Memorandum to comply with law, the Issuer will forthwith amend or supplement the Offering Memorandum by promptly preparing and furnishing, at its own expense, to each Initial Purchaser an amendment or amendments of, or a supplement or supplements to, the Offering Memorandum (in form and substance satisfactory in the reasonable opinion of counsel for the Initial Purchasers) so that, as so amended or supplemented, the Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a person procured by an Initial Purchaser to purchase any Notes or a Subsequent Purchaser, not misleading or so that the Offering Memorandum, as amended or supplemented, will comply with law.

(c) *Amendments and Supplements to the Offering Memorandum; Preparation of Pricing Supplement; Supplemental Offering Materials.* The Issuer will promptly submit for review and approval to each Initial Purchaser any proposed amendment or supplement to the Disclosure Package and Offering Memorandum, such approval not to be unreasonably withheld or delayed. Neither the approval of the Initial Purchasers, nor the Initial Purchaser's delivery of any such amendment or supplement, shall constitute a waiver of any of the conditions set forth in Section 5 hereof. The Issuer represents and agrees that, unless it obtains the prior consent of the Representative, it has not made and will not make any offer relating to the Notes by means of any Supplemental Offering Materials.

(d) *Qualification of Notes for Offer and Sale.* The Issuer and the Subsidiary Guarantors will use their commercially reasonable best efforts, in cooperation with the Initial Purchasers and counsel for the Initial Purchasers, to qualify the Notes for offering and sale under the applicable securities laws of such states and other jurisdictions as the Initial Purchasers may designate and will maintain such qualifications in effect as long as required for the sale of the Notes; *provided, however,* that neither Issuer nor any Subsidiary Guarantor shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities or take any other action in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Issuer will advise the Initial Purchasers promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Notes for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Issuer shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(e) *DTC*. The Issuer and the Subsidiary Guarantors will cooperate with the Initial Purchasers and use their best efforts to permit the Notes to be eligible for clearance and settlement through the facilities of DTC and will assist the Initial Purchasers in obtaining the approval of DTC for “book-entry” transfer of the Notes in global form.

(f) *Euroclear and Clearstream, Luxembourg*. The Issuer and the Subsidiary Guarantors will cooperate with the Initial Purchasers and use their best efforts to permit the Notes to be eligible for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg and will assist the Initial Purchasers in obtaining the approval of Euroclear and Clearstream, Luxembourg for “book-entry” transfer of the Notes in global form.

(g) *Use of Proceeds*. The Issuer will apply the net proceeds received by it from the sale of the Notes in the manner specified in the Offering Memorandum under “Use of Proceeds” and will not use such net proceeds for any purpose that would be subject to sanction under any of the laws, rules or regulations described in clause (xxx) of Section 1 hereof.

(h) *Restriction on Sale of Securities*. For a period of 90 days from the date of this Agreement, the Issuer and each of the Subsidiary Guarantors agree not to, directly or indirectly, sell, offer to sell, contract to sell, grant any option to purchase, issue any instrument convertible into or exchangeable for, or otherwise transfer or dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition in the future of), any debt securities of the Issuer or any of the Subsidiary Guarantors with terms substantially similar (including having equal rank) to the Notes (other than the Notes and the sale or issuance of convertible bonds by a parent company or Affiliate of the Issuer), except with the prior consent of the Representative.

(i) *Listing on Securities Exchange*. The Issuer will use commercially reasonable efforts to have the Notes listed or admitted to trading on the SGX-ST.

(j) *Investment Company*. The Issuer shall not invest, or otherwise use the proceeds received by the Issuer from its sale of the Notes in such a manner as would require the Issuer or any Subsidiary Guarantor to register as an investment company under the Investment Company Act.

(k) *Stabilization and Manipulation*. In connection with the issuance and sale of the Notes, until the Initial Purchasers have notified the Issuer and the other Initial Purchasers of the completion of the placement and resales of the Notes by the Initial Purchasers, none of the Issuer, any Subsidiary Guarantor or any of their respective Affiliates has taken, nor will any of them take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of the Notes to facilitate the sale or resale of the Notes. Except as permitted by the 1933 Act, none of the Issuer or the Subsidiary Guarantors will distribute any offering material, other than the Offering Memorandum, in connection with the resales of the Notes.

SECTION 4. Payment of Expenses.

The Issuer and the Subsidiary Guarantors will pay the expenses of the Initial Purchasers as agreed in the Expense Side Letter, and the Representative, on behalf of the Initial Purchasers, shall be entitled to deduct such amounts from the Purchase Price of the Notes as provided in Section 2(b) hereof.

SECTION 5. Conditions of Initial Purchasers' Obligations.

The obligations of the several Initial Purchasers to purchase and pay for, or procure the purchase of and payment for, the Notes hereunder are subject to the accuracy of the representations and warranties of the Issuer and the Subsidiary Guarantors contained in Section 1 hereof, as of the date hereof and as of the Closing Date, or in certificates of any officer or director of the Issuer and the Subsidiary Guarantors, delivered pursuant to the provisions hereof, to the performance by the Issuer and the Subsidiary Guarantors of their respective covenants and other obligations hereunder, and to the following further conditions (any of which may be waived by the Representative):

(a) *Opinion of U.S. Counsel for the Issuer and the Subsidiary Guarantors.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received (x) the opinion and (y) the 10b-5 disclosure letter, dated as of the Closing Time, of Latham & Watkins, U.S. counsel for the Issuer and the Subsidiary Guarantors, substantially in the form attached as Exhibit A hereto.

(b) *Opinion of Cayman Islands Counsel for the Issuer.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Walkers, special Cayman Islands counsel for the Issuer, substantially in the form attached as Exhibit B hereto.

(c) *Opinion of Macau Counsel for the Issuer.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Manuela António Lawyer and Notaries, special Macau counsel for the Issuer, substantially in the form attached as Exhibit C hereto.

(d) *Opinion of Special Counsel for the Issuer.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Ashurst LLP, special counsel for the Issuer with respect to English law matters, substantially in the form attached as Exhibit D hereto.

(e) *Opinion of U.S. Counsel for the Initial Purchasers.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received (x) the opinion and (y) the 10b-5 disclosure letter, dated as of the Closing Time, of White & Case, U.S. counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

(f) *Opinion of Cayman Islands Counsel for the Initial Purchasers.* At the Closing Time the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Maples and Calder, special Cayman Islands counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

(g) *Opinion of Macau Counsel for the Initial Purchasers.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received the opinion, dated as of the Closing Time, of Henrique Saldanha, Advogados e Notários, special Macau counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

(h) *Compliance Certificate of the Issuer and the Subsidiary Guarantors.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received a certificate signed by an executive officer or director of the Issuer and the Subsidiary Guarantors, dated as of the Closing Time, to the effect that (i) since the date of the most recent financial statements included in the Disclosure Package, there shall have been no event or development, and no information shall have become known, that, individually or in the aggregate, has a Material Adverse Effect, (ii) the representations and warranties of the Issuer and the Subsidiary Guarantors in Section 1 hereof are true and correct in all material respects with the same force and effect as though expressly made at and as of the Closing Time, and (iii) the Issuer and the Subsidiary Guarantors have complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied at or prior to the Closing Time.

(i) *Comfort Letter of the Accountants.* At the time of the execution of this Agreement, the Representative on behalf of the Initial Purchasers shall have received from Deloitte a letter dated such date, in form and substance satisfactory to the Representative, containing statements and information of the type ordinarily included in accountants' "comfort letters" to Initial Purchasers, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletins), with respect to the financial statements and certain financial information contained in the Offering Memorandum.

(j) *Bring-down Comfort Letter.* At the Closing Time, the Representative on behalf of the Initial Purchasers shall have received from Deloitte a letter, dated as of the Closing Time, to the effect that Deloitte reaffirms the statements made in its letters furnished pursuant to subsection (i) of this Section 5, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(k) *Approval of Listing.* At the Closing Time, the Notes shall have been approved in principle for listing on the SGX-ST, subject only to official notice of issuance.

(l) *No Material Adverse Change or Ratings Agency Change.* For the period from and after the date of this Agreement and prior to the Closing Date:

(i) in the judgment of the Initial Purchasers, there shall not have occurred any event or development, and no information shall have become known, that, individually or in the aggregate, would have a Material Adverse Effect ("**Material Adverse Change**"); and

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any securities of the Issuer or any of its subsidiaries by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436 under the 1933 Act.

(m) *DTC.* At the Closing Time, the Notes shall be eligible for clearance and settlement through DTC.

(n) *Operative Documents.* With respect to any Operative Document to be executed at Closing Time, each of the parties thereto shall have entered into each such Operative Document to which each is a party. The Initial Purchasers shall have received copies of each executed Operative Document.

(o) *Additional Documents.* On or before the Closing Time, the Representative on behalf of the Initial Purchasers or counsel for the Initial Purchasers shall have received such information, documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Notes as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Issuer and the Subsidiary Guarantors in connection with the issuance and sale of the Notes as herein contemplated shall be reasonably satisfactory in form and substance in all material respects to the Initial Purchasers and counsel for the Initial Purchasers.

(p) *Termination of Agreement.* If any condition specified in this Section 5 shall not have been fulfilled in all material respects when and as required to be fulfilled, this Agreement may be terminated by the Representative on behalf of the Initial Purchasers by notice to the Issuer at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 7 and 8 shall survive any such termination and remain in full force and effect.

The documents required to be delivered by this Section 5 will be delivered at the offices of White & Case, counsel for the Initial Purchasers, at 9th Floor, Central Tower, 28 Queen's Road, Central, Hong Kong.

SECTION 6. Offers and Sales of the Notes.

(a) *Offer and Sale Procedures.* The Initial Purchasers hereby establish and agree to observe the following procedures in connection with the offer and sale of the Notes:

(i) Offers and Sales only to Qualified Institutional Buyers in the United States or to Non-U.S. Persons. Initial offers and sales of the Notes shall only be made (A) by the U.S. broker-dealer affiliates of the Initial Purchasers to persons whom the Initial Purchasers reasonably believe to be (x) qualified institutional buyers, as defined in Rule 144A ("QIBs") or (B) to non-U.S. persons (as defined in Regulation S) outside the United States upon Regulation S.

(ii) No Directed Selling Efforts. None of the Initial Purchasers, their Affiliates or any person acting on its or their behalf, has engaged or will engage in any directed selling efforts within the meaning of Regulation S and each of the Initial Purchasers, their Affiliates and any person acting on its or their behalf has complied and will comply with the offering restrictions of Regulation S.

(iii) No General Solicitation. No general solicitation or general advertising (within the meaning of Rule 502(c) under the 1933 Act) has been or will be used in the United States in connection with the offering or sale of the Notes.

(iv) Purchases by Non-Bank Fiduciaries. In the case of a non-bank Subsequent Purchaser of a Note acting as a fiduciary for one or more third parties, each third party shall, in the judgment of the applicable Initial Purchaser, be a QIB or a non-U.S. person outside the United States.

(v) Restrictions on Transfer. The selling and transfer restrictions and the other provisions set forth in the Offering Memorandum under the heading “Transfer Restrictions” including, without limitation, the legend required thereby, shall apply to the Notes except as otherwise agreed by the Issuer and the Initial Purchasers.

(b) *Covenants of the Issuer and the Subsidiary Guarantors*. The Issuer and each Subsidiary Guarantor covenants with each Initial Purchaser as follows:

(i) Integration. The Issuer and each Subsidiary Guarantor agrees that it will not and will cause persons under its control or acting on its behalf, other than the Initial Purchasers, as to which the Issuer and the Subsidiary Guarantors do not covenant, directly or indirectly, solicit any offer to buy, sell or make any offer or sale of, or otherwise negotiate in respect of, securities of the Issuer of any class if, as a result of the doctrine of “integration” referred to in Rule 502 of Registration D under the 1933 Act, such offer or sale would render invalid (for the purpose of (i) the sale of the Notes by the Issuer to the Initial Purchasers, (ii) the resale of the Notes by the Initial Purchasers to Subsequent Purchasers or (iii) the resale of the Notes by such Subsequent Purchasers to others) the exemption from the registration requirements of the 1933 Act provided by Section 4(2) thereof or by Rule 144A or by Regulation S thereunder or otherwise.

(ii) Rule 144A Information. The Issuer and each Subsidiary Guarantor agrees that, in order to render the Notes eligible for resale pursuant to Rule 144A, while any of the Notes remain outstanding, it will make available, upon request, to any holder of Notes or prospective purchasers of Notes the information specified in Rule 144A(d)(4), unless the Issuer furnishes information to the Commission pursuant to Section 13 or 15(d) of the 1934 Act.

(iii) Restriction on Repurchases. Until the expiration of one year after the later of the date of the original issuance of the Notes and the last date on which the Issuer or any of its Affiliates were the owner of Notes, neither the Issuer nor any of its subsidiaries will, and will cause persons acting on its or their behalf, other than the Initial Purchasers to which the Issuer and the Subsidiary Guarantors do not covenant, not to, resell any such Notes which are “restricted securities” (as such term is defined under Rule 144(a)(3) under the 1933 Act), whether as beneficial owner or otherwise (except an agent acting as a securities broker on behalf of and for the account of customers in the ordinary course of business in unsolicited broker’s transactions).

(c) *Resale Pursuant to Rule 903 of Regulation S or Rule 144A.* Each Initial Purchaser understands that the Notes have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the 1933 Act. Each Initial Purchaser severally represents and agrees, that, except as permitted by Section 6(a) above, it has not offered and sold Notes and will not offer and sell Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the date upon which the offering of Notes commences and the Closing Time, only in accordance with Rule 903 of Regulation S, Rule 144A or another applicable exemption from the registration requirements of the 1933 Act. Accordingly, neither the Initial Purchasers, their Affiliates nor any persons acting on their behalf have engaged or engage in any directed selling efforts with respect to Notes sold hereunder pursuant to Regulation S, and the Initial Purchasers, their Affiliates and any person acting on their behalf have complied and will comply with the offering restrictions of Regulation S. Each Initial Purchaser severally agrees that, at or prior to confirmation of a sale of Notes pursuant to Regulation S, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the restricted period a confirmation or notice to substantially the following effect:

This Note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any jurisdiction and may not be reoffered, resold, pledged or otherwise transferred within the United States or to a U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from registration under the Securities Act. The Issuer of this Note has agreed that this legend shall be deemed to have been removed on the 41st day following the later of the commencement of the offering of the Notes and the final delivery date with respect thereof."

SECTION 7. Indemnification.

(a) *Indemnification of Initial Purchasers.* Each of the Issuer and the Subsidiary Guarantors will indemnify and hold harmless each Initial Purchaser, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act (each, an "**Indemnified Party**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the 1933 Act, the 1934 Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Disclosure Package as of any time, the Final Offering Memorandum (or any amendment or supplement thereto) or any Supplemental Offering Materials, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating, defending against or appearing as a third party witness in connection with any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; *provided, however*, that neither the Issuer nor any Subsidiary Guarantor shall be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Issuer by any Initial Purchaser specifically for use therein, it being understood and agreed that the only such information furnished by any Initial Purchaser consists of the information described as such in subsection (b) below.

(b) *Indemnification of Issuer and Subsidiary Guarantors.* Each Initial Purchaser will severally and not jointly indemnify and hold harmless the Issuer and the Subsidiary Guarantors and each person, if any, who controls the Issuer or the Subsidiary Guarantors within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act (each, an “**Initial Purchaser Indemnified Party**”), against any losses, claims, damages or liabilities to which such Initial Purchaser Indemnified Party may become subject, under the 1933 Act, the 1934 Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of the Disclosure Package, the Final Offering Memorandum or in any Supplemental Offering Materials or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Issuer by such Initial Purchasers specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Initial Purchaser Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Initial Purchaser Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that such information shall be limited to such Initial Purchaser’s name as set forth in the first sentence of the first paragraph under the sub-section “Plan of Distribution—Price Stabilization and Short Positions” in the Disclosure Package and the Final Offering Memorandum.

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above hereafter, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7, as the case may be, for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Control Persons*. The obligations of the Issuer and the Subsidiary Guarantors under this Section 7 shall be in addition to any liability which the Issuer and the Subsidiary Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Initial Purchaser, within the meaning of the 1933 Act; and the obligations of the Initial Purchasers under this Section 7 shall be in addition to any liability which the respective Initial Purchaser may otherwise have and shall extend, upon the same terms and conditions, to each director of the Issuer and the Subsidiary Guarantors and to each person, if any, who controls the Issuer and the Subsidiary Guarantors within the meaning of the 1933 Act.

SECTION 8. Contribution.

If the indemnification provided for in Section 7 is unavailable or insufficient to hold harmless an indemnified party under Section 7 (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in Section 7 (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Initial Purchasers on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Issuer and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer and the Subsidiary Guarantors bear to the total underwriting discounts and commissions received by the Initial Purchasers. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this Section 8. Notwithstanding the provisions of this Section 8, no Initial Purchaser shall be required to make contributions hereunder that in the aggregate exceed the total discounts, commissions and other compensation received by such Initial Purchaser under this Agreement, less the aggregate amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of the untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations in this Section 8 to contribute are several in proportion to their respective underwriting obligations and not joint. The Issuer, the Subsidiary Guarantors and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8.

SECTION 9. Agreement among Managers.

The Initial Purchasers agree as between themselves that they will be bound by and will comply with the International Capital Market Association Standard Form Agreement Among Managers version 1, together with the New York Law Schedule (the "AAM") as amended in the manner set out below and further agree that references in the AAM to the "Joint Lead Manager" and the "Managers" shall mean the Initial Purchasers and references in the AAM and this Agreement to the "Settlement Lead Manager" and the "Stabilising Manager" shall mean Deutsche Bank AG, Singapore Branch (or persons acting on its behalf). The Initial Purchasers agree as between themselves to amend the AAM as follows:

- (a) references in the AAM to the "Commitments" shall mean, as between the Initial Purchasers only, the amounts set out in Schedule A;
- (b) clause 3 shall be deemed to be deleted in its entirety;
- (c) clause 4 shall be deemed to be deleted in its entirety;
- (d) clause 5 shall be deemed to be deleted in its entirety and replaced with the following:

"Each Joint Lead Manager acknowledges that, in order to assist in the orderly distribution of the Securities, the Stabilising Manager may, after consultation with the other Joint Lead Managers, over-allot in arranging subscriptions, sales and purchases of the Securities and may subsequently make purchases and sales of the Securities, in addition to the Purchase Percentage, in the open market or otherwise, on such terms as the Stabilising Manager deems advisable. All such purchases, sales and over-allotments shall be made in accordance with applicable law for the account of the Joint Lead Managers, and may be reallocated among the Joint Lead Managers in proportion to each Joint Lead Manager's Purchasing Percentage; provided, however, notwithstanding the foregoing, upon consultation by the Stabilising Manager with the Joint Lead Managers, each Joint Lead Manager shall be responsible for managing its individual long or short position (the "**Individual Position**") and may cover any short position, sell any long position and/or engage in hedging activity in respect of its Individual Position (collectively, the "**Stabilising Activities**"). Purchase Percentage means the principal amount of Securities subscribed for by a Joint Lead Manager as a ratio of the aggregate principal amount of the Securities.

Each Joint Lead Manager shall be liable for any loss, or entitled to any profit, arising from its own Stabilising Activities and, for the avoidance of doubt, no Joint Lead Manager shall be liable for such loss, or entitled to any profit, arising from the Stabilising Activities of any other Joint Lead Manager's Individual Position. All Stabilising Activities and any gains or losses arising therefrom shall be made in accordance with applicable law. Upon the aforementioned consultation by the Stabilising Manager with the Joint Lead Managers, any Stabilising Activities may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may be ended at any time, but in no case later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities."

(e) clause 6(b) shall be deemed to be deleted in its entirety;

(f) clause 7 shall be deemed to be deleted in its entirety;

(g) Within 90 days of the Closing Date, the Settlement Lead Manager shall determine and pay the net commissions due to the other Initial Purchasers. The parties agree that interest earned on the aggregate net commission will be shared between the Initial Purchasers pro rata by reference to their respective Commitments;

(h) Deutsche Bank AG, Singapore Branch shall act as a representative of each of them for administrative purposes (in such capacity, the “**Representative**”).

Where there are any inconsistencies between this Agreement and the AAM, the terms of this Agreement shall prevail.

SECTION 10. Default of Initial Purchasers.

If any Initial Purchaser or Initial Purchasers default in their obligations to purchase Notes hereunder at the Closing Time and the aggregate number of Notes that such defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase does not exceed 10% of the total number of Notes that the Initial Purchasers are obligated to purchase at such Closing Time, the Representative may make arrangements satisfactory to the Issuer for the purchase of such Notes by other persons, including any of the Initial Purchasers, but if no such arrangements are made by such Closing Time, the non-defaulting Initial Purchasers shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Notes that such defaulting Initial Purchasers agreed but failed to purchase at such Closing Time. If any Initial Purchaser or Initial Purchasers so default and the aggregate number of Notes with respect to which such default or defaults occur exceeds 10% of the total number of Notes that the Initial Purchasers are obligated to purchase at such Closing Time and arrangements satisfactory to the Representative and the Issuer for the purchase of such Notes by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Initial Purchaser or the Issuer, except as provided in Section 12 hereof. As used in this Agreement, the term “Initial Purchaser” includes any person substituted for an Initial Purchaser under this Section 10. Nothing herein will relieve a defaulting Initial Purchaser from liability for its default.

SECTION 11. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Issuer or any of the Subsidiary Guarantors submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Initial Purchaser or controlling person, or by or on behalf of the Issuer or any Subsidiary Guarantor, and shall survive delivery of the Notes to the Initial Purchasers.

SECTION 12. Termination of Agreement.

(a) *Termination; General.* Prior to the Closing Time, this Agreement may be terminated by the Initial Purchasers by notice given to the Issuer if at any time: (i) trading in securities generally on the New York Stock Exchange, NASDAQ, the Hong Kong Stock Exchange, the London Stock Exchange or the SGX-ST shall have been suspended or materially limited, or minimum or maximum prices shall have been generally established on any of such stock exchanges by the Commission or the SGX-ST, or maximum ranges for prices shall have been required by any of said exchanges or by such system or by order of the Commission or any other governmental authority in the United States or otherwise or a material disruption has occurred in commercial banking or securities, settlement or clearance services with respect to DTC in the United States or with respect to Euroclear and Clearstream, Luxembourg in Europe; (ii) a general banking moratorium shall have been declared by any of federal, New York, Cayman Islands, Macau, Hong Kong, Singapore or European authorities; (iii) there shall have occurred any outbreak or escalation of national or international hostilities or any crisis or calamity, or any change in the United States or international financial markets, or any substantial change or development involving a prospective substantial change in United States' or international political, financial or economic conditions or currency exchange rates or exchange controls, in each case the effect of which is such as to make it, in the judgment of the Initial Purchasers, impracticable or inadvisable to market the Notes in the manner and on the terms described in the Offering Memorandum or to enforce contracts for the sale of the Notes; (iv) in the judgment of the Initial Purchasers there shall have occurred any Material Adverse Change; or (v) the Issuer and its subsidiaries shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as in the judgment of the Initial Purchasers may interfere materially with the conduct of the business and operations of the Issuer and its subsidiaries taken as a whole regardless of whether or not such loss shall have been insured. Any termination pursuant to this Section 12 shall be without liability on the part of (i) the Issuer or any Subsidiary Guarantor to any Initial Purchaser, except that the Issuer shall be obligated to reimburse the expenses of the Initial Purchasers pursuant to Section 13 hereof, (ii) any Initial Purchaser to the Issuer or any Subsidiary Guarantor or (iii) any party hereto to any other party except that the provisions of Section 7 and Section 8 shall at all times be effective and shall survive such termination.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section 12, such termination shall be without liability of any party to any other party, and provided further that Sections 1, 7, 8 and 13 shall survive such termination and remain in full force and effect.

SECTION 13. Reimbursement of Initial Purchasers' Expenses.

If this Agreement is terminated by the Initial Purchasers pursuant to Section 5 or Section 12 hereof, including if the sale to the Initial Purchasers of the Notes on the Closing Date is not consummated because of any refusal, inability or failure on the part of the Issuer or the Subsidiary Guarantors to perform any agreement herein or to comply with any provision hereof, the Issuer agrees to reimburse the Initial Purchasers (or such Initial Purchasers as have terminated this Agreement with respect to themselves), severally, upon demand for all reasonable expenses as set forth in the Expense Side Letter.

SECTION 14. Notices.

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt if mailed, delivered or transmitted by telefax at the address set forth below:

(a) if to the Initial Purchasers:

c/o the Representative,
Deutsche Bank AG, Singapore Branch,
One Raffles Quay
#17-00 South Tower
Singapore 048583

Telephone : +65 6423 5342
Attention: Global Risk Syndicate
Facsimile: +65 6883 1769

if to the Issuer:
MCE Finance Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9005
Cayman Islands

c/o Melco Crown Entertainment Limited
36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Telephone: 852 2598 3600
Attention: Company Secretary
Facsimile: 852 2537 3818

SECTION 15. Parties.

This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Issuer, the Subsidiary Guarantors and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Initial Purchasers, the Issuer and the Subsidiary Guarantors and their respective successors and the controlling persons and officers and directors referred to in Sections 7 and 8 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Initial Purchasers, the Issuer, the Subsidiary Guarantors and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Notes from any Initial Purchaser shall be deemed to be a successor by reason merely of such purchase.

SECTION 16. Counterparts.

This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 17. Absence of Fiduciary Relationship. Each of the Issuer and the Subsidiary Guarantors acknowledges and agrees that:

(a) *No Other Relationship*. The Initial Purchasers have been retained solely to act as the initial purchasers of the Notes and that no fiduciary, advisory or agency relationship between the Issuer and the Subsidiary Guarantors and the Initial Purchasers has been created in respect of any of the transactions contemplated by this Agreement, the Disclosure Package or the Final Offering Memorandum, irrespective of whether the Initial Purchasers have advised or are advising the Issuer or the Subsidiary Guarantors on other matters;

(b) *Arms' Length Negotiations*. The price of the Notes set forth in this Agreement was established by the Issuer and the Subsidiary Guarantors following discussions and arms-length negotiations with the Initial Purchasers and each of the Issuer and the Subsidiary Guarantors is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose*. Each of the Issuer and the Subsidiary Guarantors has been advised that the Initial Purchasers and their affiliates are engaged in a broad range of transactions which may involve interests that differ from or conflict with those of the Issuer and the Subsidiary Guarantors and that the Initial Purchasers have no obligation to disclose such interests and transactions to the Issuer and the Subsidiary Guarantors by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver*. Each of the Issuer and the Subsidiary Guarantors waives, to the fullest extent permitted by law, any claims it may have against the Initial Purchasers for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Initial Purchasers shall have no liability (whether direct or indirect) to the Issuer and the Subsidiary Guarantors in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Issuer and the Subsidiary Guarantors, including shareholders, employees or creditors of the Issuer and the Subsidiary Guarantors.

SECTION 18. Waiver of Immunity.

To the extent that the Issuer and each Subsidiary Guarantor has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Issuer and each Subsidiary Guarantor hereby irrevocably waives and agrees not to plead or claim such immunity in respect of its obligations under this Agreement.

SECTION 19. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the state of New York.

Each of the Issuer and the Subsidiary Guarantors hereby submits to the non-exclusive jurisdiction of the federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Issuer and the Subsidiary Guarantors irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in federal and state courts in the Borough of Manhattan in the City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. Each of the Issuer and the Subsidiary Guarantors irrevocably appoints Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017, as its authorized agent in the Borough of Manhattan in the City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Issuer and the Subsidiary Guarantors by the person serving the same to the address provided in Section 14, shall be deemed in every respect effective service of process upon the Issuer and the Subsidiary Guarantors in any such suit or proceeding. Each of the Issuer and the Subsidiary Guarantors further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of nine years from the date of this Agreement.

The obligations of the Issuer and the Subsidiary Guarantors pursuant to this Agreement in respect of any sum due to any Initial Purchaser shall, notwithstanding any judgment in a currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Initial Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Initial Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Initial Purchaser hereunder, the Issuer and the Subsidiary Guarantors agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Initial Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Initial Purchaser hereunder, such Initial Purchaser agrees to pay to the Issuer and the Subsidiary Guarantors an amount equal to the excess of the dollars so purchased over the sum originally due to such Initial Purchaser hereunder.

SECTION 20. Waiver of Jury Trial. Each party hereto hereby waives its rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement or the subject matter hereof. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. This Section 20 has been fully discussed by each of the parties hereto and these provisions shall not be subject to any exceptions. Each party hereto hereby further warrants and represents that such party has reviewed this waiver with its legal counsel, and that such party knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. This waiver is irrevocable, meaning that it may not be modified either orally or in writing, and this waiver shall apply to any subsequent amendments, supplements or modifications to (or assignments of) this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial (without a jury) by the court.

SECTION 21. Effect of Headings.

The section headings herein are for convenience only and shall not affect the construction hereof.

[Signature Pages to Follow]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Issuer a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between each of the Initial Purchasers and the Issuer and each of the Subsidiary Guarantors in accordance with its terms.

Very truly yours,

The Issuer

MCE FINANCE LIMITED

By _____

Name:

Title:

Subsidiary Guarantor

MELCO CROWN GAMING (MACAU) LIMITED

By _____

Name:

Title:

Subsidiary Guarantor

MPEL INTERNATIONAL LIMITED

By _____

Name:

Title:

Subsidiary Guarantor

ALTIRA HOTEL LIMITED

By _____
Name:
Title

Subsidiary Guarantor

ALTIRA DEVELOPMENTS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD) HOTELS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD)
DEVELOPMENTS LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (CAFE) LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

GOLDEN FUTURE (MANAGEMENT
SERVICES) LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN HOSPITALITY AND
SERVICES LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD) RETAIL
SERVICES LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN (COD) VENTURES LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

COD THEATRE LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN COD (HR) HOTEL LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN COD (CT) HOTEL LIMITED

By _____
Name:
Title:

Subsidiary Guarantor

MELCO CROWN COD (GH) HOTEL LIMITED

By _____

Name:

Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written:

DEUTSCHE BANK AG, SINGAPORE BRANCH

By _____
Name:
Title:

SCHEDULE A

| <u>Name of Initial Purchaser</u> | <u>Principal Amount of Securities</u> |
|---|---|
| Deutsche Bank AG, Singapore Branch | \$ 400,000,000 |
| Australia and New Zealand Banking Group Limited | \$ 200,000,000 |
| Citigroup Global Markets Inc. | \$ 200,000,000 |
| Merrill Lynch International | \$ 200,000,000 |
| Total | <u>\$1,000,000,000</u> |

SCHEDULE B

SUBSIDIARY GUARANTORS

Melco Crown Gaming (Macau) Limited
MPEL International Limited
Altira Hotel Limited
Altira Developments Limited
Melco Crown (COD) Hotels Limited
Melco Crown (COD) Developments Limited
Melco Crown (Cafe) Limited
Golden Future (Management Services) Limited
Melco Crown Hospitality and Services Limited
Melco Crown (COD) Retail Services Limited
Melco Crown (COD) Ventures Limited
COD Theatre Limited
Melco Crown COD (HR) Hotel Limited
Melco Crown COD (CT) Hotel Limited
Melco Crown COD (GH) Hotel Limited

SCHEDULE C

SUBSIDIARIES OF THE ISSUER

MPEL International Limited
Melco Crown Gaming (Macau) Limited
MPEL Investments Limited
Altira Hotel Limited
Altira Developments Limited
Melco Crown (COD) Hotels Limited
Melco Crown (COD) Developments Limited
Melco Crown (Cafe) Limited
Golden Future (Management Services) Limited
Melco Crown Hospitality and Services Limited
Melco Crown (COD) Retail Services Limited
Melco Crown (COD) Ventures Limited
COD Theatre Limited
Melco Crown COD (HR) Hotel Limited
Melco Crown COD (CT) Hotel Limited
Melco Crown COD (GH) Hotel Limited
MPEL Nominee One Limited
MPEL Nominee Two Limited
MPEL Nominee Three Limited
Melco Crown (Macau Peninsula) Hotel Limited
Melco Crown (Macau Peninsula) Developments Limited

SCHEDULE D
PRICING SUPPLEMENT

EXHIBIT A

OPINION OF U.S. COUNSEL FOR THE ISSUER AND THE SUBSIDIARY GUARANTORS

Subject to the foregoing and the other matters set forth herein, as of the date hereof:

1. The Purchase Agreement has been duly executed and delivered by the Company and each of the Guarantors.

2. The Indenture has been duly executed and delivered by the Company, and is the legally valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

3. The Indenture has been duly executed and delivered by each of the Guarantors. The Indenture, including the Guarantee contained therein, is the legally valid and binding agreement of each of the Guarantors, enforceable against each of them in accordance with its terms.

4. The Notes, when executed, issued and authenticated in accordance with the terms of the Indenture and delivered to and paid for by you in accordance with the terms of the Purchase Agreement, will be the legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

5. The execution and delivery of the Purchase Agreement and the Operative Documents and the issuance and sale of the Notes pursuant to the Purchase Agreement do not on the date hereof:

(i) result in the breach of or a default under the 2018 Notes Indenture;

(ii) violate any federal or New York statute, rule or regulation applicable to the Company or the Guarantors; or

(iii) require any consents, approvals, or authorizations to be obtained by the Company or the Guarantors from, or any registrations, declarations or filings to be made by the Company or the Guarantors with, any governmental authority under any federal or New York statute, rule or regulation applicable to the Company or the Guarantors.

6. Pursuant to Sections [19] of the Purchase Agreement and pursuant to Section [•] of the Indenture and subject to mandatory choice of law and jurisdiction rules and constitutional limitations, under the laws of the State of New York, the Company and each of the Guarantors has validly (i) chosen New York law to govern its rights and duties under the Purchase Agreement and each Operative Document to which it is a party, (ii) submitted to the personal jurisdiction of courts of the State of New York and of U.S. federal courts located in the Borough of Manhattan, The City of New York in connection with an action or proceeding arising out of or related to the Purchase Agreement or the Operative Documents to which it is a party, (iii) to the extent permitted by law, waived any objection to the venue of a proceeding in any such court and (iv) appointed [Law Debenture Corporate Services Inc.] as its initial authorized agent for the purpose described in Section [19] of the Purchase Agreement and Section [•] of the Indenture.

7. The statements set forth in the Preliminary Offering Memorandum and Offering Memorandum under the caption “Description of the Notes,” insofar as they purport to constitute a summary of the terms of the Notes and the Guarantees, and under the caption “Plan of Distribution,” insofar as they purport to describe or summarize (i) certain provisions of the documents governed by the laws of the State of New York or (ii) U.S. federal laws referred to therein, are accurate descriptions or summaries in all material respects.

8. No registration of the Notes or the Guarantees under the Securities Act of 1933, as amended, and no qualification of the Indenture under the Trust Indenture Act of 1939, as amended, is required for the offer and sale of the Notes by the Company or the provision of the Guarantees by the Guarantors in the manner contemplated by the Purchase Agreement and the Offering Memorandum. We express no opinion, however, as to when or under what circumstances any Notes initially sold by you may be reoffered or resold.

9. None of the Company and the Guarantors is, and immediately after giving effect to the sale of the Notes in accordance with the Purchase Agreement and the application of the proceeds as described in the Offering Memorandum under the caption “Use of Proceeds,” will be required to be, registered as an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

EXHIBIT B

OPINION OF CAYMAN ISLANDS COUNSEL FOR THE ISSUER

Based upon the foregoing examinations and assumptions and upon such searches as we have conducted and having regard to legal considerations which we consider relevant, and subject to the qualifications set out in Schedule 3, and under the laws of the Cayman Islands, we give the following opinions in relation to the matters set out below.

1. Each of the Companies is an exempted company duly incorporated with limited liability, validly existing under the laws of the Cayman Islands and in good standing with the Registrar of Companies in the Cayman Islands. Each Company can sue and be sued in its own name under the laws of the Cayman Islands.
2. Each of the Companies has full corporate power and authority to execute and deliver the Documents to which it is a party and to perform its obligations under the Documents.
3. The Documents to which each of the Companies is a party have been duly authorised and executed and, when delivered by each of the Companies, will constitute the legal, valid and binding obligations of each Company enforceable in accordance with their respective terms.
4. The execution, delivery and performance of the Documents to which each of the Companies is a party, the consummation of the transactions contemplated thereby and the compliance by each of the Companies with the terms and provisions thereof do not:
 - (a) contravene any law, public rule or regulation of the Cayman Islands applicable to each of the Companies which is currently in force; or
 - (b) contravene the Memorandum and Articles of Association of each of the Companies.
5. Neither:
 - (a) the execution, delivery or performance of any of the Documents to which either of the Companies is a party; nor
 - (b) the consummation or performance of any of the transactions contemplated thereby by either of the Companies,requires the consent or approval of, the giving of notice to, or the filing or registration with, or the taking of any other action in respect of any Cayman Islands governmental or judicial authority or agency which if not obtained or made, would affect the validity, enforceability or subject to qualification 2 in Schedule 3, admissibility in evidence of the Documents.

6. The law chosen in each of the Documents to which any of the Companies is a party to govern its interpretation would be upheld as a valid choice of law in any action on that Document in the courts of the Cayman Islands (the “**Courts**” and each a “**Court**”).
7. Save as set out in qualification 2 in Schedule 3, there are no stamp duties, income taxes, withholdings, levies, registration taxes, or other duties or similar taxes or charges now imposed, or which under the present laws of the Cayman Islands could in the future become imposed, in connection with the execution, delivery and performance by the Companies of the transactions contemplated in the Documents, enforcement or admissibility in evidence of the Documents or on any payment to be made by any of the Companies or any other person pursuant to the Documents. The Cayman Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax.
8. None of the parties to the Documents and no holder of the Notes is or will be deemed to be resident, domiciled or carrying on business in the Cayman Islands by reason only of the execution, delivery, performance or enforcement of the Documents to which any of them is party or the holding of the Notes as the case may be.
9. A judgment obtained in a foreign court (other than certain judgments of a superior court of any state of the Commonwealth of Australia) will be recognised and enforced in the Courts without any re-examination of the merits at common law, by an action commenced on the foreign judgment in the Grand Court of the Cayman Islands (the “**Grand Court**”), where the judgment:
 - (a) is final and conclusive;
 - (b) is one in respect of which the foreign court had jurisdiction over the defendant according to Cayman Islands conflict of law rules;
 - (c) is either for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations or, in certain circumstances, for in personam non-money relief (following *Bandone Sdn Bhd v Sol Properties Inc.* [2008] CILR 301); and
 - (d) was neither obtained in a manner, nor is of a kind enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.
10. It is not necessary under the laws of the Cayman Islands that any of the Documents be filed, enrolled, registered or recorded with any governmental authority or agency or in any public office or elsewhere in the Cayman Islands in order to ensure the legality, validity or enforceability or (subject to the payment of stamp duties mentioned in Qualification 2 in Schedule 3) admission of evidence of any of the Documents.
11. It is not necessary under the laws of the Cayman Islands:
 - (a) in order to enable any party to any of the Documents to enforce their rights under the Documents; or
 - (b) solely by reason of the execution, delivery and performance of the Documents,

that any party to any of the Documents should be licensed, qualified or otherwise entitled to carry on business in the Cayman Islands or any other political subdivision thereof.

12. Based solely upon our examination of the Register of Writs and other Originating Process of the Grand Court (the “**Court Register**”) on [Date] (the “**Search Date**”), we confirm that, as at 9.00am on the Search Date (the “**Search Time**”), there are no actions, suits or proceedings pending against any of the Companies before the Grand Court and no steps have been, or are being, taken compulsorily to wind up any of the Companies.
13. In each Document which contains a provision pursuant to which any of the Companies agree to submit to the jurisdiction of the courts specified therein, such Company has executed an effective submission to the jurisdiction of such courts. The appointment of Law Debenture Corporate Services Inc. as an agent to accept service of process in such jurisdiction pursuant to the Documents is legal, valid and binding on that Company.
14. Each of the Companies is subject to civil and commercial law with respect to its obligations under the Documents and neither the Companies nor any of their respective assets is entitled to immunity from suit or enforcement of a judgment on the grounds of sovereignty or otherwise in the Courts in proceedings against any of the Companies in respect of any obligations under the Documents, which obligations constitute private and commercial acts rather than governmental or public acts.
15. A judgment of the Courts may be expressed in a currency other than Cayman Islands dollars.
16. On a liquidation of any of the Companies, claims against such Company under any of the Documents to which it is party will rank at least *pari passu* with the claims of all other unsecured creditors (other than those preferred by law).
17. In the event of an insolvency, liquidation, bankruptcy or reorganisation affecting any of the Companies, no liquidator, creditor or other person would be able to set aside any disposition of property effected by such Company pursuant to the Documents.
18. There are no foreign exchange controls or foreign exchange regulations under the currently applicable laws of the Cayman Islands.
19. The consummation of the transactions in the manner contemplated by the Documents will not result in the Initial Purchasers (as defined in Schedule 1) being subject to any legal requirements of registration or filing of the Documents with any authority in the Cayman Islands.
20. The duties and obligations of the Trustee (as defined in Schedule 1) would, as a matter of the provisions of the laws of the Cayman Islands relating to conflicts of laws, be determined solely by reference to New York law. There are no provisions in the laws of the Cayman Islands which will impose duties on the Trustee or modify the trust relationships between the Trustee and the holders of the Notes established pursuant to the Indenture (as defined in Schedule 1).

21. The statements in the Offering Memorandum (as defined in Schedule 1) which deal with (a) the incorporation and legal status of the Company, in the sections headed ["Risk Factors", "Enforcement of Civil Liabilities", "Regulation", "Management"]; and which deal with (b) legal consideration, in the sections headed ["Taxation-Certain Cayman Islands Tax Considerations" and "Plan of Distribution – Cayman Islands"], insofar and to the extent that they constitute a summary or description of the law and regulations of the Cayman Islands, are true and correct in all material respects.

EXHIBIT C

OPINION OF MACAU COUNSEL FOR THE ISSUER

Based upon and subject to the foregoing and subject to the qualifications set out below and to any other matters which may not have been disclosed to us, we are of the opinion that:

- (a) Each of the Macau Companies is duly incorporated and duly organized as a company and is validly existing under the laws of the Macau SAR; each of such entity has full corporate power and authority to own, lease and operate its properties and assets and to carry on its business as described in the Final Offering Memorandum and the Disclosure Package (as such term is defined in the Purchase Agreement) in accordance with such entity's Memorandum and Articles of Association.
- (b) Melco Crown Gaming (Macau) Limited (formerly, Melco PBL Gaming (Macau) Limited) holds a gaming subconcession and is authorized by the Macau government to operate games of fortune and chance and other games in casino in the Macau SAR. To our knowledge after due inquiry, we are not aware of any breach or non-compliance by Melco Crown Gaming (Macau) Limited of any agreement or provisions of the laws of the Macau SAR that may adversely affect its right to operate games of fortune and chance and other games in casino in the Macau SAR.
- (c) Each of the Macau Companies is in good standing (meaning so far as the registrar of companies in the Macau SAR is aware, it has not failed to make any filing with such registrar or to pay any fee to such registrar which might make it liable to be struck off the register of companies by such registrar) and has the status of a Macanese legal person and is capable of being sued.
- (d) Altira Developments Limited is the lessee of a plot of land designated as Lote BT17, registered with the Macau Real Estate Property Registry under no. 23193, located in the Macau SAR at Avenida de Kwong Tung, s/n, Freguesia de Nossa Senhora do Carmo (Taipa), Taipa pursuant to the land concession granted under order of the Secretary for Transport and Public Works no. 20/2006, published in the Macau Official Gazette no. 9, II Series, of 1st March 2006 (hereinafter the "Altira Land Grant Concession"), free and clear of all liens, encumbrances and title defects except such as are described in the Final Offering Memorandum and the Disclosure Package or such as do not materially affect the value of such property and do not interfere with the uses made and proposed to be made of such property by it; and to the best of our knowledge, no default (or event which with notice or lapse of time, or both, would constitute such a default) by Altira Developments Limited has occurred and is continuing under the Altira Land Grant Concession; there are no grounds for rescission, avoidance or repudiation of any of such Altira Land Grant Concession and no notice of termination or of intention to terminate has been received in respect thereof, with such exceptions as are not material and do not interfere with the uses made or proposed to be made by Altira Developments Limited.

- (e) Melco Crown (COD) Developments Limited is the lessee of a plot of land registered with the Macau Real Estate Property Registry under no. 23243, located in Taipa, near Estrada do Istmo, in the reclaimed area between Taipa and Coloane, Macau SAR pursuant to the land concession granted under order of the Secretary for Transport and Public Works no. 25/2008, published in the Macau Official Gazette no. 33, II Series, of 13 August 2008, as amended by order of the Secretary for Transport and Public works no. 45/2010, of 2 September 2010, published in the Macau Official Gazette no. 37, II Series, of 15 September 2010 (hereinafter the “COD Land Grant Concession”), free and clear of all liens, encumbrances and title defects except such as are described in the Final Offering Memorandum and the Disclosure Package or such as do not materially affect the value of such property and do not interfere with the uses made and proposed to be made of such property by it; and to the best of our knowledge, no default (or event which with notice or lapse of time, or both, would constitute such a default) by Melco Crown (COD) Developments Limited has occurred and is continuing under the COD Land Grant Concession; there are no grounds for rescission, avoidance or repudiation of any of such COD Land Grant Concession and no notice of termination or of intention to terminate has been received in respect thereof, with such exceptions as are not material and do not interfere with the uses made or proposed to be made by Melco Crown (COD) Developments Limited.
- (f) Each of the Macau Companies have each the power, capacity and authority to enter into, deliver and perform its obligations under the Transaction Documents to which it is a party and all necessary corporate and other action has been taken to enable it validly to execute and deliver, and perform its obligations under, such Transaction Documents.
- (g) The obligations of each of the Macau Companies under the Transaction Documents to which each of them is a party are enforceable against each of the Macau Companies in accordance with their respective terms.
- (h) The transactions contemplated in the Transaction Documents to which each of the Macau Companies is a party fall within the scope of its memorandum and articles of association.
- (i) The execution and delivery of the Indenture by the parties thereto, the execution and delivery of the Purchase Agreement by the Subsidiary Guarantors and the performance by the Subsidiary Guarantors of each of their obligations under the Indenture, the Purchase Agreement, the payment of any amount under the Indenture, the Purchase Agreement, the issuance and sale of the Notes by the Company as described in the Final Offering Memorandum and the Disclosure Package (i) do not, and will not, violate any Macau SAR statute, rule or regulation which, in our experience, is normally applicable to transactions of the type contemplated by the Indenture, the Purchase Agreement, (ii) do not, and will not, breach or otherwise violate any existing obligation of or restriction on the Subsidiary Guarantors under any order, judgment or decree of any Macau SAR court or governmental authority binding on the Subsidiary Guarantors and (iii) do not, and will not, result in the breach of or a default under any agreement that is known to such counsel and that is governed by Macau law and to which the Company or any of its subsidiaries is a party or by which its properties are bound, including, without limitation, the Major Macau Documents.

“Major Macau Documents” means the following:

(i) Subconcession Agreement (including all exhibits thereto) which consists of the contract for the operation of games of chance and other casino games in the Macau SAR dated 8 September 2006 and entered into by Wynn Resorts (Macau), Limited (“Wynn Macau”) and Melco Crown Gaming (Macau) Limited together with the following letters: (i) letter dated 8 September 2006 from the Government of the Macau SAR addressed to Melco Crown Gaming (Macau) Limited and copied to Wynn Macau with regard to the confirmation by the Government of the Macau SAR of the contract referred to above; (ii) letter dated 8 September 2006 from Melco Crown Gaming (Macau) Limited addressed to the Government of the Macau SAR, with regard to the confirmation of the rights and obligations of Melco Crown Gaming (Macau) Limited towards the Government of the Macau SAR, and (iii) letter dated 8 September 2006 from the Government of the Macau SAR addressed to Melco Crown Gaming (Macau) Limited with regard to the confirmation of the rights and obligations of the Government of the Macau SAR towards Melco Crown Gaming (Macau) Limited;

(ii) Subconcession Bank Guarantee no.269/2006 issued by Banco Nacional Ultramarino, S.A. on 6 September 2006, at the request of Melco Crown Gaming (Macau) Limited;

(iii) Letter dated December 15, 2006 in connection with the appointment of Mr. Lawrence Ho as the managing director of Melco Crown Gaming (Macau) Limited;

(iv) Sale and Purchase Agreement dated September 21, 2006 between Mocha Slot Group Limited and Melco Crown Gaming (Macau) Limited;

(v) Letter Agreement in relation to the termination of the Mocha Service Agreement dated March 15, 2006 among Mocha Slot Group Limited, Mocha Slot Management Limited, Sociedade de Jogos de Macau, S.A. and Melco International Development Limited;

(vi) Agreement dated March 17, 2005 relating to the transfer of 30% shareholding in Altira Developments Limited from Sociedade de Turismo e Diversões de Macau, S.A., to Melco International Development Limited and Melco Entertainment Limited;

(vii) Altira Land Grant Concession (order of the Secretary for Transport and Public Works no. 20/2006, published in the Macau Official Gazette no. 9, II Series, of March 1, 2006); and

(viii) COD Land Grant Concession (order of the Secretary for Transport and Public Works no. 25/2008, published in the Macau Official Gazette no. 33, II Series, of August 13, 2008, as amended by order of the Secretary for Transport and Public works no. 45/2010, of 2 September 2010, published in the Macau Official Gazette no. 37, II Series, of 15 September 2010).

- (j) No authorization by the government of the Macau SAR is required for the execution and delivery of the Indenture, the Purchase Agreement, the performance by the Subsidiary Guarantors of any obligation under the Indenture, the Purchase Agreement and the performance by the Subsidiary Guarantors of any of its obligations, the payment of any amount under the Indenture, the Purchase Agreement by the Subsidiary Guarantors and the issue of the Notes by the Company as in the manner described in the Final Offering Memorandum and the Disclosure Package or the consummation of the transactions contemplated by the Indenture, the Purchase Agreement.
- (k) As of the date of this opinion, as a matter of the provisions of the laws of Macau SAR, no approvals, licences, consents, permits, authorisations, registrations or filings are required to ensure the legality, validity, enforceability and the admissibility in evidence of the Transaction Documents and the transactions contemplated therein.
- (l) The Initial Purchasers are not and will not become (or be deemed to have become) resident, domiciled, engaged in the carrying on of business or subject to taxation in the Macau SAR by reason only of the negotiation, preparation, execution, delivery, performance or enforcement of or receipt of all or any payment(s) under all or any of the Transaction Documents.
- (m) It is not necessary for the Initial Purchasers to establish a place of business (or be licensed, qualified or otherwise entitled to carry on business) in the Macau SAR or to meet any other criteria applicable under the laws of the Macau SAR for the entry into, performance or enforcement of all or any of the Transaction Documents.
- (n) The duties and obligations of the Trustee (as referred to in the Indenture) would, as a matter of the provisions of the laws of Macau SAR relating to conflicts of laws, be determined solely by reference to New York law. There are no provisions in the laws of Macau SAR which will impose duties on the Trustee or modify the trust relationship between the Trustee and the holders of the Notes established pursuant to the Indenture.
- (o) The statements in the Final Offering Memorandum and the Disclosure Package reproduced in Annex II of this opinion, insofar as such statements summarize provisions of the laws of the Macau SAR and the Subconcession Agreement, are accurate and fair descriptions and summaries in all material respects.

- (p) No stamp registration or similar tax is required to be paid in the Macau SAR on the execution of, or otherwise in respect of, the Indenture, the Purchase Agreement and the Subordination Agreement and no withholding or other deduction on account of any Macau SAR tax is payable by or on behalf of the Initial Purchasers to any taxing authority in the Macau SAR in connection with the execution and delivery of the Indenture, the Purchase Agreement and the Subordination Agreement by the Company and the Subsidiary Guarantors and the consummation of the transactions contemplated thereunder, the issuance of the Notes in the manner described in the Final Offering Memorandum and the Disclosure Package.
- (q) The choice of New York law to govern the Indenture, the Purchase Agreement and the Subordination Agreement is a valid choice of law and will be recognized and applied by the courts of the Macau SAR provided that the parties had a reasonable interest in such choice of law and that there are no reasons for avoiding such choice of law on the grounds of public policy.
- (r) The submission to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in the City of New York (each a "New York Court"), the appointment of Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th floor, New York, New York 10017 as an agent for service of process in New York, the waiver by the Company, MPEL International Limited and the Subsidiary Guarantors of any objection to the venue of a proceeding in a New York court, pursuant to the Indenture, the Purchase Agreement and the Subordination Agreement in any action or proceedings based on or arising under the Indenture, the Purchase Agreement and the Subordination Agreement is legal, valid and binding on the Company, MPEL International Limited or the Subsidiary Guarantors, as the case may be, assuming that the same is true under the governing law of the Indenture, the Purchase Agreement and the Subordination Agreement and under the laws of the Cayman Islands.
- (s) All dividends and other distributions declared and payable on the shares of the Macau Companies may under the current laws and regulations of the Macau SAR be paid to their respective shareholders, and where they are to be paid from the Macau SAR, are freely transferable out of the Macau SAR; there is no exchange control legislation under the laws of the Macau SAR and accordingly there are no exchange control regulations imposed under the laws of the Macau SAR.
- (t) Although there is no statutory enforcement in the Macau SAR of judgments obtained in New York, the courts of the Macau SAR will recognize and enforce a judgment of a foreign court of competent jurisdiction in respect of any legal suit or proceeding arising out of or relating to the Transaction Documents without retrial on the merits provided that (1) such court had jurisdiction in the matter and the defendant either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (2) due process was observed by such court, with equal treatment given to both parties to the action, and the defendant had the opportunity to submit a defense; (3) the judgment given by such court was not in respect of penalties, taxes, fines or similar fiscal or tax revenue obligations; (4) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court; (5) recognition or enforcement of the judgment in Macau would not be contrary to public policy; (6) the proceedings pursuant to which judgment was obtained were not contrary to natural justice; and (7) any interest charged to the defendant does not exceed three times the official interest rate, which is currently 9.75% per annum, over the outstanding payment (whether of principal, interest fees or other amounts) due.

- (u) To our knowledge, there are no material actions or petitions pending against the Macau Companies in the courts of the Macau SAR as at close of business in the Macau SAR on [•] 2013.
- (v) None of the Macau Companies is entitled to any immunity under the laws of the Macau SAR whether characterized as sovereign immunity or otherwise for any legal proceedings in the Macau SAR to enforce or to collect upon the Transaction Documents; the waiver by the Macau Companies to immunity is a valid and binding obligation of such companies under the laws of the Macau SAR.
- (w) The indemnification and contribution provisions set forth in the Indenture, the Purchase Agreement and the Subordination Agreement do not contravene the public policy or laws of Macau.
- (x) We have no reason to believe that the Final Offering Memorandum and the Disclosure Package or any amendment or supplement thereto (other than the financial statements and related schedules and other financial data derived from the financial statements and related schedules contained therein or omitted therefrom), as of their respective issue dates or as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; we have no reason to believe either the Final Offering Memorandum or the Disclosure Package (other than the financial statements and related schedules and other financial data derived from the financial statements and related schedules contained therein or omitted therefrom), as of the Closing Date, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

EXHIBIT D

OPINION OF COUNSEL FOR THE ISSUER AS TO ENGLISH LAW MATTERS

On the assumptions set out in paragraph 5 (*Assumptions*) above, subject to the further qualifications set out in paragraph 7 (*Qualifications*) below and subject to any matters not disclosed to us, the execution by each Subsidiary Guarantor of each Operative Document to which it is party and the performance of its obligations under those Operative Documents will not breach the terms of the Senior Facilities Agreement.

OPERATING AGREEMENT

This **Operating Agreement** (“**Agreement**”) is made and entered into this _____, and effective on the date of this Agreement, by and among:

- (1) **BELLE CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines (“**Belle**”) for itself and on behalf of (a) **SM INVESTMENTS CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at the 10th Floor, One E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines (“**SMIC**”) and (b) **PREMIUMLEISURE AND AMUSEMENT, INC.**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address at 5th Floor, 2 E-com Center, Mall of Asia Complex, J.W. Diokno Boulevard, Pasay City, Metro Manila, Philippines (“**PLAI**”),
(Belle, SMIC and PLAI shall each be known as a “**Philippine Party**”, and collectively, as the “**Philippine Parties**”);
- (2) **MCE HOLDINGS NO. 2 (PHILIPPINES) CORPORATION** (“**MCE 2 Holdings**”) for itself and for and on behalf of MCE Holdings (Philippines) Corporation (“**MCE Holdings**”), each a corporation duly organized and existing under and by virtue of Philippine laws, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines,
(MCE 2 Holdings and MCE Holdings shall each be known as an “**MCE Party**”, and collectively as the “**MCE Parties**”); and
- (3) **MCE LEISURE (PHILIPPINES) CORPORATION**, a corporation duly organized and existing under and by virtue of Philippine laws, with office address c/o 21st Floor Philamlife Tower, Paseo de Roxas, Makati, Metro Manila, Philippines (“**MCE Leisure**”),
Each of the Philippine Parties, the MCE Parties and MCE Leisure shall be known as a “**Licensee**” or “**Party**”, and collectively, as the “**Licensees**” or “**Parties**”.

RECITALS

- (A) The Licensees are the named licensees and holders of the Casino License.
- (B) The Licensees have entered into an agreement for the purpose of regulating the relationship of the Licensees as the named licensees and holders of the Casino License (the “**Cooperation Agreement**”).
- (C) Under the Cooperation Agreement, the Licensees have appointed MCE Leisure as the Special Purpose Entity.
- (D) Belle and MCE Leisure have executed the Belle Lease, whereby Belle has agreed to lease to MCE Leisure the Land and Building Structures on the terms of lease.
- (E) MCE Leisure has agreed to operate and manage the Project on the terms of this Agreement for the purposes of generating revenue.

NOW, THEREFORE, the Parties hereto agree as follows:

SECTION 1. DEFINITIONS AND CONSTRUCTION

1.01 Defined Terms

Unless defined in this Agreement (including, for the avoidance of doubt **Schedule 2**), capitalized terms have the meaning ascribed to such terms in the Cooperation Agreement.

1.02 Principles of Construction

- (a) Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing a gender include every gender.
- (b) If a word or phrase is defined, its other grammatical forms have corresponding meanings.
- (c) A reference to “**includes**” means includes without limitation.
- (d) References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any statutory provision of which they are re-enactments (whether with or without modification).
- (e) Save where the contrary is indicated, any reference to this Agreement or any other agreement or document shall be construed as a reference to this Agreement, or other agreement or document as the same may have been, or may from time to time be (subject to any restrictions therein), amended, varied, novated, supplemented, replaced or substituted, and shall include all the schedules, annexes, exhibits and supplements to all of the foregoing.
- (f) Reference to “**Person**” denotes natural persons, corporations, partnerships, joint ventures, trusts, unincorporated organizations, political subdivisions, agencies or instrumentalities, and such reference to a “Person” shall include its respective successors and permitted assigns.
- (g) References herein to “**Sections**” and “**Schedules**” are to be construed as references to the Sections and Schedules of and to this Agreement unless the context requires otherwise.
- (h) A “**month**” is the period commencing on a specified day in a calendar month and ending on the numerically corresponding day in the immediately succeeding calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month).
- (i) The headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.
- (j) No rule of construction will apply to a Section to the disadvantage of a Party merely because that Party put forward the Section or would otherwise benefit from it.
- (k) The obligations of the Philippine Parties together under this Agreement shall be joint and several, except in relation to **Sections 4.05(b) and 14.06** which shall be (despite anything to the contrary in those Sections) the joint and several liability of each of Belle and PLAI.

1.03 Schedules

The following Schedules form integral parts of this Agreement:

- Schedule 1 Defined Terms
- Schedule 2 Formula for Fees Payable to PLAI

SECTION 2. TERM**2.01 Commencement**

This Agreement shall take effect on the date of execution of this Agreement by each of the Parties.

2.02 Term

- (a) This Agreement shall, subject to **Section 2.02(b)**, continue in full force and effect for the period of the Casino License (as that license is extended, restored or renewed), unless terminated earlier in accordance with the terms of this Agreement (“**Term**”).
- (b) If the Casino License is terminated or suspended (other than due to the default of a Party) this Agreement will continue for a further period of twelve (12) months from the date of termination or suspension (“**Suspension Period**”), and if, during that period, the Casino License is restored to the Licensees, this Agreement shall continue in full force and effect for the period of the restored Casino License. During the Suspension Period, MCE Leisure’s obligations under this Agreement will be suspended.
- (c) If at the end of the Suspension Period the Casino License has not been restored to the Licensees this Agreement will automatically terminate.
- (d) The Parties agree that if the Casino License is extended or renewed after July 11, 2033, or restored during the Suspension Period as contemplated by **Section 2.02(b)** and PAGCOR amends or modifies the Casino License in connection with any such extension, renewal, or the restoration, the Parties shall consult with each other for the purposes of agreeing such amendments and modifications to this Agreement which may be reasonably necessary to take into account any amendments or modifications made by PAGCOR to the Casino License.

SECTION 3. APPOINTMENT OF MCE LEISURE**3.01 Appointment**

The Licensees appoint MCE Leisure as the sole and exclusive operator and manager of the Project for the Term, and MCE Leisure accepts that appointment, on the terms of this Agreement.

3.02 Standard of Care

MCE Leisure shall use commercially reasonable efforts to operate the Project in a manner consistent with the Casino License (including the Project Implementation Plan), the PAGCOR Wrap Letter, the Technical and Pre-Operating Budget and the Annual Operating Budget.

3.03 Liability

- (a) Despite any provision of this Agreement to the contrary, MCE Leisure shall not be liable for any Loss suffered or incurred by any of the Philippine Parties or MCE Parties, arising out of or in connection with, or to the extent such Loss is contributed to, or increased by, any breach by MCE Leisure of this Agreement, in each case where such breach arises directly or indirectly out of, or in connection with, or is caused by, a breach by any of the Philippine Parties or MCE Parties (as applicable) of any Transaction Document or Ancillary Document or by any of the Philippine Parties or MCE Parties (as applicable) causing (whether by act or omission) MCE Leisure to breach any Applicable Laws or financing agreement to which it is a party.
- (b) For the purposes of **Section 3.03(a)** only, and for the avoidance of doubt, “**Loss**” shall include any loss or profits, consequential loss, or special damages.

3.04 General Powers

- (a) Without limiting **Section 3.01**, MCE Leisure shall be responsible for, and have sole discretion and control over, all matters relating to the management and operation of the Project (including prior to Opening) and including:
- (i) the casino and gaming operations of the Casino;
 - (ii) the hotel, retail and other non-gaming components of the Project;
 - (iii) charges for rooms and commercial space;
 - (iv) the determination of gaming and non-gaming credit policies and all credit grant and collection decisions and actions including related criminal and civil legal actions to collect debt;
 - (v) food and beverage service and policies;
 - (vi) employment policies and determination of salaries and benefits;
 - (vii) procurement of all furniture, fixtures and equipment including gaming equipment;
 - (viii) Inventories;
 - (ix) supplies and services;
 - (x) promotion;
 - (xi) advertising;
 - (xii) publicity and marketing;
 - (xiii) appointment of, and entry into agreements with, gaming promoters;
 - (xiv) the formulation and implementation of policies and procedures consistent with the operation, management and maintenance of the Project, including the casino, hotel, retail, and other non-gaming components on the Land and Building Structures;
 - (xv) any of the matters listed in **Sections 3.04(a)(i) to 3.04(a)(xiv)** in relation to the period prior to Opening; and
 - (xvi) all other activities necessary, desirable or incidental to, or for, in MCE Leisure's sole discretion, the management and the operation of the Project.
- (b) For the avoidance of doubt, the Philippine Parties shall have, and assume, no responsibility whatsoever under this Agreement for the operation and management of the Project.

3.05 Contracts, Equipment Leases and Other Agreements

- (a) Subject to **Section 3.05(b)**, MCE Leisure is entitled to grant concessions, lease commercial space and enter into any other contract, equipment lease, agreement, commitment, understanding or arrangement (whether oral or written) pertaining to or otherwise related to, necessary, desirable or incidental to or for, in MCE Leisure's sole discretion, the operation and management of the Project and including the matters listed in **Section 3.04(a)** (such concession, lease, equipment lease, contract, agreement, commitment, understanding or arrangement being a "**Contract**" and together the "**Contracts**").
- (b) MCE Leisure must not enter into any Contract outside the ordinary course of the operation and management of the Project with an aggregate contract value of more than U.S. Dollars Three Million (US\$3,000,000) (increased by five percent (5%) each year on the anniversary of the date of entry into this Agreement) without the prior approval of the other Licensees (such consent not to be unreasonably withheld, delayed or conditioned).

- (c) All Contracts shall be entered into in the name of MCE Leisure or such other Person as MCE Leisure may designate.
- (d) MCE Leisure must provide to each of the other Licensees, no later than twenty (20) Business Days after each anniversary of the date of entry into this Agreement, a list of the Contracts (other than junket promoter agreements) with an aggregate contract value of more than U.S. Dollars Two Million (US\$2,000,000) and a summary of the key terms of each such Contract in each case in effect as at that date and provided that the Licensee agrees to such obligations of confidentiality as MCE Leisure may determine in its sole discretion.

3.06 Sub-contracting

The Parties agree that:

- (a) all obligations to be performed by MCE Leisure under this Agreement may be performed or discharged by MCE Leisure or any other Person designated by MCE Leisure; and
- (b) MCE Leisure remains liable for the performance and discharge of all obligations to be performed by it under this Agreement (despite another Person being designated by MCE Leisure to perform or discharge those obligations or another Person entering into Contracts relating to the operation or management of the Project).

3.07 Client Database

- (a) MCE Leisure shall establish a client database in connection with the Casino and other businesses carried out on the Land and Building Structures (“**Client Database**”).
- (b) The Philippine Parties shall do all things reasonably required by MCE Leisure to contribute to the development of, and to assist in the population of, the Client Database (including providing names and details of persons for inclusion in that database).
- (c) Only the MCE Group shall have access to the Client Database.

SECTION 4. OPERATION

4.01 Use of Land and Building Structures

- (a) MCE Leisure shall use the Land and Building Structures solely for the operation and management of the Project and for all casino gaming, hotel, retail, and other non-gaming, and other related or ancillary commercial and other activities related to, desirable for, or incidental to, the Project.
- (b) The Licensees (other than MCE Leisure) agree that MCE Leisure may cause or arrange to be provided to the Project certain services which are provided generally on a central or regional basis to other projects or other properties either managed or operated by MCE Leisure or its Affiliates, including:
 - (i) marketing, advertising and promotion;
 - (ii) recruiting, training, career development;
 - (iii) financial accounting, management and legal services;
 - (iv) internal audit and compliance;
 - (v) strategic planning, private jet and international office support;
 - (vi) employee benefits administration;

- (vii) engineering, risk and insurance management;
 - (viii) information technology;
 - (ix) purchases arising in the ordinary course of operations;
 - (x) reservation systems; and
 - (xi) such other additional services as are or may be, from time to time, provided for the benefit of MCE Leisure or its Affiliates' other projects or properties or in substitution for services performed at MCE Leisure's or any of its Affiliate's individual properties which may, in the opinion of MCE Leisure, be more efficiently performed on a group basis.
- (c) MCE Leisure agrees that all services to be provided under **Section 4.01(b)** under any Contract having an aggregate Contract value of equal to or greater than U.S. Dollars Three Million (US\$3,000,000) (increased by five percent (5%) each year on the anniversary of the date of entry into this Agreement) must be entered into on arm's-length terms.
- (d) MCE Leisure shall be entitled to treat, as a deduction in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**, all complimentary hotel rooms, food and beverage, and other non-gaming services used at competitive market rates and shall be allowed to offer benefits to clients in a such a manner it deems appropriate.

4.02 Expenses

- (a) MCE Leisure shall be liable for and must pay all of the costs and expenses in relation to the operation, management and maintenance (other than costs the Philippine Parties are liable to pay under this or any other Transaction Document) of the Project.
- (b) The Licensees agree that, for the avoidance of doubt, the costs and expenses paid or incurred by MCE Leisure in relation to the operation and management and maintenance of the Casino shall be allowed as a deduction in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.
- (c) Without limiting any of the rights the MCE Parties may have under any Transaction Document or Ancillary Document, MCE Leisure shall not be liable to pay any costs and expenses under **Section 4.02(a)** to the extent such costs and expenses are suffered or incurred, contributed to, or increased by (and whether directly or indirectly by) any breach of the Philippine Parties of any Transaction Document or an Ancillary Document or by any of the Philippine Parties causing (whether by act or omission) MCE Leisure to breach any Applicable Laws or financing or other agreement to which it is a party.

4.03 Surety Bond

MCE Leisure shall pay the premiums for any surety bond required by PAGCOR under the Provisional License for the purposes of guaranteeing payment of the License Fees in connection with the Casino operation and any such payment shall be allowed as a deduction in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.

4.04 Audit and Gaming Reports

- (a) The Philippine Parties (together) shall, on prior written notice to MCE Leisure, have the right (at their sole cost) to appoint an internationally recognised audit firm to audit, no more than once each calendar year, the calculation of relevant Casino Gaming EBITDA in **Schedule 2**.
- (b) MCE Leisure shall provide to any audit firm appointed under **Section 4.04(a)**:
- (i) copies of supporting documents (including contracts, invoices and receipts) relating to the calculation of relevant Casino Gaming EBITDA;

- (ii) reasonable access to the books and financial accounting records of MCE Leisure for the purposes of the audit; and
 - (iii) reasonable access to members of the senior management of MCE Leisure to discuss the calculations in **Schedule 2**.
- (c) MCE Leisure shall provide to each of the other Licensees a copy of the annual audit report of MCE Leisure within 10 Business Days from filing thereof with the relevant Government Authority.
- (d) MCE Leisure shall provide to the auditor such assistance as reasonably required for the purposes of the audit under **Section 4.04(b)** but at no time is it required to incur additional expenditure or provide dedicated staff to assist in, or in connection with, any such audit.
- (e) MCE Leisure shall provide to each of the other Licensees copies of any gaming reports provided by it to the monitoring team of PAGCOR within ten (10) Business Days of providing such report to PAGCOR.

4.05 General

- (a) The Licensees (other than MCE Leisure) shall not:
- (i) hold themselves out as either or both the manager and operator of the Project or as an agent of MCE Leisure without prior written authority from MCE Leisure; and
 - (ii) have any authority to perform or discharge any obligation or duty that is binding on MCE Leisure or cause or incur any obligation or liability for or on behalf of MCE Leisure.
- (b) The Licensees (other than MCE Leisure) shall indemnify MCE Leisure from any and all Loss suffered or incurred by MCE Leisure arising out of or in connection with any breach by the Licensees (other than MCE Leisure) of **Section 4.05(a)**.

SECTION 5. WORKING CAPITAL AND INVENTORIES

5.01 Working Capital and Inventories

- (a) MCE Leisure shall fund, or procure the funding of, Working Capital and Inventories, which, however funded, are and shall remain, at all times, the property of MCE Leisure.
- (b) The Philippines Parties shall not be liable to fund Working Capital and Inventories (except if required to do so under the Cooperation Agreement).

5.02 Fixed Assets

MCE Leisure shall provide the funds necessary to supply the Project with furniture, fittings and equipment as reasonably determined by it to be adequate for the proper and efficient operation of the Project, except to the extent such funds are required to be spent, or the amount of such funds is increased, directly or indirectly as a result of a breach by any of the Philippine Parties of any Transaction Document or Ancillary Document or by any of the Philippine Parties causing (whether by act or omission) MCE Leisure to breach any Applicable Laws or financing agreement to which it is a party.

SECTION 6. MAINTENANCE, REPLACEMENT AND CHANGES**6.01 Repairs and Maintenance**

- (a) MCE Leisure shall, in its sole discretion:
- (i) implement policies and procedures relating to the repairs and maintenance to the Land and Building Structures and its fixtures, furniture, furnishings and equipment (“**FF&E**”) in order to keep the same in good repair and condition; and
 - (ii) supervise the implementation of such policies and procedures from time to time as it deems reasonably necessary for such purposes.
- (b) For avoidance of doubt, the Licensees agree that repair and maintenance costs to be allocated to the Casino are allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.
- (c) All changes, repairs, alterations, improvements, renewals or replacements contemplated by this **Section 6.01** shall be the property of MCE Leisure.
- (d) For the avoidance of doubt, nothing in this **Section 6.01** shall require MCE Leisure to undertake any repairs and maintenance which are the responsibility of Belle under the Belle Lease.

SECTION 7. EMPLOYEES**7.01 Employee Hiring and Termination**

- (a) MCE Leisure shall, in its sole discretion and in compliance with Applicable Laws, be responsible for the hiring, promotion, supervision and discharge of all personnel working on the Project (other than those personnel engaged in the construction of the Phase 1 Building and Phase 2 Building).
- (b) MCE Leisure, or its designated entities, shall be the employer of the personnel hired for the Project.

7.02 Costs, Benefit Plans

- (a) MCE Leisure shall determine the employees’ terms of employment, including compensation, and establish and maintain all policies relating to employment, in accordance with Applicable Laws.
- (b) Without limiting **Section 7.02(a)**, MCE Leisure may provide the employees of the Project with pension, medical and health, life insurance, and similar employee benefit plans (“**Benefit Plans**”) as are reasonably necessary to attract and retain employees and generally remain competitive.
- (c) The Benefit Plans may be joint plans for the benefit of employees at more than one (1) property owned, leased or managed or operated by MCE Leisure or any of its Affiliates and any employer contributions to such plans (including any withdrawal liability incurred upon termination of this Agreement) and administrative fees, in connection with them, shall be the responsibility of MCE Leisure, provided that only such employer contributions and administrative fees pertaining to employees rendering services to the Project shall be allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.

7.03 Employees

- (a) All personnel employed at the Project will be the employees of MCE Leisure or its nominated entity for all purposes, including national and local tax and reporting purposes, and all costs and expenses, of whatever nature, incurred in connection with such employees, including wages, salaries, on-site staff, bonuses, commissions, fringe benefits, employee benefits, recruitment costs, workmen's compensation and unemployment insurance premiums, payroll taxes, severance payments, vacation and sick leave will be recognised in the accounts of MCE Leisure.
- (b) MCE Leisure shall use such care when hiring any employees as may be common to the casino and hospitality business and consistent with the standards of operation of MCE Leisure.

SECTION 8. BUDGETS**8.01 Budgets**

- (a) No later than three (3) months prior to the Opening, MCE Leisure shall prepare and deliver to the other Licensees a technical and pre-operating plan and budget setting out in detail an estimated profit and loss statement for the Project for the next five (5) years, including a schedule of Project room rentals and other rentals and a marketing and business plan for the Project.
- (b) The budget in **Section 8.01(a)** shall be prepared in accordance with MCE Leisure's then current practices or as may be determined by MCE Leisure (the "**Technical and Pre-Operating Budget**").
- (c) No later than fifteen (15) days prior to the beginning of each Fiscal Year, MCE Leisure shall prepare and deliver to the other Licensees:
 - (i) the operating budget approved by MCE Leisure for the ensuing Fiscal Year setting forth in detail an estimated profit and loss statement for the next twelve (12) month accounting period, including a schedule of Project room rentals and other rentals and a marketing and business plan for the Project, such budgets to be prepared in accordance with MCE Leisure's current practices or as may be determined by MCE Leisure from time to time (the "**Annual Operating Budget**"); and
 - (ii) a budget for the expenditures necessary for replacement FF&E and building repairs contemplated by **Section 6.01** for the ensuing Fiscal Year ("**Capital Improvement Budget**").
- (d) All plans and budgets, forecasts, projections and reports to be provided to the Licensees are for internal reference and monitoring purposes only, and the Licensees shall keep such information on a strictly confidential basis as provided in **Section 17**.
- (e) Subject to **Section 3.02**, MCE Leisure shall have no liability to the Licensees, and shall not be in breach of any Transaction Document if the actual operating results vary from the Technical and Pre-Operating Budget or Annual Operating Budget for any reason and the failure of the Project to perform in accordance with any such budget shall not constitute a breach by MCE Leisure of this Agreement.

8.02 Budget Revisions

- (a) The Licensees and MCE Leisure acknowledge and agree that the Annual Operating Budgets are merely forecasts of operating revenues and expenses for a Fiscal Year and are not a guarantee of future revenues.
- (b) The Licensees agree that the Annual Operating Budgets and the Capital Improvement Budget may be modified or revised by MCE Leisure from time to time, and MCE Leisure shall provide the Licensees with copies of such revisions from time to time.
- (c) MCE Leisure shall provide the Philippine Parties with a revised forecast on a timely basis should result expectations (adjusted for rolling chip win rate (as determined by MCE Leisure consistently with MCE Group's then current practices from time to time) above or below the theoretical percentage of two point eight percent (2.80%)) for the relevant year be lower than fifteen percent (15%) below budget or the prior forecast provided.

8.03 Budget Consultations

MCE Leisure may consult with the other Licensees on matters of policy concerning management, sales, room rates, wage scales, personnel, general overall operating procedures, economics and operation and other matters affecting the operation of the Project, but it has no obligation to do so.

SECTION 9. PAYMENTS, FEES AND EXPENSES**9.01 Gross Win and Non-Gaming Revenue**

MCE Leisure shall be entitled to receive and retain one hundred percent (100%) of the Gross Win and all non-gaming revenue (including, for the avoidance of doubt, all revenue from the hotel, retail and other non-gaming components of the Project).

9.02 Monthly Payment and VIP True Up Payment

In consideration of PLAI agreeing to the appointment of MCE Leisure as the Special Purpose Entity in place of PLAI, MCE Leisure agrees to pay to PLAI (if applicable) the Monthly Mass Payment, the Monthly VIP Payment and the VIP True Up Payment in accordance with **Section 9.04**.

9.03 Calculation of Monthly Mass Payment, Monthly VIP Payment and VIP True Up Payment

MCE Leisure must calculate the Monthly Mass Payment, Monthly VIP Payment and VIP True Up Payment in accordance with **Schedule 2**.

9.04 Timing of payments

MCE Leisure shall pay to PLAI, if applicable:

- (a) the Monthly Mass Payment and Monthly VIP Payment, in each case on or before the date twenty (20) Business Days after the end of the calendar month to which the relevant payment relates; and
- (b) the VIP True Up Payment on or before the date forty (40) Business Days after the end of the Fiscal Period to which the relevant payment relates.

9.05 Audit accounts payments

- (a) MCE Leisure agrees that it will, as soon as practicable after finalisation of its annual audit report for each Fiscal Year ending on the last day of a Fiscal Period calculate the aggregate amount of Monthly Mass Payments, Monthly VIP Payments and the VIP Payment on the basis of the result of that annual audit and the audit for the preceding Fiscal Year ("**Final Payment Amount**").
- (b) The Licensees agree that if the Final Payment Amount:
 - (i) is greater than the aggregate of the Monthly Mass Payment, Monthly VIP Payment and VIP True Up Payment paid under this **Section 9** in respect of that Fiscal Period ("**Aggregate Payment Amount**"), MCE Leisure must pay to PLAI the amount of that difference within twenty (20) Business Days of the date of determination of the Final Payment Amount; or
 - (ii) is less than the Aggregate Payment Amount, then MCE Leisure will be entitled to deduct the amount of the difference from any payment required to be made by MCE Leisure in respect of the following Fiscal Period under this **Section 9**.

9.06 Evidence of calculation

MCE Leisure must provide to PLAI reasonable details of the calculation of the Monthly Mass Payment, the Monthly VIP Payment and the VIP True Up Payment on or before the date of payment of the amount to which such calculations relate.

9.07 Payment of License Fees and Expenses

(a) MCE Leisure shall be liable for payment of:

- (i) the License Fees and other payments to PAGCOR under the Casino License; and
- (ii) all taxes, fees and dues relating to the operation and management of the Land and Building Structures (including tax payments on the operations of the Casino, hotel, non-gaming and commercial lease and retail establishments),

and such amounts shall be allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.

(b) For the avoidance of doubt, MCE Leisure shall not be liable for the payment of real property taxes on the Land and Building Structures, which Belle shall be liable for and shall promptly pay.

(c) Each Party shall be solely liable to pay the corporate income tax applicable to it.

(d) The Parties agree that the Philippine Parties shall not be liable for any gaming losses incurred by MCE Leisure or the Project over a Fiscal Period. Despite the preceding sentence, any monthly gaming losses will be treated in accordance with the methodology set out in **Schedule 2**.

9.08 Review of Casino operations

(a) MCE Leisure must on or before the date forty (40) Business Days after the end of each Fiscal Period, calculate PLAI VIP Net Win and PLAI VIP EBITDA for that period and serve a notice on the Philippine Parties specifying those amounts (together with reasonable details of the calculation of each such amount).

(b) If PLAI VIP EBITDA is less than PLAI VIP Net Win, each of Licensees agree to meet in Hong Kong (or such other location as they may agree in writing) within ten (10) Business Days of the date of the notice in **Section 9.08(a)** to:

- (i) discuss and review the financial performance and operations of the Project and the amounts to be retained by MCE Leisure, and paid to PLAI, in each case under this **Section 9**; and
- (ii) to negotiate in good faith such changes to either or both the business and operations of the Project and the formulation for the calculation of the payments contemplated by this **Section 9** as they may agree.

(c) If the Licensees are unable to reach agreement under **Section 9.08(b)** within ninety (90) Business Days after the date of first meeting under that **Section** ("**Closure Date**"), MCE Leisure must as soon as practicable after the Closure Date suspend the VIP Market operations at the Casino and, despite any provision in this Agreement or any other Transaction Document to the contrary, the rent payable in respect of that part of the Phase 1 Building designed primarily or exclusively for the usage of VIPs (including all areas and related facilities such as food and beverage, lounges and other similar or ancillary areas or facilities designed primarily or exclusively for usage of VIPs and/or access is reserved for the exclusive use of VIPs) will be abated for so long as the VIP Market operations at the Casino are suspended.

9.09 Withholding of Taxes, Duties, Fees, Liabilities or Other Charges

- (a) If the amount payable to PLAI as provided in **Section 9.02** or any other amount to be paid to PLAI pursuant to this Agreement is subject to any deductions or withholdings for any present or future taxes, duties, fees, liabilities or other charges imposed by any competent Government Authority in the Philippines or under Applicable Laws, MCE Leisure will withhold such amount and make the necessary payments to the relevant Government Authority and any amounts payable to PLAI under this **Section 9.09** will be reduced accordingly.
- (b) Belle shall, in consultation with MCE Leisure, determine the rate of withholding under Applicable Laws. Belle shall indemnify MCE Leisure for any Loss suffered or incurred by MCE Leisure arising out of, or in connection with, the withholding by MCE Leisure of taxes at the rate specified by Belle.

9.010 Late Payments

Any payments due by one Party to the other and not paid on or before the applicable due date in this Agreement or on or before the due dates indicated in the relevant invoices shall accrue interest at five percent (5%) per annum on the unpaid portions, unless such payment is disputed and being resolved.

SECTION 10. INSURANCE

- (a) The Philippine Parties shall procure insurance as required under the Cooperation Agreement.
- (b) MCE Leisure shall be entitled to procure third party liability insurance for an amount of U.S. Dollars Two Hundred Million (US\$200,000,000) for the operation, management and maintenance of the Project, crime insurance and business interruption insurance, the costs of which shall be allowed as deductions in the calculation of the relevant Casino Gaming EBITDA as provided in **Schedule 2**.

SECTION 11. ACCOUNTING & FINANCE, LEGAL & COMPLIANCE**11.01 Management**

The management of all finance, legal and accounting functions of MCE Leisure in relation to the Project will be the responsibility of MCE Leisure.

11.02 Costs

MCE Leisure agrees it will not charge to the Project the costs of any consultants engaged by any Affiliate of it for the purpose of preparing any consolidated audited accounts required to be prepared by that Affiliate.

SECTION 12. PROPRIETARY MARKS; INTELLECTUAL PROPERTY**12.01 Intellectual Property**

- (a) All Intellectual Property (including Software as well as manuals, brochures, policies, and directives issued by MCE Leisure to the employees at the Project regarding procedures and techniques to be used in operating the Project) developed, used or created by MCE Leisure or any of its Affiliates at any time (including in the performance of its obligations under this Agreement) and used on, or in connection with, the Project shall at all times be owned by MCE Leisure.

- (b) Nothing in this Agreement shall require MCE Leisure or any Affiliate to share any Intellectual Property (including any previously developed trade secrets, customer lists or databases or trademarks or trade names or other existing or future Intellectual Property) developed by any of them with the Philippine Parties or to use any such Intellectual Property in the performance by MCE Leisure of its duties.
- (c) To the extent that MCE Leisure develops and/or utilizes unique and proprietary processes in the performance of its obligations hereunder, these shall remain the property of MCE Leisure.

12.02 Marks and Brands

The marks and brands used by MCE Leisure in the Project shall be owned by MCE Leisure and on termination of this Agreement MCE Leisure may enter into a licensing agreement for the use of such marks and brands as it may determine.

SECTION 13. OTHER COVENANTS

13.01 General obligations

The Licensees shall do all things reasonably required by MCE Leisure (including providing any information requested by a Government Authority) to assist MCE Leisure and any of its Affiliates to comply with any Applicable Law (including the Casino License) and the requirements, rules and regulations of any Government Authority.

13.02 Foreign Corrupt Practices Act Undertaking

Sections 9.01 to 9.03 (inclusive) of the Cooperation Agreement (“**Foreign Corrupt Practices Act Undertaking**”, “**Rights of MCE Leisure**” and “**Anti-Corruption**”) shall apply and the Parties agree to be bound by the covenants and undertakings specified in those Sections as if the representations, covenants and undertakings in those Sections were repeated in this Agreement.

SECTION 14. REPRESENTATIONS AND WARRANTIES

14.01 Common Representations and Warranties

The Philippine Parties represent and warrant to the MCE Parties and MCE Leisure in respect of each Philippine Party that, except as otherwise disclosed in Philippine Parties Disclosure Letter, and the MCE Parties and MCE Leisure represent and warrant to the Philippine Parties in respect of each MCE Party and MCE Leisure (as applicable) that, except as otherwise disclosed in the MCE Disclosure Letter:

- (a) it is a corporation duly organized, validly existing and in good standing under Philippine laws, is duly qualified to do business in all jurisdictions where the ownership of its assets or the conduct of its business requires such qualification, has full legal capacity and possesses the capacity to sue or be sued in its own name, has the power to own its property and assets and carry on its business as it is now being conducted;
- (b) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, this Agreement, except for approvals as may be required to be subsequently obtained in accordance with the terms of this Agreement;
- (c) it has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of this Agreement;

- (d) this Agreement constitutes its legal, valid and binding obligations, enforceable in accordance with their respective terms;
- (e) its execution, delivery and performance of this Agreement does not and will not (i) violate any Applicable Law; or (ii) conflict with or result in the breach of, or result in the imposition of any Encumbrance under any agreement or instrument to it is a party or by which any of its property is bound; and
- (f) no Insolvency Event has occurred in relation to it.

14.02 Representations and Warranties of Belle

Belle represents and warrants to each of the MCE Parties and MCE Leisure that, except as otherwise disclosed in the Philippine Parties Disclosure Letter:

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of this Agreement, for and on behalf of each of SMIC and PLAI, except for approvals as may be required to be subsequently obtained in accordance with the terms of this Agreement; and
- (b) each of SMIC and PLAI has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of this Agreement by Belle for and on behalf of such company.

14.03 Representations and Warranties of MCE 2 Holdings

MCE 2 Holdings represents and warrants to each of the Philippine Parties that except as otherwise disclosed in the MCE Disclosure Letter:

- (a) it has full legal right, power and authority to execute and deliver, incur the obligations provided for in, and observe the terms and conditions of, this Agreement, for and on behalf of MCE Holdings except for approvals as may be required to be subsequently obtained in accordance with the terms of this Agreement; and
- (b) MCE Holdings has taken all appropriate and necessary corporate and legal action to authorize the execution, delivery and performance of this Agreement by MCE 2 Holdings for and on behalf of MCE Holdings.

14.04 Representations and Warranties

The representations and warranties in this **Section 14** are given as at, and are true, complete and accurate as of, the date of this Agreement.

14.05 Reliance on Representations

Each of the representations and warranties herein is deemed to be a separate representation and warranty and each of the Philippine Parties, MCE Parties and MCE Leisure has placed complete reliance thereon in agreeing to execute this Agreement. Each representation and warranty shall survive the termination of this Agreement.

14.06 Indemnity

Each Party (the “**first Party**”) indemnifies each other Party (the “**second Party**”) against any Loss suffered or incurred by the second Party as a result of the breach of any warranty given by the first Party in this **Section 14**.

SECTION 15. POWERS AND REPRESENTATIVES

15.01 Powers of Belle under this Agreement

- (a) Each of SMIC and PLAI irrevocably appoints Belle as its agent and attorney, to the exclusion of each of SMIC and PLAI, to do anything permitted or required to be done by it under this Agreement, including:
- (i) exercise any rights or powers SMIC or PLAI may have under this Agreement (including as Licensees and Philippine Parties, and together with Belle as the Philippine Parties);
 - (ii) carry out any act, approve or consent to any matter under this Agreement;
 - (iii) amend, vary or waive any rights SMIC or PLAI has or may have under this Agreement;
 - (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;
 - (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement; and
 - (vii) receive any amount owed or payable to it.
- (b) Each of SMIC and PLAI irrevocably agree:
- (i) that all acts and things done by Belle in exercising powers under this Agreement on behalf of SMIC or PLAI will be as good and valid as if they had been done by that company;
 - (ii) to ratify and confirm whatever is done by Belle in exercising powers on behalf of SMIC and PLAI under this Agreement (including under **Section 15.01(a)**); and
 - (iii) that any rights SMIC or PLAI have or may have under this Agreement (including as a Licensee, a Philippine Party and together with Belle as the Philippine Parties) may only be exercised by Belle and SMIC and PLAI will not exercise any such rights in their own name.
- (c) Belle agrees that it is liable for, and must perform and discharge, any and all obligations and liabilities of each of SMIC and PLAI under or in connection with this Agreement.
- (d) The Philippine Parties indemnify each MCE Party and MCE Leisure from any Loss suffered or incurred by as a result of:
- (i) any breach by any of SMIC and PLAI of this **Section 15.01(b)**; and
 - (ii) the exercise by Belle of any powers under **Section 15.01(a)**.

15.02 Powers of MCE 2 Holdings under this Agreement

- (a) MCE Holdings irrevocably appoints MCE 2 Holdings as its agent and attorney, to the exclusion of MCE Holdings, to do anything permitted or required to be done by MCE Holdings under this Agreement, including:
- (i) exercise any rights or powers MCE Holdings may have under this Agreement (including as a Licensee and MCE Party);
 - (ii) carry out any act, approve or consent to any matter under this Agreement;

- (iii) amend, vary or waive any rights MCE Holdings has or may have under this Agreement;
 - (iv) execute any agreement necessary or desirable under or in connection with this Agreement or the transactions contemplated by it;
 - (v) accept and give notices under this Agreement;
 - (vi) conduct, defend, negotiate, settle, compromise or appeal any claim under or in connection with this Agreement; and
 - (vii) receive any amount owed or payable to it.
- (b) MCE Holdings irrevocably agrees:
- (i) that all acts and things done by MCE 2 Holdings in exercising powers under this Agreement on behalf of MCE Holdings will be as good and valid as if they had been done by MCE Holdings;
 - (ii) to ratify and confirm whatever is done by MCE 2 Holdings in exercising powers on behalf of MCE Holdings under this Agreement (including under **Section 15.02(a)**); and
 - (iii) that any rights MCE Holdings has or may have under this Agreement (including as a Licensee and MCE Party) may only be exercised by MCE 2 Holdings and MCE Holdings will not exercise any such rights in its own name.
- (c) MCE 2 Holdings agrees that it is liable for, and must perform and discharge, any and all obligations and liabilities of MCE Holdings under or in connection with this Agreement.
- (d) The MCE Parties indemnify each Philippine Party from any Loss suffered or incurred by as a result of:
- (i) any breach by MCE Holdings of this **Section 15.02(b)**; and
 - (ii) the exercise by MCE 2 Holdings of any powers under **Section 15.02(a)**.

SECTION 16. TERMINATION AND SUSPENSION

16.01 Termination

This Agreement may only be terminated:

- (a) by the mutual written consent of the Parties;
- (b) by MCE Leisure on written notice to the Philippine Parties, if a Philippine Party materially breaches this Agreement, and such breach is not capable of remedy, or if capable of remedy, is not remedied to the reasonable satisfaction of MCE Leisure within sixty (60) days of written notice from MCE Leisure to the breaching Philippine Party;
- (c) by a Philippine Party on written notice to MCE Leisure, if MCE Leisure materially breaches this Agreement, and such breach is not capable of remedy, or if capable of being remedied is not remedied to the reasonable satisfaction of the relevant Philippine Party within sixty (60) days of written notice from a Philippine Party to MCE Leisure, and such breach results in, or is reasonably likely to result in the Project being materially adversely affected; or
- (d) by the Philippine Parties or the MCE Parties if any of the other Transaction Documents are terminated in accordance with their terms.

16.02 Effect of Termination

If this Agreement is terminated:

- (a) the Parties shall be entitled to exercise whatever remedies they have under the Cooperation Agreement only; and
- (b) none of the Parties shall be entitled to damages or any other remedy for any Losses suffered or incurred by any other Party under this Agreement whatsoever (including arising out of, or relating to, the events giving rise to the right of termination).

16.03 Suspension

The Parties agree that, if Sections 18.01(h), 18.02(c) or 18.03(d) of the Cooperation Agreement apply, the rights and obligations of the Parties under this Agreement will be suspended in accordance with those Sections.

16.04 Other

- (a) In all cases under **Section 16.01**, each Party must return to the relevant other Party, or destroy any records or confidential information given or disclosed to it.
- (b) Nothing in this **Section 16** limits any rights a Party may have in respect of any breach of this Agreement arising prior to termination (other than in respect of that event giving rise to the right of termination).
- (c) This **Section 16** survives termination of this Agreement.

SECTION 17. CONFIDENTIALITY OF INFORMATION

- (a) Each of the Philippine Parties, MCE Parties and MCE Leisure agree that it will keep this Agreement, and other documents, agreements, certificates, reports (including gaming reports), materials and papers provided or required under, or related to, this Agreement or the Project (the “**Confidential Information**”) confidential and will not disclose that information to any Person without the prior written consent of MCE Leisure, except on a need to know basis to:
 - (i) its employees, consultants, directors, officers, agents and/or advisors; or
 - (ii) its shareholders, investors, financiers, insurers and their respective advisors in connection with the Project, and such persons have been informed of and have agreed to comply with the terms of this confidentiality obligations under this **Section 17**.
- (b) The confidentiality obligations under **Section 17(a)** shall not apply to:
 - (i) information which at the time of disclosure was already in the public domain;
 - (ii) information properly obtained by a Party in a manner not involving any breach of confidentiality under this Agreement from a source other than the disclosing Party or its employees, director, officers, agents, shareholders, consultants, financiers, insurers, investors, and their agents, and/or advisors;
 - (iii) disclosure required by Applicable Law; or
 - (iv) disclosure required by any court, Government Authority or stock exchange with competent authority over any Party.
- (c) In the event of a breach of this **Section 17** by a Party:
 - (i) damages may be inadequate as a means of redressing any loss or damage suffered by a Party; and
 - (ii) a Party is entitled to seek injunctive relief or other equitable form of relief as it considers necessary.
- (d) This **Section 17** survives termination of this Agreement.

SECTION 18. MISCELLANEOUS

18.01 Payments

The Parties agree that receipt by Belle of any funds or amounts owed by MCE Leisure to PLAI under this Agreement shall constitute a full discharge of MCE Leisure's obligations in respect of the payment of the relevant amounts and MCE Leisure will not be obliged to see to or be liable for the ultimate distribution or subsequent payment of the funds so paid.

18.02 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

18.03 Arbitration

- (a) If a dispute ("**Dispute**") arises out of or relates to this Agreement (including any dispute as to the existence, breach or termination of this Agreement or as to any claim in tort, in equity or pursuant to any statute) a Party may only commence arbitration proceedings relating to the Dispute if the procedures set out in this **Section 18.03** have been fulfilled.
- (b) A Party claiming the Dispute has arisen under or in relation to this Agreement must give written notice ("**Dispute Notice**") to the other Parties to the Dispute specifying the nature of the Dispute.
- (c) On receipt of the Dispute Notice by the other Parties, all the Parties to the Dispute ("**Disputing Parties**") must endeavour in good faith to resolve the Dispute expeditiously using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed by them.
- (d) In the event that no resolution is reached under **Section 18.03(c)** within 30 days from the date the Dispute Notice is issued by a Party, the Dispute shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules for the time being in force, which rules are deemed to be incorporated by reference in this **Section 18.03(d)**.
- (e) The Parties agree that the panel of arbitrators has jurisdiction to settle the issue of whether this Agreement (or any provision thereof) is void, unenforceable or ineffective.
- (f) The Hong Kong International Arbitration Centre tribunal shall consist of three arbitrators.
- (g) The arbitral proceedings shall be conducted in the English language. The arbitration proceedings shall be strictly confidential.
- (h) The arbitral award shall be final and binding upon the Parties and enforceable by any court having jurisdiction for this purpose.
- (i) By agreeing to arbitration pursuant to this **Section 18.03**, the Parties do not intend to deprive any court of its jurisdiction to issue an interim injunction or other interim relief in aid of the arbitration proceedings, provided that the Parties agree that they may seek only such relief as is consistent with their agreement to resolve the Dispute by way of arbitration. Without prejudice to such relief that may be granted by a national court, the arbitral tribunal shall have full authority to grant interim or provisional remedies or to order a Party to seek modification or vacation of the relief granted by a national court.

- (j) Any dispute that arises under this Agreement must be resolved in accordance with this **Section 18.03**.
- (k) The Parties agree that this **Section 18.03** constitutes a separate and independent agreement among them and no claim that this Agreement is void, unenforceable or ineffective shall preclude submission of any dispute, controversy or claim to arbitration.

18.04 Notices

- (a) All communications and notices under this Agreement shall be in writing and shall be personally delivered or transmitted via electronic mail, facsimile transmission or postage prepaid registered mail, addressed to the relevant Party at the addresses set forth below or such other address, contact details or contact persons as shall be designated by a Party in a written notice to the other Party:

SM Investments Corporation

10th Floor, One E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Frederic DyBuncio
Senior Vice President, Portfolio

Telephone No. : +63 2 857-8009

Facsimile No. : +63 2 857-8009

Email Address frederic.dybuncio@sminvestments.com

Belle Corporation

5th Floor, 2 E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Armin B. Raquel-Santos
Deputy Head

Telephone No. : +63 2 857-0100 local 1508

Facsimile No. : +63 2 857-0140

Email Address: armin.raquel-santos@sminvestments.com

PremiumLeisure and Amusement, Inc.

5th Floor, 2 E-com Center, Mall of Asia Complex

J.W. Diokno Boulevard, Pasay City

Philippines

Attention: Mr. Armin B. Raquel-Santos
Executive Vice President

Telephone No. : +63 2 857-0100 local 1508

Facsimile No. : +63 2 857-0140

Email Address: armin.raquel-santos@sminvestments.com

If to MCE Holdings (Philippines) Corporation and MCE Holdings No. 2 (Philippines) Corporation

c/- Melco Crown Entertainment Limited

Level 36, The Centrium

60 Wyndham Street, Central

Hong Kong

Attention: Ms Stephanie Cheung
Chief Legal Officer, Melco Crown Entertainment

Telephone No: +852 2598 3638

Facsimile No: +852 2537 3618

Email Address: scheung@melco-crown.com

If to MCE Leisure:

c/- Melco Crown Entertainment Limited

Level 36, The Centrium

60 Wyndham Street, Central

Hong Kong

Attention: Ms Stephanie Cheung
Chief Legal Officer, Melco Crown Entertainment

Telephone No: +852 2598 3638

Facsimile No: +852 2537 3618

Email Address: scheung@melco-crown.com

- (b) All notices shall be deemed duly given (i) on the date of receipt, if personally delivered, (ii) seven (7) days after posting, if by registered mail, or (iii) upon receipt of the written confirmation of the electronic mail or facsimile, if by electronic mail or facsimile transmission.
- (c) If a communication is given (i) after 5.00 pm in the place of receipt; or (ii) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt, it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.
- (d) All communications must be given in English.

18.05 Encumbrances

- (a) No Party shall create, permit to subsist, or suffer the existence of, any Encumbrance over, or rights in favour of any Person over, the Party's interest in this Agreement except in the case of MCE Leisure, in connection with any financing or any loan facility to be obtained by the MCE Parties, or their Affiliates in connection with the Project (including from BDO).
- (b) The Licensees agree to do all things reasonably required by any MCE Party or MCE Leisure (including execute any document and deliver any notice) in connection with the creation by any MCE Party of any Encumbrance over this Agreement (including in favor of BDO) and the enforcement of any rights under such Encumbrance or other rights.

18.06 Successors and Assigns

- (a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- (b) The MCE Parties and MCE Leisure may assign any of their rights under this Agreement to any Person in connection with the financing or any loan facility to be obtained by the MCE Parties or any of their Affiliates in connection with the Project (including from BDO).
- (c) Except as expressly permitted under this Agreement, no Party may assign, transfer or otherwise deal with its rights under this Agreement or allow any interest in them to arise or be varied without the consent of the other Parties.

18.07 Further Assurances

The Parties agree to execute or cause to be executed such additional agreements and documents, and to take such other actions, as may be necessary to affect the purposes of this Agreement.

18.08 Modifications

Any action or agreement by the Parties to modify this Agreement, in whole or in part, shall be binding upon the Parties, so long as such modification agreement is in writing and is executed by all of the Parties with the same formality with which this Agreement was executed.

18.09 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same agreement. Each Party may execute this Agreement by signing any such counterpart.

18.010 Delay or Partial Exercise Not Waiver

No failure or delay on the part of any Party to exercise any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document. To be effective, any waiver of any right hereunder shall be in writing and be signed by a duly authorized officer or representative of the Party bound thereby.

18.011 No Agency

This Agreement shall not constitute any Party hereto as a legal representative or agent of the other, nor shall any Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name of or on behalf of the other Party.

18.012 Severability

The invalidity of any Section (or portion thereof) of this Agreement shall not affect the remaining sections of this Agreement, all of which shall continue in full force and effect and shall be construed as if the invalid Section (or portion thereof) had not been inserted.

18.013 Direct Expenses

Each of the Parties shall bear their own respective expenses, including, without limitation, counsel and accountants' fees, in connection with the preparation and negotiation of this Agreement.

18.014 Force Majeure

No Party shall be liable to the other in damages or otherwise, for any failure to perform any term or condition of this Agreement on account of any event of Force Majeure beyond such Party's control. The Party suffering any event of Force Majeure shall notify the other Party in writing as soon as possible after the occurrence of Force Majeure and shall to the extent that it is capable of doing so, use its best endeavors to remove or remedy such cause of non-performance or delay in performance hereunder.

IN WITNESS WHEREOF, the Parties have caused this Operating Agreement to be executed by their duly authorized signatories on the date and at the place first above written.

BELLE CORPORATION for itself and on behalf of **SM INVESTMENTS CORPORATION** and **PREMIUMLEISURE AND AMUSEMENT, INC.**

By:

Name
Position

MCE HOLDINGS NO 2 (PHILIPPINES) CORPORATION
for itself and **MCE HOLDINGS (PHILIPPINES)**
CORPORATION

By:

Name
Position

MCE LEISURE (PHILIPPINES) CORPORATION

By:

Name
Position

Schedule 1
Defined Terms

“**Aggregate Payment Amount**” has the meaning as set forth in **Section 9.05(b)(i)**.

“**Agreement**” means this Operating Agreement.

“**Annual Operating Budget**” has the meaning as set forth in **Section 8.01(c)(i)**.

“**Bad Debt Expense**” means the net movement in the provision for Gaming bad debts including debt write-offs and discounts, and credit collection costs.

“**Benefit Plans**” has the meaning as set forth in **Section 7.02(b)**.

“**Capital Improvement Budget**” has the meaning as set forth in **Section 8.01(c)(ii)**.

“**Client Database**” has the meaning as set forth in **Section 3.07(a)**.

“**Commissions and Incentives**” means all commissions and incentives paid or provided by MCE Leisure to market and attract VIP Gaming Business; and includes but is not limited to all roll commissions, rebate and revenue share payments, complimentary services and goods, airfares and transportation that are directly related to VIP gaming activities.

“**Confidential Information**” has the meaning as set forth in **Section 17**.

“**Contract(s)**” has the meaning as set forth in **Section 3.05(a)**.

“**Cooperation Agreement**” has the meaning as set forth in **Recital B**.

“**Dispute**” has the meaning as set forth in **Section 18.03(a)**.

“**Dispute Notice**” has the meaning as set forth in **Section 18.03(b)**.

“**Disputing Parties**” has the meaning as set forth in **Section 18.03(c)**.

“**FF&E**” has the meaning as set forth in **Section 6.01(a)(i)**.

“**Financial Payment Amount**” has the meaning as set forth in **Section 9.05(a)**.

“**Fiscal Period**” means:

- (a) the period commencing on the Opening and ending on 31 December of the second calendar year after the calendar year in which the Opening occurs, unless Opening occurs on or before 31 March of any calendar year, in which case it ends on 31 December of the first year calendar year after the calendar year in which the Opening occurs; and
- (b) each subsequent twenty four (24) month period ending on 31 December.

“**Fiscal Year**” means the twelve (12) month calendar year ending December 31, except that the first Fiscal Year and last Fiscal Year of the term of this Agreement may not be full calendar years.

“**Force Majeure**” means any act of God (including adverse weather conditions); act of the government at any level in its sovereign capacity; war; civil disturbance, riot or mob violence; terrorism; earthquake, flood, fire or other casualty; epidemic; quarantine restriction; labor strikes or lock out; freight embargo; civil disturbance; or similar causes beyond the reasonable control of a Party.

“**IFRS**” means the International Financial Reporting Standards.

“**Intellectual Property**” includes copyright (and future copyright), trademark, trade names, software, design, patent, semiconductor and circuit layout rights, rights in respect of trade secrets and other confidential information, and all other rights generally falling within the scope of the term “intellectual property”, whether registered or unregistered and whether registrable or not.

“**Inventories**” means “**Inventories**” as defined in International Accounting Standard (IAS) 2 “Inventories” as amended from time to time.

“**MCE Group**” means Melco Crown Entertainment Limited and each of its Affiliates from time to time.

“**Software**” means the software and systems used by MCE Leisure to provide its services under this Agreement, in particular the operating systems developed, licensed, accessed or used by MCE Leisure or any of its Affiliates, including any and all configurations, modifications, developments, adaptation or derivatives of the relevant software, as well as user manuals, brochures, literatures and technical and specification documents containing or relating to the Software.

“**Suspension Period**” has the meaning as set forth in **Section 2.02(b)**.

“**Technical and Pre-Operating Budget**” has the meaning as set forth in **Section 8.01(b)**.

“**Term**” has the meaning as set forth in **Section 2.02(a)**.

“**VIPs**” means a patron playing table games in the VIP Market areas.

“**Working Capital**” shall include all cage cash (gaming), opening cash balance (non gaming), Inventories, change and petty cash funds, operating bank accounts, receivables, prepaid expenses and deposits.

Schedule 2
Formula for Fees Payable to PLAI

Part A. Calculation of Monthly Mass Payment

1. Monthly Mass Payment

The Licensees agree that the Monthly Mass Payment shall be determined by MCE Leisure in accordance with Part A of this **Schedule 2**.

2. Calculation of Monthly Mass Payment

The Licensees agree that the Monthly Mass Payment shall be the higher of PLAI NW and PLAI MM EBIDTA (as defined below).

MCE Leisure must calculate the Monthly Mass Payment each complete calendar month after Opening and pay that amount to PLAI in accordance with **Section 9.04(a)** (if applicable).

The Licensees agree that if, for any reason, the Monthly Mass Payment is a negative amount, the Monthly Mass Payment for the relevant calendar month will be deemed to be nil.

3. Timing

MCE Leisure must calculate the Monthly Mass Payment on or before the date twenty (20) Business Days after the end of the calendar month to which the Monthly Mass Payment relates.

4. Determination of PLAI NW and PLAI MM EBIDTA

MCE Leisure must calculate PLAI NW and PLAI MM EBIDTA, based on the financial performance of the Casino for the relevant month, and in accordance with the methodology in the table in item 5 of this Part A and the principles in Part D of this **Schedule 2**.

5. Method of calculation

MCE Leisure shall calculate PLAI NW and PLAI MM EBIDTA by applying the methodology in the following table:

| Computation (per calendar month or part of) | |
|--|--|
| Mass Market Gross Win | |
| <i>less</i> the PAGCOR License Fee (Mass Market) | |
| ===== | |
| Mass Market Net Win | 15% of Mass Market Net Win (PLAI NW) |
| <i>less</i> Management Allowance (2%) (Mass Market) | |
| ===== | |
| Mass Market Net Win after Management Allowance (Mass Market) | |
| <i>less</i> Mass Market Casino Operating Expenses | |
| ===== | |
| Mass Market Casino Gaming EBITDA | |
| <i>less</i> Deductible (7%) (Mass Market) | |
| ===== | |
| Mass Market Casino Gaming EBITDA after Deductible (Mass Market) | 50% of Mass Market Casino Gaming EBITDA after Deductible (Mass Market) (PLAI MM EDBITA) |

Part B. Calculation of Monthly VIP Payment

1. Monthly VIP Payment

The Licensees agree that the Monthly VIP Payment shall be determined by MCE Leisure in accordance with Part B of this **Schedule 2**.

2. Calculation of Monthly VIP Payment

MCE Leisure must calculate the Monthly VIP Payment each complete calendar month after Opening.

The Licensees agree that if the amount of the Monthly VIP Payment is a negative amount, the Monthly VIP Payment for the relevant calendar month will be deemed to be nil.

3. Timing

MCE Leisure must calculate the Monthly VIP Payment on or before the date twenty (20) Business Days after the end of the calendar month to which the Monthly VIP Payment relates.

4. Calculation of Monthly VIP Payment

MCE Leisure must calculate the Monthly VIP Payment in accordance with the following formula:

$$V = A - B$$

Where

V is the Monthly VIP Payment.

A is the higher of PLAI VIP NW and PLAI VIP EBITDA for the relevant month in each case calculated in accordance with Part B of this **Schedule 2**.

B is the sum of the Monthly VIP Payments made during the relevant Fiscal Period to date.

5. PLAI VIP NW and PLAI VIP EBITDA

MCE Leisure must determine PLAI VIP NW and PLAI VIP EBITDA in each case in accordance with the methodology in the table in item 6 of this Part B of and the principles in Part D of this **Schedule 2** and based on the financial performance of the Casino for period commencing on the first day of the relevant Fiscal Period and ending on the last day of the calendar month prior to the date of calculation.

6. Method of calculation of PLAI VIP NW and PLAI VIP EBIDTA

MCE Leisure shall calculate PLAI VIP NW and PLAI VIP EBIDTA by applying the methodology in the following table:

| Computation (for the relevant part of the Fiscal Period) | |
|--|---|
| VIP Market Gross Win | |
| <i>less</i> PAGCOR License Fee (VIP) | |
| <i>Less</i> Commissions and Incentives and VIP Bad Debt Expenses | |
| ===== | |
| VIP Net Win | 2% of VIP Net Win (PLAI VIP NW) |
| <i>less</i> Management Allowance (2%) (VIP) | |
| ===== | |
| VIP Net Win after Management Allowance | |
| <i>less</i> VIP Operating Expenses | |
| ===== | |
| VIP Casino Gaming EBITDA | |
| <i>less</i> Deductible (7%) (VIP) | |
| ===== | |
| VIP Casino Gaming EBITDA after Deductible (VIP) | 50% of VIP Casino Gaming EBITDA after Deductible (VIP) (PLAI VIP EBIDTA) |

Part C. Calculation of VIP True Up Payment

1. VIP True Up Payment

The Licensees agree that the VIP True Up Payment shall be determined by MCE Leisure in accordance with Part C of this **Schedule 2**.

2. Calculation of VIP True Up Payment

MCE Leisure must determine the VIP True Up Payment, in respect of each Fiscal Period, on or before the date forty (40) Business Days after the end of the relevant Fiscal Period.

3. Calculation of VIP True Up Payment

MCE Leisure must calculate the Monthly VIP Payment in accordance with the following formula:

$$V = A - B$$

Where

V is the VIP True Up Payment.

A is the higher of five percent (5%) of VIP Net Win and PLAI VIP EBITDA for the relevant Fiscal Period.

B is the sum of the Monthly VIP Payments made during the relevant Fiscal Period.

4. PLAI VIP NW and PLAI VIP EBITDA

MCE Leisure must determine VIP Net Win and PLAI VIP EBITDA in each case in accordance with the methodology in the table in item 6 of Part B and the principles in Part D of this **Schedule 2** and based on the financial performance of the Casino for the relevant Fiscal Period.

5. VIP True Up Payment is Negative

If the VIP True Up Payment is negative, the amount of the VIP True Up Payment may be deducted by MCE Leisure from any Monthly VIP Payments to be made in respect of the following Fiscal Period.

6. Termination

If the Operating Agreement is terminated, any prepaid Monthly VIP Payment maybe offset from any other amounts owed by the MCE Parties to PLAI or its Affiliates, including but not limited to the Monthly Mass Payment or under the Belle Lease.

Part D. Principles and Other Matters

1. Principles

In determining each of the amounts required to be calculated under the tables in Parts A and B of this **Schedule 2** MCE Leisure shall apply the principles set out in Part D of this **Schedule 2**.

The **Mass Market Gross Win** shall be calculated to be the amount of Gross Win attributable to the Mass Market.

The **Gross Win** shall be the amount of wagers won net of wagers lost that is retained and recorded as Casino revenue plus or minus the amount of any jackpot decrement or increment for the relevant period.

PAGCOR License Fees will be determined by MCE Leisure in accordance with the Casino License.

The **PAGCOR License Fee (Mass Market)** shall be determined by MCE Leisure to be the amount of the PAGCOR License Fee attributable to the Mass Market.

The **PAGCOR License Fee (VIP)** shall be determined by MCE Leisure to be the amount of the PAGCOR License Fee attributable to the VIP Market.

The **Mass Market** shall be (i) the table game operations conducted on the public mass gaming floors and (ii) the slot machines operations, in each case in the Casino.

The **Management Allowance** shall be the amount equal to two percent (2%) Mass Market Net Win and VIP Net Win.

The **Deductible** shall be the amount equal to seven percent (7%) of Mass Market Casino Gaming EBITDA and VIP Casino Gaming EBITDA.

The **Mass Market Casino Operating Expenses** shall be the sum of all Mass Market Direct Expenses, *plus* an allocation of General Casino Expenses *plus* an allocation of Property Overheads (including such costs incurred prior to Opening). The process for determining the relevant allocation of Property Overheads to Mass Market Casino Operating Expenses is set out in Part D of this **Schedule 2** below.

The **Mass Market Direct Expenses** shall be all operating costs and expenses incurred that are directly identifiable with the Mass Market business. Such directly identifiable costs include direct promotional, entertainment, marketing and sales costs and allowances; salaries and wages and employee benefits; a gaming replacement reserve equal to five percent (5%) of Mass Market revenue; patron transportation costs; costs for the operation, maintenance and control of the Mass Market gaming business; legal, regulatory and licensing costs of the Mass Market; and other expenses directly related to the Mass Market business, but excluding rent under the Belle Lease, interest income, interest expense, depreciation and amortization expenses, real estate and income taxes if any, and VIP Operating Expenses and Non-Gaming Expenses.

The **VIP Market Gross Win** shall be calculated to be the amount of Gross Win attributable to the VIP Market.

The **VIP Market** shall be the table game operations conducted in private gaming areas for VIPs utilizing Rolling Chip Programs or other incentive Programs.

The **VIP Operating Expenses** shall be all VIP Direct Expenses, *plus* allocation of General Casino Expenses, *plus* an allocation of Property Overheads (including such costs incurred prior to Opening). The process for determining the relevant allocation of Property Overheads to VIP Operating Expenses is set out in Part D of this **Schedule 2** below.

The **VIP Direct Expenses** shall be operating costs and expenses that are incurred directly in relation to the VIP Market business. Such direct identifiable costs include salaries and wages and employee benefits; marketing, entertainment, promotional and other sales costs excluding Commissions and Incentives; costs for the operations, maintenance and control of the VIP gaming business; a gaming replacement reserve equal to two percent (2%) of VIP Market revenue; legal, regulatory and licensing costs of the VIP Market; and other expenses directly related to the VIP gaming business, but excluding rent under the Belle Lease, interest income, interest expense, depreciation and amortization expenses, real estate and income taxes if any, and Mass Market Casino Operating Expenses and Non-Gaming Expenses.

The **General Casino Expenses** shall be those directly identifiable Casino operating costs and expenses that are incurred for the benefit of both the Mass Market and the VIP Market and other Casino activities not directly identifiable to the Mass Market or the VIP Market. Such directly identifiable costs include direct and indirect incremental costs of operating general Casino departments, executive and senior management oversight of the Casino areas, marketing the overall Casino areas, costs of compliance with Casino agreements and laws and regulations, performing gaming audits and internal control reviews, maintaining assets for the benefit of the overall Casino areas, costs for the general operation, maintenance and control of the overall Casino common areas, other Casino regulatory and licensing costs; and other general Casino expenses but excluding rent under the Belle Lease, interest income, interest expense, depreciation and amortization expenses, real estate and income taxes if any.

General Casino Expense Allocation Process - General Casino Expenses will be allocated to the Mass Market and the VIP Market in proportion to Mass Market Revenue and Theoretical VIP Market Revenue respectively or in proportion to the applicable driver of the expense if relevant, in the month the expense is incurred.

The **Property Overheads** are those operating costs and expenses directly identifiable to common areas and shared and centralized services that are necessary to operate the Project that are not directly identifiable to Gaming or Non-Gaming. Such directly identifiable costs include but are not limited to the costs listed in the table below.

Property Overhead Allocation Process - Property overheads will be allocated between the Mass Market, the VIP Market and the Non-Gaming business segments on a basis that is fair and reasonable that takes into account where feasible the relative proportion of use, whether time, effort or other driver determining usage and services devoted to those business segments. The table below illustrates an example of the methodology for allocating the costs. The allocation methods will be determined monthly based on actual results of the month.

| Cost | Example of an Appropriate Allocation method |
|--|--|
| Executive management and administration and general offsite storage and administration rental costs. | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| General marketing and sales | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Common area security and cleaning costs | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Employee services costs such as Human Resources, wardrobe | % of direct employees |
| Other Support services such as finance, IT, legal, call centre, Supply Chain | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Audit and general consultant and advisory fees | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Engineering and common area maintenance and utilities | In proportion to direct usage |
| Insurance | % of total revenue with VIP included at Theoretical VIP Market Revenue |
| Corporate services | % of total revenue with VIP included at Theoretical VIP Market Revenue |

Theoretical VIP Market Revenue equals VIP Roll multiplied by two point eight percent (2.8%) as amended from time to time.

Non-Gaming Expenses means all operating costs and expenses directly identifiable to Non Gaming including hotel, food and beverage and non-gaming departments and the allocation of Property Overheads to Non-Gaming.

VIP Roll is the amount of Non-Negotiable Chips wagered and lost.

Non-Negotiable Chips are promotional casino chips that are used to track the amount wagered and are not exchangeable for cash.

Rolling Chip Programs are Programs under which commission and other incentives are based on the amount of VIP Roll.

Programs refer to arrangements whereby Casino patrons are provided commissions and/or other incentives as a reward for their gaming play.

Mass Market Revenue is revenue generated from the Mass Market business.

Gaming means the Mass Market, the VIP Market and other support Casino operations.

Non-Gaming means all revenue generated from operations of the Casino other than Gaming.

DATED _____ 2013

MELCO CROWN (MACAU) LIMITED
as the Company and Obligors' Agent

AND

DEUTSCHE BANK AG, HONG KONG BRANCH
as Agent

AMENDMENT AGREEMENT

IN RESPECT OF THE USD1,750,000,000 SENIOR
SECURED TERM LOAN AND REVOLVING CREDIT
FACILITIES AGREEMENT (ORIGINALLY DATED 5
SEPTEMBER 2007, AS AMENDED AND RESTATED
FROM TIME TO TIME)

CONTENTS

| Clause | Page |
|--|------|
| 1. Definitions and Interpretation | 1 |
| 2. Amendment | 2 |
| 3. Representations | 2 |
| 4. Continuity and Further Assurance | 2 |
| 5. Miscellaneous | 3 |
| 6. Governing Law | 3 |
| SCHEDULE Amendments to Senior Facilities Agreement | 4 |

THIS AGREEMENT is dated _____ 2013

BETWEEN:

- (1) **MELCO CROWN (MACAU) LIMITED**, (formerly known as Melco Crown Gaming (Macau) Limited), a company incorporated in the Special Administrative Region of Macau (registered number 24325 (SO)), with its registered office at Avenida. Dr. Mário Soares, n.º25, Edifício Montepio, 1.º andar, comp. 13, em Macau, for itself as Company and as Obligors' Agent (the "**Company**");
- (2) **DEUTSCHE BANK AG, HONG KONG BRANCH**, for itself as Agent and as Agent of the Finance Parties (the "**Agent**").

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Amended Facilities Agreement**" means the Senior Facilities Agreement, as amended by this Agreement.

"**Guarantee Obligations**" means the guarantee and indemnity obligations of a Guarantor contained in the Senior Facility Agreement.

"**Senior Facilities Agreement**" means the USD1,750,000,000 Senior Secured Term Loan and Revolving Credit Facilities Agreement originally dated 5 September 2007 as amended pursuant to a transfer agreement between, *inter alios*, the Company and the Agent dated 17 October 2007, a Supplemental Deed in respect of the Deed of Appointment between, *inter alios*, the Company and the Agent dated 19 November 2007, an amendment agreement between, *inter alios*, the Company and the Agent dated 7 December 2007, a second amendment agreement between, *inter alios*, the Company and the Agent dated 1 September 2008, a third amendment agreement between, *inter alios*, the Company and the Agent dated 1 December 2008, a letter agreement between, *inter alios*, the Company and the Agent dated 8 October 2009, a fourth amendment agreement between, *inter alios*, the Company and the Agent dated 10 May 2010, a fifth amendment agreement dated 22 June 2011 and as further amended pursuant to an amendment letter dated 10 August 2011.

1.2 Incorporation of defined terms

- (a) Unless a contrary indication appears, a term defined in the Senior Facilities Agreement has the same meaning in this Agreement.
- (b) The principles of construction set out in the Senior Facilities Agreement shall have effect as if set out in this Agreement.

1.3 **Clauses**

In this Agreement any reference to a “Clause” or a “Schedule” is, unless the context otherwise requires, a reference to a Clause in or a Schedule to this Agreement.

1.4 **Third party rights**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.5 **Designation**

In accordance with the Senior Facilities Agreement, the Agent and the Company designate this Agreement as a Finance Document.

2. **AMENDMENT**

With effect from the date of this Agreement, to the extent permitted by the terms of the Senior Facilities Agreement with the consent and instructions referred to in Clause 5.2(a) (*Majority Lenders’ instructions*) below, the Senior Facilities Agreement shall be amended, read and construed as set out in the Schedule (such amendment, reading and construction, together, the “**Proposed Amendments**”).

3. **REPRESENTATIONS**

The Repeating Representations are deemed to be made by each Obligor (by reference to the facts and circumstances then existing) on the date of this Agreement and references to “this Agreement” in the Repeating Representations should be construed as references to this Agreement.

4. **CONTINUITY AND FURTHER ASSURANCE**

4.1 **Continuing obligations**

The provisions of the Senior Facilities Agreement and the other Finance Documents shall, save as amended by this Agreement, continue in full force and effect.

4.2 **Further assurance**

The Company shall (and shall ensure that each Relevant Obligor will) upon the written request of the Agent do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Agreement.

4.3 **Confirmation of Guarantee Obligations**

For the avoidance of doubt, the Company agrees on its own behalf and (in its capacity as Obligors’ Agent) on behalf of each other Obligor and confirms for the benefit of the Finance Parties that all Guarantee Obligations owed by the Obligors under the Amended Facility Agreement shall (a) remain in full force and effect notwithstanding the amendments referred to in Clause 2 (*Amendment*) and (b) extend to any new obligations assumed by any Obligor under the Finance Documents as a result of this Agreement (including, but not limited to, under the Amended Facilities Agreement).

4.4 **Confirmation of Security**

For the avoidance of doubt, the Company agrees on its own behalf and (in its capacity as Obligors' Agent) on behalf of each other Obligor and confirms for the benefit of the Finance Parties that, the Security created by the Obligors pursuant to each Transaction Security Document to which it is a party shall (a) remain in full force and effect notwithstanding the amendments referred to in Clause 2 (*Amendment*) and (b) continue to secure its Secured Obligations under the Finance Documents as amended (including, but not limited to, under the Amended Facilities Agreement).

5. **MISCELLANEOUS**

5.1 **Incorporation of terms**

The provisions of clause 18.2 (*Amendment costs*), clause 30 (*Notices*), clause 32 (*Partial Invalidity*), clause 33 (*Remedies and Waivers*) and clause 38 (*Enforcement*) of the Senior Facilities Agreement shall be incorporated into this Agreement as if set out in full in this Agreement and as if references in those clauses to "this Agreement" or "the Finance Documents" are references to this Agreement.

5.2 **Majority Lenders' instructions**

- (a) This Agreement has been entered into by the Agent for and on behalf of the Finance Parties with the consent and in accordance with the instructions of the Majority Lenders.
- (b) Notwithstanding any provision in this Agreement, if any Proposed Amendment requires the consent of all Lenders, that Proposed Amendment shall not take effect unless the consent of all Lenders is obtained.

5.3 **Counterparts**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

6. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE
AMENDMENTS TO SENIOR FACILITIES AGREEMENT

1. Clause 1.1 (*Definitions*) of the Senior Facilities Agreement is amended by:

1.1 Replacing the definition of “Bond” with the following:

“**Bond**” means the US\$1,000,000,000 5.00% Senior Notes due 2021 issued by Bondco on or about 7 February 2013 and any refinancing thereof, in whole or in part, by any other Financial Indebtedness, in each case, as amended, novated, supplemented, extended, restated, restructured, modified, renewed, refunded, replaced (whether upon or after termination or discharge or otherwise) or refinanced in whole or in part in accordance with the terms of this Agreement.

1.2 Inserting the following definition:

“**Bond Documents**” means the Bond and any agreements, documents, guarantees, collateral or other instruments relating thereto, as amended, novated, supplemented, extended, restated, restructured, modified, renewed, refunded, replaced (whether upon or after termination or discharge or otherwise) or refinanced in whole or in part, from time to time in accordance with the terms of this Agreement.

1.3 Replacing the definition of “Bond Guarantee” with the following:

“**Bond Guarantee**” means the guarantees given by the Bond Guarantors in respect of the Bond and referred to in paragraph (g) of the definition of “Permitted Guarantee” set out in this Clause 1.1 (*Definitions*).

1.4 Replacing the definition of “Bond Guarantors” with the following:

“**Bond Guarantors**” means, at any time, any of the following Relevant Obligor:

- (a) the Company;
- (b) Altira Hotel Limited;
- (c) Altira Developments Limited;
- (d) Melco Crown (COD) Hotels Limited;
- (e) Melco Crown (COD) Developments Limited;
- (f) Melco Crown (Cafe) Limited;
- (g) Golden Future (Management Services) Limited;
- (h) Melco Crown Hospitality and Services Limited;
- (i) Melco Crown (COD) Retail Services Limited;

- (j) Melco Crown (COD) Ventures Limited;
- (k) COD Theatre Limited;
- (l) Melco Crown COD (HR) Hotel Limited;
- (m) Melco Crown COD (CT) Hotel Limited; and
- (n) Melco Crown COD (GH) Hotel Limited,

and any other Relevant Obligors which, in each case, at that time, are “Subsidiary Guarantors” as defined in the Bond Documents.

- 1.5 Replacing the definition of “Bondco Loan” with the following:

“**Bondco Loan**” means any loan advanced by Bondco to MPEL Investments pursuant to the Bondco Intercompany Note (the principal amount of which does not exceed the principal amount of the Bond) and any refinancing thereof, in whole or in part, by any other Financial Indebtedness, in each case, as amended, novated, supplemented, extended, restated, restructured, modified, renewed, refunded, replaced (whether upon or after termination or discharge or otherwise) or refinanced in whole or in part in accordance with the terms of this Agreement.

- 1.6 Replacing the definition of “Bondco Intercompany Note” with the following:

“**Bondco Intercompany Note**” means any agreements, documents or other instruments as amended, novated, supplemented, extended, restated, restructured, modified, renewed, refunded, replaced (whether upon or after termination or discharge or otherwise) or refinanced in whole or in part in accordance with the terms of this Agreement, from time to time pursuant to which Bondco may advance the Bondco Loan to MPEL Investments.

- 1.7 Replacing paragraph (g) of the definition of “Permitted Guarantee” with the following:

“(g) any guarantee given by any Bond Guarantor in respect of the Bond;”

2. Paragraph 2.1 (*Financial definitions*) of Schedule 6 of the Senior Facilities Agreement is amended by:

- 2.1 Replacing the definition of “Consolidated Total Debt” with the following:

“**Consolidated Total Debt**” means, at any time, the aggregate amount of all obligations of the Group for or in respect of Borrowings but:

- (a) **excluding** any such obligations to any member of the Group, any Bondco Loan and any Sponsor Group Loans or Subordinated Debt;
- (b) **including** any such obligations under or in respect of any Bond Guarantee (but excluding them to the extent they are subordinated on substantially the same terms as the Subordination Deed or otherwise on terms reasonably acceptable to the Agent); and

(c) **including**, in the case of finance leases, only the capitalised value therefor, and so that no amount shall be included or excluded more than once.

2.2 Replacing the definition of “Consolidated Total Senior Debt” with the following:

“**Consolidated Total Senior Debt**” means, at any time, the aggregate amount of all obligations of the Group for or in respect of Borrowings but:

(a) **excluding** any such obligations to any other member of the Group;

(b) **excluding** any such obligations in respect of any Sponsor Group Loans, Bondco Loans and under or in respect of any Bond Guarantee (but, in the case of Bondco Loans and Bond Guarantees, save to the extent not subordinated on substantially the same terms as the Subordination Deed or as otherwise reasonably acceptable to the Agent, up to a maximum aggregate principal amount of USD600,000,000 (or its equivalent)); and

(c) **including**, in the case of finance leases, only the capitalised value therefor, and so that no amount shall be included or excluded more than once.

3. Paragraph 3.11 (*Holding Companies*) of Schedule 6 (*Covenants*) of the Senior Facilities Agreement is amended by replacing paragraph (d) with the following:

“(d) any liabilities under the Transaction Documents and/or the Bond Documents to which it is a party and the performance of any obligations thereunder.”

4. Paragraph 3.34 (*Bondco Intercompany Note / Bond Guarantee*) of Schedule 6 (*Covenants*) of the Senior Facilities Agreement is amended by replacing paragraph (a) with the following:

“(a) No Relevant Obligor shall (and the Company shall ensure that no member of the Group will) enter into or agree to any amendment, variation, novation, supplement, supersession, waiver or (other than in accordance with its terms) termination in any respect of any Bondco Intercompany Note or any Bond Guarantee without the prior written consent of the Agent, save for (i) any Bondco Intercompany Note or Bond Guarantee or (ii) any amendment, variation, novation, supplement, supersession, waiver or termination which (in the case of (i) or (ii)) is not, when compared to the terms of any existing Bondco Intercompany Note or Bond Guarantee (in each case, assuming the principal amount thereof is USD1,000,000,000 (or its equivalent)), any more detrimental to the interests of the Finance Parties.”

SIGNATURES

THE COMPANY

MELCO CROWN (MACAU) LIMITED

By: _____

Authorised Signatory:

Print name:

OBLIGORS AGENT

MELCO CROWN (MACAU) LIMITED

By: _____

Authorised Signatory:

Print name:

AGENT

DEUTSCHE BANK AG, HONG KONG BRANCH

By: _____

By: _____

Print name:

Print name:

Address: 52/F, International Commerce Centre
1 Austin Road West
Kowloon

Attention: Trust and Securities Services

Telephone: +852 2203 7858

Fax: +852 2203 7320

List of Subsidiaries

1. MCE Finance Limited, incorporated in the Cayman Islands
2. MPEL International Limited, incorporated in the Cayman Islands
3. MPEL Nominee One Limited, incorporated in the Cayman Islands
4. MPEL Nominee Two Limited, incorporated in the Cayman Islands
5. MPEL Investments Limited, incorporated in the Cayman Islands
6. Melco Crown (Macau) Limited (formerly known as Melco Crown Gaming (Macau) Limited), incorporated in the Macau Special Administrative Region of the People's Republic of China
7. Golden Future (Management Services) Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
8. Melco Crown (Cafe) Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
9. Melco Crown (COD) Hotels Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
10. Melco Crown (COD) Developments Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
11. Altira Hotel Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
12. Altira Developments Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
13. Melco Crown Hospitality and Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
14. Melco Crown (COD) Retail Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
15. COD Theatre Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
16. Melco Crown COD (HR) Hotel Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
17. Melco Crown COD (GH) Hotel Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
18. MPEL Services Limited, incorporated in the Hong Kong Special Administrative Region of the People's Republic of China
19. Melco Crown Security Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
20. MPEL Ventures Limited, incorporated in the British Virgin Islands
21. MPEL Properties (Macau) Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
22. MCE Holdings Limited, incorporated in the Cayman Islands
23. MCE International Limited, incorporated in the Hong Kong Special Administrative Region of the People's Republic of China
24. MCE Cotai Investments Limited, incorporated in the Cayman Islands

25. Studio City International Holdings Limited, incorporated in the British Virgin Islands
26. Studio City Developments Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
27. MCE Holdings Two Limited, incorporated in the British Virgin Islands
28. MCE Management Limited, incorporated in the Hong Kong Special Administrative Region of the People's Republic of China
29. MPEL Services (US) Ltd., incorporated in the United States of America
30. MPEL Projects Limited, incorporated in the British Virgin Islands
31. MCE Transportation Limited (formerly known as MCE Designs and Brands Limited), incorporated in the British Virgin Islands
32. MPEL Cotai Developments Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
33. MCE Holdings Three Limited, incorporated in the Cayman Islands
34. Mocha Slot Group Limited, incorporated in the British Virgin Islands
35. Mocha Cafe Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
36. Mocha Slot Management Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
37. MPEL Nominee Three Limited, incorporated in the Cayman Islands
38. Melco Crown (Macau Peninsula) Hotel Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
39. Melco Crown (Macau Peninsula) Developments Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
40. Melco Crown (COD) Ventures Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
41. Studio City Holdings Limited, incorporated in the British Virgin Islands
42. Studio City (HK) Limited, incorporated in the Hong Kong Special Administrative Region of the People's Republic of China
43. Studio City Finance Limited, incorporated in the British Virgin Islands
44. Studio City Investments Limited, incorporated in the British Virgin Islands
45. Studio City Company Limited, incorporated in the British Virgin Islands
46. Studio City Holdings Two Limited, incorporated in the British Virgin Islands
47. Studio City Entertainment Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
48. Studio City Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
49. Studio City Hotels Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
50. SCP Holdings Limited, incorporated in the British Virgin Islands
51. Studio City Hospitality and Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
52. SCP One Limited, incorporated in the British Virgin Islands

-
53. SCP Two Limited, incorporated in the British Virgin Islands
 54. Melco Crown COD (CT) Hotel Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
 55. Zeus Power Ventures Limited, incorporated in the British Virgin Islands
 56. Studio City Holdings Three Limited, incorporated in the British Virgin Islands
 57. Studio City Holdings Four Limited, incorporated in the British Virgin Islands
 58. Studio City Retail Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
 59. MCE (Philippines) Investments Limited, incorporated in the British Virgin Islands
 60. MCE (Philippines) Investments No.2 Corporation, incorporated in the Republic of the Philippines
 61. Melco Crown (Philippines) Resorts Corporation, incorporated in the Republic of the Philippines
 62. MCE Holdings (Philippines) Corporation, incorporated in the Republic of the Philippines
 63. MCE Holdings No.2 (Philippines) Corporation, incorporated in the Republic of the Philippines
 64. MCE Leisure (Philippines) Corporation, incorporated in the Republic of the Philippines

**Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lawrence Ho, certify that:

1. I have reviewed this annual report on Form 20-F of Melco Crown Entertainment Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 18, 2013

By: /s/ Lawrence Ho
Name: Lawrence Ho
Title: Co-Chairman and Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Geoffrey Davis, certify that:

1. I have reviewed this annual report on Form 20-F of Melco Crown Entertainment Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 18, 2013

By: /s/ Geoffrey Davis
Name: Geoffrey Davis
Title: Chief Financial Officer

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Melco Crown Entertainment Limited (the "Company") on Form 20-F for the year ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence Ho, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 18, 2013

By: /s/ Lawrence Ho
Name: Lawrence Ho
Title: Co-Chairman and Chief Executive Officer

Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Melco Crown Entertainment Limited (the "Company") on Form 20-F for the year ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Geoffrey Davis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 18, 2013

By: /s/ Geoffrey Davis
Name: Geoffrey Davis
Title: Chief Financial Officer



匯嘉 開曼羣島律師事務所

Partners:

Ashley Davies*
Fraser Hern*
Kristen Kwok*
Arwel Lewis*
Roderick Palmer*
Andy Randall**
Denise Wong*

18 April 2013

Our Ref: DW/AH/M4237-H01577

The Board of Directors
Melco Crown Entertainment Limited
36th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

Dear Sirs

FORM 20-F

We consent to the reference to our firm under the heading “Board Practices”, the heading “Documents on Display” and the heading “Corporate Governance” in the Annual Report on Form 20-F of Melco Crown Entertainment Limited for the year ended 31 December 2012, which will be filed with the U.S. Securities and Exchange Commission (the “**Commission**”) on 18 April 2013 under the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under the Exchange Act, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ WALKERS

WALKERS

Walkers

Suite 1501-1507, Alexandra House, 18 Chater Road, Central, Hong Kong

T +852 2284 4566 F +852 2284 4560 www.walkersglobal.com

British Virgin Islands | Cayman Islands | Dubai | Dublin | Hong Kong | Jersey | London | Singapore

*Admitted in England and Wales; **Admitted in New South Wales

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-185477 and 333-143866 on Form S-8 of our reports dated March 27, 2013, relating to the consolidated financial statements and financial statement schedule of Melco Crown Entertainment Limited and its subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 20-F of the Company for the year ended December 31, 2012.

/s/ Deloitte Touche Tohmatsu

Hong Kong

April 18, 2013