



2011 Interim Report
中期報告



Reaching NEW HEIGHT
再創佳績

Melco International Development Limited

新濠國際發展有限公司

A Hong Kong Listed Company 香港上市公司 (Stock Code 股票代號: 200)

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MANAGEMENT DISCUSSION AND ANALYSIS

Significant Events and Developments

Melco International Development Limited (“Melco” or the “Group”) started a promising year of 2011 with sustainable growth momentum within the flourishing Macau gaming market. Driven by the continued strong influx of visitors from China, gross gaming revenue in the first half of 2011 recorded solid growth reaching MOP124.1 billion. During the period under review, the Group’s major associate, Melco Crown Entertainment Limited (“Melco Crown Entertainment”), exhibited continuing progress in maximizing the profitability of its high quality portfolio of assets. In its efforts to provide world-class leisure amenities, its flagship integrated resort, City of Dreams’ Club Cubic opened in April and has already become the most prestigious clubbing hotspot in Macau. During the period, Melco Crown Entertainment has taken another strategic step forward and acquired a 60% stake in the Studio City project, boosting the Group’s foothold in the fast-growing Cotai area.



CORE BUSINESS

Gaming Business in Macau

The Group operates its gaming businesses in Macau through its 33.4%-owned associate Melco Crown Entertainment which is listed on the NASDAQ Global Select Market in the US. Powered by the booming Macau and China economy, as well as ongoing efforts in improving operating efficiency, Melco Crown Entertainment delivered encouraging results based on a substantial growth in gaming volumes combined with the Company’s continued focus on operating margins. For the second quarter of 2011, Melco Crown Entertainment recorded net revenue of US\$960.0 million, representing a significant increase of approximately 67% for the comparable period in 2010.



With the objective of profitably expanding its mass market business, particularly the premium mass segment, as well as driven by the good market response to the non-gaming operations, City of Dreams recorded a significant increase in net revenue compared with last year. For the quarter ended June 30, 2011, net revenue at City of Dreams was US\$607.9 million, compared to US\$309.3 million in the second quarter of 2010. The rise was attributable to substantial growth in both rolling chip and mass market volumes, and improvements in mass market and rolling chip hold percentages, as well as increased hotel occupancy and contributions from The House of Dancing Water and Club Cubic. The House of Dancing Water show was hugely popular and tickets continued to sell out. Since its grand opening in September 2010, it has recorded an average of over 90% occupancy and has amazed over 700,000 spectators from all over the world. Club Cubic also made its debut as a prominent nighttime entertainment spot during the period. These new and unique entertainment offerings not only differentiated City of Dreams from other resorts in Cotai. It raised brand awareness and boosted the resort's overall visitation and revenue as a whole. Hotel occupancy rate enjoyed an upward trend, validating the success of hotel rooms optimization strategy. The hotels within the resorts have won numerous awards as well – Grand Hyatt Macau garnered “Best Luxury Hotel in Macau” at the 2011 TTG China Travel Awards; and Crown Towers was awarded “Best Luxury Hotel Spa” at The World Luxury Spa Awards.

On the other hand, Altira Macau has made good progress during the period with significant year-over-year improvements in net revenues and adjusted EBITDA driven by strong rolling chip volume growth and substantially improved operating margins.

Gaming Machine Revenue Participation Business in South East Asia

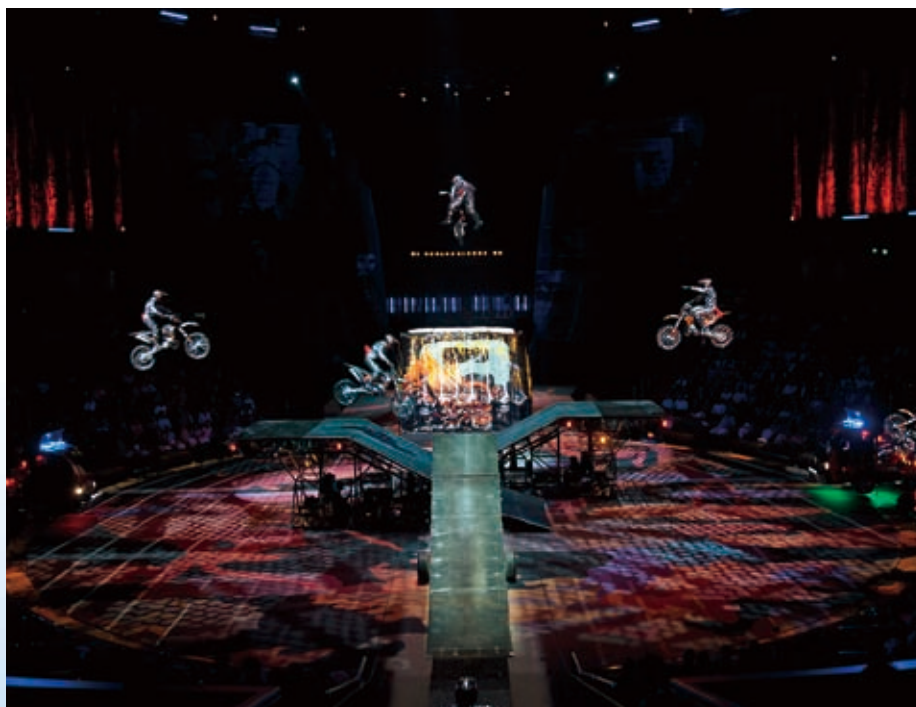
After successfully repositioning its business model and streamlining its cost structure, Entertainment Gaming Asia Inc. (“EGT”), a NYSE-Amex listed company (stock symbol: EGT), in which the Group has an effective equity interest of approximately 38.6%, delivered solid results in targeted gaming markets within Southeast Asia during the first six months of 2011.

EGT’s core gaming participation business, which currently focuses on the markets of Cambodia and the Philippines, generated meaningful and recurring cash flow for the Group. In the review period, EGT has installed and jointly manages approximately 670 electronic gaming machines in casino resort NagaWorld in Phnom Penh, Cambodia, a group company of NagaCorp Ltd. (HKEx stock code: 3918), at designated areas of the casino floor. EGT has achieved net wins exceeding US\$200 per machine per day during the first half of 2011.

Meanwhile, EGT is well-positioned to expand its gaming operations, including the development and operation of its own regional casinos, in select emerging gaming markets within the Indo-China region. To this end, EGT has two casino development projects underway in Cambodia anticipated to open during 2012. These growth strategies are expected to lead to higher long-term incremental returns on EGT’s operations.

Lottery Management Business in Asia

During the period, MelcoLot Limited (“MelcoLot”) in which the Group holds a 35.3% interest on a fully diluted basis (assuming full conversion of all outstanding convertibles) significantly increased its revenues generated from the provision of management services for distribution of lottery products by 53%. This increase



helped offset a decline in revenues from sales of terminals as a result of a delay in the commencement of the new procurement cycle by the China Sports Lottery Administration Centre (“CSLA”).

MelcoLot negotiated to acquire controlling rights over the financial and operating policies of Beijing Telenet Information Technology in the review period, thus converting this associate into a subsidiary, as part of a reorganization to strengthen its operational structure. MelcoLot’s lottery terminal distribution business, which is expected to experience an uptick after the commencement of CSLA’s new procurement cycle, would be further enhanced with this move.

MelcoLot made steady progress in the implementation of its project to provide a multimedia content delivery system to Chongqing Welfare Lottery Authority. It is increasing its focus on new media technologies and sales platforms and is pursuing various lottery-related opportunities to take full advantage of the world-class lottery technologies of Intralot S.A. under existing licensing agreements for China and thus capitalize on the ongoing development of the China lottery market.

NON-CORE BUSINESS

Ski Resort Business in China

The Group owns 28.7% of Mountain China Resorts (Holding) Limited (“MCR”), which owns and operates the largest destination ski resort in China, namely Sun Mountain Yabuli Resort in Heilongjiang (“Yabuli Resort”).

In early 2010, MCR formed a strategic partnership with Club Med Asia S.A. (“Club Med”) by entering into definitive management agreements for Club Med to operate and manage two of the new hotels at Yabuli Resort. “Club Med Yabuli” is the first Club Med resort in China. Club Med Yabuli will enter its second year of operation





starting in November 2011. After achieving operational break-even last winter, Club Med Yabuli is expected to bring in more guests from overseas this year and hope to grow the resort business in double digits.

MCR has confirmed sales of two resort homes in 2010 with limited sales resources. It is their plan to sell the rest of the resort home inventory during 2011 ski season with a well-organized sales team. The resort homes are expected to be completed and handed over to potential buyers in October 2012. This will provide a meaningful cash flow stream for MCR's development.





ACHIEVEMENTS AND AWARDS

Along with profitability and operational excellence, corporate governance and corporate social responsibility are the essential priorities at Melco. During the period under review, the Group continues to commit itself to maintaining high standards of corporate governance principles and practices with an emphasis on enhancing transparency and accountability. Melco once again received the “Best Corporate Governance” award; and was named one of Hong Kong’s “Best Managed Companies” for the fifth year running, by the authoritative *FinanceAsia* magazine in 2011. It has also received the “Corporate Governance Asia Annual Recognition Award” for the sixth consecutive year by *Corporate Governance Asia* magazine.

Melco’s continued demonstration of corporate governance and disclosure has been recognized as a leader in investor relations practices in Asia. Melco was awarded the “Asia Excellence Awards - Best Investor Relations by a Hong Kong Company” by *Corporate Governance Asia* magazine, and “Best Investor Relations” by *FinanceAsia* magazine.

Group Chairman and Chief Executive Officer, Mr. Lawrence Ho was selected as one of the “Best CEOs in Hong Kong” by *FinanceAsia* magazine and “Asia’s Best CEO (Investor Relations)” by *Corporate Governance Asia* magazine.

To recognize Melco's devotion to the causes of youth development, education and a green environment, Melco was honored to serve as the Diamond Corporate Member of WWF Hong Kong in 2011 and has been awarded the Caring Company Logo by the Hong Kong Council for Social Service for six straight years in recognition of its contributions in community services. Significant progress has been made on the environmental front through launching of green initiatives programs in the living and working environment. In 2011, the Group was granted the "President's Award 2011" by The Community Chest; "Class of Excellence in Wastewise Label" in the Hong Kong Awards for Environmental Excellence; "Carbon Audit • Green Partner" logo of the "Green Hong Kong • Carbon Audit" Campaign organized by Environmental Protection Department of HKSAR Government; and "Best in Corporate Social Responsibility" from *FinanceAsia* magazine.

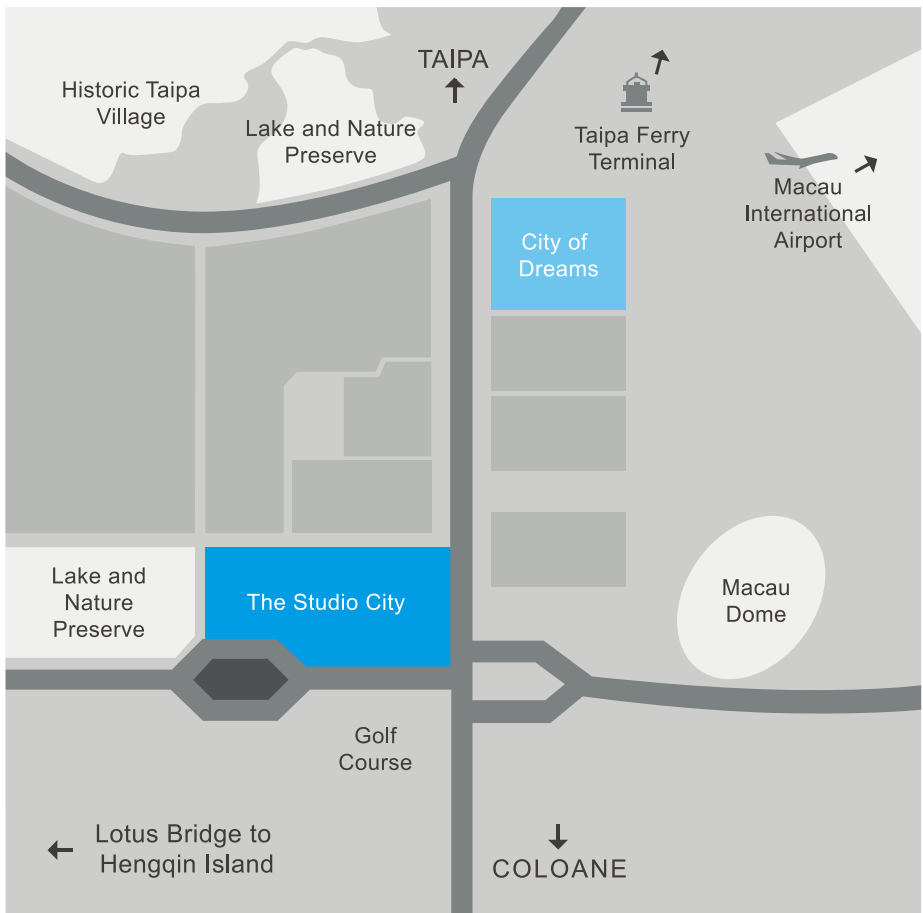
As a major player in the leisure and entertainment sector in Asia, Melco Crown Entertainment continues to take an active role in demonstrating its enhancement to business operations and management practices as well as sustainable development.

Melco Crown Entertainment has been awarded "Best Casino Operator" for the Asia Pacific region at the International Gaming Awards 2011 for the third consecutive year. Its excellence in utilizing innovative integrated technologies has been widely recognized, and was named a recipient of the 2011 CIO 100 Awards by the IDG Group's *CIO* magazine. It was also the world's first hospitality company to achieve ISO 20000 Certification.

Melco Crown Entertainment's flagship integrated entertainment resort, City of Dreams was awarded "Best Casino Interior Design" and "Best Casino VIP Room" at the International Gaming Awards 2011, and is the first Macau resort property to be honored with a Hazard Analysis Critical Control Point (HACCP) certificate for food hygiene and safety. The hotels within the resort have won numerous awards as well – Grand Hyatt Macau garnered "Best Luxury Hotel in Macau" at the 2011 TTG China Travel Awards; and Crown Towers was awarded "Best Luxury Hotel Spa" at The World Luxury Spa Awards. In transforming itself to be a truly green resort, City of Dreams is the first in Macau to receive an Indoor Environmental Quality (IEQ) Certification issued by SGS, a worldwide international certification company. Meanwhile, all three hotel brands within City of Dreams, namely Crown Towers, Hard Rock Hotel and Grand Hyatt Macau, have earned the Bronze Award within the 2010 Macao Green Hotel Awards, leveraging the importance of environmental management.

All of these accolades have demonstrated that the Group's commitment to business performance, corporate governance and corporate social responsibility has grown into an operating philosophy and widely acknowledged by both the industry and the community. Looking ahead, Melco resolves to continue its dedication in implementing best practices of corporate governance as well as corporate social responsibility and thereby enhancing shareholder value and benefiting its stakeholders and society at large.





OUTLOOK

The powerful economy in China is expected to continue as the engine propelling significant growth of Macau in both visitation and spending. Melco already has plans in the pipeline to intensify its focus on this profitable mass market, while keeping up disciplined approach in delivering solid rolling chip volume growth. The newly-acquired Studio City project of its major associate, Melco Crown Entertainment, complements its existing mass market offerings, meaningfully increases the Group's footprint in Macau and further strengthens its comprehensive portfolio of assets covering all market segments. Leveraging the Group's experience as a pioneer in developing inspirational leisure and entertainment projects in Macau, the management is positive it can bring new, unique, and exciting experiences to the market and further increase its market share.

The successful completion of the acquisition of a 60% stake in the developer of Studio City project in late July 2011 marks a major milestone not only for Melco Crown Entertainment, but also for the Group, as it provides Melco with an attractive growth opportunity and a substantial development pipeline. The Studio City project is to be positioned as an Asian-focused integrated resort featuring a wide array of appealing attractions, targeting Chinese and Asian visitors and designed as an experience-centered destination with a compelling entertainment and lifestyle-oriented theme. This large-scale integrated entertainment resort should substantially increase Melco's presence on Cotai, which is seen as the primary driver of visitation and revenue growth in Macau going forward.

In early August Melco Crown Entertainment has embarked on another strategic initiative by applying for a dual listing on the Hong Kong Stock Exchange to put Melco Crown Entertainment on a par with its peers. The proposed dual listing would provide Melco Crown Entertainment with wider domestic and international shareholder base and increased exposure to Asian capital markets. With access to this additional source of capital, Melco Crown Entertainment is well-positioned to expand its gaming businesses in the years to come. Melco is set to benefit from not only the potential enhancement in the shareholder value of Melco Crown Entertainment but also an increase of its trading liquidity.

The Group's outlook for Macau remains positive, particularly with the upcoming infrastructure projects and its optimistic outlook for the Chinese economy. Looking ahead, Melco Crown Entertainment remains committed to working closely with the Macau Government in bringing the new Studio City integrated resort project to completion. The Group is continuing to enrich its portfolio of gaming and entertainment offerings in Macau, drive stronger operating leverage with its various cost containment initiatives, and search for new opportunities elsewhere in Asia.



FINANCIAL REVIEW

To facilitate the review, the segmental information from continuing operations shown in note 3 and the discontinued operation shown in note 7 to the condensed consolidated financial statements is reproduced below with some minor re-arrangements:

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Segmental Results from continuing operations:		
Leisure and Entertainment	7,016	291
Property and Other Investments	13,967	13,186
Group operating results from continuing operations	20,983	13,477
Segmental Result from discontinued operation:		
Technology	–	(9,960)
Group operating results from continuing and discontinued operations	20,983	3,517
Share of profits (losses) of associates	198,870	(101,997)
Gain (loss) on deemed disposal of interest in an associate	3,484	(3,712)
Fair value changes on derivative financial instruments	–	(34)
Fair value change on investment in convertible loan note	25,542	(5,236)
Unallocated income	49,716	6,655
Central administrative costs and other unallocated expenses	(71,990)	(65,765)
Finance costs	(61,090)	(51,407)
Profit (loss) before tax	165,515	(217,979)
Income tax credit	9,088	–
Profit (loss) for the period	174,603	(217,979)
Non-controlling interests	(784)	(172)
Profit (loss) for the period attributable to owners of the Company	173,819	(218,151)

For the six months ended 30 June 2011, the Group reported profit attributable to owners of the Company of HK\$173.8 million compared to a loss of HK\$218.2 million for the same period in 2010.

CONTINUING OPERATIONS

LEISURE AND ENTERTAINMENT

For the six months ended 30 June 2011, segmental profit from this segment amounted to approximately HK\$7.0 million (six months ended 30 June 2010: HK\$0.3 million) and was made up as follows:

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Jumbo Kingdom	7,376	335
Others	(360)	(44)
	7,016	291

Jumbo Kingdom

Jumbo Kingdom includes the Jumbo and Tai-Pak floating restaurants located in Aberdeen, Hong Kong. Due to the increase in patronage, the business made a positive contribution of approximately HK\$7.4 million for the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$0.3 million).

Others

Other items consist mainly of professional fees incurred in the administration of intermediate holding companies as well as exchange differences arising from consolidation.



Other leisure and entertainment businesses

Other leisure and entertainment businesses, e.g. the Macau gaming business (conducted via 33.36%-owned Melco Crown Entertainment) and the gaming machine revenue participation business (conducted through 38.57%-owned EGT) are reported below under “SHARE OF PROFITS (LOSSES) OF ASSOCIATES”.

PROPERTY AND OTHER INVESTMENTS

This division handles property and other treasury investments for the Group. For the six months ended 30 June 2011, it recorded a segmental profit of HK\$14.0 million (six months ended 30 June 2010: HK\$13.2 million).

DISCONTINUED OPERATION

TECHNOLOGY

The Group’s technology business which conducted through its wholly owned subsidiary, EGT Entertainment Holding Limited (formerly known as Elixir Group Limited) (“Elixir Technology”) was fully disposed of in July 2010.

Elixir Technology was a company specializing in the design, engineering, management and implementation of comprehensive information, communications and technologies disciplines for property development with emphasis on hotel and casino building infrastructures.

During the six months ended 30 June 2010, the Group recorded a segmental loss from the discontinued operation amounting to approximately HK\$10.0 million.

SHARE OF PROFITS (LOSSES) OF ASSOCIATES

The Group’s share of profits (losses) of associates was made up of the following:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Share of profit (loss) of Melco Crown Entertainment (1)	198,643	(103,994)
Share of profit of iAsia Online Systems Limited (“iAsia Online”) (2)	–	839
Share of profits of Power Way Group Limited (“Power Way”) (3)	227	1,158
	198,870	(101,997)

In previous years, the Group wrote down its investments in EGT, MelcoLot and MCR to zero. During the review period, no reversal of impairment was incurred to the Group from the aforesaid associates, as MelcoLot and MCR continued to be loss making and EGT just started to be profit making in 2011. In paragraph (4) and (5) below, the performances of EGT and MelcoLot during the first six months of 2011 are briefly described.

(1) Share of profit (loss) of Melco Crown Entertainment

For the period under review, the Group's attributable profit arising from its 33.36%¹ ownership of Melco Crown Entertainment amounted to approximately HK\$198.6 million (six months ended 30 June 2010: attributable loss of HK\$104 million).

According to the financial statements (prepared under US GAAP) of Melco Crown Entertainment, it reported net revenue of US\$1,766.5 million for the six months ended 30 June 2011, versus US\$1,141.2 million for the six months ended 30 June 2010. The year-over-year increase in net revenue was 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 and Club Cubic.

Adjusted EBITDA for the first six months of 2011 was US\$337.6 million, as compared with an adjusted EBITDA of US\$160.3 million in the first six months of 2010. The year-on-year improvements in net revenue and adjusted EBITDA were primarily attributable to the increase in operating revenues, improvements in mass market hold rates, as well as through a committed cost control focus at all business units.

Melco Crown Entertainment reported net income of US\$73.8 million for the first half of 2011, compared to a net loss of US\$42.6 million in the corresponding period of 2010.

City of Dreams

For the six months ended 30 June 2011, net revenue at City of Dreams was US\$1,108.2 million versus US\$645.6 million in the same period of 2010. Its adjusted EBITDA was US\$237.3 million, compared to US\$113.8 million for the six months ended 30 June 2010. Rolling chip volume totalled US\$38.1 billion for the review period, up from US\$22 billion in the same period of 2010. The rolling chip hold percentage for first quarter and second quarter was 2.5% and 2.8% respectively. The expected rolling chip hold percentage range is 2.7% – 3%. In the mass market table games segment, drop (a measure of mass market gaming volume) totalled US\$1,397.4 million, up from US\$963.1 million generated in the corresponding period of 2010. The mass market hold percentage was 22.5% in

¹ The Group's interest in Melco Crown Entertainment had decreased to 33.36% as a result of the vesting certain restricted shares and the exercise of share options of Melco Crown Entertainment for the six months ended 30 June 2011.



first quarter and 23.6% in second quarter, which are in line with the target mass market table games hold percentage range of 22% – 25%.

Altira

For the six months ended 30 June 2011, net revenue at Altira Macau was US\$577 million versus US\$427.8 million in the same period of 2010. Altira Macau generated an adjusted EBITDA of US\$114.2 million in the review period compared with US\$58.5 million in the same period of 2010. Rolling chip volume totalled US\$25.9 billion for the review period, up from US\$19.4 billion in the same period of 2010. In the first quarter of 2011, the rolling chip hold percentage was 2.8%, while in the second quarter, it was 3.1%. The expected rolling chip hold percentage range was 2.7% – 3%. In the mass market table games segment, drop (a measure of mass market gaming volume) totalled US\$287.3 million, up from US\$147.6 million generated in the corresponding period of 2010. The mass market win rate was 17.7% in first quarter and 15.8% in second quarter, which are in line with the target mass market table games hold percentage range of 15% – 17%.

Mocha Clubs

Net operating revenue from Mocha Clubs totalled US\$66.2 million in the six months ended 30 June 2011, up from US\$53.6 million in the corresponding period of 2010. Mocha Clubs generated US\$21.4 million of adjusted EBITDA in the review period, which compares with US\$13.6 million in the same period last year. In the second quarter of 2011, the number of gaming machines in operation at the Mocha Clubs averaged approximately 1,600. The average net win per gaming machine per day was US\$226 in the second quarter of 2011, as compared with US\$184 in the same period of 2010.

(2) Share of profit of iAsia Online

The Group disposed of its remaining 20% equity interests in iAsia Online at an agreed consideration of HK\$3 million on 5 October 2010.

(3) Share of profit of Power Way

For the six months ended 30 June 2011, the Group's attributable profit arising from Power Way amounted to approximately HK\$0.2 million (six months ended 30 June 2010: HK\$1.2 million).

(4) Performance of EGT during the review period

According to the financial statements of EGT (prepared under US GAAP), consolidated revenue for the six months ended 30 June 2011 increased to approximately US\$13 million as compared to approximately US\$9.4 million in the six months ended 30 June 2010. The increase in revenue was driven by strong improvement in the gaming participation operations and increased sales in the other products division. Revenue from EGT's gaming participation operations for the six months ended 30 June 2011 was US\$8.7 million as compared to US\$6.4 million for the six months ended 30 June 2010. For the six months ended 30 June 2011, EGT reported a net income of approximately US\$1.0 million compared to a net loss of approximately US\$3.2 million for the six months ended 30 June 2010.

As of 30 June 2011, EGT had an operating machine base of 1,502 machines at a total of seven venues, comprised of five venues in the Philippines with a total of 784 installed units and two venues in Cambodia with a total of 718 installed units.

With solid recurring cash flow and a growing cash position, EGT is well positioned to expand its business model and execute its casino development plans within emerging gaming markets in the Indo-China region.

(5) Performance of MelcoLot during the review period

According to the financial statements of MelcoLot, it recorded revenue of HK\$33.1 million for the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$35.3 million). The decrease was mainly due to reduced revenue from the sales of lottery terminals. This was because the Group adopted a short-term, low pricing strategy in order to maintain market share as the new equipment procurement cycle of China Sports Lottery Administration Centre had not yet been finalized. On the other hand, the revenue from the provision of management services for distribution of lottery products improved, mainly due to a significant growth in sales of skill game lottery products during the review period.

Loss for the period amounted to HK\$71.8 million (six months ended 30 June 2010: HK\$66.2 million), after charging non-cash expenses which include:

- (i) imputed interest on convertible bonds of HK\$42.1 million (2010: HK\$36.1 million) due to the liability component of the convertible bonds carried at amortized cost by using the effective interest method;
- (ii) depreciation and amortization expenses of property, plant and equipment and intangible assets of HK\$3.1 million (2010: HK\$11.3 million); and
- (iii) write-down of inventories of HK\$5.5 million (2010: Nil) relating to aged lottery terminals as the new procurement cycle is expected to be launched later this year.





GAIN (LOSS) ON DEEMED DISPOSAL OF INTEREST IN AN ASSOCIATE

During the six months ended 30 June 2011, the Group's ownership interest in its associate, Melco Crown Entertainment, decreased from 33.39% to 33.36%, as a result of the vesting of certain restricted shares and the exercise of share options of Melco Crown Entertainment. During the review period, the Group recognized a gain of approximately HK\$3.5 million (six months ended 30 June 2010: loss of HK\$3.7 million) which represented the increase in net assets attributable to the Group.

FAIR VALUE CHANGE ON INVESTMENT IN CONVERTIBLE LOAN NOTE

During the six months ended 30 June 2011, the Group recognized an increase in fair value of convertible loan note issued by MelcoLot amounting to approximately HK\$25.5 million (six months ended 30 June 2010: a decrease in fair value of HK\$5.2 million) which was determined using binomial model and discounted cash flow approach for different components.

UNALLOCATED INCOME

For the six months ended 30 June 2011, the unallocated income of approximately HK\$49.7 million (2010: HK\$6.7 million) consisted of net amortised financial guarantee income of approximately HK\$43 million (2010: provision of financial guarantee liability of HK\$17.7 million was recorded under "Central Administrative Costs and Other Unallocated Expenses") in relation to the joint and several financial guarantee provided by the Company and Crown Limited for the exchangeable bonds issued by Melco Crown SPV Limited and a gain of extension of long term payable to Crown Limited of approximately HK\$6.7 million (2010: HK\$6.7 million).



CENTRAL ADMINISTRATIVE COSTS AND OTHER UNALLOCATED EXPENSES

Unallocated expenses increased by 9.4% from approximately HK\$65.8 million for the six months ended 30 June 2010 to HK\$72 million for the six months ended 30 June 2011. In the first half of 2010, a provision of financial guarantee liability of HK\$17.7 million was provided by the Company under “Central Administrative Costs and Other Unallocated Expenses”, while in the same period in 2011, the Company recorded a gain in relation to the same financial guarantee and classified it under “Unallocated Income”. Excluding the effect from the financial guarantee, the increase in 2011 was primarily due to the increase in share option and share award expenses.

FINANCE COSTS

Finance costs increased by 19% from approximately HK\$51.4 million for the six months ended 30 June 2010 to approximately HK\$61.1 million for the six months ended 30 June 2011. The increase was mainly a result of an increase in imputed interest expense of HK\$9.4 million on the amended convertible loan note.

INCOME TAX CREDIT

A deferred taxation of HK\$9.1 million (six months ended 30 June 2010: Nil) was credited to the condensed consolidated statement of comprehensive income for the six months ended 30 June 2011. The credit mainly arose from the reversal of temporary differences arising from initial recognition of convertible loan note equity component.

LIQUIDITY AND FINANCIAL RESOURCES/CAPITAL STRUCTURE/ CHARGE ON GROUP ASSETS

The Group finances its business operations and investments with internal resources, cash revenues generated from operating activities and bank borrowings.

As of 30 June 2011, total assets of the Group were HK\$8,540.4 million (31 December 2010: HK\$8,340.7 million) which were financed by shareholders' funds of HK\$7,038 million (31 December 2010: HK\$6,828 million), non-controlling interests of HK\$28.7 million (31 December 2010: HK\$27.9 million), current liabilities of HK\$309.7 million (31 December 2010: HK\$161 million), and non-current liabilities of HK\$1,164 million (31 December 2010: HK\$1,323.8 million). The Group's current ratio, expressed as current assets over current liabilities, reduced from 5.2 in December 2010 to 2.6 in June 2011.

During the six months ended 30 June 2011, the Group recorded a net cash outflow of HK\$49.1 million (six months ended 30 June 2010: HK\$88.6 million). As of 30 June 2011, cash and cash equivalents of the Group totalled HK\$96.5 million (31 December 2010: HK\$145.5 million). The gearing ratio, expressed as a percentage of total borrowings (including bank borrowings, convertible loan note and long term payable) over shareholders' funds, was at a satisfactory level of 19% as of 30 June 2011 (31 December 2010: 19%). The Group adopts a prudent treasury policy. 94% of bank



balances and cash (including bank deposits with original maturity over three months) are put in fixed deposits. All borrowings, and bank balances and cash are mainly denominated in Hong Kong dollars and U.S. dollars to maintain stable exposure to foreign exchange risks. Also, as at 30 June 2011, the Group's bank deposit of approximately HK\$0.9 million (31 December 2010: HK\$0.9 million) was pledged as security for banking facilities of the Group.

As at 30 June 2011, the Group's total convertible loan note amounted to HK\$899.6 million, which was non-interest bearing and due in September 2013. The long term payable to Crown Limited by the Group amounted to HK\$167.2 million, which was unsecured, non-interest bearing and due in May 2013. As at 30 June 2011, the Group's total available bank loan facilities from various banks amounted



to HK\$284.7 million (31 December 2010: HK\$292.2 million), of which HK\$61.7 million (31 December 2010: HK\$69.2 million) was secured by pledging HK\$166 million of the Group's investment properties. As at 30 June 2011, the Group utilized HK\$223 million and HK\$61.7 million of unsecured and secured bank loan facilities respectively (31 December 2010: unsecured HK\$200 million; secured HK\$69.2 million). Details of bank borrowings are given in note 17 to the condensed consolidated financial statements.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group had no material acquisitions, disposals and significant investments during and subsequent to the review period.

HEADCOUNT/EMPLOYEES' INFORMATION

The total number of the Group's employees was 10,383 as of 30 June 2011. Excluding the employees from associates such as Melco Crown Entertainment, MelcoLot, MCR and EGT, the total number of the Group's employees becomes 238 as of 30 June 2011 (as of 31 December 2010: 241 employees). Among the 238 employees, 232 are located in Hong Kong and the rest are based in Macau and China. The related staff costs for the six months ended 30 June 2011, including directors' emoluments, share option expenses and share award expenses, amounted to HK\$70.3 million (six months ended 30 June 2010: HK\$54 million).

Melco believes that the key to success lies in its people. The Group strives to create an environment that makes people proud to be part of it. All of its employees are given equal opportunities for advancement and personal growth. The Group believes only by growing its business, it creates opportunities and delivers value to its people. Thus, the Group encourages its people to do their best at work and grow with the Group. Melco builds employees' loyalty through recognition, involvement and participation.

Melco's people policy, systems and practices are directly aligned with the Group's mission and values which contribute to business success.

CONTINGENT LIABILITIES

The Group recognised a financial guarantee liability of approximately HK\$33.3 million as at 30 June 2011 in respect of the exchangeable bonds issued by Melco Crown SPV Limited, a jointly controlled entity of the Group, which are jointly and severally guaranteed by the Company and Crown Limited.



FOREIGN EXCHANGE EXPOSURE

It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimize currency risks. The Group's principal businesses are conducted and recorded in Hong Kong dollars. As the impact from foreign exchange exposure is minimal, no hedging against foreign currency exposure is necessary.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Material capital expenditure will be incurred when the Company begins to pursue different projects in the coming years. The Company expects the respective project companies to secure required funding themselves using different financing options available. The Company will also provide the required equity capital to the new projects coming ahead, should it be deemed appropriate.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

**TO THE BOARD OF DIRECTORS OF MELCO INTERNATIONAL DEVELOPMENT
LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 25 to 46, which comprises the condensed consolidated statement of financial position of Melco International Development Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 August 2011



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	Six months ended 30 June	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Continuing operations			
Revenue	3	61,781	62,124
Other income		54,463	10,410
Investment income		4,372	327
Purchase and changes in inventories of finished goods		(13,454)	(15,696)
Employee benefits expense		(70,312)	(47,592)
Depreciation of property, plant and equipment		(3,064)	(4,827)
Gain (loss) on deemed disposal of interest in an associate	4	3,484	(3,712)
Fair value changes on derivative financial instruments		–	(34)
Fair value change on investment in convertible loan note	14	25,542	(5,236)
Share of profits (losses) of associates	12	198,870	(101,997)
Other expenses		(35,077)	(50,379)
Finance costs		(61,090)	(50,721)
Profit (loss) before tax	5	165,515	(207,333)
Income tax credit	6	9,088	–
Profit (loss) for the period from continuing operations		174,603	(207,333)
Discontinued operation			
Loss for the period from discontinued operation	7	–	(10,646)
Profit (loss) for the period		174,603	(217,979)

		Six months ended 30 June	
		2011	2010
Note		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(64)	(19)
Share of other comprehensive income of an associate		27,061	24,845
Fair value loss on available-for-sale investments		(4,100)	–
Other comprehensive income for the period		22,897	24,826
Total comprehensive income (loss) for the period		197,500	(193,153)
Profit (loss) for the period attributable to:			
Owners of the Company		173,819	(218,151)
Non-controlling interests		784	172
		174,603	(217,979)
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		196,716	(193,325)
Non-controlling interests		784	172
		197,500	(193,153)
Earnings (loss) per share	9		
From continuing and discontinued operations			
Basic		HK\$0.141	(HK\$0.178)
Diluted		HK\$0.139	(HK\$0.178)
From continuing operations			
Basic		HK\$0.141	(HK\$0.169)
Diluted		HK\$0.139	(HK\$0.169)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 HK\$'000
Non-current assets			
Investment properties	10 & 11	166,000	166,000
Property, plant and equipment	10	20,164	22,850
Other intangible assets		5,700	5,700
Interests in associates	12	6,626,182	6,396,712
Amounts due from associates	13	607,057	627,195
Available-for-sale investments		6,155	10,255
Investment in convertible loan note	14	297,695	272,153
		7,728,953	7,500,865
Current assets			
Inventories		2,747	2,489
Trade receivables	15	3,766	5,629
Prepayment, deposits and other receivables		31,344	32,159
Held-for-trading investments		685	610
Amounts due from associates	13	43,228	23,082
Pledged bank deposits	11	947	947
Bank deposits with original maturity over three months		632,216	629,363
Bank balances and cash		96,470	145,536
		811,403	839,815

	Notes	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 HK\$'000
Current liabilities			
Trade payables	16	2,565	3,230
Other payables		28,430	36,885
Amounts due to associates	13	11,266	10,372
Dividend payable		124	18,545
Taxation payables		1,028	697
Financial guarantee liability	22	33,256	76,318
Bank borrowings – due within one year	17	232,980	14,980
		309,649	161,027
Net current assets		501,754	678,788
Total assets less current liabilities		8,230,707	8,179,653
Non-current liabilities			
Deferred tax liability		45,434	54,522
Bank borrowings – due after one year	17	51,700	254,190
Long term payable	18	167,220	170,537
Convertible loan note – due after one year	19	899,642	844,562
		1,163,996	1,323,811
		7,066,711	6,855,842
Capital and reserves			
Share capital	20	615,589	615,296
Reserves		6,422,447	6,212,655
Equity attributable to owners of the Company		7,038,036	6,827,951
Non-controlling interests		28,675	27,891
		7,066,711	6,855,842

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Convertible loan note equity reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Legal reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Accumulated profits HK\$'000	Attributable to owners Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2010	615,130	3,132,743	271,463	(61,816)	307,253	5,796	200,631	(87,192)	3,556	254	46,577	(13,251)	4,034	2,256,578	6,681,756	27,304	6,709,060
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(19)	-	-	-	-	-	(19)	-	(19)
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	24,845	-	-	-	-	-	-	24,845	-	24,845
Other comprehensive income (loss) for the period (Loss) profit for the period	-	-	-	-	-	-	-	24,845	(19)	-	-	-	-	(218,151)	24,826	-	24,826
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	24,845	(19)	-	-	-	-	(218,151)	(193,325)	172	(193,153)
Exercise of share options	91	290	-	-	-	-	-	-	-	-	-	-	-	-	381	-	381
Release of convertible loan note equity reserve upon amendment	-	-	-	-	(307,253)	-	-	-	-	-	-	-	-	294,306	(12,947)	-	(12,947)
Recognition of equity component of convertible loan note	-	-	-	-	392,585	-	-	-	-	-	-	-	-	-	392,585	-	392,585
Deferred tax liability on recognition of equity component of convertible loan note	-	-	-	-	(68,767)	-	-	-	-	-	8,290	-	784	-	(68,767)	-	(68,767)
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,074	-	9,074
Transfer to share premium upon exercise of share options	-	219	-	-	-	-	-	-	-	-	(219)	-	-	-	-	-	-
Transfer of share option reserve upon expiry of share options/lapse of share award	-	-	-	-	-	-	-	-	-	-	(166)	-	(17)	183	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	-	-	-	-	6,291	(4,276)	(2,015)	-	-	-
At 30 June 2010 (unaudited)	615,221	3,133,252	271,463	(61,816)	323,818	5,796	200,631	(62,347)	3,537	254	54,482	(6,960)	525	2,330,901	6,808,757	27,476	6,836,233

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Convertible loan note equity reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Accumulated profits HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2011	615,296	3,133,808	253,004	(61,705)	323,818	5,796	202,011	(41,142)	3,489	59,754	(6,960)	660	2,340,142	6,827,951	27,891	6,855,842
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(64)	-	-	-	-	(64)	-	(64)
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	27,061	-	-	-	-	-	27,061	-	27,061
Fair value loss on available-for-sale investments	-	-	-	-	-	-	(4,100)	-	-	-	-	-	-	(4,100)	-	(4,100)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(4,100)	27,061	(64)	-	-	-	-	22,897	-	22,897
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	173,819	173,819	784	174,603
Total comprehensive income (loss) for the period	-	-	-	-	-	-	(4,100)	27,061	(64)	-	-	-	173,819	196,716	784	197,500
Exercise of share options	293	1,699	-	-	-	-	-	-	-	-	-	-	-	1,992	-	1,992
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	-	21,119	-	17,044	-	38,163	-	38,163
Transfer to share premium upon exercise of share options	-	1,261	-	-	-	-	-	-	-	(1,261)	-	-	-	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	-	-	-	16,895	(14,313)	(2,582)	-	-	-
Realisation of special reserve and other revaluation reserve upon deemed disposal of partial interest in an associate	-	-	-	55	-	-	(23)	-	-	-	-	-	23	55	-	55
Purchase of shares for unvested shares under share award schemes	-	-	-	-	-	-	-	-	-	-	(26,841)	-	-	(26,841)	-	(26,841)
At 30 June 2011 (unaudited)	615,589	3,136,768	253,004	(61,650)	323,818	5,796	197,888	(14,081)	3,405	79,612	(16,906)	3,391	2,511,402	7,038,036	28,675	7,066,711

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Net cash used in operating activities	(21,463)	(15,434)
Net cash from (used in) investing activities:		
Placement of bank deposits with original maturity over three months	(383,940)	(68,629)
Receipt of bank deposits with original maturity over three months	381,087	–
Other investing cash flows	5,682	4,396
Receipt of pledged bank deposits	–	1,250
	2,829	(62,983)
Net cash used in financing activities:		
Purchase of shares for unvested shares under share award schemes	(26,841)	–
Dividend paid	(18,421)	–
Repayments of bank borrowings	(7,490)	(8,200)
Other financing cash flows	(680)	(1,985)
New bank loan raised	23,000	–
	(30,432)	(10,185)
Net decrease in cash and cash equivalents	(49,066)	(88,602)
Cash and cash equivalents at the beginning of the period	145,536	153,754
Cash and cash equivalents at the end of the period, represented by bank balances and cash	96,470	65,152

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and with Hong Kong Accounting Standard 34 (“HKAS 34”), *Interim Financial Reporting*.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised Standards and Interpretations (“new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”):

- *Improvements to HKFRSs* issued in 2010
- HKAS 24 (as revised in 2009) *Related Party Disclosures*
- Amendments to HKAS 32 *Classification of Rights Issues*
- Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
- HK(IFRIC)-Int 19 *Extinguishing Financial Liabilities with Equity Instruments*

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in and disclosures set out in these condensed consolidated financial statements.



The Group has not early applied new and revised standards that have been issued but are not yet effective. The directors of the Company anticipate that the application of those new and revised standards will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENTAL INFORMATION

The Group's reportable segments under HKFRS 8 are as follows:

- (1) Leisure and Entertainment Segment: It mainly comprises of provision of catering, entertainment and related services.
- (2) Property and Other Investments Segment: It mainly comprises of property investments and other investments.

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the continuing operations for the period under review:

Six months ended 30 June 2011 (unaudited):

Continuing operations

	Leisure and entertainment HK\$'000	Property and other investments HK\$'000	Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External sales	51,725	10,056	61,781	-	61,781
Inter-segment sales	282	714	996	(996)	-
Total revenue	<u>52,007</u>	<u>10,770</u>	<u>62,777</u>	<u>(996)</u>	<u>61,781</u>
Segment result	<u>7,016</u>	<u>13,967</u>	<u>20,983</u>	<u>-</u>	<u>20,983</u>
Central administrative costs and other unallocated expenses					(71,990)
Unallocated income					49,716
Finance costs					(61,090)
Gain on deemed disposal of interest in an associate					3,484
Fair value change on investment in convertible loan note					25,542
Share of profits of associates					198,870
Profit before tax from continuing operations					<u>165,515</u>

Inter-segment sales are charged at terms agreed by both parties.

Six months ended 30 June 2010 (unaudited):

Continuing operations

	Leisure and entertainment HK\$'000	Property and other investments HK\$'000	Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External sales	46,940	15,184	62,124	-	62,124
Inter-segment sales	178	467	645	(645)	-
Total revenue	<u>47,118</u>	<u>15,651</u>	<u>62,769</u>	<u>(645)</u>	<u>62,124</u>
Segment result	<u>291</u>	<u>13,186</u>	<u>13,477</u>	<u>-</u>	<u>13,477</u>
Central administrative costs and other unallocated expenses					(65,765)
Unallocated income					6,655
Finance costs					(50,721)
Loss on deemed disposal of interest in an associate					(3,712)
Fair value changes on derivative financial instruments					(34)
Fair value change on investment in convertible loan note					(5,236)
Share of losses of associates					(101,997)
Loss before tax from continuing operations					<u>(207,333)</u>

Inter-segment sales are charged at terms agreed by both parties.

Segment result represents the profit earned or loss incurred by each segment without allocation of central administrative costs and other unallocated expenses, unallocated income and items as disclosed in the above table. This is the measure reported to Chief Executive Officer of the Company for the purposes of resource allocation and performance assessment.



4. GAIN (LOSS) ON DEEMED DISPOSAL OF INTEREST IN AN ASSOCIATE

During the period ended 30 June 2011, the Group's ownership interest in its associate, Melco Crown Entertainment Limited ("Melco Crown Entertainment"), decreased from 33.39% to 33.36%, as a result of the vesting of certain restricted shares and the exercise of share options of Melco Crown Entertainment. The Group recognised a gain of approximately HK\$3,484,000 which represented the increase in net assets attributable to the Group during the period ended 30 June 2011.

During the period ended 30 June 2010, the Group's ownership interest in its associate, Melco Crown Entertainment, decreased from 33.45% to 33.43%, as a result of the vesting of certain restricted shares of Melco Crown Entertainment. The Group recognised a loss of approximately HK\$3,712,000 which represented the decrease in net assets attributable to the Group during the period ended 30 June 2010.

5. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Profit (loss) before tax has been arrived at after charging:		
Loss from fair value change of held-for-trading investments	–	77
Increase in financial guarantee liability (note 22)	–	17,732
Share of tax expense of associates included in share of profits (losses) of associates	179	–
and after crediting:		
Decrease in financial guarantee liability (included in other income) (note 22)	43,062	–
Dividend income from unlisted investments	4,297	405
Gain from fair value change of held-for-trading investments	75	–
Share of tax credit of associates included in share of profit (losses) of associates	–	134

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operations		
Deferred taxation – current period	9,088	–

During six months ended 30 June 2011, the deferred taxation credit mainly arose from the reversal of temporary differences arising from initial recognition of convertible loan note equity component (note 19).

No provision for Hong Kong Profits Tax or tax in other jurisdiction was made during the six months ended 30 June 2011 and 2010 as there was no estimated assessable profit for the periods.

7. DISCONTINUED OPERATION

Disposal group held for sale

In April 2010, the Group entered into an agreement to dispose of its 100% equity interest in a subsidiary, Elixir International Limited (“ELI”). The disposal was subsequently completed on 16 July 2010.

The result of ELI, which carried out all of the Group’s technology business, included in the condensed consolidated statement of comprehensive income is set out below:

	Six months ended 30 June 2010 HK\$'000 (unaudited)
Revenue	78,282
Other income	1,496
Purchase and changes in inventories of finished goods	(74,419)
Employee benefits expense	(6,438)
Depreciation of property, plant and equipment	(153)
Other expenses	(8,728)
Finance costs	(686)
Loss for the period from discontinued operation	<u>(10,646)</u>

Loss for the period from discontinued operation includes the following:

Allowance for doubtful debts	871
Allowance for inventories	<u>3,723</u>



Cash flows from ELL:

	Six months ended 30 June 2010 HK\$'000 (unaudited)
Net cash flows used in operating activities	(27,088)
Net cash flows from investing activities	1,209
Net cash flows used in financing activities	(686)
Net cash flows	<u>(26,565)</u>

8. DIVIDEND

On 26 November 2010, the Board declared a special cash dividend of HK1.5 cents per share to be distributed to the shareholders whose names appear on the register of members of the Company on 23 December 2010. The special dividend, totalling HK\$18,421,000, was paid on 5 January 2011.

No dividends were paid, declared or proposed during the six months ended 30 June 2010.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	173,819	(218,151)
Effect of dilutive potential ordinary shares: Adjustment in relation to share options and restricted shares issued by an associate of the Company	(1,485)	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	172,334	(218,151)

	Six months ended 30 June	
	2011 (unaudited)	2010 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,228,936,442	1,229,088,690
Effect of dilutive potential ordinary shares: Share options issued by the Company	10,733,040	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	1,239,669,482	1,229,088,690

Note: The number of shares adopted in the calculation of the basic and diluted earnings (loss) per share has been arrived at after eliminating the shares in the Company held under the Company's share award scheme. During the period ended 30 June 2011, the computation of diluted earnings per share i) does not assume the conversion of the Company's outstanding convertible loan note since the assumed exercise would result in an increase in earnings per share; and ii) does not assume the exercise of the Company's certain options and unvested award shares because the adjusted exercise price of those options and unvested award shares are higher than the average market price of the shares for the period. During the period ended 30 June 2010, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible loan note and the effect of share options and unvested award shares since their assumed exercise would result in a decrease in loss per share.



From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Earnings (loss) figures are calculated as follows:		
Earnings (loss) for the period attributable to owners of the Company	173,819	(218,151)
Less: Loss for the period from discontinued operation	–	(10,646)
Earnings (loss) for the purpose of basic earnings (loss) per share from continuing operations	173,819	(207,505)
Effect of dilutive potential ordinary shares: Adjustment in relation to share options and restricted shares issued by an associate of the Company	(1,485)	–
Earnings (loss) for the purpose of diluted earnings (loss) per share from continuing operations	172,334	(207,505)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

For discontinued operation

During the six months ended 30 June 2010, basic and diluted loss per share from discontinued operation was HK0.87 cent per share which was based on the loss for the period from discontinued operation of HK\$10,646,000 and the denominators detailed above for both basic and diluted loss per share.

10. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group spent approximately HK\$406,000 (six months ended 30 June 2010: HK\$133,000) mainly on furniture, fixtures and equipment for the Group's office premises.

All of the Group's property interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. As at 30 June 2011, the carrying amount of such property interests amounted to approximately HK\$166,000,000 (31 December 2010: HK\$166,000,000).

The fair values of the Group's investment properties as at 30 June 2011 have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to recent market evidence of transaction prices for similar properties in similar location.

11. PLEDGE OF ASSETS

As at 30 June 2011, the Group's bank deposits and investment properties which amounted to approximately HK\$947,000 (31 December 2010: HK\$947,000) and HK\$166,000,000 (31 December 2010: HK\$166,000,000), respectively, were pledged as security for banking facilities of the Group.

12. INTERESTS IN ASSOCIATES

As at 30 June 2011, the Group held approximately 33.36% (31 December 2010: 33.39%) interests in Melco Crown Entertainment, 38.57% (31 December 2010: 39.42%) interests in Entertainment Gaming Asia Inc., 11.67% (31 December 2010: 11.67%) interests in MelcoLot Limited ("MelcoLot"), 28.66% (31 December 2010: 28.71%) interests in Mountain China Resorts (Holding) Limited ("MCR"), and 58.7% (31 December 2010: 58.7%) interests in Power Way Group Limited. During the period ended 30 June 2011, the Group recognised share of profits of these associates of approximately HK\$198,870,000 (six months ended 30 June 2010: share of losses of HK\$101,997,000).



13. AMOUNTS DUE FROM (TO) ASSOCIATES

Included in amounts due from (to) associates are:

- i) amount due from an associate of approximately HK\$578,578,000 (31 December 2010: HK\$578,578,000) which is unsecured, interest bearing at Hong Kong Interbank Offered Rates (“HIBOR”) (31 December 2010: HIBOR) per annum and not repayable within twelve months from the end of the reporting period. This associate continues to expand its gaming business in Macau, and the Group has reviewed the financial position and the banking facilities available to this associate and considers no impairment on the amount due from this associate;
- ii) amount due from an associate of approximately HK\$71,591,000 (31 December 2010: HK\$71,591,000) which is unsecured and interest bearing at 5% per annum. Approximately HK\$43,112,000 (31 December 2010: HK\$22,974,000) out of the HK\$71,591,000 (31 December 2010: HK\$71,591,000) is repayable within twelve months from the end of the reporting period and the remaining HK\$28,479,000 (31 December 2010: HK\$48,617,000) is repayable after twelve months from the end of the reporting period. The Group has reviewed the financial position and the banking facilities available to this associate and considers no impairment on the amount due from this associate;
- iii) amount due from an associate of approximately HK\$187,600,000 (31 December 2010: HK\$187,794,000) in which the Group has recognised an accumulated impairment loss amounting to approximately HK\$187,600,000 (31 December 2010: HK\$187,794,000).

As at 30 June 2011, the gross amount due from this associate of approximately HK\$2,389,000 (31 December 2010: HK\$2,583,000) is unsecured, non-interest bearing and repayable on demand and approximately HK\$185,211,000 (31 December 2010: HK\$185,211,000) is unsecured, interest bearing at 3% per annum and repayable on 31 March 2013, all of the above balances are fully impaired; and

- iv) the remaining amounts due from (to) associates are unsecured, non-interest bearing and repayable on demand.

14. INVESTMENT IN CONVERTIBLE LOAN NOTE

During the period ended 30 June 2011, an increase in fair value of approximately HK\$25,542,000 (six months ended 30 June 2010: a decrease in fair value of approximately HK\$5,236,000) regarding the investment in MelcoLot’s convertible loan note was recognised in the profit or loss. As at 30 June 2011, the fair value of the investment in MelcoLot’s convertible loan note of approximately HK\$297,695,000 (31 December 2010: HK\$272,153,000) is determined using binomial model and discounted cash flow approach for different components.

15. TRADE RECEIVABLES

	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 HK\$'000
Trade receivables (<i>note</i>)	3,766	5,629

The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 HK\$'000
Within 30 days	1,722	3,614
31 – 90 days	746	715
Over 90 days	1,298	1,300
	3,766	5,629

Note: The Group's leisure and entertainment and property and other investments segments are largely operated on cash on delivery or payment in advance terms, except for those well-established customers to whom credit terms of 30 to 120 days would be granted.

16. TRADE PAYABLES

An aged analysis of the trade payables presented on payment due date at the end of the reporting period is as follows:

	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 HK\$'000
Within 30 days	2,561	3,226
31 – 90 days	–	–
Over 90 days	4	4
	2,565	3,230



17. BANK BORROWINGS – DUE WITHIN ONE YEAR AND DUE AFTER ONE YEAR

	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 HK\$'000
Secured	61,680	69,170
Unsecured	223,000	200,000
	284,680	269,170
Carrying amount repayable:		
Within one year	232,980	14,980
More than one year, but not exceeding two years	4,980	204,980
More than two years, but not exceeding five years	14,940	14,940
Exceeding five years	31,780	34,270
	284,680	269,170
Less: Amounts due within one year shown under current liabilities	(232,980)	(14,980)
	51,700	254,190

All the bank borrowings are denominated in HK\$, the functional currency of relevant group entities, with interest rates of HIBOR plus 1.5% to 1.75% (31 December 2010: HIBOR plus 1.2% to 1.65%) per annum.

18. LONG TERM PAYABLE

The amount represents payable to Crown Limited arising from an arrangement to dispose of certain subsidiaries of the Company to Melco Crown Entertainment during the year ended 31 December 2006. The principal amount of HK\$180,000,000 is stated at amortised cost and is unsecured, non-interest bearing and not repayable within twelve months from the end of the reporting period.

During the period ended 30 June 2011, the repayment date of the long term payable of HK\$180,000,000 has been extended from May 2012 to May 2013 (31 December 2010: from May 2011 to May 2012), such that a gain of approximately HK\$6,655,000 was recognised in profit or loss as other income. As at 30 June 2011, the effective interest rate of the long term payable was 3.1% (31 December 2010: 3.1%) per annum.

19. CONVERTIBLE LOAN NOTE

The Company issued a convertible loan note, as amended pursuant to a Deed of Amendment entered on 18 February 2010, with principal amount of HK\$1,175,000,000, which was non-interest bearing. The amended convertible loan note is convertible into fully paid ordinary shares of HK\$0.5 each of the Company at a conversion price of HK\$3.93 per share (subject to anti-dilutive adjustment) and the maturity date was extended to 4 September 2013 with a redemption price at par.

The amended convertible loan note also grants an early redemption option to the Company and the holder of amended convertible loan note. The early redemption option of the Company allows the Company to redeem all or part of the outstanding amended convertible loan note at any time prior to the maturity date at par. The early redemption option of the holder of the amended convertible loan note only allows the holder to require the Company to redeem the amended convertible loan note at par if (a) the Company's major shareholder, Mr. Lawrence Ho, ceases to hold at least 30% of issued shares of the Company; (b) a general offer by way of takeover is made to all or substantially all the holders of shares in the Company and such offer becomes or is declared unconditional; or (c) a privatisation proposal by way of scheme of arrangement is made and approved by the necessary numbers of shareholders of the Company at the requisite meetings.

The amended convertible loan note contains two components, liability and equity elements. The early redemption options are considered as closely related to the debt component of the amended convertible loan note. The equity element is presented in equity heading "convertible loan note equity reserve". As at 30 June 2011, the effective interest rate of the liability component is 13.15% per annum.



20. SHARE CAPITAL

	Number of ordinary shares		Amount	
	As at 30 June 2011 (unaudited)	As at 31 December 2010	As at 30 June 2011 HK\$'000 (unaudited)	As at 31 December 2010 HK\$'000
Authorised:				
At the beginning and end of the period/year of HK\$0.5 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
At the beginning of the period/year of HK\$0.5 each	<u>1,230,591,444</u>	<u>1,230,258,939</u>	<u>615,296</u>	<u>615,130</u>
Exercise of share options	<u>586,336</u>	<u>332,505</u>	<u>293</u>	<u>166</u>
At the end of the period/year of HK\$0.5 each	<u>1,231,177,780</u>	<u>1,230,591,444</u>	<u>615,589</u>	<u>615,296</u>

The shares issued during the period/year rank pari passu in all respects with the then existing shares. As at 30 June 2011, the Company's 2,499,385 (31 December 2010: 702,885) and 102,000 (31 December 2010: 124,500) issued shares with aggregate nominal value of approximately HK\$1,250,000 (31 December 2010: HK\$351,000) and HK\$51,000 (31 December 2010: HK\$62,000), respectively, were held by the Company's share purchase scheme and share subscription scheme, respectively.

21. RELATED PARTY TRANSACTIONS

- (a) As at 30 June 2011 and 31 December 2010, the Group has a convertible loan note with principal amount of HK\$1,175,000,000 issued to a related company.
- (b) Significant related party transactions are as follows:

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Catering income earned from directors and related companies	2,169	3,367
Sales of technology solution system to related companies	–	26,321
Sales of technology solution system to associates	–	19,384
Effective interest expense on convertible loan note issued to a related company	55,080	45,704
Service income from related companies	–	5,109
Service income from associates	4,042	4,735
Loan interest income received from associates	2,677	5,845
Rental income received from an associate	2,073	2,073

The above balances/transactions with related companies are made with companies in which Mr. Lawrence Ho, a director and substantial shareholder of the Company has interests in more than 20% of the shares of the Company, and his family members have control.

22. CONTINGENT LIABILITIES

The Group recognised a financial guarantee liability of HK\$33,256,000 (31 December 2010: HK\$76,318,000) in respect of the exchangeable bonds issued by Melco Crown SPV Limited, a jointly controlled entity of the Group, which are jointly and severally guaranteed by the Company and Crown Limited, a shareholder of Melco Crown Entertainment. The decrease in financial guarantee liability during the six month ended 30 June 2011 is due to the improved financial position of Melco Crown SPV Limited.



OTHER INFORMATION

INTERIM DIVIDEND

The board of directors of the Company (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

On 26 November 2010, the Board declared a special cash dividend of HK1.5 cents per share to be distributed to the shareholders whose names appear on the register of members of the Company on 23 December 2010. The special dividend, totalling HK\$18,421,000, was paid on 5 January 2011.

DIRECTORS’ INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group’s business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 30 June 2011 or at any time during such period.

DIRECTORS’ INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2011, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares, debentures and convertible loan notes of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (“SFO”)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) to be notified to the Company and the Stock Exchange were as follows:

(I) Long positions in the shares and underlying shares of the Company*(a) Ordinary shares of HK\$0.50 each of the Company*

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Percentage of issued share capital	<i>Note</i>
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporations	Corporate	411,335,630	33.41%	2
	Beneficial owner	Personal	10,499,612	0.85%	–
Mr. Tsui Che Yin, Frank	Beneficial owner	Personal	172,660	0.01%	–
Mr. Chung Yuk Man, Clarence	Beneficial owner	Personal	150,440	0.01%	–
Sir Roger Lobo	Beneficial owner	Personal	67,000	0.01%	–
Mr. Sham Sui Leung, Daniel	Beneficial owner	Personal	67,000	0.01%	–
Mr. Ng Ching Wo	Beneficial owner	Personal	67,000	0.01%	–



(b) *Share options granted to the Directors pursuant to the Share Option Scheme adopted by the Company on 8 March 2002*

Name of Director	Number of share options			Outstanding at 30 June 2011	Percentage of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period					
Mr. Ho, Lawrence	230,840	-	-	230,840	0.02%	01.04.2008	01.04.2009 – 31.03.2018	10.804
Yau Lung	230,840	-	-	230,840	0.02%	01.04.2008	01.04.2010 – 31.03.2018	10.804
	230,840	-	-	230,840	0.02%	01.04.2008	01.04.2011 – 31.03.2018	10.804
	89,333	-	-	89,333	0.01%	17.12.2008	01.02.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.02.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.08.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.11.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.02.2010 – 16.12.2018	2.02
	89,335	-	-	89,335	0.01%	17.12.2008	01.05.2010 – 16.12.2018	2.02
	76,500	-	-	76,500	0.01%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	76,500	-	-	76,500	0.01%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	77,000	-	-	77,000	0.01%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	200,000	-	-	200,000	0.02%	07.04.2010	07.04.2010 – 06.04.2020	3.76
	242,000	-	-	242,000	0.02%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	242,000	-	-	242,000	0.02%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	244,000	-	-	244,000	0.02%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	200,000	-	-	200,000	0.02%	07.04.2010	07.04.2014 – 06.04.2020	3.76
	200,000	-	-	200,000	0.02%	07.04.2010	07.04.2015 – 06.04.2020	3.76
	-	600,000	-	600,000	0.05%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	-	600,000	-	600,000	0.05%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	2,786,520	1,200,000	-	3,986,520	0.37%			

(b) *Share options granted to the Directors pursuant to the Share Option Scheme adopted by the Company on 8 March 2002 – continued*

Name of Director	Number of share options			Outstanding at 30 June 2011	Percentage of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period					
Mr. Tsui Che Yin,	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2009 – 31.03.2018	10.804
Frank	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2010 – 31.03.2018	10.804
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2011 – 31.03.2018	10.804
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.08.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.11.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2010 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2010 – 16.12.2018	2.02
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	60,000	-	-	60,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	166,000	-	-	166,000	0.01%	07.04.2010	07.04.2010 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	166,000	-	-	166,000	0.01%	07.04.2010	07.04.2014 – 06.04.2020	3.76
	170,000	-	-	170,000	0.01%	07.04.2010	07.04.2015 – 06.04.2020	3.76
	-	550,000	-	550,000	0.04%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	-	550,000	-	550,000	0.04%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	-	550,000	-	550,000	0.04%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	-	550,000	-	550,000	0.04%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	2,216,000	2,200,000	-	4,416,000	0.34%			



(b) *Share options granted to the Directors pursuant to the Share Option Scheme adopted by the Company on 8 March 2002 – continued*

Name of Director	Number of share options			Outstanding at 30 June 2011	Percentage of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period					
Mr. Chung Yuk	200,000	-	-	200,000	0.02%	01.02.2005	17.09.2009 – 07.03.2012	7.4
Man, Clarence	130,000	-	-	130,000	0.01%	13.02.2006	01.04.2008 – 31.01.2016	11.8
	130,000	-	-	130,000	0.01%	13.02.2006	01.04.2010 – 31.01.2016	11.8
	140,000	-	-	140,000	0.01%	13.02.2006	01.04.2012 – 31.01.2016	11.8
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2009 – 31.03.2018	10.804
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2010 – 31.03.2018	10.804
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2011 – 31.03.2018	10.804
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.08.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.11.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2010 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2010 – 16.12.2018	2.02
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	60,000	-	-	60,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	166,000	-	-	166,000	0.01%	07.04.2010	07.04.2010 – 06.04.2020	3.76
232,000	-	-	232,000	0.02%	07.04.2010	07.04.2011 – 06.04.2020	3.76	
232,000	-	-	232,000	0.02%	07.04.2010	07.04.2012 – 06.04.2020	3.76	
232,000	-	-	232,000	0.02%	07.04.2010	07.04.2013 – 06.04.2020	3.76	
166,000	-	-	166,000	0.01%	07.04.2010	07.04.2014 – 06.04.2020	3.76	
170,000	-	-	170,000	0.01%	07.04.2010	07.04.2015 – 06.04.2020	3.76	
-	550,000	-	550,000	0.04%	08.04.2011	05.05.2011 – 07.04.2021	5.75	
-	550,000	-	550,000	0.04%	08.04.2011	08.04.2012 – 07.04.2021	5.75	
-	550,000	-	550,000	0.04%	08.04.2011	08.04.2013 – 07.04.2021	5.75	
-	550,000	-	550,000	0.04%	08.04.2011	08.04.2014 – 07.04.2021	5.75	
	2,816,000	2,200,000	-	5,016,000	0.39%			

(b) *Share options granted to the Directors pursuant to the Share Option Scheme adopted by the Company on 8 March 2002 – continued*

Name of Director	Number of share options			Outstanding at 30 June 2011	Percentage of issued share capital	Date of grant	Exercisable period	Exercise price HK\$	
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period						
Sir Roger Lobo	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2008 – 02.04.2016	15.87	
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2010 – 02.04.2016	15.87	
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2012 – 02.04.2016	15.87	
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2009 – 27.02.2018	11.5	
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2010 – 27.02.2018	11.5	
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2011 – 27.02.2018	11.5	
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99	
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99	
	31,000	-	-	31,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99	
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2011 – 06.04.2020	3.76	
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2012 – 06.04.2020	3.76	
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2013 – 06.04.2020	3.76	
	-	88,000	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75	
	-	88,000	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75	
	-	87,000	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75	
-	87,000	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75		
	502,000	350,000	-	852,000	0.07%				
Mr. Sham Sui Leung, Daniel	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2009 – 27.02.2018	11.5	
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2010 – 27.02.2018	11.5	
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2011 – 27.02.2018	11.5	
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99	
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99	
	31,000	-	-	31,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99	
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2011 – 06.04.2020	3.76	
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2012 – 06.04.2020	3.76	
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2013 – 06.04.2020	3.76	
	-	88,000	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75	
	-	88,000	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75	
	-	87,000	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75	
	-	87,000	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75	
		202,000	350,000	-	552,000	0.04%			

(b) *Share options granted to the Directors pursuant to the Share Option Scheme adopted by the Company on 8 March 2002 – continued*

Name of Director	Number of share options			Outstanding at 30 June 2011	Percentage of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period					
Mr. Ng Ching Wo	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2008 – 02.04.2016	15.87
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2010 – 02.04.2016	15.87
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2012 – 02.04.2016	15.87
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2009 – 27.02.2018	11.5
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2010 – 27.02.2018	11.5
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2011 – 27.02.2018	11.5
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	31,000	-	-	31,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	-	88,000	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	-	88,000	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	-	87,000	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	-	87,000	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	502,000	350,000	-	852,000	0.07%			
Dr. Tyen Kan Hee, Anthony	-	88,000	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	-	88,000	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	-	87,000	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	-	87,000	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	-	350,000	-	350,000	0.04%			
Total	9,024,520	7,000,000	-	16,024,520	1.32%			

(c) *Shares awarded to the Directors pursuant to The Melco Share Purchase Scheme Trust (share incentive awarded scheme) adopted by the Company on 18 October 2007*

Name of Director	Number of awarded shares			Outstanding at 30 June 2011	Percentage of issued share capital	Date of award	Vesting date
	Outstanding at 1 January 2011	Awarded during the period	Vested during the period				
Mr. Ho, Lawrence	12,500	-	(12,500)	-	-	03.04.2009	03.04.2011
Yau Lung	13,000	-	-	13,000	0.001%	03.04.2009	03.04.2012
	-	2,400,000	(2,400,000)	-	-	08.04.2011	05.05.2011
	-	2,400,000	-	2,400,000	0.195%	08.04.2011	08.04.2012
	25,500	4,800,000	(2,412,500)	2,413,000	0.196%		
Mr. Tsui Che Yin,	9,000	-	(9,000)	-	-	03.04.2009	03.04.2011
Frank	9,000	-	-	9,000	0.001%	03.04.2009	03.04.2012
	18,000	-	(9,000)	9,000	0.001%		
Mr. Chung Yuk Man,	9,000	-	(9,000)	-	-	03.04.2009	03.04.2011
Clarence	9,000	-	-	9,000	0.001%	03.04.2009	03.04.2012
	18,000	-	(9,000)	9,000	0.001%		
Sir Roger Lobo	4,000	-	(4,000)	-	-	28.02.2008	01.04.2011
	5,000	-	(5,000)	-	-	03.04.2009	03.04.2011
	5,000	-	-	5,000	0.000%	03.04.2009	03.04.2012
	14,000	-	(9,000)	5,000	0.000%		
Mr. Sham Sui Leung,	4,000	-	(4,000)	-	-	28.02.2008	01.04.2011
Daniel	5,000	-	(5,000)	-	-	03.04.2009	03.04.2011
	5,000	-	-	5,000	0.000%	03.04.2009	03.04.2012
	14,000	-	(9,000)	5,000	0.000%		
Mr. Ng Ching Wo	4,000	-	(4,000)	-	-	28.02.2008	01.04.2011
	5,000	-	(5,000)	-	-	03.04.2009	03.04.2011
	5,000	-	-	5,000	0.000%	03.04.2009	03.04.2012
	14,000	-	(9,000)	5,000	0.000%		
Total	103,500	4,800,000	(2,457,500)	2,446,000	0.198%		



(d) *Convertible loan notes issued by the Company*

Name of Director	Capacity	Number of underlying shares held	Percentage of issued share capital	Note
Mr. Ho, Lawrence Yau Lung	Held by trust	298,982,188	24.28%	3

Notes:

1. As at 30 June 2011, the total number of issued shares of the Company was 1,231,177,780.
2. 115,509,024 shares of the Company are held by Lasting Legend Ltd., representing approximately 9.38% of the issued share capital of the Company, 288,532,606 shares of the Company are held by Better Joy Overseas Ltd., representing approximately 23.44% of the issued share capital of the Company and 7,294,000 shares of the Company are held by The L3G Capital Trust, representing approximately 0.59% of the issued share capital of the Company. Lasting Legend Ltd., Better Joy Overseas Ltd. and The L3G Capital Trust are owned by persons, companies and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by Lasting Legend Ltd., Better Joy Overseas Ltd. and The L3G Capital Trust.
3. Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, MCE Holdings Three Limited (formerly known as MPEL (Greater China) Limited) and the Company, convertible loan notes in the total principal amount of HK\$1,175,000,000 (the "Convertible Loan Notes") were issued by the Company to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. On 8 February 2010, the shareholders of the Company at an extraordinary general meeting have approved (1) the amendments to the terms of the Convertible Loan Notes (the "Amended Convertible Loan Notes") pursuant to the deed of amendment dated 16 December 2009 entered into between the Company and Great Respect Limited and (2) a new whitewash waiver waiving the obligation of Great Respect Limited and Mr. Ho, Lawrence Yau Lung to make a mandatory general offer for the shares of the Company as a result of any and all future exercises of the conversion rights under the Amended Convertible Loan Notes pursuant to the provisions of Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Hence, no offer under Rule 26 of the Takeovers Code will be made on full conversion of the Amended Convertible Loan Notes.

Assuming the exercise in full of the conversion rights attaching to the Amended Convertible Loan Notes at the conversion price of HK\$3.93 per share by Great Respect Limited, a total number of 298,982,188 new shares will be issued by the Company, representing approximately 24.28% of the existing issued share capital and approximately 19.54% of the enlarged issued share capital of the Company. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust.

(II) Long positions in the shares and underlying shares of associated corporations of the Company

(A) Melco Crown Entertainment Limited (“Melco Crown Entertainment”)

(a) Ordinary shares of US\$0.01 each of Melco Crown Entertainment

Name of Director	Capacity	Number of ordinary shares of Melco Crown Entertainment held	Percentage of issued share capital of Melco Crown Entertainment	<i>Note</i>
Mr. Ho, Lawrence Yau Lung	Interests of controlled corporations	542,129,618	33.73%	2
	Beneficial owner	2,677,332	0.17%	–
Mr. Tsui Che Yin, Frank	Beneficial owner	11,850	0.00%	–
Mr. Chung Yuk Man, Clarence	Beneficial owner	46,216	0.00%	–

(b) Restricted shares awarded by Melco Crown Entertainment

Name of Director	Capacity	Date of Grant	Number of restricted shares of Melco Crown Entertainment held	Percentage of issued share capital of Melco Crown Entertainment	<i>Note</i>
Mr. Ho, Lawrence Yau Lung	Beneficial owner	18.03.2008	62,292	0.00%	3
	Beneficial owner	17.03.2009	241,566	0.02%	4
	Beneficial owner	23.03.2011	723,249	0.05%	5
Mr. Chung Yuk Man, Clarence	Beneficial owner	18.03.2008	3,114	0.00%	3
	Beneficial owner	17.03.2009	11,505	0.00%	4
	Beneficial owner	23.03.2011	47,556	0.00%	5



(c) *Stock options granted by Melco Crown Entertainment*

Name of Director	Capacity	Date of Grant	Number of stock options granted by Melco Crown Entertainment held	Percentage of issued share capital of Melco Crown Entertainment	Note
Mr. Ho, Lawrence Yau Lung	Beneficial owner	17.03.2009	2,898,774	0.18%	7
	Beneficial owner	25.11.2009	755,058	0.05%	8
	Beneficial owner	23.03.2011	1,446,498	0.09%	9
Mr. Chung Yuk Man, Clarence	Beneficial owner	18.03.2008	56,628	0.00%	6
	Beneficial owner	17.03.2009	138,036	0.01%	7

Notes:

- As at 30 June 2011, the total number of issued shares of Melco Crown Entertainment was 1,606,900,432.
- Mr. Ho, Lawrence Yau Lung is taken to be interested in (i) 536,116,538 shares of Melco Crown Entertainment which are being held by Melco Leisure and Entertainment Group Limited (“Melco Leisure”), a wholly owned subsidiary of the Company; and (ii) 6,013,080 shares of Melco Crown Entertainment which are being held by Melco Crown SPV Limited, a company which is owned by Melco Leisure as to 50%, as a result of him being beneficially interested in approximately 34.26% of the issued share capital of the Company which in turn holds approximately 33.73% of the issued share capital of Melco Crown Entertainment.
- The personal interests of these directors represent their interests in Melco Crown Entertainment comprising the restricted shares which were granted to them by Melco Crown Entertainment on 18 March 2008 pursuant to the restricted share award agreement under the Share Incentive Plan adopted by Melco Crown Entertainment in 2006.

The 62,292 restricted shares held by Mr. Ho, Lawrence Yau Lung shall vest on 18 March 2012. The 3,114 restricted shares held by Mr. Chung Yuk Man, Clarence shall vest on 18 March 2012.
- The personal interests of these directors represent their interests in Melco Crown Entertainment comprising the restricted shares which were granted to them by Melco Crown Entertainment on 17 March 2009.

The 241,566 restricted shares held by Mr. Ho, Lawrence Yau Lung shall vest on 17 March 2013. The 11,505 restricted shares held by Mr. Chung Yuk Man, Clarence shall vest on 17 March 2013.
- Among the 723,249 restricted shares held by Mr. Ho, Lawrence Yau Lung, 241,056 shares shall vest on 23 March 2012, 241,056 shares shall vest on 23 March 2013 and 241,137 shares shall vest on 23 March 2014.

Among the 47,556 restricted shares held by Mr. Chung Yuk Man, Clarence, 15,849 shares shall vest on 23 March 2012, 15,849 shares shall vest on 23 March 2013 and 15,858 shares shall vest on 23 March 2014.

6. The personal interest of this director represents his derivative interests in Melco Crown Entertainment comprising the stock options granted to him by Melco Crown Entertainment on 18 March 2008 at an exercise price of US\$4.01333 per share (US\$12.04 per American Depositary Share “ADS”) of Melco Crown Entertainment (Note: each ADS represents 3 shares of Melco Crown Entertainment).

Among the 56,628 stock options held by Mr. Chung Yuk Man, Clarence, 14,157 options may be exercised during the period from 18 March 2009 to 17 March 2018, 14,157 options may be exercised during the period from 18 March 2010 to 17 March 2018, 14,157 options may be exercised during the period from 18 March 2011 to 17 March 2018 and 14,157 options may be exercised during the period from 18 March 2012 to 17 March 2018.

7. The personal interests of these directors represent their derivative interests in Melco Crown Entertainment comprising the stock options granted to them by Melco Crown Entertainment on 17 March 2009 at an exercise price of US\$1.0867 per share (US\$3.26 per ADS) of Melco Crown Entertainment.

Among the 2,898,774 stock options held by Mr. Ho, Lawrence Yau Lung, 724,692 options may be exercised during the period from 17 March 2010 to 16 March 2019, 724,692 options may be exercised during the period from 17 March 2011 to 16 March 2019, 724,692 options may be exercised during the period from 17 March 2012 to 16 March 2019 and 724,698 options may be exercised during the period from 17 March 2013 to 16 March 2019.

Among the 138,036 stock options held by Mr. Chung Yuk Man, Clarence, 34,509 options may be exercised during the period from 17 March 2010 to 16 March 2019, 34,509 options may be exercised during the period from 17 March 2011 to 16 March 2019, 34,509 options may be exercised during the period from 17 March 2012 to 16 March 2019 and 34,509 options may be exercised during the period from 17 March 2013 to 16 March 2019.

8. Pursuant to the Option Cancel and Exchange Program adopted by Melco Crown Entertainment, the 1,132,587 stock options at an exercise price of US\$4.01333 per share (US\$12.04 per ADS) of Melco Crown Entertainment previously granted to Mr. Ho, Lawrence Yau Lung on 18 March 2008 have been cancelled. In return, Melco Crown Entertainment granted 755,058 stock options at an exercise price of US\$1.4267 (US\$4.28 per ADS) to Mr. Ho, Lawrence Yau Lung on 25 November 2009.

Among the 755,058 stock options held by Mr. Ho, Lawrence Yau Lung, 188,763 options may be exercised during the period from 25 November 2010 to 17 March 2018, 188,763 options may be exercised during the period from 25 November 2011 to 17 March 2018, 188,763 options may be exercised during the period from 25 November 2012 to 17 March 2018 and 188,769 options may be exercised during the period from 25 November 2013 to 17 March 2018.

9. The personal interest of this director represents his derivative interest in Melco Crown Entertainment comprising the stock options granted to them by Melco Crown Entertainment on 23 March 2011 at an exercise price of US\$2.52333 per share (US\$7.57 per ADS) of Melco Crown Entertainment.

Among the 1,446,498 stock options held by Mr. Ho, Lawrence Yau Lung, 482,115 options may be exercised during the period from 23 March 2012 to 22 March 2021, 482,115 options may be exercised during the period from 23 March 2013 to 22 March 2021 and 482,268 options may be exercised during the period from 23 March 2014 to 22 March 2021.



(B) Mountain China Resorts (Holding) Limited (“MCR”)*(a) Common shares (without par value) of MCR*

Name of Director	Capacity	Number of common shares of MCR held	Percentage of issued common shares of MCR	<i>Note</i>
Mr. Ho, Lawrence Yau Lung	Beneficial owner	156,862	0.08%	–
	Interest of controlled corporations	58,233,365	28.66%	2
Mr. Tsui Che Yin, Frank	Beneficial owner	83,523	0.04%	–

(b) Stock options granted by MCR

Name of Director	Capacity	Number of stock options granted by MCR held	Percentage of issued common shares of MCR	<i>Note</i>
Mr. Chung Yuk Man, Clarence	Beneficial owner	300,000	0.15%	3

Notes:

- As at 30 June 2011, the total number of issued common shares of MCR was 203,159,103.
- Mr. Ho, Lawrence Yau Lung is taken to be interested in 58,233,365 common shares of MCR, which are being held by Melco (Luxembourg) S.à.r.l., a wholly-owned subsidiary of Melco Leisure, as a result of him being beneficially interested in approximately 34.26% of the issued share capital of the Company which in turn holds approximately 28.66% of the issued common shares of MCR.
- The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interest in MCR comprising the stock options to acquire common shares of MCR granted by MCR on 28 May 2008 at an exercise price of C\$3.00 per common share pursuant to the Stock Option Plan adopted by MCR in 2008.

Among the 300,000 stock options held by Mr. Chung, 100,000 options may be exercised during the period from 28 May 2009 to 27 May 2018, 100,000 options may be exercised during the period from 28 May 2010 to 27 May 2018 and 100,000 options may be exercised during the period from 28 May 2011 to 27 May 2018.

(C) Entertainment Gaming Asia Inc. (“EGT”)*(a) Shares of common stock of US\$0.001 each of EGT*

Name of Director	Capacity	Number of shares of common stock of EGT held	Percentage of issued share capital of EGT	<i>Note</i>
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporations	45,800,000	38.57%	2
Mr. Chung Yuk Man, Clarence	Beneficial owner	1,697,727	1.43%	12
Dr. Tyen Kan Hee, Anthony	Beneficial owner	120,000	0.10%	–

(b) Stock options granted by EGT

Name of Director	Capacity	Date of Grant	Number of stock options granted by EGT held	Percentage of issued share capital of EGT	<i>Note</i>
Mr. Tsui Che Yin, Frank	Beneficial owner	10.09.2007	1,000,000	0.84%	3
Mr. Chung Yuk Man, Clarence	Beneficial owner	10.09.2007	200,000	0.17%	3
	Beneficial owner	22.01.2008	30,000	0.03%	4
	Beneficial owner	12.02.2008	100,000	0.08%	5
	Beneficial owner	29.12.2008	2,000,000	1.68%	7
	Beneficial owner	12.02.2009	50,000	0.04%	8
	Beneficial owner	07.01.2010	50,000	0.04%	9
	Beneficial owner	22.01.2010	500,000	0.42%	10
	Beneficial owner	03.02.2011	550,000	0.46%	11
Mr. Sham Sui Leung, Daniel	Beneficial owner	11.12.2008	100,000	0.08%	6
	Beneficial owner	12.02.2009	50,000	0.04%	8
Dr. Tyen Kan Hee, Anthony	Beneficial owner	11.12.2008	100,000	0.08%	6
	Beneficial owner	12.02.2009	50,000	0.04%	8
	Beneficial owner	07.01.2010	50,000	0.04%	9
	Beneficial owner	03.02.2011	50,000	0.04%	11



(c) *Restricted common stock granted by EGT*

Name of Director	Capacity	Date of Grant	Number of shares	Percentage of	Note
			of restricted common stock granted by EGT held	issued share capital of EGT	
Mr. Chung Yuk Man, Clarence	Beneficial owner	03.02.2011	416,666	0.35%	13

Notes:

1. As at 30 June 2011, the total number of issued shares of common stock of EGT was 118,739,393.
2. Mr. Ho, Lawrence Yau Lung is deemed to be interested in 45,800,000 shares of common stock of EGT, which are being held by EGT Entertainment Holding Limited (formerly known as Elixir Group Limited) ("EGT Holding"), a wholly-owned subsidiary of the Company, as a result of him being beneficially interested in approximately 34.26% of the issued share capital of the Company which in turn holds approximately 38.57% of the issued share capital of EGT.
3. The personal interests of Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence represent their derivative interests in EGT comprising the stock options granted to them by EGT on 10 September 2007 at an exercise price of US\$2.90 per EGT's share.

Among the 1,000,000 stock options granted to Mr. Tsui, 333,334 options may be exercised during the period from 17 May 2008 to 17 May 2012, 333,333 options may be exercised during the period from 17 May 2009 to 17 May 2012 and 333,333 options may be exercised during the period from 17 May 2010 to 17 May 2012.

Among the 200,000 stock options granted to Mr. Chung, 66,666 options may be exercised during the period from 17 May 2008 to 17 May 2012, 66,666 options may be exercised during the period from 17 May 2009 to 17 May 2012 and 66,668 options may be exercised during the period from 17 May 2010 to 17 May 2012.

4. The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 22 January 2008 at an exercise price of US\$3.62 per EGT's share. The 30,000 stock options may be exercised during the period from 23 July 2008 to 22 January 2018.
5. The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 12 February 2008 at an exercise price of US\$4.59 per EGT's share. The 100,000 stock options may be exercised during the period from 15 May 2008 to 14 November 2017.
6. The personal interests of Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 11 December 2008 at an exercise price of US\$0.08 per EGT's share. The 100,000 stock options held by each of Mr. Sham and Dr. Tyen may be exercised during the period from 12 June 2009 to 11 December 2018.
7. The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 29 December 2008 at an exercise price of US\$0.17 per EGT's share. The 2,000,000 stock options may be exercised during the period from 29 December 2009 to 29 December 2013.

8. The personal interests of Mr. Chung Yuk Man, Clarence, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 12 February 2009 at an exercise price of US\$0.13 per EGT's share. The 50,000 stock options held by each of Mr. Chung, Mr. Sham and Dr. Tyen may be exercised during the period from 13 August 2009 to 12 February 2019.
9. The personal interests of Mr. Chung Yuk Man, Clarence and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 7 January 2010 at an exercise price of US\$0.29 per EGT's share. The 50,000 stock options held by each of Mr. Chung and Dr. Tyen may be exercised during the period from 8 July 2010 to 7 January 2020.
10. The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 22 January 2010 at an exercise price of US\$0.275 per EGT's share. The 500,000 stock options may be exercised during the period from 1 January 2011 to 22 January 2020.
11. The personal interests of Mr. Chung Yuk Man, Clarence and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 3 February 2011 at an exercise price of US\$0.36 per EGT's share.

Among the 550,000 stock options granted to Mr. Chung, 50,000 options may be exercised during the period from 4 August 2011 to 3 February 2021 and 500,000 options may be exercised during the period from 1 January 2012 to 3 February 2021.

The 50,000 stock options granted to Dr. Tyen may be exercised during the period from 4 August 2011 to 3 February 2021.

12. 472,727 shares of the restricted common stock were granted to Mr. Chung Yuk Man, Clarence by EGT on 22 January 2010 pursuant to EGT's 2008 Stock Incentive Plan. The 472,727 shares became vested in February 2011.
13. The personal interest of Mr. Chung Yuk Man, Clarence represents his interest in EGT comprising 416,666 shares of the restricted common stock granted to him on 3 February 2011 pursuant to EGT's 2008 Stock Incentive Plan. The 416,666 shares are subject to vesting and risk of forfeiture based on EGT's ability to meet certain financial and non-financial performance targets as of and for the fiscal year ending 31 December 2011. The determination of the vesting or forfeiture of the shares shall be made by EGT's Compensation Committee on or before 30 April 2012.

Save as disclosed above, as at 30 June 2011, none of the directors or chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2011, the following persons/corporations had interests in five per cent or more of the issued share capital of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares or underlying shares of the Company as notified to the Company are set out below:

(a) Ordinary shares of HK\$0.50 each of the Company (Actual Shareholding)

Name	Capacity	Number of ordinary shares held/ Percentage of issued share capital				Note
		Long Positions	%	Short Positions	%	
Better Joy Overseas Ltd.	Beneficial owner	288,532,606	23.44%	-	-	2
Lasting Legend Ltd.	Beneficial owner	115,509,024	9.38%	-	-	2
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporations	411,335,630	33.41%	-	-	3
	Beneficial owner	10,499,612	0.85%	-	-	-
Ms. Lo Sau Yan, Sharen	Interest of spouse	421,835,242	34.26%	-	-	4
Janus Capital Management LLC	Investment Manager	97,526,000	7.92%	-	-	-

Notes:

- As at 30 June 2011, the total number of issued shares of the Company was 1,231,177,780.
- The shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
- The 411,335,630 shares relate to the 115,509,024 shares, 288,532,606 shares and 7,294,000 shares held by Lasting Legend Ltd., Better Joy Overseas Ltd. and The L3G Capital Trust respectively, representing approximately 9.38%, 23.44% and 0.59% of the issued share capital of the Company. Lasting Legend Ltd., Better Joy Overseas Ltd. and The L3G Capital Trust are owned by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by Lasting Legend Ltd., Better Joy Overseas Ltd. and The L3G Capital Trust.
- Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ho, Lawrence Yau Lung under the SFO.

(b) Convertible loan notes issued by the Company (Potential Shareholding)

Name	Capacity	Number of underlying shares held	Percentage of issued share capital	Note
Great Respect Limited	Beneficial owner	298,982,188	24.28%	2
Mr. Ho, Lawrence Yau Lung	Held by trust	298,982,188	24.28%	2
Ms. Lo Sau Yan, Sharen	Held by trust	298,982,188	24.28%	2
Dr. Ho Hung Sun, Stanley	Held by trust	298,982,188	24.28%	2
SG Trust (Asia) Ltd.	Interest of controlled corporations	298,982,188	24.28%	2

Notes:

1. As at 30 June 2011, the total number of issued shares of the Company was 1,231,177,780.
2. Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, MCE Holdings Three Limited (formerly known as MPEL (Greater China) Limited) and the Company, convertible loan notes in the total principal amount of HK\$1,175,000,000 (the "Convertible Loan Notes") were issued by the Company to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. On 8 February 2010, the shareholders of the Company at an extraordinary general meeting have approved (1) the amendments to the terms of the Convertible Loan Notes (the "Amended Convertible Loan Notes") pursuant to the deed of amendment dated 16 December 2009 entered into between the Company and Great Respect Limited and (2) a new whitewash waiver waiving the obligation of Great Respect Limited and Mr. Ho, Lawrence Yau Lung to make a mandatory general offer for the shares of the Company as a result of any and all future exercises of the conversion rights under the Amended Convertible Loan Notes pursuant to the provisions of Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Hence, no offer under Rule 26 of the Takeovers Code will be made on full conversion of the Amended Convertible Loan Notes.

Assuming the exercise in full of the conversion rights attaching to the Amended Convertible Loan Notes at the conversion price of HK\$3.93 per share by Great Respect Limited, a total number of 298,982,188 new shares will be issued by the Company, representing approximately 24.28% of the existing issued share capital and approximately 19.54% of the enlarged issued share capital of the Company. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust.

3. Regarding the interests of Mr. Ho, Lawrence Yau Lung in other underlying shares of the Company (in respect of the share options and awarded shares granted by the Company), please refer to the section "Directors' interests in shares, underlying shares and debentures" in this report.

Save as disclosed above, as at 30 June 2011, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.



SHARE OPTION SCHEME

On 8 March 2002, the shareholders of the Company at an extraordinary general meeting approved the adoption of a share option scheme (the "Scheme") under which the directors of the Company may, at their discretion, grant to any participants of the Scheme share options to subscribe for the Company's shares, subject to the terms and conditions as stipulated therein. On 8 June 2009, the shareholders of the Company approved the amendments to the Scheme at the annual general meeting. As a result of the amendments, the categories of participants who are entitled to participate in the Scheme have been expanded to (1) directors of the Company or any of its subsidiaries (within the meaning of the Companies Ordinance) or associated companies (companies in which the Company directly or indirectly holds not less than 20% and not more than 50% of its shareholding); and (2) executives and employees of and consultants, professional and other advisers to the Company or any of its subsidiaries or associated companies. A summary of the movements of the share options for the six months ended 30 June 2011 is as follows:

Category of participant	Number of share options						Date of grant of share options	Share price at date of grant of share options HK\$	Exercise price of share options HK\$
	Outstanding at 1 January 2011	Granted during the period	Reclassified during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2011			
Directors ⁵	200,000	-	-	-	-	200,000	01.02.2005	7.4	7.4
Directors ⁶	400,000	-	-	-	-	400,000	13.02.2006	11.75	11.80
Directors ⁷	600,000	-	-	-	-	600,000	03.04.2006	15.7	15.87
Directors ⁸	153,000	-	-	-	-	153,000	28.02.2008	11.5	11.5
Directors ⁹	1,316,520	-	-	-	-	1,316,520	01.04.2008	10.7	10.804
Directors ¹⁰	1,628,000	-	-	-	-	1,628,000	17.12.2008	2.02	2.02
Directors ¹¹	823,000	-	-	-	-	823,000	03.04.2009	2.99	2.99
Directors ¹²	3,904,000	-	-	-	-	3,904,000	07.04.2010	3.76	3.76
Directors ¹³	-	7,000,000	-	-	-	7,000,000	08.04.2011	5.75	5.75
Sub-total	9,024,520	7,000,000	-	-	-	16,024,520			
Employees ¹⁴	550,000	-	-	-	-	550,000	17.09.2004	1.6875	1.6875
Employees ¹⁵	230,000	-	-	-	-	230,000	01.02.2005	7.4	7.4
Employees ¹⁶	850,000	-	-	-	-	850,000	13.02.2006	11.75	11.8
Employees ¹⁷	358,200	-	-	-	-	358,200	01.04.2008	10.7	10.804
Employees ¹⁸	264,004	-	-	(68,336)	-	195,668	17.12.2008	2.02	2.02
Employees ¹⁹	538,000	-	-	(95,000)	-	443,000	03.04.2009	2.99	2.99
Employees ²⁰	2,619,000	-	-	(390,000)	-	2,229,000	07.04.2010	3.76	3.76
Employees ²¹	-	6,880,000	-	-	-	6,880,000	08.04.2011	5.75	5.75
Sub-total	5,409,204	6,880,000	-	(553,336)	-	11,735,868			
Others ²²	9,900,000	-	-	-	-	9,900,000	17.09.2004	1.6875	1.6875
Others ²³	3,362,000	-	-	-	-	3,362,000	13.02.2006	11.75	11.8
Others ²⁴	300,000	-	-	-	-	300,000	03.04.2006	15.7	15.87
Others ²⁵	51,000	-	-	-	-	51,000	28.02.2008	11.5	11.5
Others ²⁶	776,200	-	-	-	-	776,200	01.04.2008	10.7	10.804
Others ²⁷	546,000	-	-	-	-	546,000	17.12.2008	2.02	2.02
Others ²⁸	375,000	-	-	(27,000)	-	348,000	03.04.2009	2.99	2.99
Others ²⁹	678,000	-	-	(6,000)	-	672,000	07.04.2010	3.76	3.76
Others ³⁰	-	2,400,000	-	-	-	2,400,000	08.04.2011	5.75	5.75
Sub-total	15,988,200	2,400,000	-	(33,000)	-	18,355,200			
Total	30,421,924	16,280,000	-	(586,336)	-	46,115,588			

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
2. The number of shares granted and the exercise price of the options were adjusted after the completion of the rights issue on 24 September 2003 and share subdivision on 19 May 2005.
3. As at 30 June 2011, the Company had 46,115,588 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 46,115,588 additional ordinary shares of the Company and additional share capital of HK\$23,057,794 and share premium of HK\$224,098,310.04 before issuance expenses.
4. During the period ended 30 June 2011, no share options were cancelled under the Scheme. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$7.18.
5. The 200,000 share options may be exercised during the period from 17 September 2009 to 7 March 2012.
6. Among the 400,000 share options, 130,000 share options may be exercised during the period from 1 April 2008 to 31 January 2016, 130,000 share options may be exercised during the period from 1 April 2010 to 31 January 2016 and 140,000 share options may be exercised during the period from 1 April 2012 to 31 January 2016.
7. Among the 600,000 share options, 200,000 share options may be exercised during the period from 3 April 2008 to 2 April 2016, 200,000 share options may be exercised during the period from 3 April 2010 to 2 April 2016 and 200,000 share options may be exercised during the period from 3 April 2012 to 2 April 2016.
8. Among the 153,000 share options, 51,000 share options may be exercised during the period from 1 April 2009 to 27 February 2018, 51,000 share options may be exercised during the period from 1 April 2010 to 27 February 2018 and 51,000 share options may be exercised during the period from 1 April 2011 to 27 February 2018.
9. Among the 1,316,520 share options, 438,840 share options may be exercised during the period from 1 April 2009 to 31 March 2018, 438,840 share options may be exercised during the period from 1 April 2010 to 31 March 2018 and 438,840 share options may be exercised during the period from 1 April 2011 to 31 March 2018.
10. Among the 1,628,000 share options, 271,333 share options may be exercised during the period from 1 February 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 May 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 August 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 November 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 February 2010 to 16 December 2018 and 271,335 share options may be exercised during the period from 1 May 2010 to 16 December 2018.
11. Among the 823,000 share options, 266,500 share options may be exercised during the period from 3 April 2010 to 2 April 2019, 266,500 share options may be exercised during the period from 3 April 2011 to 2 April 2019 and 290,000 share options may be exercised during the period from 3 April 2012 to 2 April 2019.
12. Among the 3,904,000 share options, 532,000 share options may be exercised during the period from 7 April 2010 to 6 April 2020, 766,000 share options may be exercised during the period from 7 April 2011 to 6 April 2020, 766,000 share options may be exercised during the period from 7 April 2012 to 6 April 2020, 768,000 share options may be exercised during the period from 7 April 2013 to 6 April 2020, 532,000 share options may be exercised during the period from 7 April 2014 to 6 April 2020 and 540,000 share options may be exercised during the period from 7 April 2015 to 6 April 2020.



13. Among the 7,000,000 share options, 2,052,000 options may be exercised during the period from 5 May 2011 to 7 April 2021, 2,052,000 options may be exercised during the period from 8 April 2012 to 7 April 2021, 1,448,000 options may be exercised during the period from 8 April 2013 to 7 April 2021 and 1,448,000 options may be exercised during the period from 8 April 2014 to 7 April 2021.
14. Among the 550,000 share options, 170,000 options may be exercised during the period from 17 March 2005 to 7 March 2012, 250,000 options may be exercised during the period from 17 September 2005 to 7 March 2012, 110,000 options may be exercised during the period from 17 September 2006 to 7 March 2012 and 20,000 options may be exercised during the period from 17 March 2008 to 7 March 2012.
15. The 230,000 share options may be exercised during the period from 17 March 2008 to 7 March 2012.
16. Among 850,000 share options, 272,000 options may be exercised during the period from 1 April 2008 to 31 January 2016, 287,000 options may be exercised during the period from 1 April 2010 to 31 January 2016, 261,000 options may be exercised during the period from 1 April 2012 to 31 January 2016, 10,000 options may be exercised during the period from 3 April 2008 to 31 January 2016, 10,000 options may be exercised during the period from 3 April 2010 to 31 January 2016 and 10,000 options may be exercised during the period from 3 April 2012 to 31 January 2016.
17. Among the 358,200 share options, 119,400 share options may be exercised during the period from 1 April 2009 to 31 March 2018, 119,400 share options may be exercised during the period from 1 April 2010 to 31 March 2018 and 119,400 share options may be exercised during the period from 1 April 2011 to 31 March 2018.
18. Among the 195,668 share options, 332 share options may be exercised during the period from 1 May 2009 to 16 December 2018, 48,832 share options may be exercised during the period from 1 August 2009 to 16 December 2018, 48,832 share options may be exercised during the period from 1 November 2009 to 16 December 2018, 48,832 share options may be exercised during the period from 1 February 2010 to 16 December 2018 and 48,840 share options may be exercised during the period from 1 May 2010 to 16 December 2018.
19. Among the 443,000 share options, 108,500 share options may be exercised during the period from 3 April 2010 to 2 April 2019, 137,500 share options may be exercised during the period from 3 April 2011 to 2 April 2019 and 197,000 share options may be exercised during the period from 3 April 2012 to 2 April 2019.
20. Among the 2,229,000 share options, 158,000 share options may be exercised during the period from 7 April 2010 to 6 April 2020, 323,000 share options may be exercised during the period from 7 April 2011 to 6 April 2020, 547,000 share options may be exercised during the period from 7 April 2012 to 6 April 2020, 547,000 share options may be exercised during the period from 7 April 2013 to 6 April 2020, 324,000 share options may be exercised during the period from 7 April 2014 to 6 April 2020 and 330,000 share options may be exercised during the period from 7 April 2015 to 6 April 2020.
21. Among the 6,880,000 share options, 1,728,000 options may be exercised during the period from 5 May 2011 to 7 April 2021, 1,724,000 options may be exercised during the period from 8 April 2012 to 7 April 2021, 1,717,000 options may be exercised during the period from 8 April 2013 to 7 April 2021 and 1,711,000 options may be exercised during the period from 8 April 2014 to 7 April 2021.
22. Among the 9,900,000 share options, 4,800,000 options may be exercised during the period from 17 March 2005 to 7 March 2012, 4,900,000 options may be exercised during the period from 17 September 2005 to 7 March 2012, 100,000 options may be exercised during the period from 17 September 2006 to 7 March 2012 and 100,000 options may be exercised during the period from 17 March 2008 to 7 March 2012.
23. Among the 3,362,000 share options, 1,040,500 share options may be exercised during the period from 1 April 2008 to 31 January 2016, 1,022,000 share options may be exercised during the period from 1 April 2010 to 31 January 2016, 1,067,500 share options may be exercised during the period from 1 April 2012 to 31 January 2016, 87,000 share options may be exercised during the period from 3 April 2008 to 31 January 2016, 77,000 share options may be exercised during the period from 3 April 2010 to 31 January 2016 and 68,000 share options may be exercised during the period from 3 April 2012 to 31 January 2016.

24. Among the 300,000 share options, 100,000 share options may be exercised during the period from 3 April 2008 to 2 April 2016, 100,000 share options may be exercised during the period from 3 April 2010 to 2 April 2016 and 100,000 share options may be exercised during the period from 3 April 2012 to 2 April 2016.
25. Among the 51,000 share options, 17,000 share options may be exercised during the period from 1 April 2009 to 27 February 2018, 17,000 share options may be exercised during the period from 1 April 2010 to 27 February 2018 and 17,000 share options may be exercised during the period from 1 April 2011 to 27 February 2018.
26. Among the 776,200 share options, 271,200 share options may be exercised during the period from 1 April 2009 to 31 March 2018, 263,000 share options may be exercised during the period from 1 April 2010 to 31 March 2018 and 242,000 share options may be exercised during the period from 1 April 2011 to 31 March 2018.
27. Among the 546,000 share options, 91,000 share options may be exercised during the period from 1 February 2009 to 16 December 2018, 91,000 share options may be exercised during the period from 1 May 2009 to 16 December 2018, 91,000 share options may be exercised during the period from 1 August 2009 to 16 December 2018, 91,000 share options may be exercised during the period from 1 November 2009 to 16 December 2018, 91,000 share options may be exercised during the period from 1 February 2010 to 16 December 2018 and 91,000 share options may be exercised during the period from 1 May 2010 to 16 December 2018.
28. Among the 348,000 share options, 102,500 share options may be exercised during the period from 3 April 2010 to 2 April 2019, 118,500 share options may be exercised during the period from 3 April 2011 to 2 April 2019 and 127,000 share options may be exercised during the period from 3 April 2012 to 2 April 2019.
29. Among the 672,000 share options, 100,000 share options may be exercised during the period from 7 April 2010 to 6 April 2020, 120,000 share options may be exercised during the period from 7 April 2011 to 6 April 2020, 126,000 share options may be exercised during the period from 7 April 2012 to 6 April 2020, 126,000 share options may be exercised during the period from 7 April 2013 to 6 April 2020, 100,000 share options may be exercised during the period from 7 April 2014 to 6 April 2020 and 100,000 share options may be exercised during the period from 7 April 2015 to 6 April 2020.
30. Among the 2,400,000 share options, 601,000 options may be exercised during the period from 5 May 2011 to 7 April 2021, 601,000 options may be exercised during the period from 8 April 2012 to 7 April 2021, 600,000 options may be exercised during the period from 8 April 2013 to 7 April 2021 and 598,000 options may be exercised during the period from 8 April 2014 to 7 April 2021.
31. The category “Others” represents the former directors/employees or consultants of the Group.

SHARE AWARD SCHEMES

On 18 October 2007, the Company adopted two share incentive award schemes, namely The Melco Share Purchase Scheme Trust (the “Share Purchase Scheme”) and The Melco Share Award Scheme Trust (the “Share Subscription Scheme”).

The purpose of each of the Share Purchase Scheme and the Share Subscription Scheme is to encourage and facilitate the acquisition and holding of shares in the Company, by and for the benefit of such employees of the Company and any subsidiary of the Company. The shares of the Company to be awarded pursuant to the Share Purchase Scheme and/or the Share Subscription Scheme may be awarded in such manner as the Board may determine from time to time in order to recognise the contribution of certain employees, to seek to retain them for the continued operation and development of the Group, and to attract suitable personnel for the further development of the Group. The Share Purchase Scheme utilizes shares of the Company purchased in the market whereas the Share Subscription Scheme will



subscribe for new shares of the Company. Directors of the Company and any of its subsidiaries will be entitled to participate in the Share Purchase Scheme but not the Share Subscription Scheme.

(a) Share Purchase Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, during the six months ended 30 June 2011 are set out below:

Category of participant	Number of awarded shares							Date of award	Vesting date
	Outstanding at 1 January 2011	Awarded during the period	Reclassified during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30 June 2011		
Directors	12,000	-	-	(12,000)	-	-	-	28.02.2008	01.04.2011
Directors	45,500	-	-	(45,500)	-	-	-	03.04.2009	03.04.2011
Directors	46,000	-	-	-	-	-	46,000	03.04.2009	03.04.2012
Directors	-	2,400,000	-	(2,400,000)	-	-	-	08.04.2011	05.05.2011
Directors	-	2,400,000	-	-	-	-	2,400,000	08.04.2011	08.04.2012
Sub-total	103,500	4,800,000	-	(2,457,500)	-	-	2,446,000		
Employees	26,500	-	-	(26,500)	-	-	-	03.04.2009	03.04.2011
Employees	28,000	-	-	-	-	-	28,000	03.04.2009	03.04.2012
Sub-total	54,500	-	-	(26,500)	-	-	28,000		
Others*	4,000	-	-	(4,000)	-	-	-	28.02.2008	01.04.2011
Others*	15,500	-	-	(15,500)	-	-	-	03.04.2009	03.04.2011
Others*	16,000	-	-	-	-	-	16,000	03.04.2009	03.04.2012
Sub-total	35,500	-	-	(19,500)	-	-	16,000		
Total	193,500	4,800,000	-	(2,503,500)	-	-	2,490,000		

* The category "Others" represents former director/employees of the Group.

(b) Share Subscription Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Subscription Scheme, during the six months ended 30 June 2011 are set out below:

Category of participant	Number of awarded shares							Date of award	Vesting date
	Outstanding at 1 January 2011	Awarded during the period	Reclassified during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30 June 2011		
Employees	17,500	-	-	(17,500)	-	-	-	03.04.2009	03.04.2011
Employees	21,000	-	-	-	-	-	21,000	03.04.2009	03.04.2012
Sub-total	38,500	-	-	(17,500)	-	-	21,000		
Others*	5,000	-	-	(5,000)	-	-	-	03.04.2009	03.04.2011
Others*	6,000	-	-	-	-	-	6,000	03.04.2009	03.04.2012
Sub-total	11,000	-	-	(5,000)	-	-	6,000		
Total	49,500	-	-	(22,500)	-	-	27,000		

* The category "Others" represents former employees of the Group.

CORPORATE GOVERNANCE

In 2005, the Group adopted its Code on Corporate Governance (the Company Code), which sets out the corporate standards and practices used by the Group in directing and managing its business affairs. The Company Code was prepared with reference to the principles, Code Provisions and Recommended Best Practices stipulated in the Code on Corporate Governance Practices (the HKSE Code) contained in Appendix 14 of the Listing Rules which came into effect on 1 January 2005. The Company Code not only formalizes the Group's existing corporate governance principles and practices, but also serves to assimilate practices with benchmarks prescribed by the Stock Exchange, ultimately ensuring that the Group runs a highly transparent operation and is accountable to its shareholders.

The Company has complied with all provisions in the Company Code and the HKSE Code throughout the six months ended 30 June 2011, except for the following deviations:

- (i) Pursuant to the code provision A.2.1 of the HKSE Code, the roles of the Chairman and Chief Executive Officer of a listed company should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, the in depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector in Macau in general, his extensive business network and connections in that sector and the scope of operations of the Group, the Board believes



it is in the best interests of the Company for Mr. Ho, Lawrence Yau Lung to assume the roles of Chairman and Chief Executive Officer at this time and such arrangement be subject to review by the Board from time to time.

- (ii) Code provision A.4.1 of the HKSE Code provides that non-executive directors should be appointed for specific term, subject to re-election. The Company has deviated from this provision in that all non-executive directors of the Company are not appointed for specific term. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of non-executive directors have given the Company's shareholders the right to approve continuation of non-executive directors' offices.

The Company sets up the following board committees to ensure maintenance of a high corporate governance standard:

- a. Executive Committee;
- b. Audit Committee;
- c. Remuneration Committee;
- d. Nomination Committee;
- e. Finance Committee;
- f. Regulatory Compliance Committee; and
- g. Corporate Social Responsibility Committee.

Terms of reference of the aforesaid committees have been posted on the Company's website at <http://www.melco-group.com> under the "Corporate Governance" section.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions by directors set out in the Model Code throughout the six months ended 30 June 2011.

AUDIT COMMITTEE

The Company's audit committee is currently composed of a Non-executive Director and three Independent Non-executive Directors. The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and to provide advice and comments thereon to the board of directors of the Company; and (ii) review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except that the trustee of The Melco Share Purchase Scheme Trust (the "Share Purchase Scheme") has, pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, purchased on The Stock Exchange of Hong Kong Limited a total of 4,300,000 shares of the Company. The total amount paid to acquire these shares during the period was approximately HK\$26,841,000.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2011 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by the Company's auditor, whose independent review report is included in the interim report.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence; one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Sir Roger Lobo, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.

By Order of the Board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

Hong Kong, 30 August 2011



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