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If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Melco International Development Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.melco-group.com>

(Stock Code: 200)

**DISCLOSEABLE TRANSACTION
SALE OF WARRANTS OF
ELIXIR GAMING TECHNOLOGIES, INC.**

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“AMEX”	American Stock Exchange
“Announcement”	the announcement of the Company dated 12 December 2007 in relation to the Warrant Purchase Agreement and the transactions contemplated thereunder
“Collective Voting Rights”	the aggregate of actual voting rights attached to the issued shares and the potential voting rights attached to the readily exercisable convertible securities of EGT on a fully diluted basis held by the relevant party
“Company”	Melco International Development Limited
“Directors”	directors of the Company
“Elixir”	Elixir Group Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“EGT”	Elixir Gaming Technologies, Inc., a company incorporated under the laws of the State of Nevada, the United States of America and having its shares listed on the AMEX
“EGT’s Placement”	the private placement of 15 million new shares by EGT carried out in October 2007, details of which are contained in the Company’s “overseas regulatory announcement” dated 23 October 2007
“Investors”	institutional investors in the United States
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company and its subsidiaries, the controlling shareholders, directors, chief executive or substantial shareholders of the Company and its subsidiaries, or an associate of any of them under the Listing Rules
“Last Practicable Date”	18 December 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Participation Agreement”	the Securities Purchase and Product Participation Agreement entered into between Elixir and EGT in June 2007, details of which are contained in the announcement and circular of the Company respectively dated 14 June 2007 and 6 July 2007
“Sale Warrants”	the 16 million readily exercisable warrants to purchase up to 16 million new shares of EGT at an exercise price of US\$2.65 each
“Shareholders”	shareholders of the Company
“Warrant Purchase Agreement”	the agreement regarding the sale and purchase of the Sale Warrants and the exercise of the same entered into amongst Elixir, EGT and the Investors dated 11 December 2007
“Warrant Shares”	the underlying shares of EGT to be issued upon exercise of the Sale Warrants by the Investors
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	Percentage

For the purpose of this circular, amounts in US\$ is respectively translated into HK\$ at the following exchange rate:

US\$1.00:HK\$7.8

LETTER FROM THE BOARD



Melco International Development Limited

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Website: <http://www.melco-group.com>

(Stock Code: 200)

Executive Directors:

Mr. Ho, Lawrence Yau Lung

(Chairman and Chief Executive Officer)

Mr. Tsui Che Yin, Frank

Mr. Chung Yuk Man, Clarence

(Chief Operating Officer)

Registered office:

38th Floor, The Centrium

60 Wyndham Street

Central

Hong Kong

Non-executive Director:

Mr. Ng Ching Wo

Independent Non-executive Directors:

Sir Roger Lobo

Dr. Lo Ka Shui

Mr. Sham Sui Leung, Daniel

24 December 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION SALE OF WARRANTS OF ELIXIR GAMING TECHNOLOGIES, INC.

By the Announcement of the Company dated 12 December 2007, Elixir, EGT and the Investors entered into the Warrant Purchase Agreement whereby Elixir has agreed to sell, and the Investors have agreed to purchase, an aggregate of 16 million warrants of EGT currently held by Elixir.

The purpose of this circular is to provide you with information of the Warrant Purchase Agreement and information of the Company.

BACKGROUND

Participation Agreement

As disclosed in the Company's announcement and circular respectively dated 14 June 2007 and 6 July 2007, Elixir completed the subscription of 1 million new shares in EGT (which was then known as VendingData Corporation) and obtained the grant from EGT of 16 million warrants to purchase 16

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million new EGT shares in January 2007. The current exercise prices of the 16 million warrants are ranging from US\$1 to US\$3.5 per warrant. Subsequent to that, Elixir entered into a Securities Purchase and Product Participation Agreement with EGT in June 2007 (“**Participation Agreement**”). Pursuant to the terms of the Participation Agreement, Elixir has agreed to provide certain services to EGT, which, in return, has agreed to issue its new shares and warrants to Elixir upon fulfillment of various performance milestones. Details of the Participation Agreement and the related transactions are contained in the aforesaid announcement and circular. On 10 September 2007, following the approval of the Participation Agreement by EGT’s shareholders and the fulfillment of the first performance milestone as set out in the Participation Agreement, EGT issued (a) 25 million of its new shares and (b) 88 million warrants to purchase an additional 88 million shares of EGT to Elixir. On 13 September 2007, by virtue of the fulfillment of the second performance milestone as set out in the Participation Agreement, EGT issued an additional 15 million of its new shares to Elixir and out of the aforesaid 88 million warrants, 22 million of them have become exercisable with the exercise price of US\$2.65 per warrant. As disclosed in the Company’s interim report dated 13 September 2007, based on the aggregate holdings of 41 million shares of EGT, representing approximately 53% of the then total issued share capital of EGT, EGT has become a direct non-wholly owned subsidiary of Elixir and an indirect non-wholly owned subsidiary of the Company.

EGT’s Placement

As disclosed in the Company’s “overseas regulatory announcement” dated 23 October 2007, EGT carried out a private placement of 15 million of its new shares to various institutional investors in the United States. As a result of such issuance of new shares, the actual shareholding interest in EGT held by Elixir was diluted and reduced from approximately 53% to 44%. Nevertheless, with reference to relevant accounting standards, the Company has continued to treat EGT as its indirect non-wholly owned subsidiary based on the two criteria set out in the section headed “Impact of the Warrant Purchase Agreement on the Subsidiary Status of EGT” below.

THE WARRANT PURCHASE AGREEMENT

Date: 11 December 2007

Parties Involved: (1) Elixir, as vendor;

(2) EGT, as the issuer of the Warrants and the Warrant Shares upon their exercise;
and

(3) 19 Investors, as purchasers

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, all of the Investors and the ultimate beneficial owners of the Investors are Independent Third Parties and are not connected persons of the Company.

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Sale and Purchase of Sale Warrants:

Elixir has agreed to sell and the Investors have agree to purchase, the Sale Warrants, representing 16 million readily exercisable warrants to purchase up to 16 million new shares of EGT at an exercise price of US\$2.65 each. The closing price of EGT shares as at 11 December 2007, being the last trading day before the date of the Announcement, was US\$4.19 per EGT share.

Consideration:

Based on the agreed sale price of US\$0.86 per Sale Warrant, the total consideration for the sale of the Sale Warrants is US\$13,760,000 (equivalent to approximately HK\$107,328,000).

Basis of the Consideration:

The consideration for the Sale Warrants was determined after arm's length negotiations between the parties with reference to (a) the exercise price of US\$2.65 per Sale Warrant; (b) the placing price of US\$3.50 per new share of EGT at the recent EGT's Placement, as referred to in the Company's "overseas regulatory announcement" dated 23 October 2007; and (c) the prevailing equity market condition in the United States.

Conditions Precedent:

Completion of the Warrant Purchase Agreement is conditional upon satisfaction of the following conditions precedent:

- (i) if applicable, the obtaining of all necessary governmental, regulatory or third party consents and approvals for the sale of the Sale Warrants by Elixir and EGT;
- (ii) the representations and warranties provided by Elixir, EGT and the Investors respectively as set forth in the Warrant Purchase Agreement remaining true, accurate and complete in all material respects;
- (iii) each party of the Warrant Purchase Agreement having performed its obligations thereunder;
- (iv) there being no legal or regulatory impediments restraining or prohibiting the transactions contemplated under the Warrant Purchase Agreement;
- (v) there being no occurrence of event or series of events resulting or reasonably expected to result in a material adverse effect on the assets, business, operations or financial position of EGT and its subsidiaries; and
- (vi) the shares of EGT being continued to be listed on AMEX for trading.

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Any party to the Warrant Purchase Agreement shall have the right to waive any of the above conditions which is/are to its own benefit and if all the conditions above are not satisfied (or as the case may be waived) on or before 19 December 2007, the Warrant Purchase Agreement shall cease and terminate and neither party thereto shall have any obligations or liabilities towards the other under the Warrant Purchase Agreement save for any antecedent breaches of the terms of the Warrant Purchase Agreement. On 17 December 2007, all of the above conditions have been fulfilled and the sale and purchase of the Sale Warrants has been completed.

IMPACT OF THE WARRANT PURCHASE AGREEMENT ON THE SUBSIDIARY STATUS OF EGT

As mentioned in the sub-section headed "EGT's Placement" of the section titled "Background" above, immediately after completion of EGT's Placement, the actual shareholding interest by Elixir in EGT was approximately 44%. With reference to relevant accounting standards, the Company has continued to treat EGT as its indirect non-wholly owned subsidiary based on the following two criterions:

- (i) Elixir has maintained control over the board of directors of EGT; and
- (ii) The Collective Voting Rights held by Elixir, representing the aggregate of actual voting rights attached to the 41 million shares and the potential voting rights attached to the 38 million exercisable warrants then held by Elixir, exceed 50.1% of all actual and potential voting rights attached to all issued shares and readily exercisable convertible securities of EGT on a fully diluted basis.

Since immediately after the completion of the sale of the Sale Warrants on 17 December 2007, the Collective Voting Rights held by Elixir has fallen below 50.1% of all actual and potential voting rights attached to all issued shares and readily exercisable convertible securities of EGT on a fully diluted basis, as a result, the above criterions could no longer be fulfilled and EGT has ceased to be a subsidiary of the Company and will not be consolidated in the accounts of the Group, EGT has become an associate of the Company and the remaining shares will be retained.

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The following table depicts the Collective Voting Rights of Elixir in EGT (before and immediately after the sale of the Sale Warrants):

		Actual shareholdings held as at the date hereof	% of shareholding held as at the date hereof	Collective Voting Rights held before the sale of the Sale Warrants	% of Collective Voting Rights held before the sale of the Sale Warrants	Collective Voting Rights held immediately after the sale of the Sale Warrants	% of Collective Voting Rights held immediately after the sale of the Sale Warrants
Elixir	Issued shares of EGT held	41,000,000	43.7%	41,000,000	29.5%	41,000,000	29.5%
	Exercisable warrants of EGT held	N/A	N/A	38,000,000	27.4%	22,000,000	15.9%
	Sub-total:	N/A	N/A	79,000,000	56.9%	63,000,000	45.4%
Others	Issued shares of EGT held	52,781,022	56.3%	52,781,022	38.0%	52,781,022	38.0
	Exercisable warrants and other convertible securities of EGT held	N/A	N/A	6,972,394	5.1%	22,972,394	16.6%
	Sub-total:	N/A	N/A	59,753,416	43.1%	75,753,416	54.6%
	Total:	<u>93,781,022</u>	<u>100.0%</u>	<u>138,753,416</u>	<u>100.0%</u>	<u>138,753,416</u>	<u>100.0%</u>

FINANCIAL EFFECTS ON THE TRANSACTION

Since following the sale of the Sale Warrants, EGT has ceased to be considered as a subsidiary of the Company, the Directors, subject to further confirmation with the auditors, expect that the Group will record a gain of approximately HK\$95 million by the sale of the Sales Warrants and the consequential cessation of EGT as a subsidiary of the Company for the year ending 31 December 2007. The assets and liabilities of the Group will decrease and the net asset value of the Group as a whole will increase.

LETTER FROM THE BOARD

REASONS FOR THE TRANSACTION

The Directors believe that the transactions as contemplated under the Warrant Purchase Agreement would create benefits for both the Company and EGT for the following reasons:

- (a) the gross proceeds from the sale of the Sale Warrants amount to approximately US\$13,760,000 (equivalent to approximately HK\$107,328,000). It is intended that such proceeds will be used as general working capital; and
- (b) upon completion of the Warrant Purchase Agreement, the Investors are obliged to exercise the Sale Warrants in full and EGT has received approximately US\$42.4 million in gross proceeds from the exercise of the Sale Warrants. The proceeds are intended to fund the purchase of electronic gaming machines pursuant to the Participation Agreement and for its general working capital purposes.

The Directors (including the non-executive Directors) consider the terms of the Warrant Purchase Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE COMPANY AND ELIXIR

The Company's business is broadly divided into four divisions, namely, (i) gaming, entertainment and hospitality division; (ii) technology division; (iii) investment banking and financial services division; and (iv) property and other investments division.

Elixir is a wholly-owned subsidiary of the Company and it is the major arm of the Company's technology division, principally engaged in providing gaming technology solutions to casino operators, including the distribution of electronic gaming machines and other gaming products and provision of integrated security system to the hotels and casino operators.

INFORMATION ON EGT

EGT is a company incorporated in the Nevada State of the United States of America and having its shares listed on the AMEX since May 2004. EGT is principally engaged in the provision of electronic gaming machines to gaming operators in the Asian Pacific Region on a revenue-sharing basis. Since the announcement of the Participation Agreement in June 2007, EGT has established a business presence in various Asian countries including the Philippines, Cambodia and Vietnam by securing clients therein. In addition, EGT also engages in the developments, manufacturing and distribution of products and services to the gaming industry that automate the current manual processes supporting the casino table games business. Its principal products include playing card security devices, playing cards shuffling devices and gaming chips washer that are commonly used in a casino.

LETTER FROM THE BOARD

Set out below is the financial information of EGT based on its audited consolidated accounts for the two years ended 31 December 2005 and 31 December 2006 which have been prepared in accordance with the US GAAP:

	For the year ended	
	31 December	
	2005	2006
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Turnover	18,420	61,368
Loss before taxation	(182,536)	(113,927)
Loss after taxation	(182,536)	(113,927)
Attributable to:		
Equity holders of the Company	(182,536)	(113,927)
(Net Deficit) Net Asset Value (attributable to equity holders)	(71,542)	33,790

LISTING RULES IMPLICATIONS

As a result of the completion of the sale of the Sale Warrants on 17 December 2007, EGT has ceased to be a subsidiary of the Company and as such the transactions as contemplated under the Warrant Purchase Agreement are regarded as a disposal of EGT by the Company. Since the applicable percentage ratios (as defined in the Listing Rules) for the disposal are more than 5% but less than 25%, pursuant to Rule 14.06(2) of the Listing Rules, the disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

By order of the Board of
Melco International Development Limited
Tsang Yuen Wai, Samuel
Company Secretary

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. PARTICULARS OF DIRECTORS

Name	Address
<i>Executive Directors</i>	
Mr. Ho, Lawrence Yau Lung	35 Black's Link Hong Kong
Mr. Tsui Che Yin, Frank	13A, Block 4 Braemar Hill Mansions 21 Braemar Hill Road Hong Kong
Mr. Chung Yuk Man, Clarence	Unit B, 30th Floor Tower 3, Tregunter 14 Tregunter Path Mid-levels, Hong Kong
<i>Non-executive Director</i>	
Mr. Ng Ching Wo	13B, Elegant Garden 11 Conduit Road Mid-levels Hong Kong
<i>Independent Non-executive Directors</i>	
Sir Roger Lobo, C.B.E., LL.D., J.P.	Woodland Heights E1, 2 Wongneichung Gap Road Happy Valley Hong Kong
Dr. Lo Ka Shui, G.B.S., J.P.	Unit 2A, Serenity Place 22 Mount Cameron Road The Peak Hong Kong
Mr. Sham Sui Leung, Daniel	B3, 16/F, Grandview Tower 126-130 Kennedy Road Hong Kong

3. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in 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	Nature of interest	Number of shares interested	Number of underlying shares interested	Approximate percentage in total issued share capital of the Company
Mr. Ho, Lawrence Yau Lung	Corporate	404,041,630 (Note 2)	117,912,694 (Note 3)	42.49%
	Personal	7,232,612	–	0.59%
Dr. Lo Ka Shui	Personal	2,000,000	–	0.16%

(b) Share Options granted by the Company

Name of Director	Date of grant	Expiry date	Exercise price (HK\$)	No. of underlying Shares comprised under the Options outstanding	Approximate percentage in total issued share capital of the Company
Mr. Chung Yuk Man, Clarence	17th September 2004	7th March 2012	1.6875	140,000	0.01%
	1st February 2005	7th March 2012	7.4000	200,000	0.02%
	13th February 2006	31st January 2016	11.8000	400,000	0.03%
Dr. Lo Ka Shui	3rd April 2006	2nd April 2016	15.8700	300,000	0.02%
Sir Roger Lobo	3rd April 2006	2nd April 2016	15.8700	300,000	0.02%
Mr. Ng Ching Wo	3rd April 2006	2nd April 2016	15.8700	300,000	0.02%

Notes:

1. As at the Latest Practicable Date, the total number of issued Shares of the Company was 1,228,475,716 Shares.
2. 115,509,024 Shares are held by Lasting Legend Ltd., representing approximately 9.40% of the issued share capital of the Company and 288,532,606 Shares are held by Better Joy Overseas Ltd., representing approximately 23.49% of the issued share capital of the Company. Lasting Legend Ltd. and Better Joy Overseas Ltd. are owned by persons and trusts associated with Mr. Lawrence Ho.
3. Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, Melco PBL Entertainment (Greater China) Limited and the Company, convertible loan notes of the Company in the total principal amount of HK\$1,175,000,000 were issued to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. Upon exercise in full of such convertible loan notes, a total of 117,912,694 shares, representing 8.76% of the enlarged issued share capital of the Company, will be issued by the Company. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Lawrence Ho and his family members. SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust. The shareholders have approved the issue of the convertible loan notes without the necessity to make an offer under Rule 26 of The Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") on conversion of the convertible loan notes. Hence, no offer under Rule 26 of the Takeovers Code would arise on full conversion.

(ii) Long position in shares and underlying shares of associated corporations of the Company*(A) Value Convergence Holdings Limited ("Value Convergence")**(a) Ordinary shares of HK\$0.10 each of Value Convergence*

Name of Director	Nature of interest	Number of issued shares of Value Convergence interested	Approximate percentage of the total number of issued shares of Value Convergence
Mr. Ho, Lawrence Yau Lung	Corporate	165,163,008 <i>(Note 2)</i>	44.64%

(b) Share Options granted by Value Convergence

Name of Director	Nature of interest	Number of underlying shares of Value Convergence interested	Approximate percentage of the total number of issued shares of Value Convergence
Mr. Ho, Lawrence Yau Lung	Personal	491,057 <i>(Note 3)</i>	0.13%

Notes:

1. As at the Latest Practicable Date, the total number of issued shares of Value Convergence was 369,957,451.
2. Mr. Lawrence Ho is taken to be interested in (i) 160,930,381 shares of Value Convergence as a result of him being beneficially interested in approximately 33.48% of the issued share capital of the Company which in turn holds approximately 43.50% of the issued share capital of Value Convergence; and (ii) 4,232,627 shares of Value Convergence as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 1.14% of the issued share capital of Value Convergence.
3. The personal interest of Mr. Lawrence Ho represents his derivative interest in Value Convergence comprising the share options which were granted on 9th July 2002 and may be exercised during the period from 9th July 2002 to 8th July 2012 at an exercise price of HK\$1.00 per share of Value Convergence.

(B) Melco PBL Entertainment (Macau) Limited ("MPEL")

- (a) Ordinary shares of US\$0.01 each of MPEL

Name of Director	Capacity	Number of issued shares of MPEL interested	Approximate percentage of the total issued shares of MPEL
Mr. Ho, Lawrence Yau Lung	Held by controlled corporation	500,000,000 (Note 2)	37.86%

- (b) Restricted shares award granted by MPEL (Note 3)

Name of Director	Capacity	Number of underlying shares of MPEL interested	Approximate percentage of the total issued shares of MPEL
Mr. Ho, Lawrence Yau Lung	Beneficial owner	947,450 (Note 4)	0.072%
Mr. Tsui Che Yin, Frank	Beneficial owner	11,850 (Note 5)	0.001%
Mr. Chung Yuk Man, Clarence	Beneficial owner	31,600 (Note 6)	0.002%

Notes:

1. As at the Latest Practicable Date, the total number of issued shares of MPEL was 1,320,707,196.
2. Mr. Ho, Lawrence Yau Lung is taken to be interested in 500,000,000 shares of MPEL as a result of him being beneficially interested in approximately 33.48% of the issued share capital of the Company which in turn holds approximately 37.86% of the issued share capital of MPEL.
3. The personal interests of the above directors represent their derivative interests in MPEL comprising the restricted shares which were granted by MPEL on 19th December 2006, the date on which the American Depositary Shares representing the ordinary shares of MPEL were listed on the NASDAQ Global Market, at a grant price of US\$0.01 per share, which is the par value of the share of MPEL, pursuant to the restricted shares award agreement under the Share Incentive Plan adopted by MPEL in 2006. The restricted shares granted to the above directors have a vesting period ranging from six months to three years.
4. These 947,450 restricted shares will vest on 19th December 2009.
5. These 11,850 restricted shares have vested on 19th June 2007.
6. Among the 31,600 restricted shares, 15,800 and 5,276 restricted shares have vested on 19th June 2007 and 19 December 2007 respectively and each of 50% of the remaining 10,524 restricted shares will vest on 19th December 2008 and 19th December 2009 respectively.

(C) Elixir Gaming Technologies, 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 interested	Approximate percentage of the total issued shares of EGT
Mr. Ho, Lawrence Yau Lung	Held by controlled corporation	41,000,000 <i>(Note 2)</i>	43.59%

- (b) Warrants issued by EGT

Name of Director	Capacity	Number of underlying shares of EGT held
Mr. Ho, Lawrence Yau Lung	Held by controlled corporation	88,000,000 <i>(Notes 2 & 3)</i>

(c) Stock options granted by EGT

Name of Director	Capacity	Number of underlying shares of EGT held	Approximate percentage of the issued share capital of EGT
Mr. Tsui Che Yin, Frank	Beneficial owner	1,000,000 (Notes 4 & 5)	1.06%
Mr. Chung Yuk Man, Clarence	Beneficial owner	200,000 (Notes 4 & 6)	0.21%

Notes:

1. As at the latest practicable date, the total number of issued shares of common stock of EGT was 94,047,930.
2. Mr. Ho, Lawrence Yau Lung is taken to be interested in 41,000,000 shares of common stock of EGT and 88,000,000 underlying shares of EGT (which relate to certain EGT warrants as described in Note 3) as a result of him being beneficially interested in approximately 33.48% of the issued share capital of the Company which in turn holds approximately 43.59% of the issued share capital of EGT.
3. The 88,000,000 underlying shares relate to the following warrants issued by EGT to Elixir Group Limited (“Elixir”), a wholly-owned subsidiary of the Company, pursuant to the Securities Purchase Agreement (the “Securities Purchase Agreement”) entered into between Elixir and EGT dated 11th October 2006 and the Securities Purchase and Product Participation Agreement (the “Participation Agreement”) entered into between Elixir and EGT dated 13th June 2007:
 - (1) warrants to purchase 10,000,000 shares of common stock of EGT which will be exercisable at any time during the period from 21st October 2007 to 31st December 2010 at exercise prices ranging from US\$1.00 to US\$3.50 per share;
 - (2) warrants to purchase 12,000,000 shares of common stock of EGT at an exercise price of US\$2.65 per share will be exercisable at any time during the period from 10th September 2007 to 31st December 2012; and
 - (3) warrants to purchase 66,000,000 shares of common stock of EGT at an exercise price of US\$2.65 per share which will become exercisable upon Elixir’s achievement of relevant performance milestones pursuant to the Participation Agreement and will expire on 31st December 2012.

For details of the performance milestones, please refer to the announcement and circular issued by the Company dated 14th June 2007 and 6 July 2007 respectively.

4. 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 17th May 2007 at an exercise price of US\$2.90 per EGT’s share. The stock options may be exercised during the period from the vesting date (please refer to Notes 5 & 6) to 17 May 2012.
5. Among the 1,000,000 options, 333,334, 333,333 and 333,333 options will vest on each of 17th May 2008, 2009 and 2010 respectively.
6. Among the 200,000 options, 66,666, 66,666 and 66,668 options will vest on each of 17th May 2008, 2009 and 2010 respectively.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or 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 (within the meaning of Part XV of the SFO) which were required (a) 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 they were 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 referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at the Latest Practicable Date, the interests and short positions of substantial Shareholders and other persons in the Shares, underlying Shares and debentures of the Company which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein; or (c) were directly or indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Capacity	Number of shares interested	Number of underlying shares interested	Approximate percentage in total issued share capital of the Company (Note 1)
Better Joy Overseas Ltd.	Beneficial owner	288,532,606 (Note 2)	–	23.49%
Lasting Legend Ltd.	Beneficial owner	115,509,024 (Note 2)	–	9.40%
Great Respect Limited	Beneficial owner	–	117,912,694 (Note 3)	9.60%
Mr. Ho, Lawrence Yau Lung	Held by controlled corporations	404,041,630 (Note 5)	117,912,694 (Note 3)	42.49%
	Beneficial owner	7,232,612	–	0.59%
Ms. Lo Sau Yan, Sharen	Family interest	411,274,242 (Note 6)	117,912,694 (Note 3)	43.08%
SG Trust (Asia) Ltd	Held by controlled corporations	–	117,912,694 (Note 3)	9.60%

Name	Capacity	Number of shares interested	Number of underlying shares interested	Approximate percentage in total issued share capital of the Company (Note 1)
Dr. Ho Hung Sun, Stanley	Held by trust	3,127,107 (Note 4)	117,912,694 (Note 3)	9.85%
	Beneficial owner	18,587,789	–	1.51%
Janus Capital Management LLC	Beneficial owner	123,792,000	–	10.08%
Julius Baer Investment Management LLC	Beneficial owner	78,890,545	–	6.42%
JP Morgan Chase & Co.	Beneficial owner	71,532,200 (Note 7)	–	5.82%
State Street Corporation	Custodian corporation	62,696,649 (Note 8)	–	5.10%
Allianz SE	Custodian corporation	126,753,325 (Notes 9 & 11)	–	10.32%
	Held by controlled corporations	8,719,500 (Note 11)	–	0.71%
	Held by controlled corporations	1,400,000 (Notes 10 & 11)	–	0.11%

Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company was 1,228,475,716 Shares.
- The Shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. also represent the corporate interest of Mr. Lawrence Ho in the Company.
- Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, Melco PBL Entertainment (Greater China) Limited and the Company, convertible loan notes of the Company in the total principal amount of HK\$1,175,000,000 were issued to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. Upon exercise in full of such convertible loan notes, a total of 117,912,694 shares, representing 8.76% of the enlarged issued share capital of the Company, will be issued by the Company. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Lawrence Ho and his family members. SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust. The shareholders have approved the issue of the convertible loan notes without the necessity for the making of an offer under Rule 26 of the Takeovers Code on conversion of the convertible loan notes. Hence, no offer under Rule 26 of the Takeovers Code will be made on full conversion.

4. Dr. Ho Hung Sun, Stanley is taken to be interested in 3,127,107 Shares as a result of him being beneficially interested in the entire issued share capital of Lanceford Company Limited.
5. 115,509,024 Shares are held by Lasting Legend Ltd., representing approximately 9.40% of the issued share capital of the Company and 288,532,606 Shares are held by Better Joy Overseas Ltd., representing approximately 23.49% of the issued share capital of the Company. Lasting Legend Ltd. and Better Joy Overseas Ltd. are owned by persons and trusts associated with Mr. Lawrence Ho.
6. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Lawrence Ho and is deemed to be interested in the Shares in which Mr. Lawrence Ho is interested under the SFO.
7. Among the 71,532,200 Shares, 13,732,100 Shares are held in lending pool.
8. These 62,696,649 Shares are held in lending pool.
9. These 126,753,325 Shares are held in lending pool.
10. These 1,400,000 Shares are in short positions.
11. The corporate interest of Allianz SE was attributable on account through a number of its wholly owned subsidiaries and a non-wholly owned subsidiary, Dresdner Bank Aktiengesellschaft (81.1% control).

Save as disclosed herein, so far as the Directors were aware, as at the Latest Practicable Date, no other persons had interests or short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, nor were there any other persons required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, or directly or indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates have any competing interests in any business, which competes or may compete, either directly or indirectly with the businesses of the Company pursuant to the Listing Rules.

6. SERVICE CONTRACTS

Each of Mr. Lawrence Ho, Mr. Tsui Che Yin, Frank (“Mr. Frank Tsui”) and Mr. Chung Yuk Man, Clarence (“Mr. Clarence Chung”) has a service contract with Melco Services Limited, a wholly-owned subsidiary of the Company, which is not for a fixed period and may be terminated by either party to the relevant contract by not less than 3 months’ written notice to the other party. The annual remuneration payable under the service contracts of Mr. Lawrence Ho, Mr. Frank Tsui and Mr. Clarence Chung are HK\$4,320,000, HK\$2,400,000 and HK\$2,400,000 respectively. In addition, each may receive a discretionary bonus in April each year.

Save as disclosed above, no Director has a service contract with the Company and/or any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

8. MISCELLANEOUS

- (i) The registered office of the Company is at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
- (ii) The secretary of the Company is Mr. Tsang Yuen Wai, Samuel, a solicitor admitted in Hong Kong, England and Wales and Australia.
- (iii) The qualified accountant of the Company is Mr. Tam Chi Wai, Dennis, a Member of CPA Australia and a Member of the Institute of Certified Management Accountants, Australia.
- (iv) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.