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Melco

Melco International Development Limited

(Incorporated in Hong Kong with limited liability)
Website: http://www.melco-group.com
(Stock Code: 200)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. Net loss attributable to owners of the Company was HK$811.9 million for the six months ended 30 June 2009, as compared with a net loss attributable to owners of the Company of HK$614.4 million for the six months ended 30 June 2008.

2. Basic loss per share was HK66.14 cents for the six months ended 30 June 2009, as compared to basic loss per share of HK50.08 cents for the six months ended 30 June 2008.

3. Net asset value per share attributable to owners of the Company decreased by 9.3% to HK$5.83 as of 30 June 2009, as compared with HK$6.43 as of 31 December 2008.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
		2009	2008
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**498,527**	325,357
Other income		**33,079**	28,273
Investment income (loss)		**2,643**	(103)
Purchase and changes in inventories of finished goods		**(406,023)**	(210,284)
Employee benefits expense		**(68,294)**	(89,191)
Depreciation of property, plant and equipment		**(8,459)**	(10,850)
Loss on disposal of a subsidiary		**(1,804)**	–
(Loss) gain on changes in interests in associates	4	**(176,421)**	53,856
Fair value changes on derivative financial instruments	5	**(30)**	(191,420)
Fair value change on investment in convertible loan note	13	**77,629**	–
Loss on disposal of available-for-sale investment		**(1,172)**	–
Share of (loss) profit of a jointly controlled entity		**(155,351)**	39,895
Share of losses of associates	11	**(511,713)**	(122,395)
Impairment loss recognised in respect of interests in associates	6	**–**	(313,000)
Other expenses		**(38,269)**	(70,083)
Finance costs		**(55,103)**	(53,907)
Loss before tax		**(810,761)**	(613,852)
Income tax expense	7	**(602)**	(11)
Loss for the period		**(811,363)**	(613,863)

	NOTES	Six months ended 30 June 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**88**	72
Share of other comprehensive income of associates		**14,941**	6,250
Share of other comprehensive income of a jointly controlled entity		**43,763**	–
Loss on fair value change of available-for-sale investments		**–**	(68,900)
Total comprehensive income for the period		**(752,571)**	(676,441)
Loss for the period attributable to:			
Owners of the Company		**(811,890)**	(614,400)
Minority interests		**527**	537
		(811,363)	(613,863)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(753,098)**	(676,978)
Minority interests		**527**	537
		(752,571)	(676,441)
Loss per share	9		
Basic		**(HK66.14 cents)**	(HK50.08 cents)
Diluted		**(HK66.14 cents)**	(HK50.10 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2009

	NOTES	**30 June 2009 HK$'000 (unaudited)**	31 December 2008 HK$'000
Non-current assets			
Investment properties	10	**166,000**	166,000
Property, plant and equipment		**39,060**	42,977
Other intangible assets		**2,000**	2,000
Interests in jointly controlled entities		**78,639**	190,227
Interests in associates	11	**6,455,648**	7,126,710
Amounts due from associates	12	**602,938**	800,673
Amount due from a jointly controlled entity		**350,100**	–
Available-for-sale investments		**11,404**	39,093
Investment in convertible loan note	13	**246,202**	168,573
Goodwill		**4,113**	8,555
Pledged bank deposits	10	**295,640**	972,500
Long term receivable		**4,000**	–
Deferred tax assets		**–**	719
		8,255,744	9,518,027
Current assets			
Inventories		**28,235**	57,652
Trade receivables	14	**109,062**	55,690
Prepayments, deposits and other receivables		**102,836**	232,534
Held-for-trading investments		**217**	150
Derivative financial instruments		**34**	64
Amounts due from associates	12	**256,092**	130,555
Pledged bank deposits	10	**13,470**	6,738
Bank deposits with original maturity over three months		**465,738**	164,896
Bank balances and cash		**116,775**	239,875
		1,092,459	888,154

	NOTES	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000
Current liabilities			
Trade payables	15	**92,249**	309,664
Other payables		**172,755**	124,095
Shareholder's loan		**250,000**	250,000
Dividend payable		**133**	133
Taxation payables		**418**	689
Financial guarantee liability		**45,217**	45,217
Bank borrowings – due within one year	16	**166,400**	96,400
		727,172	826,198
Net current assets		**365,287**	61,956
Total assets less current liabilities		**8,621,031**	9,579,983
Non-current liabilities			
Trade payables – due after one year	15	**5,435**	81,678
Financial guarantee liability		**99,200**	121,808
Bank borrowings – due after one year	16	**58,400**	216,600
Long term payable		**170,537**	172,496
Convertible loan notes – due after one year		**1,095,044**	1,061,861
		1,428,616	1,654,443
		7,192,415	7,925,540
Capital and reserves			
Share capital		**615,052**	614,666
Reserves		**6,550,801**	7,284,839
Equity attributable to owners of the Company		**7,165,853**	7,899,505
Minority interests		**26,562**	26,035
		7,192,415	7,925,540

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

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 and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The revised accounting policy has been applied prospectively since 1 January 2009.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, primary segment information was analysed on the basis of the types of goods and services supplied by the Group's operating divisions. However, information reported to the Chief Executive Officer for the purposes of resource allocation and performance assessment focuses more specifically on the category of customer for the technology business segment, with the result that under HKFRS 8 there are two operating segments included in this business segment. The Group's reportable segments under HKFRS 8 are therefore as follows:

(1) Leisure, Gaming and Entertainment Segment: It mainly comprises provision of catering, entertainment, gaming and related services.

(2) Technology Segment – Elixir: It mainly comprises design, development and supply of gaming technology, including surveillance equipment and other gaming products used in casino.

(3) Technology Segment – iAsia: It mainly comprises development and sale of financial trading and settlement systems in other Asian regions.

(4) Property and Other Investments Segment: It mainly comprises property investments and other investments.

Information regarding the above segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

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

Six months ended 30 June 2009 (unaudited):

	Leisure, gaming and entertainment	Technology		Property and other investments	Elimination	Consolidated
		Elixir	iAsia			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External sales	**42,710**	**409,111**	**20,244**	**26,462**	**–**	**498,527**
Inter-segment sales	**402**	**9**	**5**	**2,727**	**(3,143)**	**–**
Total revenue	**43,112**	**409,120**	**20,249**	**29,189**	**(3,143)**	**498,527**
Segment result	**(1,332)**	**4,616**	**3,972**	**27,772**	**12**	**35,040**
Central administrative costs and other unallocated corporate expenses						**(49,095)**
Unallocated corporate income						**27,259**
Finance costs						**(55,103)**
Loss on changes in interests in associates						**(176,421)**
Loss on disposal of a subsidiary						**(1,804)**
Fair value changes on derivative financial instruments						**(30)**
Fair value change on investment in convertible loan note						**77,629**
Share of loss of a jointly controlled entity						**(155,351)**
Share of loss of associates						**(511,713)**
Loss on disposal of available-for-sale investment						**(1,172)**
Loss before tax						**(810,761)**

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

Six months ended 30 June 2008 (unaudited):

	Leisure, gaming and entertainment	Technology Elixir	Technology iAsia	Property and other investments	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
External sales	54,065	209,821	26,647	34,824	–	325,357
Inter-segment sales	523	19	32	919	(1,493)	–
Total revenue	54,588	209,840	26,679	35,743	(1,493)	325,357
Segment result	921	(6,655)	3,387	34,596	(994)	31,255
Central administrative costs and other unallocated corporate expenses						(83,261)
Unallocated corporate income						25,125
Finance costs						(53,907)
Gain on changes in interests in associates						53,856
Fair value changes on derivative financial instruments						(191,420)
Share of profit of a jointly controlled entity						39,895
Share of losses of associates						(122,395)
Impairment loss recognised in respect of interests in associates						(313,000)
Loss before tax						(613,852)

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 administration costs and other unallocated corporate expenses, unallocated corporate income, finance costs, (loss) gain on changes in interests in associates, loss on disposal of a subsidiary, fair value changes on derivative financial instruments, fair value change on investment in convertible loan note, share of (loss) profit of a jointly controlled entity, share of losses of associates, loss on disposal of available-for-sale investment and impairment loss recognised in respect of interests in associates. This is the measure reported to Group's Chief Executive Officer for the purposes of resource allocation and performance assessment.

4. (LOSS) GAIN ON CHANGES IN INTERESTS IN ASSOCIATES

(i) During the period ended 30 June 2009, the Group's ownership interest in its associate, Melco Crown Entertainment Limited ("Melco Crown Entertainment"), decreased from 37.83% to 34.10%, as a result of (i) a follow-on public offering of shares of Melco Crown Entertainment and (ii) the vesting of certain restricted shares issued by Melco Crown Entertainment. The Group therefore recognised a loss of approximately HK$176,421,000 which represents the decrease in net assets attributable to the Group during the period ended 30 June 2009.

(ii) During the period ended 30 June 2008, the Group and its associate, Melco China Resort Investment Limited ("MCR"), entered into a series of transactions for the purpose of the amalgamation of MCR with Virtual China Travel Services, Co., Ltd. ("VCTS"), a company listed on the Toronto Stock Exchange ("TSX") Venture Exchange, including:

(a) In March 2008, the Group and the other two shareholders of MCR agreed to amend the Memorandum and Articles of Association of MCR such that it has three classes of shares with different economic interest. The original MCR shares held by the Group and the amount of HK$291 million which have been advanced by the Group to MCR, were exchanged for new shares so that the Group's economic interest in MCR increased from 45% to 70.1% while the voting power remained at 45%;

(b) Melco China Resorts (Holding) Limited ("MCR BC") issued shares in May 2008 in exchange for the shares of MCR held by all MCR shareholders, including the Group ("Share Swap"). Under the terms of the Share Swap, MCR BC issued 411,091,347 common shares and 84,375,653 convertible preference shares in exchange for the Group's interest in MCR. MCR became the wholly-owned subsidiary of MCR BC, which then became an associate of the Group. Each of the convertible preference share can be converted into one common share of MCR BC at any time after six months from date of issuance of 27 May 2008 without expiry date and entitle the holder a cumulative dividend of CAD0.001 per share;

(c) The Group and certain independent investors subscribed for common shares and warrants in MCR BC ("Subscription"). Under the subscription agreement entered into by the Group, the Group subscribed for 20,000,000 common shares and 10,000,000 warrants issued by MCR BC at a consideration of approximately HK$46,834,000 (CAD6,000,000). The cost of common shares of approximately HK$42,307,000 forms part of the Group's initial cost of investment in MCR BC while the remaining HK$4,527,000 represents the initial carrying amount of the warrants held by the Group, which are accounted for as derivative financial instruments. In addition, the independent investors subscribed for 220,436,358 common shares and 110,218,179 warrants issued by MCR BC at a consideration of approximately HK$516,196,000 (CAD66,131,000); and

(d) MCR BC then completed the reverse take-over of VCTS by way of an amalgamation ("Amalgamation") and its common shares and warrants then commenced trading on the TSX Venture Exchange. Upon the completion of the Amalgamation, the common shares, convertible preference shares and warrants issued by MCR BC were also consolidated on a 10 to 1 basis.

The Share Swap, Subscription and Amalgamation were completed on or about the same date in May 2008. As a result, the Group's interest in the associate has been changed to 49.3% but the net assets of MCR BC attributable to the Group increased and a gain of approximately HK$54,370,000 was thus recognised.

(iii) During the period ended 30 June 2008, the interest in an associate, Value Convergence Holdings Limited ("VC"), attributable to the Group decreased by approximately HK$514,000 resulting from the exercise of certain share options of VC by the option holders. The Group's ownership interest in VC decreased from 43.5% to 43.4% during the period.

As a result of the above notes (ii) and (iii), the Group therefore recognised a gain of approximately HK$53,856,000 for the above change in interests in associates during the period ended 30 June 2008.

5. FAIR VALUE CHANGES ON DERIVATIVE FINANCIAL INSTRUMENTS

During the period ended 30 June 2009, a decrease in fair value regarding the warrants of an associate, Elixir Gaming Technologies, Inc. ("EGT") and MCR BC (see note 4) held by the Group of Nil (six months ended 30 June 2008: HK$189,000,000) and HK$30,000 (six months ended 30 June 2008: HK$2,420,000), respectively, was recognised in the condensed consolidated statement of comprehensive income.

6. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF INTERESTS IN ASSOCIATES

During the period ended 30 June 2008, there was an indicator of impairment as a result of the decreases in share price of an associate, EGT. The Group then performed an impairment assessment and recognised an impairment loss of approximately HK$313,000,000 in relation to its interests in associate – EGT. The recoverable amount of EGT has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of EGT covering a 5 years period, and discount rate of 14%. EGT's cash flows beyond the 5 year period are extrapolated using a steady 4% growth rate, management of the Group believes that a 4% growth rate is reasonable. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. The recoverable amount of EGT was approximately HK$610,563,000 while the aggregate market price of the shares held by the Group was approximately HK$427,589,000 as at 30 June 2008.

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the six months ended 30 June 2009. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

No provision for Hong Kong Profits Tax is made during the period ended 30 June 2009 as there was no estimated assessable profit.

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The income tax expense comprises:		
Current tax – other jurisdictions	**–**	11
Deferred taxation	**602**	–
Income tax expense	**602**	11

8. DIVIDEND

During the period ended 30 June 2009, no dividend was paid to shareholders as the final dividend for 2008 (six months ended 30 June 2008: HK$0.01 per share amounting to approximately HK$12,271,000 as the final dividend for 2007).

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic loss per share (loss for the period attributable to owners of the Company)	**(811,890)**	(614,400)
Effect of dilutive potential ordinary shares:		
Adjustments to the share of results of associates based on potential dilution of their earnings per share	**–**	(262)
Loss for the purpose of diluted loss per share	**(811,890)**	(614,662)

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,227,556,496**	1,226,807,669

Note: The number of shares adopted in the calculation of the basic loss per share has been arrived at after eliminating the shares in the Company held by the Company's share award schemes. During the periods ended 30 June 2009 and 2008, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible loan notes and the effect of share options and unvested awarded shares under the Company's long-term incentive schemes since their exercise would result in a decrease in loss per share.

10. PLEDGE OF ASSETS

At 30 June 2009, the Group pledged certain of its assets for the following purposes:

(a) The Group's bank deposit and investment properties which amounted to approximately HK$947,000 and HK$166,000,000, respectively, were pledged for obtaining the banking facilities for certain subsidiaries of the Group (31 December 2008: bank deposit of approximately HK$947,000 and investment properties of approximately HK$166,000,000).

(b) The Group's bank deposit of approximately HK$5,791,000 (31 December 2008: HK$5,791,000) were pledged to a bank for the completion of a sale agreement with a customer.

(c) The Group's bank deposit of approximately HK$6,732,000 (31 December 2008: Nil) were pledged to a bank for obtaining the banking facilities for a subsidiary of the Group in respect of goods purchased from a supplier.

(d) The Company placed a bank deposit of HK$295,640,000 (equivalent to US$38,000,000) (31 December 2008: HK$972,500,000 (equivalent to US$125,000,000)) for an undertaking in connection with a long term loan facilities obtained by Melco Crown Entertainment, and was therefore classified as non-current asset.

11. INTERESTS IN ASSOCIATES

As at 30 June 2009, the Group holds approximately 34.1% interests in Melco Crown Entertainment, 43.4% interests in VC, 49.3% interests in MCR BC, 58.7% interests in Power Way Group Limited ("Power Way"), 10.4% interests in MelcoLot Limited, 20.0% interests in iAsia Online Systems Limited and 39.8% interests in EGT. During the period ended 30 June 2009, the Group recognised share of losses of these associates of approximately HK$511,713,000 (six months ended 30 June 2008: HK$122,395,000).

12. AMOUNTS DUE FROM ASSOCIATES

Included in amounts due from associates are:

(i) amount due from an associate of approximately HK$578,578,000 (31 December 2008: HK$578,578,000) which is unsecured, interest bearing at Hong Kong Interbank Offered Rates ("HIBOR") per annum (31 December 2008: HIBOR plus 1.5% 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 considers no impairment on the amount due from this associate;

(ii) amount due from an associate of approximately HK$200,693,000 (31 December 2008: HK$173,976,000) which is unsecured and approximately HK$12,968,000 is repayable on demand, HK$11,750,000 is repayable on 28 January 2010 and HK$175,975,000 is repayable on 31 March 2010. Approximately HK$105,413,000 out of the HK$200,693,000 (31 December 2008: HK$93,773,000 out of the HK$173,976,000) is interest bearing at 3-month London Interbank Offered Rate ("LIBOR") plus 3% per annum and the remaining HK$95,280,000 (31 December 2008: HK$80,203,000) is non-interest bearing such that a deemed capital contribution of approximately HK$5,770,000 has been recognised as at 31 December 2008 using interest rate at LIBOR plus 3% per annum. The Group has reviewed the financial position and the bank 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$71,294,000 which is unsecured and interest bearing at 5% per annum. Approximately HK$46,934,000 out of the HK$71,294,000 (31 December 2008: HK$45,779,000 out of the HK$93,898,000) was repayable within twelve months from the end of the reporting period and the remaining HK$24,360,000 (31 December 2008: HK$48,119,000) was repayable after twelve months from the end of the reporting period ended 30 June 2009. This associate has continued to settle the balance by installments and the Group considers no impairment on the amounts due from this associate; and

(iv) amount due from an associate of approximately HK$41,900,000 which was unsecured, interest bearing at HIBOR plus 1.25% to 2% per annum and repayable upon written notice given from the Company at 31 December 2008. Full settlement has been received from this associate during the period ended 30 June 2009.

The remaining amounts due from associates are unsecured, non-interest bearing and repayable on demand.

13. INVESTMENT IN CONVERTIBLE LOAN NOTE

During the period ended 30 June 2009, an increase in fair value of approximately HK$77,629,000 (six months ended 30 June 2008: Nil) regarding the MelcoLot Limited's convertible loan note was recognised in the condensed consolidated statement of comprehensive income. The significant increase in fair value of the MelcoLot Limited's convertible loan note is as a result of the increase in share price of MelcoLot Limited. As at 30 June 2009, the fair value of the investment in MelcoLot Limited's convertible loan note of approximately HK$246,202,000 (31 December 2008: HK$168,573,000) is determined using binomial model and discounted cash flow approach for different components.

14. TRADE RECEIVABLES

	As at 30 June 2009 *HK$'000* **(unaudited)**	As at 31 December 2008 *HK$'000*
Trade receivables *(Notes a & b)*	**115,635**	63,192
Less: allowance for doubtful debts	**(6,573)**	(7,502)
	109,062	55,690

The aged analysis of trade receivables at the end of the reporting period is as follows:

	As at 30 June 2009 *HK$'000* **(unaudited)**	As at 31 December 2008 *HK$'000*
Within 30 days	**74,073**	15,901
31 – 90 days	**9,559**	12,299
Over 90 days	**25,430**	27,490
	109,062	55,690

Notes:

(a) The Group's Leisure, Gaming 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.

(b) Trade receivables on the Group's Technology Segment are due immediately from date of billing but the Group will generally grant a normal credit period of 30 days to 90 days on average to its customers.

15. TRADE PAYABLES

An aged analysis of the trade payables at the end of the reporting period is as follows:

	As at 30 June 2009 *HK$'000* **(unaudited)**	As at 31 December 2008 *HK$'000*
Within 30 days	**34,909**	132,973
31 – 90 days	**3,095**	19,857
Over 90 days	**11,329**	40,356
	49,333	193,186
Trade payable by instalment *(note)*	**48,351**	198,156
	97,684	391,342
Analysed as:		
Current liabilities	**92,249**	309,664
Non-current liabilities *(note)*	**5,435**	81,678
	97,684	391,342

Note: The amount represents trade payable to vendors by instalment for one to two years, which bear interest at 5% per annum (31 December 2008: 2.5% to 12% per annum). Appromixately HK$5,435,000 out of the HK$48,351,000 (31 December 2008: HK$81,678,000 out of the HK$198,156,000) is not repayable within twelve months from the end of the reporting period.

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

	As at 30 June 2009 *HK$'000* **(unaudited)**	As at 31 December 2008 *HK$'000*
Secured	**74,800**	83,000
Unsecured	**150,000**	230,000
	224,800	313,000
Carrying amount repayable:		
Within one year	**166,400**	96,400
More than one year, but not exceeding two years	**16,400**	166,400
More than two years, but not exceeding five years	**42,000**	50,200
	224,800	313,000
Less: Amounts due within one year shown under current liabilities	**(166,400)**	(96,400)
	58,400	216,600

All the bank borrowings are denominated in HK$, the functional currency of relevant group entities, with interest rates of HIBOR plus 1.2% to 1.5% (31 December 2008: HIBOR plus 1.2% to 3.0%) per annum.

17. CONTINGENT LIABILITIES

(i) On 5 September 2007, the Company has given an undertaking in connection with the HK$13.65 billion (US$1.75 billion) loan facilities obtained by Melco Crown Gaming (Macau) Limited ("Melco Crown Gaming" formerly known as Melco PBL Gaming (Macau) Limited), a subsidiary of Melco Crown Entertainment. The undertaking given by the Company is to ensure that a contingent contribution of up to a maximum amount of HK$972,500,000 (US$125,000,000) will be provided, upon request of the facility agent acting on behalf of the lenders, to pay contingencies (if any) associated with the construction of the City of Dreams project of Melco Crown Gaming in the absence of other available funding for completion of the project. The Company's obligation to provide contingent contribution has, with effect from 4 May 2009, been reduced from HK$972,500,000 (US$125,000,000) to HK$295,640,000 (US$38,000,000). The Company maintains a standby letter of credit for the said reduced amount to support its contingent obligation. Crown Limited, a major shareholder of Melco Crown Entertainment, has given a similar undertaking and entered into a similar arrangement in connection with the said loan facilities.

(ii) The Group recognised financial guarantee liabilities of HK$144,417,000 in respect of the Exchangeable Bonds issued by Melco Crown SPV Limited, the jointly controlled entity of the Group, which are jointly and severally guaranteed by the Company and Crown Limited.

18. EVENTS AFTER THE END OF THE INTERIM PERIOD

On 18 August 2009, Melco Crown Entertainment completed a follow-on public offering of shares of Melco Crown Entertainment. On the completion of the follow-on public offering, the Group's ownership interest in Melco Crown Entertainment was decreased from 34.10% to 31.36%.

On 20 August, 2009, MCR BC entered into a definitive agreement with an independent third party, China Entertainment Globe Ltd. ("CEG"), in which CEG will subscribe for 95,000,000 common shares in MCR BC at a subscription price of approximately HK$1 (equivalent to CAD0.15) for a total subscription price of approximately HK$96,178,000 (equivalent to CAD14,250,000) (the "Private Placement"). On completion of the Private Placement which is expected to occur by the end of September 2009, upon satisfaction of all closing conditions, CEG will be holding approximately 49.8% of the equity interest of MCR BC and the Group's shareholding in MCR BC will be decreased to 27.0%. The financial impact of this event is not known until the completion of definitive agreement.

On 8 September 2009, VC entered into a placing agreement ("Placing Agreement") with China Everbright Securities (HK) Limited (the "Placing Agent"), pursuant to which VC has appointed the Placing Agent to procure independent subscribers for convertible bonds with a principal amount of HK$300 million ("First Convertible Bonds") at the conversion price of HK$1 per share. Under the terms of the First Convertible Bonds, the bondholders who convert the First Convertible Bonds within one year from the date of issue of the First Convertible Bonds will be granted options which will entitle them to subscribe for further convertible bonds equal to the principal amount of the First Convertible Bonds. Accordingly, a further convertible bonds with a principal amount of HK$300 million may be issued.

MANAGEMENT DISCUSSION & ANALYSIS

Significant Events and Developments

The first half of 2009 marked another significant milestone in the development of the Group. While economies around the world were hard hit by the global financial crisis, the Group was able to weather through these challenges and made substantial progress across all its major business units during the review period.

Most importantly, after years of planning and hard work, the Group finally saw its flagship project, "City of Dreams", becoming a reality. The project was conceptualized as early as when the Group forayed into the leisure and entertainment industry five years ago. Since its opening on 1st of June, City of Dreams has been well-received by the market and has succeeded in securing a sizeable market presence in Macau.

Gaming Business in Macau

The Group operates its gaming business in Macau through its 34.1%-owned[1] associate Melco Crown Entertainment Limited ("Melco Crown Entertainment") which is listed on NASDAQ in the US. With the opening of its flagship property, City of Dreams, on time and on budget, on 1 June 2009, Melco Crown Entertainment has effectively been transformed from a company focusing on development to a company focusing on operations. Satisfactory patronage was reported in the first month of operation with approximately 1.2 million visitors or an average of approximately 41,000 visitors per day.

Continuous marketing efforts have improved the awareness of City of Dreams in the region, which has in turn translated into growing gaming volumes. As Melco Crown Entertainment reported on 3 August 2009, the sequential improvement in mass table drop and rolling chip volume at City of Dreams between the first and second month of operation was 33% and 36% respectively. Gaming market share of Melco Crown Entertainment also improved substantially to 18% in July 2009 versus 9% in June 2009, a testimony to the success of this world-class hotel cum casino complex. Grand Hyatt Macau, within the City of Dreams Complex, is scheduled to open by the end of September 2009. It is expected that this will further increase the gaming revenue and market share of City of Dreams.

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[1] The Group's interest in Melco Crown Entertainment had decreased from 37.8% as at 1 January 2009 to 37.6% due to the vesting of certain restricted shares issued by Melco Crown Entertainment in March 2009. On 1 May 2009 a follow-on offering of new shares, in the form of ADS, was completed by Melco Crown Entertainment. As from that date, the Group's interest in Melco Crown Entertainment has been diluted to 34.1%.

To better define its gaming and entertainment offerings in Macau, Melco Crown Entertainment re-branded Crown Macau as Altira Macau in April 2009 to provide a unique gaming environment to Asian rolling chip customers. This move is intended to avoid cannibalization between Altira Macau and City of Dreams and has been proven to be highly effective, evidenced by the fact that rolling chip volume at Altira Macau increased sequentially between June 2009 and July 2009 by 15% to US$3.17 billion, after the opening of the City of Dreams.

As for Mocha Clubs, on 20 February 2009, the Mocha Square venue re-opened with 75 more gaming machines, bringing the total number of gaming machines in operation to approximately 1,500 across eight venues in Macau. Mocha Clubs continued to provide a stable source of income contribution to Melco Crown Entertainment during the review period.

Gaming Machine Revenue Participation Business in South East Asia

Elixir Gaming Technologies, Inc. ("EGT"), in which the Group has an effective equity interest of 39.8%, made solid progress in tapping gaming machine revenue participation opportunities in South East Asia.

During the review period, EGT restructured its operations and streamlined its cost structure. The results of these initiatives were highly effective. EGT achieved record high results in the second quarter of this year more details of which are given in the latter part of this announcement.

In July 2009, EGT signed a contract with NagaCorp Ltd. (HKSE: 3918) to place an additional 200 electronic gaming machines on a participation basis at NagaWorld casino resort with the option to place a maximum of 200 more machines by the end of the year. NagaWorld is the only licensed casino in Phnom Penh, Cambodia. EGT currently operates approximately 240 machines in the Premier Club at NagaWorld with average win per unit per day of over US$200 during May, June and July 2009.

In addition, EGT has also recently secured agreements to install a total of approximately 300 electronic gaming machines at two new venues in the Philippines, one of which is expected to be in operation in September and the other in October this year. All these electronic gaming machines are placed on a revenue sharing basis.

Lottery Management Business in Asia

MelcoLot Limited ("MelcoLot"), in which the Group has a 30.1% effective interest on a fully diluted basis (assuming full conversion of all outstanding convertibles), has expanded its business beyond China after the Athens-listed global gaming technology and services provider, INTRALOT SA, and the Taiwan-listed Point-of-sales system and lottery vending terminal manufacturer, Firich Enterprises Co., Ltd., became its strategic partners last year. Foray into Korea was initiated by the acquisition of KTeMS Co., Ltd., a South Korean company holding 14% equity interest in Nanum Lotto Inc. ("Nanum"), which has the exclusive right to operate the nationwide welfare lottery, Nanum Lotto, in South Korea. With the strong support from its world class strategic shareholders, MelcoLot is well positioned to expand its market presence in China and beyond.

Ski Resort Business in China

During the review period, the Group operates its ski resort business through 49.3%-owned Melco China Resorts (Holding) Limited ("MCR"), which is listed in Canada. MCR owns and operates two of the largest destination ski resorts in the PRC, namely, Sun Mountain Yabuli Resort in Heilongjiang ("Yabuli Resort", host of the 2009 World Winter University Games) and Sky Mountain Beidahu in the Jilin Province ("Beidahu Resort", host of the 2007 Asian Winter Games).

Between Yabuli Resort and Beidahu Resort, MCR controls approximately 236.4 hectares of land and most of this land bank is capable of being used for future real estate development.

As both Yabuli Resort and Beidahu Resort are still at their development stages, MCR requires additional financing to meet its capital expenditures and working capital requirements. Therefore, during the review period, MCR has continued to actively pursue funding sources.

Subsequent to the review period, on 20 August 2009, MCR entered into a definitive agreement with China Entertainment Globe Ltd. ("CEG") in which, subject to completion, CEG will subscribe for 95,000,000 common shares in MCR at a subscription price of C$0.15 for a total subscription amount of C$14,250,000 (the "Private Placement"). On completion of the Private Placement which is expected to be some time in September 2009 upon satisfaction of all closing conditions, CEG will be holding approximately 49.8% of the equity interest of MCR and the Group's shareholding in MCR will be diluted to approximately 27%.

Financial Services Business in Hong Kong and Macau

Value Convergence Holdings Limited ("VC"), in which the Group has an equity interest of 43.4%, is an established financial services group committed to delivering premium financial services and products to customers in the Greater China region.

Undermined by the global financial crisis during the review period, VC shared the fate of its peers in the marketplace and suffered from declining stock market trading volumes. However, despite the adverse market conditions, VC still managed to deliver a positive contribution to the Group.

On 8 September 2009, VC entered into a placing agreement ("Placing Agreement") with China Everbright Securities (HK) Limited (the "Placing Agent"), pursuant to which VC has appointed the Placing Agent to procure independent subscribers for convertible bonds with a principal amount of HK$300 million ("First Convertible Bonds") at the conversion price of HK$1 per share. Under the terms of the First Convertible Bonds, the bondholders who convert the First Convertible Bonds within one year from the date of issue of the First Convertible Bonds will be granted options which will entitle them to subscribe for further convertible bonds equal to the principal amount of the First Convertible Bonds. Accordingly, a further convertible bonds with a principal amount of HK$300 million may be issued.

Achievements and Awards

During the six months ended 30 June 2009, the Group received a number of accolades for its good practices in corporate governance and social responsibilities. The Group's leisure and entertainment establishments have also won various industry awards.

In 2009, Melco won the "Corporate Governance Asia Annual Recognition Award 2009" by *Corporate Governance Asia* magazine for the fourth consecutive year. It was also recognized by *FinanceAsia* magazine as one of Hong Kong's "Best Managed Companies" for the third consecutive year in 2009, and was one of the "Best mid-cap companies" and "Best in Corporate Social Responsibility" in Hong Kong. Furthermore, the Group's Chairman and CEO, Mr. Lawrence Ho, was named one of the "Best CEOs in Hong Kong" by *FinanceAsia* in 2009. These awards serve to testify the investment community's recognition of the Group's performance and management standards.

On the social responsibility front, Melco was granted the "President Award 2009" by The Community Chest in recognition of its consistent support in community services. Melco is also being recognized as the Double Diamond Corporate Member of WWF Hong Kong. As a keen supporter of environmental protection, Melco initiated a "Greening in Melco" program, and received a Class of Good in the WasteWise Label of the Hong Kong Awards for Environmental Excellence in recognition of its efforts in reducing wastes and providing employees with a green workplace.

Melco's Corporate Social Responsibility Report also won a Gold Award in the Social Responsibility Report category and a Bronze Award in the Printing and Production category, and its Annual Report gained a Bronze Award in the Interior Design category and Honors Award in Overall Annual Report category in the well recognized International ARC Awards 2009.

The Group's luxurious hotel property, Altira Macau, was named "Best of Operator" at the International Gaming Awards 2009. It was also named "2009 Best Business Hotel – Macau" at the TTG China Travel Awards and its spa voted the "2009 Best Hotel Spa in Asia" by *Asia Spa & Wellness*.

OUTLOOK

Many economists have recently commented that the worst of the recession is over and that the global economy is on its way to recovery with China leading the way. Melco, with its main market in Macau, which is highly linked to the fortune of China, is poised to benefit greatly from this expected economic recovery.

The Macau Government has recently announced that a new directive will soon be enacted to cap commission rates payable to junket operators, thus putting to bed the fear of a potential cut-throat competition among the six concessionaires and paving the way to a level playing field with the operators competing on products and quality of services, rather than on prices. With a new Chief Executive of Macau soon to take over administration vowing to foster economic growth of the city, coupled with talks that visa restrictions on PRC visitors to Macau will be further relaxed, we are highly confident on an imminent revival of growth in the Macau gaming market.

With the recent opening of our flagship integrated resort, City of Dreams, together with Altira Macau (specifically designed to cater for VIP rolling chip customers) and Mocha Clubs (specifically designed to cater for the grind market), the Group now boasts a comprehensive portfolio of assets serving all the customer segments and is therefore well-positioned to compete favorably with the other players in Macau.

As always, our top priority remains the achievement of the highest possible returns for our shareholders whilst upholding the best corporate governance practices and fulfilling our corporate citizenship responsibilities.

FINANCIAL REVIEW

To facilitate the review, the segmental information shown in Note 3 to the Condensed Consolidated Financial Statements is reproduced below with some minor re-arrangements:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Segmental Result: Leisure, Gaming and Entertainment	**(1,332)**	921
Segmental Result: Technology	**8,588**	(3,268)
Segmental Result: Property and Other Investments	**27,772**	34,596
Intra-group elimination	**12**	(994)
Group operating result	**35,040**	31,255
Share of losses of associates	**(511,713)**	(122,395)
Share of (loss) profit of a jointly controlled entity	**(155,351)**	39,895
(Loss) gain on changes in interests in associates	**(176,421)**	53,856
Loss on disposal of a subsidiary	**(1,804)**	–
Fair value changes on derivative financial instruments	**(30)**	(191,420)
Fair value change on investment in convertible loan note	**77,629**	–
Loss on disposal of available-for-sale investment	**(1,172)**	–
Impairment loss recognised in respect of interests in associates	**–**	(313,000)
Unallocated corporate income	**27,259**	25,125
Central administrative costs and other unallocated corporate expenses	**(49,095)**	(83,261)
Finance costs	**(55,103)**	(53,907)
Loss before tax	**(810,761)**	(613,852)
Income tax expense	**(602)**	(11)
Loss for the period	**(811,363)**	(613,863)
Minority interests	**(527)**	(537)
Loss for the period attributable to owners of the Company	**(811,890)**	(614,400)

For the six months ended 30 June 2009, the Group reported loss attributable to owners of the Company of HK$811.9 million as compared to a loss of HK$614.4 million for the same period in 2008.

LEISURE, GAMING AND ENTERTAINMENT

For the six months ended 30 June 2009, loss from this segment amounted to approximately HK$1.3 million (six months ended 30 June 2008: profit of HK$0.9 million) and was made up as follows:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Jumbo Kingdom	**(609)**	2,291
Others	**(723)**	(1,370)
	(1,332)	921

Jumbo Kingdom

Jumbo Kingdom includes the Jumbo and Tai-Pak floating restaurants located in Aberdeen, Hong Kong. Due to the decrease in patronage as a result of the global financial crisis, the business made a negative contribution of approximately HK$0.6 million for the six months ended 30 June 2009 (six months ended 30 June 2008: profit of HK$2.3 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, gaming and entertainment businesses

Other leisure, gaming and entertainment businesses, e.g. the Macau gaming business (conducted via 34.1%-owned Melco Crown Entertainment) and the gaming machine revenue participation business (conducted through 39.8%-owned EGT) are reported below under "SHARE OF LOSSES OF ASSOCIATES".

TECHNOLOGY

The Group's technology business is conducted through its wholly owned subsidiaries, Elixir Group Limited ("Elixir Technology") and iAsia Online Systems Limited ("iAsia Online"), which has become an associate as from 4 June 2009. Contribution from this segment was approximately HK$8.6 million for the six months ended 30 June 2009 (six months ended 30 June 2008: loss of HK$3.3 million) and was made up as follows:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Elixir Technology	**4,629**	(6,639)
iAsia Online	**3,972**	3,387
Others	**(13)**	(16)
	8,588	(3,268)

Elixir Technology

Elixir Technology is a gaming product supplier specializing in the design, development, and supply of gaming technologies, including surveillance equipment and other gaming products used in casinos.

It made a positive contribution of approximately HK$4.6 million for the six months ended 30 June 2009 (six months ended 30 June 2008: loss of HK$6.6 million). This significant improvement was due to the successful completion of certain major technology solution projects during the review period.

iAsia Online

For the period from 1 January 2009 to 3 June 2009, the date after which iAsia Online became an associate, iAsia Online made a positive contribution to the Group of approximately HK$4.0 million (six months ended 30 June 2008: HK$3.4 million).

On 4 June 2009, the Group completed the disposal of 80% of the issued share capital of iAsia Online. As a results, iAsia Online ceased to be a subsidiary of the Group in June 2009 and became an associate thenceforth. Therefore, the results of iAsia Online for the rest of the review period are shown under the category of "SHARE OF 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 2009, it recorded a profit of HK$27.8 million (six months ended 30 June 2008: HK$34.6 million). The decrease is primarily due to the drop in short term deposit interest rates as compared to the same period last year.

SHARE OF LOSSES OF ASSOCIATES

The Group's share of losses of associates is made up of the following:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Share of (loss) profit of Melco Crown Entertainment (1)	**(474,984)**	130,611
Share of profit of VC (2)	**2,050**	3,308
Share of loss of MCR (3)	**(17,839)**	(13,621)
Share of profit (loss) of Power Way (4)	**1,126**	(184,112)
Share of loss of MelcoLot (5)	**(1,259)**	–
Share of profit of iAsia Online (6)	**260**	–
Share of loss of EGT (7)	**(21,067)**	(58,581)
	(511,713)	(122,395)

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

For the period under review, the Group's attributable loss arising from its 34.1%[2] ownership of Melco Crown Entertainment amounted to approximately HK$475.0 million (six months ended 30 June 2008: attributable profit of HK$130.6 million).

According to the financial statements (prepared under US GAAP) of Melco Crown Entertainment, Melco Crown Entertainment reported net revenue of US$432.3 million for the six months ended 30 June 2009, versus US$867.5 million for the six months ended 30 June 2008.

Melco Crown Entertainment reported a net loss of US$179.3 million for the first six months of 2009, compared to a net profit of US$37.5 million for the first six months of 2008. The year-over-year decrease in net revenue was primarily driven by lower rolling chip volume at Altira Macau in the first six months of 2009 as compared to the same period in 2008 and lower rolling chip hold percentage in the first six months of 2009 as compared to the same period in 2008.

[2] The Group's interest in Melco Crown Entertainment had decreased from 37.8% as at 1 January 2009 to 37.6% due to the vesting of certain restricted shares issued by Melco Crown Entertainment in March 2009. On 1 May 2009 a follow-on offering of new shares, in the form of ADS, was completed by Melco Crown Entertainment. As from that date, the Group's interest in Melco Crown Entertainment has been diluted to 34.1%.

City of Dreams opened on 1 June and contributed one full month of operating performance to Melco Crown Entertainment's first half results in 2009. For the six months ended 30 June 2009, net revenue at City of Dreams was US$26.8 million and adjusted EBITDA was a loss of US$12.2 million. Rolling chip volume totaled US$1.94 billion and the rolling chip table games hold percentage (calculated before discounts and commissions) was 0.79%, below the target rolling chip hold percentage of 2.85%. In the mass market table games segment, drop (a measure of mass market gaming volume) totaled US$100.0 million and the mass market table games hold percentage was 16.4%, which is within the expected range for mass market table games hold percentage of 16.0% – 18.0%.

For the six months ended 30 June 2009, net revenue at Altira Macau was US$342.8 million versus US$821.0 million in the same period of 2008. Altira Macau generated a positive adjusted EBITDA of US$13.8 million in the review period compared with a gain of US$116.3 million in the same period of 2008. Rolling chip volume totaled US$18.8 billion for the review period, down from US$37.9 billion in the same period of 2008 and rolling chip table games hold percentage (calculated before discounts and commissions) was 2.79% in the first quarter of 2009 and 2.45% in the second quarter of 2009, which are below the target rolling chip hold percentage of 2.85%. In the mass market table games segment, drop (a measure of mass market gaming volume) totaled US$149.6 million, down from US$188.9 million generated in the corresponding period of 2008. The mass market table games hold percentage was 13.7% in the first quarter of 2009 and 13.9% in the second quarter of 2009, which are below the expected range for mass market table games hold percentage of 16.0% – 18.0%.

Net operating revenue from Mocha Clubs totaled US$48.5 million in the six months ended 30 June 2009, up from US$45.2 million in the corresponding period of 2008. Mocha Clubs generated US$12.9 million of adjusted EBITDA in the review period, which compares with US$12.4 million in the same period last year. In the second quarter of 2009, the number of gaming machines in operation at the Mocha Clubs averaged approximately 1,440. The average net win per gaming machine per day was US$178 in the second quarter of 2009, as compared with US$228 in the same period of 2008.

(2) Share of profit of VC

Listed on the Hong Kong Stock Exchange, VC offers corporate finance advisory services as well as brokering and dealing for clients in securities, futures and options contracts. Following a restructuring in September 2007, VC has since become an associate of the Group. The Group's attributable profit arising from its 43.4% ownership of VC amounted to approximately HK$2.1 million for the six months ended 30 June 2009 (six months ended 30 June 2008: HK$3.3 million).

According to its financial statements, VC recorded revenue of approximately HK$63.7 million, down by HK$9.0 million or 12.4%, compared to the corresponding period in 2008. This was primarily due to the global financial crisis that has undermined equity markets worldwide. Unaudited consolidated net profit after taxation for the first half of 2009 fell 37.9% year on year to HK$4.7 million.

(3) Share of loss of MCR

At at 31 December 2008, the interest in MCR was written down to HK$10.9 million, its then prevailing market value. During the period, the Group's share of loss of MCR has exceeded the sum of this amount and the Group's share of reserves of MCR. As an investment cannot be written down below zero, the loss attributable to the Group is only restricted to the carrying value of the investment. Such a loss amounted to approximately HK$17.8 million for the six months ended 30 June 2009 (six months ended 30 June 2008: HK$13.6 million). Going forward, as the Group has already written down the value of its investment in MCR to zero, there will not be any attributable losses incurred in future accounting periods.

According to the financial statements (prepared under Canadian GAAP) of MCR, for the six month period ended 30 June 2009, MCR generated revenues from resort operations of C$3.39 million and a net loss of C$20.15 million. Total revenue and the net results were from resort operations with no real estate sales activities being undertaken during the six-month period ended 30 June 2009. Results in the six-month period were negatively impacted by a C$4.9 million one-off charge relating to transaction and closing costs for a new RMB250 million (C$42.2 million) debt facility from the China Construction Bank secured in March 2009, an increase in bank loan interest pertaining to the new facility, and additional depreciation charges on an increase in buildings and facilities associated with the completion of hotels at Yabuli Resort in February 2009.

(4) Share of profit (loss) of Power Way

In 2007, the Group underwent a restructuring of its lottery management business by the disposal of its interest in a then subsidiary, PAL Development Limited ("PAL"), to a special purpose company called Power Way Group Limited ("Power Way"), which was formed by the Group and certain independent third parties (collectively referred as "Power Way Shareholders"). On the same date, after the transfer of the interest in PAL and certain subsidiaries (collectively the "Assets") from the Power Way Shareholders to Power Way, Power Way then disposed of the Assets to MelcoLot (formerly known as Melco LottVentures Limited and Wafer Systems Limited), a company listed on the GEM of the Hong Kong Stock Exchange, in exchange for certain shares and convertible loan note issued by MelcoLot. Power Way had since become an associate of the Company.

During the year ended 31 December 2008, Power Way distributed all shares and convertible loan note issued by MelcoLot to its shareholders in proportion to the shareholding of each shareholder. MelcoLot then became a direct associate of the Group.

For the six months ended 30 June 2009, the Group's attributable profit arising from Power Way amounted to approximately HK$1.1 million (six months ended 30 June 2008: attributable loss of HK$184.1 million, of which approximately HK$180 million was due to a write-down of the fair value of certain convertible loan notes issued by MelcoLot and held by Power Way).

(5) Share of loss of MelcoLot

MelcoLot, a company listed on the GEM of the Hong Kong Stock Exchange (8198. HK), manages one of the largest lottery retail sales networks in China. With the technical support from its strategic partner Firich Enterprises Co., Ltd. (8076. TW), MelcoLot now owns 60% of a manufacturing plant in Shanghai which manufactures and distributes lottery vending terminals. In addition, the alliance with INTRALOT SA (INLOT: ATH) provides MelcoLot with access to the INTRALOT's renowned proprietary lottery software through various exclusivity arrangements in China, enabling it to be a strong bidder for any lottery-related projects in China as well as other Asian countries. MelcoLot's 100%-owned KTeMS Co Ltd also owns 14% of a consortium (comprising well respected local corporations and also INTRALOT) which operates the nationwide welfare lottery, Nanum Lotto, under an exclusive license from the government of South Korea.

As at 31 December 2008, the Group's interest in MelcoLot was written down to HK$1.3 million. During the period, the Group's share of loss of MelcoLot has exceeded this amount. As an investment cannot be written down below zero, the loss attributable to the Group is only restricted to the carrying value of the investment. The share of further loss has discontinued after the Group's interest is written down to zero. The Group's attributable loss for the six months ended 30 June 2009 thus amounted to HK$1.3 million (six months ended 30 June 2008: Nil). Going forward, as the Group has already written down the value of its investment in MelcoLot to zero, there will not be any attributable losses incurred in future accounting periods.

MelcoLot recorded revenue of HK$162.9 million for the six months ended 30 June 2009 (six months ended 30 June 2008: HK$235.2 million), representing a decrease of 30.7%. Consolidated loss attributable to owners of MelcoLot amounted to HK$63.9 million (six months ended 30 June 2008: HK$55.6 million). The lackluster operating underperformance was mainly due to the adverse macro economic environment caused by the financial turmoil. Also, a deemed interest expense on outstanding convertible bonds amounting to HK$32.4 million for the six months ended 30 June 2009 (six months ended 30 June 2008: HK$18.5 million) also contributed to the loss.

(6) Share of profit of iAsia Online

On 4 June 2009, the Group completed the disposal of 80% of the issued share capital of its wholly-owned subsidiary, iAsia Online at a consideration of HK$12 million. iAsia Online thus ceased to be a subsidiary of the Group and has thenceforth been accounted for as an associate.

The profit attributable to the Group from its 20% ownership of iAsia Online from 4 June 2009 to the end of the review period amounted to HK$0.3 million.

(7) Share of loss of EGT

Listed on the American Stock Exchange, EGT is a provider of gaming technology solutions on a revenue share model in Asia. It retains ownership of the gaming machines and systems and receives recurring daily fees based on an agreed upon percentage of the net gaming win per machine and provides on-site maintenance. For the six months ended 30 June 2009, the Group's attributable loss arising from 39.8%-owned EGT amounted to approximately HK$21.1 million (six months ended 30 June 2008: HK$58.6 million).

According to the financial statements of EGT (prepared under US GAAP), revenue for the six months ended 30 June 2009 was approximately US$7.5 million, as compared to approximately US$5.7 million in the corresponding period in 2008. The increase in revenue was due to an increase in gaming machine participation revenue and table game products revenue, partially offset by a decrease in non-gaming product sales. Revenue from gaming machine participation was positively impacted by the improving average net win per machine. Table game product sales increased as a result of a large RFID gaming chip order from Macau. Revenue from non-gaming products declined as a result of reduced orders from major customers.

Net loss for the period was approximately US$6.4 million, a substantial improvement from a loss of approximately US$14.9 million of the corresponding period last year.

The improvement of EGT's performance was due to higher revenues from table game products; higher gaming participation revenues driven by improving average net win per unit per day; substantially reduced operating expenses; net income from discontinued operations US$1.8 million relating to the sale of the shuffler business; and a one-time gain of US$0.7 million relating to the settlement of a legacy legal suit.

As of 2 August 2009, EGT's total installed units in operation were 1,216 in eight venues, comprised of seven venues in the Philippines with a total of 976 installed units (including 135 machines in one venue still in a soft opening phase) and one venue in Cambodia with a total of 240 installed units.

SHARE OF (LOSS) PROFIT OF A JOINTLY CONTROLLED ENTITY

On 30 July 2007, the Group and Crown Limited (formerly known as PBL) formed a 50:50 joint venture, Melco Crown SPV Limited ("Melco Crown SPV"), for the purpose of issuing exchangeable bonds ("Exchangeable Bonds") with an aggregate principal amount of HK$1,560 million (US$200 million) plus up to an additional HK$390 million (US$50 million) issuable pursuant to an over-allotment option, to fund a share purchase program for acquiring American Depository Shares ("ADSs") of Melco Crown Entertainment.

On 11 September 2007 and 24 September 2007, the Exchangeable Bonds with an aggregate principal amount of HK$1,560 million (US$200 million) and HK$390 million (US$50 million) respectively (together US$250 million) were issued both of which will mature in September 2012 and have been listed on the Singapore Stock Exchange. The Exchangeable Bonds are jointly and severally guaranteed by the Group and Crown Limited.

For the six months ended 30 June 2009, the attributable loss amounting to approximately HK$155.4 million (six months ended 30 June 2008: profit of HK$39.9 million) was recognized mainly due to the increase in fair value of the outstanding Exchangeable Bonds (the liability component) as a result of the rise in the share price of Melco Crown Entertainment.

(LOSS) GAIN ON CHANGES IN INTERESTS IN ASSOCIATES

Loss on changes in interest in associates is made up of the following items:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Loss on changes in interests in Melco Crown Entertainment (1)	**(176,421)**	–
Gain on changes in interests in MCR (2)	**–**	54,370
Loss on changes in interests in VC (3)	**–**	(514)
	(176,421)	53,856

(1) Loss on changes in interests in Melco Crown Entertainment

During the period ended 30 June 2009, the Group's ownership interest in its associate, Melco Crown Entertainment, decreased from 37.8% to 34.1%, as a result of (i) a follow-on public offering of shares of Melco Crown Entertainment and (ii) the vesting of certain restricted shares issued by Melco Crown Entertainment. As a result, the Group recognized a loss of approximately HK$176.4 million which represents the decrease in net assets attributable to the Group for the period ended 30 June 2009.

(2) Gain on changes in interests in MCR

On 27 May 2008, the shareholders of Melco China Resort Investment Limited ("MCR Cayman"), previously owned as to 45% by the Group, entered into an agreement with MCR and agreed to sell 100% of the equity interests in MCR Cayman. Upon completion of the transaction, MCR Cayman became a wholly-owned subsidiary of MCR.

On 28 May 2008, MCR completed the reverse takeover of Virtual China Travel Services, Co., Ltd. ("VCTS") by way of an amalgamation and its common shares and warrants commenced trading on the TSX Venture Exchange on the same date.

As a result of the above, the Group's effective ownership interest in the associate has been changed to 49.3% but the net assets of MCR attributable to the Group have increased. Therefore, a gain of approximately HK$54.4 million was recognized for the six months ended 30 June 2008.

(3) Loss on changes in interests in VC

During the period ended 30 June 2008, the Group's equity interest in VC decreased from 43.5% to 43.4% resulting from the exercise of certain share options of VC by the option holders. Therefore, the Group recognized a loss of approximately HK$514,000 for the six months ended 30 June 2008, representing the decrease in net assets of VC attributable to the Group.

LOSS ON DISPOSAL OF A SUBSIDIARY

A loss of approximately HK$1.8 million was recognized for the six months ended 30 June 2009 as a result of the Group's disposal of 80% of the issued share capital of iAsia Online. As explained above, iAsia Online ceased to be a subsidiary of the Group as from June 2009 onwards.

FAIR VALUE CHANGES ON DERIVATIVE FINANCIAL INSTRUMENTS

During the period ended 30 June 2009, a decrease in fair value regarding the warrants of EGT and MCR of approximately Nil (six months ended 30 June 2008: HK$189 million) and HK$30,000 (six months ended 30 June 2008: HK$2.4 million) respectively was recognized.

FAIR VALUE CHANGE ON INVESTMENT IN CONVERTIBLE LOAN NOTE

The Group's associate, Power Way, owns certain shares and convertible loan notes issued by MelcoLot ("Melcolot Shares" and "Melcolot Convertibles") as at 31 December 2007. During the previous year, Power Way distributed all such shares and convertible loan notes to its shareholders in proportion to the shareholding of each shareholder. From then on, MelcoLot became a direct associate of the Group.

During the period ended 30 June 2009, the Group recognized an increase in fair value of convertible loan notes issued by MelcoLot amounting to approximately HK$77.6 million (six months ended 30 June 2008: Nil).

LOSS ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENT

During the period ended 30 June 2009, the Group recognized a loss of HK$1.2 million on disposal of a listed equity security.

IMPAIRMENT LOSS RECOGNIZED IN RESPECT OF INTERESTS IN ASSOCIATES

During the period ended 30 June 2008, there was an indicator of impairment as a result of the decreases in share price of an associate, EGT. The Group then performed an impairment assessment and recognized an impairment loss of approximately HK$313 million in relation to its interests in EGT. The recoverable amount of EGT has been determined based on a value-in-use calculation.

UNALLOCATED CORPORATE INCOME

Unallocated corporate income represents amortized financial guarantee income amounting to approximately HK$22.6 million (six months ended 30 June 2008: HK$22.6 million) 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 in September 2007 and a gain of extension of long term payable to Crown Limited amounting to approximately HK$4.7 million (six months ended 30 June 2008: HK$2.5 million).

CENTRAL ADMINISTRATIVE COSTS AND OTHER UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses decreased by 41% from approximately HK$83.3 million for the six months ended 30 June 2008 to HK$49.1 million for the six months ended 30 June 2009. The decrease was primarily due to the cost saving exercise implemented by the Group since November 2008.

FINANCE COSTS

Finance costs increased by 2.2% from approximately HK$53.9 million for the six months ended 30 June 2008 to approximately HK$55.1 million for the six months ended 30 June 2009.

INCOME TAX EXPENSE

Income tax expense amounted to approximately HK$602,000 for the six months ended 30 June 2009 (six months ended 30 June 2008: HK$11,000). This was primarily due to a reduction in the value of the deferred tax assets.

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, bank borrowings and shareholder's loan.

As of 30 June 2009, total assets of the Group were HK$9,348.2 million (31 December 2008: HK$10,406.1 million) which were financed by shareholders' funds of HK$7,165.8 million (31 December 2008: HK$7,899.5 million), minority interests of HK$26.6 million (31 December 2008: HK$26.0 million), current liabilities of HK$727.2 million (31 December 2008: HK$826.2 million), and non-current liabilities of HK$1,428.6 million (31 December 2008: HK$1,654.4 million). The Group's current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of 1.5 (31 December 2008: 1.1).

During the six months ended 30 June 2009, the Group recorded a net cash outflow of HK$123.1 million (six months ended 30 June 2008: inflow of HK$1.0 million). As of 30 June 2009, cash and cash equivalents of the Group totaled HK$116.8 million (31 December 2008: HK$239.9 million). The gearing ratio, expressed as a percentage of total borrowings (including bank borrowings, convertible loan notes, long term payable and shareholder's loan) over shareholders' fund, was at a satisfactory level of 0.24 time as of 30 June 2009 (31 December 2008: 0.23 time). The Group adopts a prudent treasury policy. 86% of bank balances and cash (including bank deposits with original maturity over three months) are put in short-term 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 2009, the Company placed a bank deposit of HK$295.6 million (equivalent to US$38 million) (31 December 2008: HK$972.5 million (equivalent to US$125 million)) for an undertaking in connection with the loan facilities obtained by Melco Crown Entertainment. The Group's bank deposits of approximately HK$5.8 million (31 December 2008: HK$5.8 million) were pledged to a bank for the completion of a sale agreement with a customer and bank deposits of approximately HK$7.7 million (31 December 2008: HK$0.9 million) were pledged for obtaining banking facilities for certain subsidiaries of the Group.

As at 30 June 2009, the Group's total convertible loan notes amounted to HK$1,095.0 million, which was non-interest bearing and due in September 2010. The long term payable to Crown Limited by the Group amounted to HK$170.5 million, which was unsecured, non-interest bearing and due in November 2010. The Group's shareholder's loan amounted to HK$250 million, which was unsecured, interest bearing at prime rate plus 3% and repayable within twelve months from the balance sheet date. As at 30 June 2009, the Group's total available bank loan facilities from various banks amounted to HK$224.8 million (31 December 2008: HK$313 million), of which HK$74.8 million (31 December 2008: HK$83 million) was secured by pledging HK$166 million of the

Group's investment properties. As at 30 June 2009, the Group utilized HK$150 million and HK$74.8 million of unsecured and secured bank loan facilities respectively (31 December 2008: unsecured HK$230 million; secured HK$83 million). Details of bank borrowings are given in Note 16 to the Condensed Consolidated Financial Statements.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the review period, the Group entered into the following disposals:

On 23 February 2009, Melco Technology Group Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with Glory Stand Investments Limited (the "Purchaser") to sell certain shares of iAsia Online owned by Melco Technology Group Limited (the "Sale Shares"), representing 80% of the issued share capital of iAsia Online. An independent third party, who holds 100% of the issued share capital of the Purchaser, has given a guarantee in respect of the Purchaser's performance as prescribed in the Agreement. Upon completion of the transaction, Melco Technology Group Limited holds 20% of the issued share capital of iAsia Online. A put option is available to Melco Technology Group Limited to sell the remaining 20% of the issued share capital of iAsia Online within six months after the expiry of two years after the completion date.

On 1 May 2009, Melco Crown Entertainment completed a follow-on public offering of new shares, in the form of ADS. As from that date, the Group's interest in Melco Crown Entertainment has been decreased to 34.1%.

Subsequent to the end of the review period, on 18 August 2009, Melco Crown Entertainment completed a follow-on public offering of new shares, in the form of ADS. On the completion of the follow-on public offering, the Group's ownership interest in Melco Crown Entertainment was decreased from 34.1% to 31.4%.

Subsequent to the end of the review period, on 20 August 2009, MCR entered into a definitive agreement with China Entertainment Globe Ltd. ("CEG") in which, subject to completion, CEG will subscribe for 95,000,000 common shares in MCR at a subscription price of C$0.15 for a total subscription price of C$14,250,000 (the "Private Placement"). On completion of the Private Placement which is expected to occur by the end of September 2009 upon satisfaction of all closing conditions, CEG will be holding approximately 49.8% of the equity interest of MCR and the Group's shareholding in MCR will be diluted down to 27.0%.

Subsequent to the end of the review period, on 8 September 2009, VC entered into a placing agreement ("Placing Agreement") with China Everbright Securities (HK) Limited (the "Placing Agent"), pursuant to which VC has appointed the Placing Agent to procure independent subscribers for convertible bonds with a principal amount of HK$300 million ("First Convertible Bonds") at the conversion price of HK$1 per share. Under the terms of the First Convertible Bonds, the bondholders who convert the First Convertible Bonds within one year from the date of issue of the First Convertible Bonds will be granted options which will entitle them to subscribe for further convertible bonds equal to the principal amount of the First Convertible Bonds. Accordingly, a further convertible bonds with a principal amount of HK$300 million may be issued.

HEADCOUNT/EMPLOYEES' INFORMATION

The total number of employees (excluding the employees of Melco Crown Entertainment, MelcoLot, MCR, EGT, VC and iAsia Online) was 338 as of 30 June 2009, as compared to 388 employees as of 31 December 2008. This is primarily because the number of employees as of 30 June 2009 excludes the employees of iAsia Online which is now an associate, rather than a subsidiary, of the Group. Among the 338 employees, 268 are located in Hong Kong and the rest are based in Macau and the PRC. The related staff costs for the six months ended 30 June 2009, including directors' emoluments, share option expenses and share award expenses, amounted to HK$68.3 million (six months ended 30 June 2008: HK$89.2 million). The total number of the Group's employees (including the employees of Melco Crown Entertainment, MelcoLot, MCR, EGT, VC and iAsia Online) was 11,854 as of 30 June 2009.

Melco believes that the key to success lies in its people. The Group strives to create an environment that makes people proud to be a "Melco person". All of our employees are given equal opportunities for advancement and personal growth. We believe only by growing our business we create opportunities and deliver value to our people. Thus, we encourage our people to do their best at work and grow with the Group. We build staff loyalty through recognition, involvement and participation.

CONTINGENT LIABILITIES

On 5 September 2007, the Company has given an undertaking in connection with the HK$13.65 billion (US$1.75 billion) loan facilities obtained by Melco Crown Gaming (Macau) Limited ("Melco Crown Gaming"), a subsidiary of Melco Crown Entertainment. The undertaking given by the Company is to ensure that a contingent contribution of up to a maximum amount of HK$972.5 million (US$125 million) will be provided, upon request of the facility agent acting on behalf of the lenders, to pay contingencies (if any) associated with the construction of the City of Dreams project of Melco Crown Gaming in the absence of other available funding for completion of the project. In order to meet the obligations under the contingent contribution undertaking, the Company has, until recently, maintained a standby letter of credit for the amount of HK$972.5 million (US$125 million) until the date of final completion of the City of Dreams. The Company's obligation to provide contingent contribution has, in May 2009, been reduced from HK$972.5 million (US$125 million) to HK$295.6 million (US$38 million) and, in September 2009, reduced from HK$295.6 million (US$38 million) to zero. As a result, the standby letter of credit which is required to be maintained under the contingent contribution undertaking has recently been returned to the Company's banker and cancelled.

The Group recognized financial guarantee liabilities of approximately HK$144.4 million as at 30 June 2009 in respect of the Exchangeable Bonds issued by Melco Crown SPV, the 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 and Macau Pataca. 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.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

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 2009, 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.

AUDIT COMMITTEE

The Company's audit committee is currently composed of a non-executive director and two 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 2009.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2009 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.

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

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

BOARD OF DIRECTORS

As at the date hereof, 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 (Chief Operating Officer); one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Sir Roger Lobo, Dr. Lo Ka Shui and Mr. Sham Sui Leung, Daniel.

By Order of the Board of
Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

Hong Kong, 11 September 2009