

新濠

Melco International Development Limited
新濠國際發展有限公司

A Hong Kong Listed Company 香港上市公司

(Stock Code 股票代號: 200)

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MANAGEMENT DISCUSSION AND ANALYSIS



Significant Events and Developments

Melco International Development Limited (“Melco” or the “Group”) continues its steady progress towards its strategic objectives with solid growth in the year of 2012 in Macau and Asia, despite facing a more challenging environment underpinned by the overall lackluster economy and the slowdown in the growth of the overall Macau gaming market. The Group’s Macau gaming arm, Melco Crown Entertainment Limited (“Melco Crown Entertainment”), delivered strong year-on-year improvements in operating fundamentals in its mass market segments, providing a more stable and profitable gaming mix, particularly at City of Dreams. The Group has also taken a noteworthy step forward as Studio City has successfully received the formal revised land grant approval and permit from the Macau Government to restart construction of the project in July 2012. This aims to further expand and diversify the leisure and tourism offerings available to visitors to Macau and strengthen the Group’s foothold in the region.

Outside of Macau, Entertainment Gaming Asia Inc. (“EGT”) has also delivered a notable improvement in financial results within the Group’s gaming business. EGT opened its first casino project in May 2012 located at strategically important Cambodia-Thailand border area. Continuing to actively evaluate opportunities throughout Asia, Melco Crown Entertainment has also entered into a memorandum of agreement for the development and operation of an integrated casino, hotel, retail and entertainment resort in the Philippines in July 2012.

CORE BUSINESS

Gaming Business in Macau

The Group operates gaming businesses in Macau through its approximately 33.6% owned associate, Melco Crown Entertainment, which is listed on both the NASDAQ Global Select Market in the US and on the Main Board of The Stock Exchange of Hong Kong Limited. Advancing towards the goal of optimizing the Group’s current portfolio of assets and efficiently allocating resources, Melco Crown Entertainment recorded encouraging results for the first six months in 2012, with a net revenue of US\$1,965.4 million and an adjusted EBITDA of US\$446.4 million, increases of 11.3% and 32.2% respectively compared with the same period of 2011. The year-over-year increases were attributed to substantially improved revenues from the mass table games segment.

The Group’s flagship property, City of Dreams, recorded a satisfactory growth of net revenue to US\$1,401.0 million in the first half of 2012 compared to US\$1,108.2 million for the same period in 2011, while adjusted EBITDA increased by 61.1% from US\$237.3 million to US\$382.3 million. The substantial year-over-year improvement in adjusted EBITDA was driven by strong growth in mass market volumes as well as a substantial improvement in the mass market table games hold percentage, gaming machine volumes and rolling chip win rate, together with improvements in non-gaming operations, including growing contributions from hotel sales and *The House of Dancing Water*. This is testimony to the success of the Group’s focus on the mass market segment, which provides a more stable and profitable gaming mix. Aiming at maximizing table yields, the Group has embarked on table optimization strategies in Altira Macau and City of Dreams which will further solidify the Group’s dominance in this key market segment and generate improved future table yields across the rolling chip and mass market table games segments, giving the Group greater flexibility to take advantage of the changing gaming landscape in Macau, ultimately driving long term sustainable improvements in the future. The Group is also constantly engaged in upgrading and improving its gaming and non-gaming facilities alike, to cater to the expectations of an increasingly sophisticated and loyal customer base.

City of Dream's unique entertainment offerings and quality services have further differentiated the Group from its peers. Following the success of its unparalleled show, *The House of Dancing Water*, which continues to enjoy strong attendance during the period and received over 1.3 million audiences in less than 2 years since its launch, this summer City of Dreams has brought Macau's first ever cabaret-style show, *Taboo*, which is an electrifying limited-run production combining tantalizingly sensual choreography and thrilling acrobatic artistry as well as an exciting interactive theatrical component. *Taboo* is another example of the Group's commitment in driving its current portfolio of assets. This new show fully utilises Club Cubic space and provides another exciting entertainment offering to further differentiate City of Dreams.

In recognition of Melco Crown Entertainment's unique and diverse entertainment experiences as well as outstanding service, City of Dreams garnered Best Customer Experience of the Year Award at the International Gaming Awards. *The House of Dancing Water* also received the China Marketing Excellence Award and the China Branding Excellence Award from Economic Observer and Hong Kong Management Association as well as the THEA Award for Outstanding Achievement and the 2012 United States International Theater Technology Award. During the period under review, Altira Macau celebrated its fifth year of delivering to Macau a premium hotel and gaming experience and it has also been awarded Forbes Five Star ratings for lodging and spa for the past three years, in addition to other numerous hotel and industry accolades.





Gaming Machine Revenue Participation Business in Southeast Asia

Entertainment Gaming Asia Inc., a company listed on NYSE-MKT (Stock symbol: EGT), in which the Group has an effective equity interest of approximately 38.3%, posted continued improvement in its financial results derived from the gaming sector in Southeast Asia. During the period under review, it achieved solid improvement in both revenue and net income as it benefited from a significant increase in revenue from its gaming machine participation and gaming chips and plaques businesses.

EGT has an established presence within gaming markets in Cambodia and the Philippines through its gaming machine revenue participation businesses. During the period under review, EGT has a total of 670 electronic gaming machines which have been placed under the joint management of EGT and NagaWorld Limited, a wholly-owned subsidiary of NagaCorp Ltd. (Stock code: 3918), in designated areas of the casino floor of NagaWorld Resort and Casino located in Phnom Penh, Cambodia. These gaming machines have achieved an average daily net win of approximately US\$260 per machine in the first half of 2012.

With a steady recurring cash flow from its gaming machine revenue business and an established presence in its target markets, EGT is expanding its gaming operations to include the development and operation of its own regional casinos under its “Dreamworld” brand in Cambodia. EGT recently opened its first casino project in May 2012 and is currently developing another project expected to open in the first quarter of 2013. Strategically located at important Cambodia-Thailand border crossings, these projects are expected to provide higher long-term growth and incremental returns.

Lottery Management Business in Asia

MelcoLot Limited (“MelcoLot”), in which the Group holds a 35.3% interest on a fully diluted basis (assuming full conversion of all outstanding convertibles), is principally engaged in the provision of lottery-related technologies, systems and solutions in the PRC. It is a recognized manufacturer and distributor of high quality, versatile lottery terminals for China Sports Lottery, and the PRC license holder for Intralot S.A.’s world leading lottery technologies. MelcoLot, using Intralot S.A.’s solutions, is currently working for China Welfare Lottery on the upgrade project of a high-frequency lottery game in Chongqing of the PRC.

During the review period, MelcoLot’s revenue declined by 40%. The decline was attributed to an operational restructuring and a short term low pricing strategy on the distribution business of its lottery terminals in order to cope with the delay in the commencement of China Sports Lottery’s next procurement cycle.

MelcoLot has entered into arrangements in respect of disposal of specified assets to certain shareholders of MelcoLot, repurchases of certain convertible bonds issued by MelcoLot and an open offer to repay a loan from a related company. Upon completion of the reorganization, MelcoLot will further enhance its operating structure and strengthen its capital base and financial position.

The recent stringent regulations on lottery management in the PRC present an opportunity to MelcoLot as the environment is now more supportive of participants determined to comply with Government policies and framework of operations. Furthermore, as the overall China lottery market continues to grow with paperless distribution channels envisaged to be a key growth engine, MelcoLot will be better positioned to exploit opportunities in that dynamic market, with a particular focus on paperless channels, by leveraging its access to advanced lottery industry knowhow and global best practices.



NON-CORE BUSINESSES

Ski Resort Business in China

The Group owns 18.9% of Mountain China Resorts (Holding) Limited (“MCR”), which owns and operates the largest destination ski resort in China, namely Sun Mountain Yabuli Resort in Heilongjiang (“Yabuli Resort”).

On 22 February 2012, MCR announced that it has closed the non-brokered private placement of 105,700,000 common shares initiated in September 2011, priced at CAD0.18 per share for gross proceeds of CAD19 million (the “Offering”). The proceeds from the Offering are to be used for general working capital and for the repayment of certain debentures.

In May 2012, the Group, MCR and its subsidiary (collectively referred to as the “MCR Group”) and Wisecord Holdings Limited, a substantial shareholder of MCR, entered into a conditional agreement in relation to the settlement of loan advanced to MCR Group amounting to US\$23 million, which may be settled in the form of cash, shares of MCR and villas within specific time and subject to the fulfilment of certain conditions pursuant to the conditional agreement.

The Club Med Yabuli business, which was established by a strategic partnership with Club Med Asia S.A. (“Club Med”) to operate and manage two of the new hotels at Yabuli Resort, continued to grow in its third year of operation. The total number of resort guests, including skiing only guests, increased by approximately 30% over the same period last year while revenue increased by approximately 28%.





ACHIEVEMENTS AND AWARDS

While continuing to develop and expand the core businesses, Melco continues its commitment to maintaining high standards of corporate governance and practices with an emphasis on enhancing transparency and accountability. During the period under review, these efforts of the Group have generated widespread acclaim, recognition and support across all quarters of society.

Corporate Governance

For the seventh consecutive year, Melco has once again garnered the “Corporate Governance Asia Annual Recognition Award” presented by *Corporate Governance Asia* magazine in 2012. The Group has captured the “Best Investor Relations by a Hong Kong Company” for the second year in the Asian Excellence Awards organized by the magazine. Group Chairman and Chief Executive Officer, Mr. Lawrence Ho, was selected as one of the “Best CEOs in Hong Kong” by *FinanceAsia* magazine for the fourth year running. Mr. Ho has also won the “Asian Corporate Director Recognition Awards” organized by *Corporate Governance Asia* magazine in 2012. All of these accolades are clear evidence that the Group’s efforts in corporate governance are widely appreciated.

Corporate Social Responsibility

The Group regards corporate social responsibility (“CSR”) as an integral part of its mission, deeming it worthy of a long-term commitment. Melco devotes its utmost efforts in contributing to society to caring for the environment and the community. The Group has been granted the “President’s Award 2011” by The Community Chest for the sixth consecutive year. In 2012, Melco has once again won the “Platinum Award for Corporate & Employee Contribution Programme Donors” organized by The Community Chest in recognition of its continuous support and commitment



to community service. Furthermore, Melco was honored to serve as the Diamond Corporate Member of WWF Hong Kong for the second consecutive year and was awarded the Caring Company Logo by the Hong Kong Council of Social Service for the seventh year running.

Significant progress has been made on the environmental front through launching of the green initiatives programs in the living and working environment. Melco was again granted the “Class of Excellence in Wastewise Label” in the Hong Kong Awards for Environmental Excellence for the third consecutive year. Besides, Melco Crown Entertainment has been recognized for its outstanding environmentally responsible practices over the years by many responsible organizations. One such recognition is the Macao Green Hotel Award organized by the Environmental Protection Bureau (DSPA) and the Macau Government Tourist Office. This Award commends hotels which have adopted environmentally friendly measures. This year, all three hotels under City of Dreams have garnered the award for the second consecutive year, with Crown Towers and Hard Rock Hotel achieving a Gold Award, while Grand Hyatt Macau achieving a Silver Award. It has also become the first and the only Macau casino-hotel operator to achieve the ISO 14001 Environmental Management Certification for its Environmental Management System.

Furthermore, the Group was honored with the “Corporate Social Responsibility Awards” organized by Capital magazine and Melco Crown Entertainment was selected as among the “Best Corporate Social Responsibility” by *FinanceAsia* magazine. All of these achievements show how the Group’s corporate social responsibility activities are well recognized by the public.



Business Operations

Melco has as its strategic objective to develop into an integrated entertainment resort and a premier leisure and entertainment destination in Macau. *The House of Dancing Water*, focused on entertainment and promoting cultural appreciation has garnered numerous awards during 2012. It has won the “China Marketing Excellence Award” and “China Branding Excellence Award” granted by the Economic Observer and Hong Kong Management Association. This unique show has also garnered international accolades including the “2012 United States International Theater Technology Award” organized by the United States Institute for Theatre Technology (USITT), and the “THEA Award for Outstanding Achievement” by the Themed Entertainment Association (TEA). In hospitality and services, Altira Macau has captured the “Five-Star Award for Lodging” and the “Five-Star Award for Spa” as selected by Forbes Travel Guide for the third consecutive year.

All of these accolades have demonstrated an appreciation by the business community and society of the Group’s high standard of corporate governance and corporate social responsibility as well as its business operations. Looking ahead, Melco resolves to continue to contribute to the communities while maintaining effective corporate governance as it explores new opportunities for growth and development that create value for all stakeholders.

OUTLOOK

Despite the uncertain external macroeconomic climate underlying market volatility, Melco remains positive about the long-term prospects of Macau and its gaming industry. The Group expects to see continued healthy growth in Macau’s gaming revenue and tourism market, supported by the huge population in mainland China and rapid expansion of the country’s increasingly affluent middle class which together presents a tremendous source of demand for leisure and entertainment

offerings in Macau. The Group believes that the industry is currently just serving a market segment analogous to the tip of an iceberg and that therefore Melco can attract more visitors from mainland China by introducing a wider range of gaming and non-gaming offerings to cater to the untapped market sectors. The Macau Government has always been supportive of the sustainable development of gaming and tourism industry. Currently planned infrastructure projects such as the Lotus Bridge are expected to draw more visitations to Cotai, Macau, benefiting both City of Dreams and the upcoming Studio City in particular which is perfectly situated adjacent to the Lotus Bridge immigration checkpoint connecting Hengqin Island and at a key stop on the planned light rail system.

Studio City in the Group's pipeline is a unique mass market proposition currently absent in Macau which targets a large demographic of the mass market, aiming to attract new crowds both from mainland China and elsewhere in Asia. With City of Dreams and Altira Macau currently focused on catering to the premium mass market and VIP market respectively, Studio City is expected to complement and create synergies with the existing properties by catering to the largest swath of the mass market. It will add a new dimension to the Group's existing portfolio, enabling the Group to welcome a broader spectrum of visitors and achieve a greater share of the market. Studio City, a cinema-themed large-scale integrated entertainment, retail and gaming resort which will include significant gaming capacity, five-star hotel offerings and various entertainment, retail and food and beverage outlets, will not only raise the Group's footprint in Macau, but will also draw a wider diversity of visitors to Macau.

At the same time, the Group is also venturing to other parts of Asia to capture growth in new geographic markets. EGT is expanding its presence in Cambodia by opening its first casino project at important Cambodia-Thailand border crossings in May this year and developing another project expected to open in the first quarter of 2013. In early July 2012, MPEL Projects Limited, a wholly-owned subsidiary of Melco Crown Entertainment, entered into a Memorandum of Agreement for development and operation of an integrated casino resort located in Parañaque City in the Philippines. The aim of these initiatives is to capture the anticipated growth in the leisure and tourism industries in the Philippines, as the increasingly affluent and growing Asian middle class continues to seek new travel destinations. The final closing of the definitive agreements is expected in the coming months. The Group will leverage its experience providing innovative leisure and entertainment projects in Macau in the new project in the Philippines, further increasing the Group's market share and strengthening its presence in Asia.

All in all, the Group anticipates generating a strong return on the investment and shareholder's value from these new endeavours. Guided by an innovative strategy, creatively conceived entertainment options and excellent execution, Melco will continue its efforts to become the entertainment market leader in Asia and to play a significant role in shaping the future of gaming and entertainment in the region.

Looking into the second half of 2012, the Group is confident about a steady and healthy growth in Macau's gaming industry and good performance from all business operations. Melco Crown Entertainment is forging ahead with the development of Studio City and the Group as a whole is actively evaluating expansion opportunities across the Asia Pacific region. Melco will work closely with the Macau Government and support the Government's objective to broaden the economy by increasing entertainment and tourism diversity in the city while giving back to the local community to achieve sustainable growth, and ultimately maximizing shareholders' value.

FINANCIAL REVIEW

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Segment Results:		
Leisure and Entertainment	977	7,016
Property and Other Investments	8,544	13,967
	9,521	20,983
Share of profits of associates	569,664	198,870
(Loss) gain on deemed disposal of interest in an associate	(11,741)	3,484
Fair value change on investment in convertible loan note	(39,993)	25,542
Unallocated corporate income	12,471	49,716
Central administrative costs and other unallocated corporate expenses	(75,568)	(71,990)
Finance costs	(65,882)	(61,090)
Profit before tax	398,472	165,515
Income tax credit	10,340	9,088
Profit for the period	408,812	174,603
Non-controlling interests	(399)	(784)
Profit for the period attributable to owners of the Company	408,413	173,819

For the six months ended 30 June 2012, the Group reported profit attributable to owners of the Company of HK\$408.4 million compared to HK\$173.8 million for the same period in 2011.



LEISURE AND ENTERTAINMENT

The leisure and entertainment businesses are mainly formed by the core (i) Macau gaming business (conducted via 33.6%-owned Melco Crown Entertainment), (ii) gaming machine revenue participation business (conducted through 38.3%-owned EGT), and (iii) lottery business (conducted through MelcoLot, in which the Group has an effective interest of 35.3% on a fully diluted basis (assuming full conversion of all outstanding convertibles)), together with other non-core businesses.

(1) Core businesses

The core Macau gaming business, gaming machine revenue participation business and lottery business are reported below under “SHARE OF PROFITS OF ASSOCIATES”.

(2) Non-core businesses

For the six months ended 30 June 2012, profit from this segment amounted to approximately HK\$1 million (six months ended 30 June 2011: HK\$7 million) and the breakdown is as follows:

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Jumbo Kingdom	1,193	7,376
Others	(216)	(360)
	<u>977</u>	<u>7,016</u>

Jumbo Kingdom

Jumbo Kingdom includes the Jumbo and Tai-Pak floating restaurants located in Aberdeen, Hong Kong and a restaurant in Beijing, named as J-Kitchen. J-Kitchen was newly established and still operated in a preliminary stage during the period under review.

During the six months ended 30 June 2012, the segment profit of the catering business recorded at approximately HK\$1.2 million (six months ended 30 June 2011: HK\$7.4 million). The drop was due to the incorporation of the operating loss of J-Kitchen in the amount of HK\$1.9 million and the increase in staff cost and other operating expenses such as rent, marketing and promotion during the period.

Others

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

PROPERTY AND OTHER INVESTMENTS

This segment handles property and other treasury investments for the Group. For the six months ended 30 June 2012, it recorded a segment profit of HK\$8.5 million (six months ended 30 June 2011: HK\$14 million). The drop was primarily due to a decrease in dividend income received from the available-for-sale investments from HK\$4.3 million in the first half of 2011 to HK\$0.6 million for the same period in 2012.

SHARE OF PROFITS OF ASSOCIATES

The Group's share of profits of associates was made up of the following:

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Share of profits of Melco Crown Entertainment (1)	569,672	198,643
Share of (loss) profit of Power Way Group Limited ("Power Way") (2)	(8)	227
	<u>569,664</u>	<u>198,870</u>

In previous years, the Group wrote down its investments in EGT, MelcoLot and MCR to zero. During the review period, no reversal of impairment loss was considered necessary to the Group from the aforesaid associates, as MelcoLot and MCR continued to be loss making and EGT just started to be profit making from the year 2011. In paragraph (3) and (4) below, the performances of EGT and MelcoLot during the first six months of 2012 are briefly described.

(1) Share of profit of Melco Crown Entertainment

For the period under review, the Group's attributable profit arising from its 33.6%¹ ownership of Melco Crown Entertainment amounted to approximately HK\$569.7 million (six months ended 30 June 2011: HK\$198.6 million) after taking into account the adjustments under the generally accepted accounting principles ("GAAP") in Hong Kong.

According to the financial statements (prepared under US GAAP) of Melco Crown Entertainment, it reported net revenue of US\$1,965.4 million for the six months ended 30 June 2012, versus US\$1,766.5 million for the six months ended 30 June 2011. The year-over-year increase in net revenue was driven by the significant improvements in operating performance at City of Dreams, as well as contributions from the House of Dancing Water and Club Cubic.

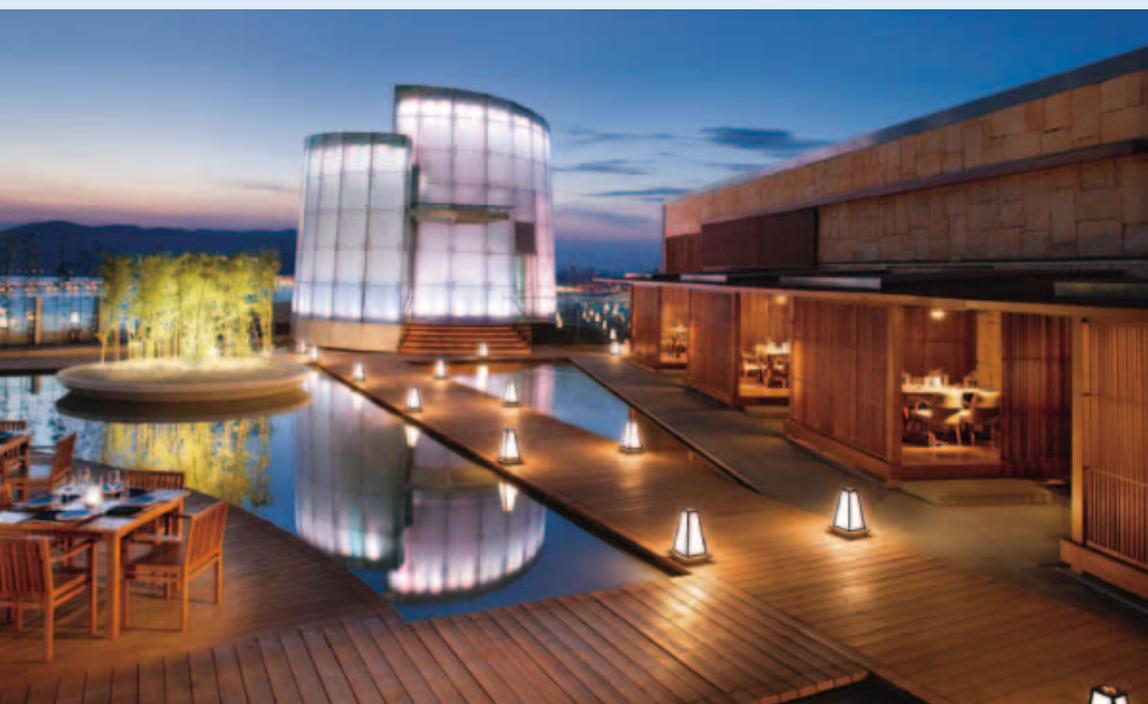
Adjusted EBITDA for the first six months of 2012 was US\$446.4 million, as compared with an adjusted EBITDA of US\$337.6 million in the first six months of 2011. The year-on-year improvements in net revenue and adjusted EBITDA were primarily attributable to the increase in operating revenues, improvements in mass market hold rates, as well as through a committed cost control focus at all business units.

Melco Crown Entertainment reported net income of US\$204.4 million for the first half of 2012, compared to a net income of US\$73.8 million in the corresponding period of 2011.

City of Dreams

For the six months ended 30 June 2012, net revenue at City of Dreams was US\$1,401.0 million versus US\$1,108.2 million in the same period of 2011. Its adjusted EBITDA was US\$382.3 million, compared to US\$237.3 million for the six months ended 30 June 2011. Rolling chip volume totalled US\$38.3 billion for the review period, up from US\$38.1 billion in the same period of 2011. The rolling chip hold percentage was 3%. The expected rolling chip hold percentage range is 2.7% – 3%. In the mass market table games segment, drop (a measure of mass market gaming volume) totalled US\$1,687.8 million, up from US\$1,397.4 million generated in the corresponding period of 2011. The mass market hold percentage was 28.8% in first quarter and 29% in second quarter, which are in line with the target mass market table games hold percentage range of 25% – 30%.

¹ The Group's interest in Melco Crown Entertainment had decreased from 33.7% to 33.6% as a result of the vesting certain restricted shares and the exercise of share options of Melco Crown Entertainment for the six months ended 30 June 2012.

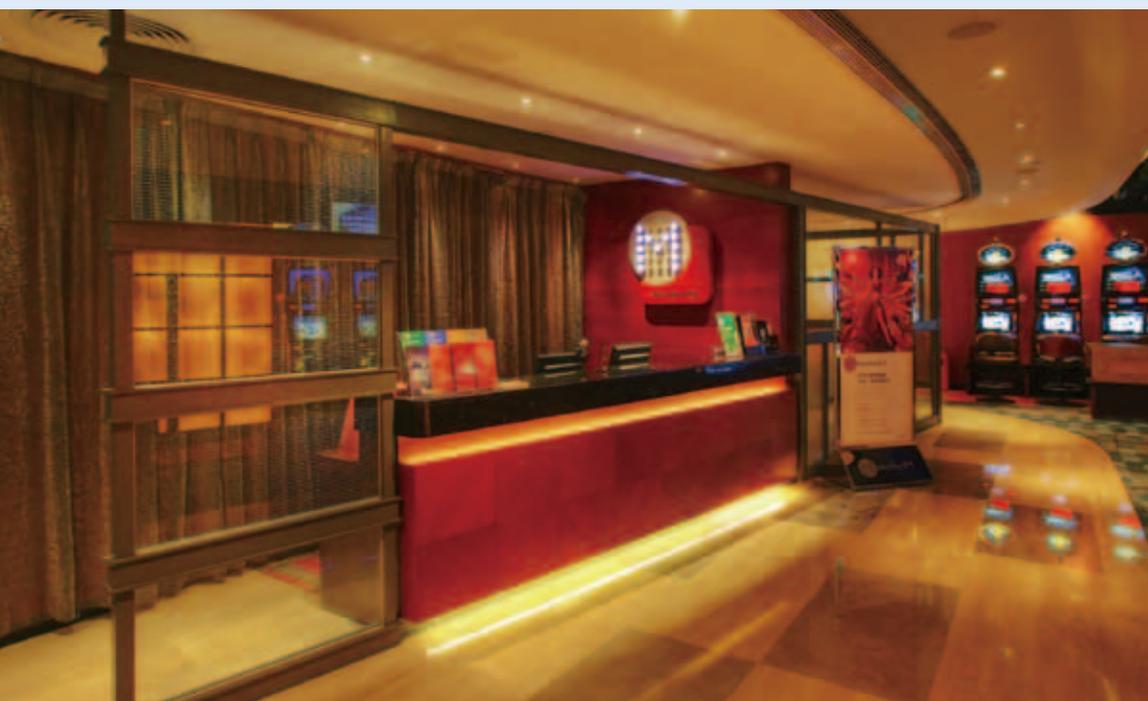


Altira

For the six months ended 30 June 2012, net revenue at Altira Macau was US\$469.4 million versus US\$577 million in the same period of 2011. Altira Macau generated an adjusted EBITDA of US\$81.1 million in the review period compared with US\$114.2 million in the same period of 2011. Rolling chip volume totalled US\$21.1 billion for the review period, compared with US\$25.9 billion in the same period of 2011. The rolling chip hold percentage was 3.1% in the first quarter and 2.7% in the second quarter, which are in line with the target rolling chip hold percentage range of 2.7% – 3%. In the mass market table games segment, drop (a measure of mass market gaming volume) totalled US\$289.4 million, up from US\$287.3 million generated in the corresponding period of 2011. In the first quarter of 2012, the mass market hold rate was 17.1% while in second quarter, it was 17.7%. The expected mass market table games hold percentage range is 15% – 17%.

Mocha Clubs

Net operating revenue from Mocha Clubs totalled US\$72.4 million in the six months ended 30 June 2012, up from US\$66.2 million in the corresponding period of 2011. Mocha Clubs generated US\$18.7 million of adjusted EBITDA in the review period, which compares with US\$21.4 million in the same period of last year. In the second quarter of 2012, the number of gaming machines in operation at the Mocha Clubs averaged approximately 2,100. The average net win per gaming machine per day was US\$181 in the second quarter of 2012, as compared with US\$226 in the same period of 2011.



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

For the six months ended 30 June 2012, the Group's attributable loss arising from Power Way amounted to approximately HK\$8,000 (six months ended 30 June 2011: profit of HK\$0.2 million).

(3) Performance of EGT during the review period

According to the financial statements of EGT (prepared under US GAAP), consolidated revenue for the six months ended 30 June 2012 increased to approximately US\$14.7 million as compared to approximately US\$13 million in the six months ended 30 June 2011. The increase in revenue was driven by strong improvement in the gaming participation operations and increased sales in the other products division. Revenue from EGT's gaming participation operations for the six months ended 30 June 2012 was US\$10.1 million as compared to US\$8.7 million for the six months ended 30 June 2011. For the six months ended 30 June 2012, EGT reported a net income of approximately US\$1.5 million compared to approximately US\$1 million for the six months ended 30 June 2011.

In May 2012, the Company opened the mass market floor of its first casino development project, Dreamworld Pailin. Dreamworld Pailin is located at the Cambodia-Thailand border on a growing trade route connecting the two countries. This was a milestone event as it marked the Company's first casino opening in Indo-China and begins a new phase in its growth strategy.

As of 30 June 2012, EGT had an operating machine base of 1,441 machines. Out of the total units, 623 were installed in the Philippines and 818 were installed in Cambodia.



(4) Performance of MelcoLot during the review period

According to the financial statements of MelcoLot, it recorded revenue of HK\$19.9 million for the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$33.1 million). The decrease was mainly due to reduced revenue from the sales of lottery terminals. This was because the Group adopted a short-term, low pricing strategy in order to maintain market share as the new equipment procurement cycle of China Sports Lottery Administration Centre had not yet been finalised.

Loss for the period amounted to HK\$87.4 million (six months ended 30 June 2011: HK\$71.8 million), after charging non-cash expenses which include:

- (i) imputed interest on convertible bonds of HK\$49.4 million (six months ended 30 June 2011: HK\$42.1 million) due to the liability component of the convertible bonds carried at amortised cost by using the effective interest method;
- (ii) depreciation and amortisation expenses of property, plant and equipment and intangible assets of HK\$1.7 million (six months ended 30 June 2011: HK\$3.1 million); and
- (iii) write-down of inventories of HK\$5.3 million (six months ended 30 June 2011: HK\$5.5 million) relating to aged lottery terminals.



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

During the six months ended 30 June 2012, the Group's ownership interest in its associate, Melco Crown Entertainment, decreased from 33.7% to 33.6%, as a result of the vesting of certain restricted shares and the exercise of share options of Melco Crown Entertainment. During the review period, the Group recognised a loss of approximately HK\$11.7 million (six months ended 30 June 2011: gain of HK\$3.5 million) which represented the decrease (six months ended 30 June 2011: increase) in net assets attributable to the Group.

FAIR VALUE CHANGE ON INVESTMENT IN CONVERTIBLE LOAN NOTE

During the period ended 30 June 2012, a fair value loss of approximately HK\$40 million (six months ended 30 June 2011: a fair value gain of HK\$25.5 million) regarding MelcoLot's convertible loan note was recognised in profit or loss. The fair value of MelcoLot's convertible loan note is assessed by the Group with reference to the amount that can be recovered from the underlying net assets of MelcoLot.

UNALLOCATED CORPORATE INCOME

For the six months ended 30 June 2012, the unallocated corporate income of approximately HK\$12.5 million (six months ended 30 June 2011: HK\$49.7 million) represented the net amortised financial guarantee income (six months ended 30 June 2011: HK\$43 million) in relation to the joint and several financial guarantee provided by the Company and Crown Asia Investments Pty. Ltd. ("Crown Asia") for the exchangeable bonds issued by Melco Crown SPV Limited. During the period ended 30 June 2011, it also included a gain of extension of long term payable to Crown Asia of approximately HK\$6.7 million.

CENTRAL ADMINISTRATIVE COSTS AND OTHER UNALLOCATED CORPORATE EXPENSES

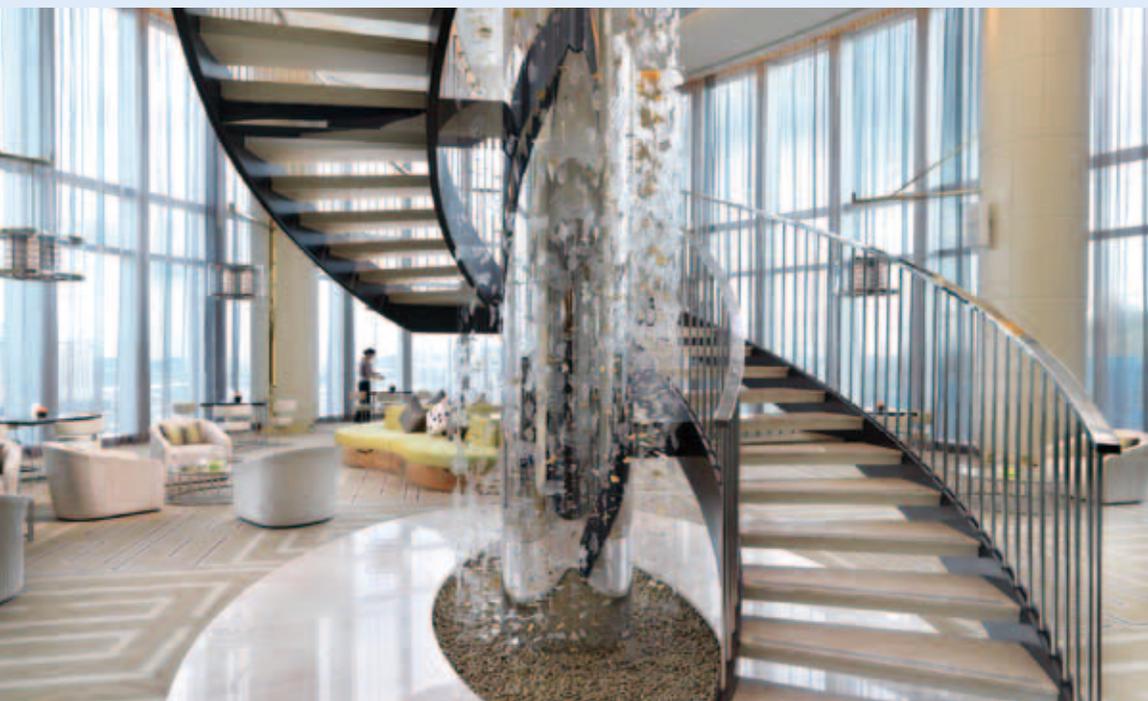
Unallocated expenses rose by 5.2% from approximately HK\$72 million for the six months ended 30 June 2011 to HK\$75.6 million for the six months ended 30 June 2012. The increase was primarily due to the increase in share options and share award expenses during the period.

FINANCE COSTS

Finance costs increased by 7.8% from approximately HK\$61.1 million for the six months ended 30 June 2011 to approximately HK\$65.9 million for the six months ended 30 June 2012. The increase mainly came from the net effect on an increase in imputed interest expense of HK\$7.6 million on the convertible loan note and the decrease in imputed interest expense of HK\$3.3 million from the long-term payment to Crown Asia which had been fully set-off for conversion of Melco Crown Entertainment's shares in November 2011.

INCOME TAX CREDIT

A deferred tax of approximately HK\$10.3 million (six months ended 30 June 2011: HK\$9.1 million) was credited to the condensed consolidated statement of comprehensive income for the six months ended 30 June 2012. This was related to the reversal of temporary differences arising from the recognition of convertible loan note equity component during the period.





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

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

As of 30 June 2012, total assets of the Group were HK\$9,041.1 million (31 December 2011: HK\$8,577.9 million) which were financed by shareholders' funds of HK\$7,589.4 million (31 December 2011: HK\$7,182.6 million), non-controlling interests of HK\$28.9 million (31 December 2011: HK\$28.9 million), current liabilities of HK\$104.4 million (31 December 2011: HK\$321.9 million), and non-current liabilities of HK\$1,318.4 million (31 December 2011: HK\$1,044.5 million). The Group's current ratio, expressed as current assets over current liabilities, improved from 2.3 in December 2011 to 6.7 in June 2012.

During the six months ended 30 June 2012, the Group recorded a net cash inflow of HK\$52.2 million (six months ended 30 June 2011: net cash outflow of HK\$49.1 million). As of 30 June 2012, cash and cash equivalents of the Group totalled HK\$149.2 million (31 December 2011: HK\$97.1 million). The gearing ratio, expressed as a percentage of total borrowings (including bank borrowings and convertible loan note) over shareholders' funds, was at a satisfactory level of 17% as of 30 June 2012 (31 December 2011: 17%). The Group adopts a prudent treasury policy. 95% of bank balances and cash (including bank deposits with original maturity over three months) are put in fixed deposits. All borrowings, and bank balances and cash are mainly denominated in Hong Kong dollars and U.S. dollars to maintain stable exposure to foreign exchange risks. Also, as at 30 June 2012, the Group's bank deposit of approximately HK\$0.9 million (31 December 2011: HK\$0.9 million) was pledged as security for obtaining utilities for certain subsidiaries of the Group.

As at 30 June 2012, the Group's convertible loan note amounted to HK\$1,018.3 million, which is non-interest bearing and due in September 2013. As at 30 June 2012, the Group's total available bank loan facilities from various banks amounted to HK\$496.7 million (31 December 2011: HK\$309.2 million), of which HK\$81.7 million (31 December 2011: HK\$84.2 million) was secured by pledging HK\$169 million of the Group's investment properties. As at 30 June 2012, the Group utilised HK\$223 million and HK\$81.7 million of unsecured and secured bank loan facilities respectively (31 December 2011: unsecured HK\$223 million; secured HK\$54.2 million). Details of bank borrowings are given in note 16 to the condensed consolidated financial statements.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Other than those mentioned in note 21 to the condensed consolidated financial statements, the Group had no further material acquisitions, disposals and significant investments during and subsequent to the review period.

HEADCOUNT/EMPLOYEES' INFORMATION

The total number of the Group's employees was 11,832 as of 30 June 2012. Excluding the employees from associates such as Melco Crown Entertainment, MelcoLot, MCR and EGT, the total number of the Group's employees becomes 234 as of 30 June 2012 (as of 31 December 2011: 233 employees). Among the 234 employees, 229 are located in Hong Kong and the rest are based in Macau and China. The related staff costs for the six months ended 30 June 2012, including directors' emoluments, share option expenses and share award expenses, amounted to HK\$84.4 million (six months ended 30 June 2011: HK\$70.3 million).

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

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

CONTINGENT LIABILITIES

The Group recognised a financial guarantee liability of approximately HK\$39.8 million as at 30 June 2012 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 Asia.

FOREIGN EXCHANGE EXPOSURE

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

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

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Melco International Development Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 26 to 45, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 August 2012



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Notes	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue	3	63,609	61,781
Other income		17,614	54,463
Investment income		497	4,372
Purchases and changes in inventories of finished goods		(14,795)	(13,454)
Employee benefits expense		(84,372)	(70,312)
Depreciation of property, plant and equipment		(2,717)	(3,064)
(Loss) gain on deemed disposal of interest in an associate	4	(11,741)	3,484
Fair value change on investment in convertible loan note	12	(39,993)	25,542
Share of profits of associates	11	569,664	198,870
Other expenses		(33,412)	(35,077)
Finance costs		(65,882)	(61,090)
Profit before tax	5	398,472	165,515
Income tax credit	6	10,340	9,088
Profit for the period		408,812	174,603

		Six months ended 30 June	
	Note	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		30	(64)
Fair value loss on available-for-sale investments		–	(4,100)
Share of other comprehensive income of an associate		–	27,061
Other comprehensive income for the period		<u>30</u>	<u>22,897</u>
Total comprehensive income for the period		<u><u>408,842</u></u>	<u><u>197,500</u></u>
Profit for the period attributable to:			
Owners of the Company		408,413	173,819
Non-controlling interests		399	784
		<u>408,812</u>	<u>174,603</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		408,443	196,716
Non-controlling interests		399	784
		<u>408,842</u>	<u>197,500</u>
Earnings per share			
Basic	8	<u>HK\$0.332</u>	<u>HK\$0.141</u>
Diluted		<u>HK\$0.303</u>	<u>HK\$0.139</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	Notes	As at 30 June 2012 Hk\$'000 (Unaudited)	As at 31 December 2011 Hk\$'000 (Audited)
Non-current assets			
Investment properties	9 & 10	169,000	169,000
Property, plant and equipment	9	23,258	18,199
Other intangible assets		5,700	5,700
Interests in jointly controlled entities		–	–
Interests in associates	11	8,141,855	7,583,784
Available-for-sale investments		–	5,035
Investment in convertible loan note	12	–	39,993
		8,339,813	7,821,711
Current assets			
Inventories		2,735	3,311
Trade receivables	13	2,524	3,502
Prepayment, deposits and other receivables		20,582	19,653
Held-for-trading investments		240	320
Available-for-sale investments		4,504	–
Amounts due from associates	14	24,578	48,428
Pledged bank deposits	10	947	947
Bank deposits with original maturity over three months		495,977	583,072
Bank balances and cash		149,242	97,086
		701,329	756,319

	Notes	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Current liabilities			
Trade payables	15	2,852	3,890
Other payables		19,336	25,216
Amounts due to associates	14	6,104	11,706
Dividend payable		1,287	123
Taxation payable		1,052	697
Financial guarantee liability	20	39,848	52,320
Bank borrowings – due within one year	16	33,980	227,980
		104,459	321,932
Net current assets			
		596,870	434,387
Total assets less current liabilities			
		8,936,683	8,256,098
Non-current liabilities			
Deferred tax liabilities		29,338	39,678
Bank borrowings – due after one year	16	270,720	49,210
Convertible loan note – due after one year	17	1,018,302	955,634
		1,318,360	1,044,522
		7,618,323	7,211,576
Capital and reserves			
Share capital	18	616,975	615,682
Reserves		6,972,422	6,566,964
Equity attributable to owners of the Company		7,589,397	7,182,646
Non-controlling interests		28,926	28,930
		7,618,323	7,211,576

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to owners of the Company															
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Convertible loan note equity reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Shares held under share award schemes HK\$'000	Share awards reserve HK\$'000	Accumulated profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2011 (Audited)	615,296	3,133,808	253,004	(61,705)	323,818	5,796	202,011	(41,142)	3,469	59,754	(6,960)	660	2,340,142	6,827,951	27,891	6,855,842
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	(64)	-	-	-	-	(64)	-	(64)
Share of other comprehensive income of associates	-	-	-	-	-	-	27,061	-	-	-	-	-	-	27,061	-	27,061
Fair value loss on available-for-sale investments	-	-	-	-	-	-	(4,100)	-	-	-	-	-	-	(4,100)	-	(4,100)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(4,100)	27,061	(64)	-	-	-	-	22,897	-	22,897
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	173,819	173,819	784	174,603
Total comprehensive income (loss) for the period	-	-	-	-	-	-	(4,100)	27,061	(64)	-	-	-	173,819	196,716	784	197,500
Exercise of share options	293	2,960	-	-	-	-	-	-	(1,261)	-	-	-	-	1,992	-	1,992
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	21,119	-	-	17,044	-	38,163	-	38,163
Shares vested under the share award schemes	-	-	-	-	-	-	-	-	-	-	16,895	(14,313)	(2,582)	-	-	-
Realisation of special reserve and other revaluation reserve upon deemed disposal of interest in an associate	-	-	-	55	-	-	(23)	-	-	-	-	-	23	55	-	55
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	-	-	-	-	(26,841)	-	-	(26,841)	-	(26,841)
At 30 June 2011 (Unaudited)	615,589	3,136,768	253,004	(61,650)	323,818	5,796	197,888	(14,081)	3,405	79,612	(16,906)	3,391	2,511,402	7,038,036	28,675	7,066,711

Attributable to owners of the Company

	Convertible				Shares held				Sub-total	Non-controlling interests	Total equity					
	Share capital	Share premium	Capital reserve	Special reserve	loan note equity reserve	Property revaluation reserve	Other revaluation reserve	Other reserve				Exchange reserve	Share options reserve	Share awards reserve	Accumulated profits	HK\$'000
At 1 January 2012 (Audited)	615,682	3,137,831	253,004	(62,185)	323,818	5,796	200,784	-	3,442	93,492	10,387	2,617,501	7,182,646	28,930	7,211,576	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	30	-	-	-	30	-	30	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	30	-	-	-	30	-	30	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	408,413	408,413	399	408,812	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	30	-	-	408,413	408,443	399	408,842	
Exercise of share options	1,293	7,728	-	-	-	-	-	-	-	(2,322)	-	-	6,699	-	6,699	
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	-	24,565	19,883	-	44,448	-	44,448	
Transfer of share options reserve upon expiry of share options	-	-	-	-	-	-	-	-	(3,488)	-	-	3,488	-	-	-	
Shares vested under the share award schemes	-	-	-	-	-	-	-	-	-	-	(21,250)	(2,653)	-	-	(23,903)	
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(403)	(403)	
Dividend paid	-	-	(18,509)	-	-	-	-	-	-	-	-	-	(18,509)	-	(18,509)	
Realisation of special reserve and other revaluation reserve upon deemed disposal of interest in an associate	-	-	-	-	-	-	(61)	-	-	-	-	61	148	-	148	
Purchase of shares for unvested shares under the share award schemes	-	-	-	148	-	-	-	-	-	-	-	-	(34,478)	-	(34,478)	
At 30 June 2012 (Unaudited)	616,975	3,145,559	234,495	(62,037)	323,818	5,796	200,723	-	3,472	112,247	9,020	3,026,810	7,569,397	28,926	7,618,323	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash used in operating activities	(31,273)	(21,463)
Net cash from investing activities:		
Receipt of bank deposits with original maturity over three months	420,514	381,087
Placement of bank deposits with original maturity over three months	(333,419)	(383,940)
Other investing cash flows	17,565	5,682
	104,660	2,829
Net cash used in financing activities:		
Repayments of bank borrowings	(202,490)	(7,490)
Purchase of shares for unvested shares under the share award schemes	(34,478)	(26,841)
Dividend paid	(17,748)	(18,421)
New bank loans raised	230,000	23,000
Other financing cash flows	3,485	(680)
	(21,231)	(30,432)
Net increase (decrease) in cash and cash equivalents	52,156	(49,066)
Cash and cash equivalents at the beginning of the period	97,086	145,536
Cash and cash equivalents at the end of the period, represented by bank balances and cash	149,242	96,470

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

- amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets*
- amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*

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

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

3. REVENUE AND SEGMENTAL INFORMATION

The Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

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

Information regarding the above segments is reported below.

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

Six months ended 30 June 2012 (Unaudited):

	Leisure and entertainment HK\$'000	Property and other investments HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External sales	53,421	10,188	63,609	-	63,609
Inter-segment sales	399	788	1,187	(1,187)	-
Total revenue	53,820	10,976	64,796	(1,187)	63,609
Segment result	977	8,544	9,521	-	9,521
Central administrative costs and other unallocated corporate expenses					(75,568)
Unallocated corporate income					12,471
Finance costs					(65,882)
Loss on deemed disposal of interest in an associate					(11,741)
Fair value change on investment in convertible loan note					(39,993)
Share of profits of associates					569,664
Profit before tax					398,472

3. REVENUE AND SEGMENTAL INFORMATION – continued

Six months ended 30 June 2011 (Unaudited):

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

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

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

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

- (i) During the period ended 30 June 2012, the Group's ownership interest in its associate, Melco Crown Entertainment Limited ("Melco Crown Entertainment"), decreased from 33.7% to 33.6%, as a result of the vesting of certain restricted shares and the exercise of share options of Melco Crown Entertainment. The Group recognised a loss of approximately HK\$11,741,000 which represented the decrease in net assets attributable to the Group during the period ended 30 June 2012.
- (ii) During the period ended 30 June 2011, the Group's ownership interest in its associate, Melco Crown Entertainment, decreased from 33.39% to 33.36%, as a result of the vesting of certain restricted shares and the exercise of share options of Melco Crown Entertainment. The Group recognised a gain of approximately HK\$3,484,000 which represented the increase in net assets attributable to the Group during the period ended 30 June 2011.

5. PROFIT BEFORE TAX

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging:		
Loss from fair value change of held-for-trading investments	80	–
Share of tax expense of associates included in share of profits of associates	–	179
and after crediting:		
Decrease in financial guarantee liability (included in other income) (note 20)	12,472	43,062
Dividend income from unlisted investments	577	4,297
Gain from fair value change of held-for-trading investments	–	75
Share of tax credit of associates included in share of profits of associates	2,720	–

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred taxation – current period	10,340	9,088

During the six months ended 30 June 2012, the deferred taxation credit mainly arose from the reversal of temporary differences arising from the recognition of convertible loan note equity component (note 17).

No provision for Hong Kong Profits Tax or tax in other jurisdiction was made during the six months ended 30 June 2012 and 2011 as there was no estimated assessable profit for the periods.

7. DIVIDEND

During the six months ended 30 June 2012, a dividend of HK\$18,509,000 was declared to shareholders of the Company as the final dividend for 2011.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).



8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	408,413	173,819
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note	62,668	–
Adjustment in relation to share options and restricted shares issued by an associate of the Group	(4,461)	(1,485)
Earnings for the purpose of diluted earnings per share	466,620	172,334
	Six months ended 30 June	
	2012 (Unaudited)	2011 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,230,619,377	1,228,936,442
Effect of dilutive potential ordinary shares:		
Convertible loan note	298,982,188	–
Share options and awarded shares issued by the Company	7,938,153	10,733,040
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,537,539,718	1,239,669,482

Note: The number of shares adopted in the calculation of the basic and diluted earnings per share has been arrived at after eliminating the shares in the Company held under the Company's share award schemes.

During the period ended 30 June 2012, the computation of diluted earnings per share does not assume the exercise of the Company's certain options and the vesting of certain unvested awarded shares under the Company's long-term incentive scheme because the adjusted exercise price of those options and unvested awarded shares are higher than the average market price of the shares for the period.

During the period ended 30 June 2011, the computation of diluted earnings per share i) did not assume the conversion of the Company's outstanding convertible loan note since the assumed conversion would result in an increase in earnings per share; and ii) did not assume the exercise of the Company's certain options and the vesting of certain unvested awarded shares under the Company's long-term incentive scheme because the adjusted exercise price of those options and unvested awarded shares are higher than the average market price of the shares for the period.

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

During the current period, the Group spent approximately HK\$7,805,000 (2011: HK\$406,000) mainly on motor vehicles, leasehold improvements and furniture, fixtures and equipment for the Group's office premises and a new restaurant in Beijing.

The fair values of the Group's investment properties as at 30 June 2012 have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to market evidence of transaction prices for similar properties in similar locations.

10. PLEDGE OF ASSETS

As at 30 June 2012, the Group's bank deposit and investment properties which amounted to approximately HK\$947,000 (31 December 2011: HK\$947,000) and HK\$169,000,000 (31 December 2011: HK\$169,000,000), respectively, were pledged as security for obtaining utilities and banking facilities of the Group.



11. INTERESTS IN ASSOCIATES

As at 30 June 2012, the Group held approximately 33.6% (31 December 2011: 33.7%) interests in Melco Crown Entertainment, 18.9% (31 December 2011: 28.7%) interests in Mountain China Resorts (Holding) Limited (“MCR”), 58.7% (31 December 2011: 58.7%) interests in Power Way Group Limited, 11.7% (31 December 2011: 11.7%) interests in MelcoLot Limited (“MelcoLot”) and 38.3% (31 December 2011: 38.5%) interests in Entertainment Gaming Asia Inc. During the period ended 30 June 2012, the Group recognised share of profits of these associates of approximately HK\$569,664,000 (six months ended 30 June 2011: HK\$198,870,000). The Group’s interests in MCR, MelcoLot and Entertainment Gaming Asia Inc. were fully impaired in prior years.

In February 2012, MCR completed a private placement of 105,700,000 shares at the price of CAD0.18 per share and the interests in MCR held by the Group decreased from 28.7% to 18.9%. The Group is one of the major creditors of MCR. Under the terms of the MCR Loan (as defined below), the Group is entitled to appoint one director to the board of MCR. Accordingly, MCR continued to be an associate of the Group as at 30 June 2012.

In May 2012, the Group, MCR and its subsidiary (collectively referred to as the “MCR Group”) and Wisecord Holdings Limited, a substantial shareholder of MCR, entered into a conditional agreement in relation to the settlement of a previously fully-impaired loan to MCR Group amounting to US\$23,000,000 (equivalent to approximately HK\$178,940,000) (“MCR Loan”) whereby it was conditionally agreed that the loan amount may be settled in the form of cash, shares of MCR and villas within specified time and subject to the fulfilment of certain conditions. The pre-requisite conditions for the first settlement have not been met as of the date of approval for issuance of these financial statements, and the timing of such settlement is highly uncertain. Accordingly, there is no reversal of impairment loss in respect of such loan as at 30 June 2012.

12. INVESTMENT IN CONVERTIBLE LOAN NOTE

During the period ended 30 June 2012, a fair value loss of approximately HK\$39,993,000 (six months ended 30 June 2011: a fair value gain of HK\$25,542,000) regarding MelcoLot’s convertible loan note was recognised in profit or loss.

As at 30 June 2012, the fair value of MelcoLot’s convertible loan note is minimal (31 December 2011: HK\$39,993,000). The convertible loan note is redeemable within twelve months from the end of the reporting period. The fair value of MelcoLot’s convertible loan note has decreased significantly due to the significant decline in the quoted share price of MelcoLot and the shrinking operations and aggravating loss of MelcoLot and its worsening total liabilities position as of 30 June 2012. As such, the above convertible loan note is not expected to be settled in full on its maturity date, nor is it expected to be settled within one year. The fair value of the MelcoLot’s convertible loan note as at 30 June 2012 is assessed by the Group after taking into account the amount that can be eventually recovered from the underlying net assets of MelcoLot.

13. TRADE RECEIVABLES

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Trade receivables (note)	2,524	3,502

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

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Within 30 days	1,652	2,159
31 – 90 days	490	965
Over 90 days	382	378
	2,524	3,502

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

14. AMOUNTS DUE FROM (TO) ASSOCIATES

Included in amounts due from associates are:

- (i) amount due from an associate of approximately HK\$24,461,000 (31 December 2011: HK\$48,320,000) is unsecured and interest bearing at 5% per annum. It is repayable within twelve months from the end of the reporting period. The Group has reviewed the financial position and the bank facilities available to this associate and considered no impairment on the amount due from this associate as this associate has repaid the balance in accordance with the repayment schedule;
- (ii) amount due from an associate of approximately HK\$2,382,000 (31 December 2011: HK\$2,380,000) is unsecured, non-interest bearing and repayable on demand and approximately HK\$185,211,000 (31 December 2011: HK\$185,211,000) is unsecured, interest bearing at 3% per annum and repayable on 31 March 2013. All of the above balances were fully impaired in prior years; and
- (iii) the remaining amounts due from associates are unsecured, non-interest bearing and repayable on demand.

Amounts due to associates are unsecured, non-interest bearing and repayable on demand.

15. TRADE PAYABLES

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

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Within 30 days	2,397	3,760
31-90 days	373	37
Over 90 days	82	93
	2,852	3,890

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

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Secured	81,700	54,190
Unsecured	223,000	223,000
	304,700	277,190
Carrying amount repayable:		
Within one year		
– With repayable on demand clause	23,000	23,000
– Without repayable on demand clause	10,980	204,980
More than one year, but not exceeding two years	10,980	4,980
More than two years, but not exceeding five years	232,940	14,940
Exceeding five years	26,800	29,290
	304,700	277,190
Less: Amounts due within one year shown under current liabilities	(33,980)	(227,980)
	270,720	49,210

All the bank borrowings are denominated in HK\$, the functional currency of relevant group entities, with interest rates of Hong Kong Interbank Offered Rates (“HIBOR”) plus 1.5% to 2.5% (31 December 2011: HIBOR plus 1.5% to 1.95%) per annum.

17. CONVERTIBLE LOAN NOTE

The convertible loan note contains two components, liability and equity elements. The early redemption options are considered as closely related to the liability component of the convertible loan note. The equity element is presented in equity heading “convertible loan note equity reserve”. As at 30 June 2012, the effective interest rate of the liability component is 13.15% (31 December 2011: 13.15%) per annum.

The movements of liability component and equity component of convertible loan note for the period are set out below:

	HK\$'000
Liability component	
As at 31 December 2011	955,634
Effective interest charged to profit or loss	62,668
	<u>1,018,302</u>
As at 30 June 2012	<u>1,018,302</u>
Equity component	
As at 31 December 2011 and 30 June 2012	<u>323,818</u>

18. SHARE CAPITAL

	Number of ordinary shares		Amount	
	30 June 2012 (Unaudited)	31 December 2011 (Audited)	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Authorised:				
At the beginning and end of the period/year of HK\$0.50 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
At the beginning of the period/year of HK\$0.50 each	<u>1,231,363,780</u>	1,230,591,444	<u>615,682</u>	615,296
Exercise of share options	<u>2,586,600</u>	772,336	<u>1,293</u>	386
At the end of the period/year of HK\$0.50 each	<u>1,233,950,380</u>	<u>1,231,363,780</u>	<u>616,975</u>	<u>615,682</u>

The shares issued during the period/year rank pari passu in all respects with the then existing shares. As at 30 June 2012, the Company's 2,494,923 (31 December 2011: 2,499,385) and 92,940 (31 December 2011: 102,000) issued shares with aggregate nominal value of approximately HK\$1,247,000 (31 December 2011: HK\$1,250,000) and HK\$46,000 (31 December 2011: HK\$51,000), respectively, were held by the Company's share purchase scheme and share subscription scheme, respectively.

19. RELATED PARTY TRANSACTIONS

- (a) As at 30 June 2012 and 31 December 2011, the Group has a convertible loan note with principal amount of HK\$1,175,000,000 issued to a related company.
- (b) Significant related party transactions are as follows:

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Catering income received from directors and related companies	1,034	2,169
Interest expense on convertible loan note issued to a related company	62,668	55,080
Service income received from associates	4,230	4,042
Interest income received from associates	1,056	2,667
Rental income received from an associate	2,281	2,073

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

20. CONTINGENT LIABILITIES

The Group recognised a financial guarantee liability of approximately HK\$39,848,000 (31 December 2011: HK\$52,320,000) 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 Asia Investments Pty. Ltd., a shareholder of Melco Crown Entertainment. The decrease in financial guarantee liability during the six months ended 30 June 2012 was due to the improved financial position of Melco Crown SPV Limited.

21. EVENTS AFTER THE REPORTING PERIOD

On 5 July 2012, Melco Crown Entertainment through its wholly-owned subsidiary, MPEL Projects Limited (“MPEL Projects”), entered into a memorandum of agreement (the “MOA”) with certain Philippine parties (collectively, the “Philippine Parties”) (the Philippine Parties and upon signing of the Consortium Agreement (as defined below), MPEL Projects or its designated nominee are collectively referred to as the “Consortium”), to negotiate in good faith and sign upon the satisfaction of various conditions precedent within sixty (60) days or such other date as may be mutually agreed, a consortium agreement, which would include the agreed form of certain definitive agreements for the leasing, development, operation and management of certain parcels of land located in Manila, Philippines, as a casino, hotel, retail and entertainment resort (the “Consortium Agreement”). The execution of the Consortium Agreement is conditional upon registration of the project site as a tourism economic zone by the Philippine Economic Zone Authority. The Philippine Amusement and Gaming Corporation (“PAGCOR”) has issued a provisional license to the Consortium and may issue a regular casino gaming license upon satisfaction of certain conditions referred to in the provisional license. MPEL Projects or its designated nominee shall also be included as a member-licensee of the provisional license. On signing of the Consortium Agreement, the MOA shall terminate and be superseded by the Consortium Agreement. MPEL Projects or an affiliated party will operate the gaming and non-gaming operations as lessee.

Under the terms of the provisional license, PAGCOR requires the Consortium to make a minimum investment of US\$650 million at the start of commercial operations and a total of US\$1.0 billion for the entire project. MPEL Projects or its designated nominee will also be required to contribute these investment amounts by a combination of cash and debt financing.

OTHER INFORMATION

INTERIM DIVIDEND

The board of directors of the Company (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

DIRECTORS’ INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group’s business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 30 June 2012 or at any time during such period.

DIRECTORS’ INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, the interests and short position of each director and chief executive of the Company in the shares, underlying shares, debentures and convertible loan notes of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (“SFO”)) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director	Capacity	Nature of interest	Number of ordinary shares held	Approximate % of issued share capital	Note
Mr. Ho, Lawrence Yau Lung	Held by controlled corporations	Corporate	429,923,077	34.84%	2
	Beneficial owner	Personal	13,912,612	1.13%	-
Mr. Tsui Che Yin, Frank	Beneficial owner	Personal	181,660	0.01%	-
Mr. Chung Yuk Man, Clarence	Beneficial owner	Personal	359,440	0.03%	-
Sir Roger Lobo	Beneficial owner	Personal	72,000	0.01%	-
Mr. Sham Sui Leung, Daniel	Beneficial owner	Personal	72,000	0.01%	-
Mr. Ng Ching Wo	Beneficial owner	Personal	72,000	0.01%	-

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

Name of Director	Number of share options			Outstanding at 30 June 2012	Approximate % of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2012	Granted during the period	Exercised during the period					
Mr. Ho, Lawrence	230,840	-	-	230,840	0.02%	01.04.2008	01.04.2009 – 31.03.2018	10.804
Yau Lung	230,840	-	-	230,840	0.02%	01.04.2008	01.04.2010 – 31.03.2018	10.804
	230,840	-	-	230,840	0.02%	01.04.2008	01.04.2011 – 31.03.2018	10.804
	89,333	-	-	89,333	0.01%	17.12.2008	01.02.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.05.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.08.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.11.2009 – 16.12.2018	2.02
	89,333	-	-	89,333	0.01%	17.12.2008	01.02.2010 – 16.12.2018	2.02
	89,335	-	-	89,335	0.01%	17.12.2008	01.05.2010 – 16.12.2018	2.02
	76,500	-	-	76,500	0.01%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	76,500	-	-	76,500	0.01%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	77,000	-	-	77,000	0.01%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	200,000	-	-	200,000	0.02%	07.04.2010	07.04.2010 – 06.04.2020	3.76
	242,000	-	-	242,000	0.02%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	242,000	-	-	242,000	0.02%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	244,000	-	-	244,000	0.02%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	200,000	-	-	200,000	0.02%	07.04.2010	07.04.2014 – 06.04.2020	3.76
200,000	-	-	200,000	0.02%	07.04.2010	07.04.2015 – 06.04.2020	3.76	
600,000	-	-	600,000	0.05%	08.04.2011	05.05.2011 – 07.04.2021	5.75	
600,000	-	-	600,000	0.05%	08.04.2011	08.04.2012 – 07.04.2021	5.75	
	3,986,520	-	-	3,986,520	0.37%			

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

Name of Director	Number of share options			Outstanding at 30 June 2012	Approximate % of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2012	Granted during the period	Exercised during the period					
Mr. Tsui Che Yin,	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2009 – 31.03.2018	10.804
Frank	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2010 – 31.03.2018	10.804
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2011 – 31.03.2018	10.804
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.08.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.11.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2010 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2010 – 16.12.2018	2.02
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	60,000	-	-	60,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	166,000	-	-	166,000	0.01%	07.04.2010	07.04.2010 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	166,000	-	-	166,000	0.01%	07.04.2010	07.04.2014 – 06.04.2020	3.76
	170,000	-	-	170,000	0.01%	07.04.2010	07.04.2015 – 06.04.2020	3.76
	550,000	-	-	550,000	0.04%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	550,000	-	-	550,000	0.04%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	550,000	-	-	550,000	0.04%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	550,000	-	-	550,000	0.04%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	-	330,000	-	330,000	0.03%	27.01.2012	27.01.2012 – 26.01.2022	7.10
	-	330,000	-	330,000	0.03%	27.01.2012	27.01.2013 – 26.01.2022	7.10
	-	330,000	-	330,000	0.03%	27.01.2012	27.01.2014 – 26.01.2022	7.10
	-	330,000	-	330,000	0.03%	27.01.2012	27.01.2015 – 26.01.2022	7.10
	4,416,000	1,320,000	-	5,736,000	0.46%			

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

Name of Director	Number of share options			Outstanding at 30 June 2012	Approximate % of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2012	Granted during the period	Exercised during the period					
Mr. Chung Yuk	200,000	-	(200,000)	-	-	01.02.2005	17.09.2009 – 07.03.2012	7.4
Man, Clarence	130,000	-	-	130,000	0.01%	13.02.2006	01.04.2008 – 31.01.2016	11.8
	130,000	-	-	130,000	0.01%	13.02.2006	01.04.2010 – 31.01.2016	11.8
	140,000	-	-	140,000	0.01%	13.02.2006	01.04.2012 – 31.01.2016	11.8
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2009 – 31.03.2018	10.804
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2010 – 31.03.2018	10.804
	104,000	-	-	104,000	0.01%	01.04.2008	01.04.2011 – 31.03.2018	10.804
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.08.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.11.2009 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.02.2010 – 16.12.2018	2.02
	91,000	-	-	91,000	0.01%	17.12.2008	01.05.2010 – 16.12.2018	2.02
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	50,000	-	-	50,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	60,000	-	-	60,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	166,000	-	-	166,000	0.01%	07.04.2010	07.04.2010 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	232,000	-	-	232,000	0.02%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	166,000	-	-	166,000	0.01%	07.04.2010	07.04.2014 – 06.04.2020	3.76
170,000	-	-	170,000	0.01%	07.04.2010	07.04.2015 – 06.04.2020	3.76	
550,000	-	-	550,000	0.04%	08.04.2011	05.05.2011 – 07.04.2021	5.75	
550,000	-	-	550,000	0.04%	08.04.2011	08.04.2012 – 07.04.2021	5.75	
550,000	-	-	550,000	0.04%	08.04.2011	08.04.2013 – 07.04.2021	5.75	
550,000	-	-	550,000	0.04%	08.04.2011	08.04.2014 – 07.04.2021	5.75	
-	330,000	-	330,000	0.03%	27.01.2012	27.01.2012 – 26.01.2022	7.10	
-	330,000	-	330,000	0.03%	27.01.2012	27.01.2013 – 26.01.2022	7.10	
-	330,000	-	330,000	0.03%	27.01.2012	27.01.2014 – 26.01.2022	7.10	
-	330,000	-	330,000	0.03%	27.01.2012	27.01.2015 – 26.01.2022	7.10	
	5,016,000	1,320,000	(200,000)	6,136,000	0.49%			

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

Name of Director	Number of share options			Outstanding at 30 June 2012	Approximate % of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2012	Granted during the period	Exercised during the period					
Sir Roger Lobo	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2008 – 02.04.2016	15.87
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2010 – 02.04.2016	15.87
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2012 – 02.04.2016	15.87
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2009 – 27.02.2018	11.5
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2010 – 27.02.2018	11.5
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2011 – 27.02.2018	11.5
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	31,000	-	-	31,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	88,000	-	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	88,000	-	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2012 – 26.01.2022	7.10
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2013 – 26.01.2022	7.10
	-	52,000	-	52,000	0.00%	27.01.2012	27.01.2014 – 26.01.2022	7.10
	-	52,000	-	52,000	0.00%	27.01.2012	27.01.2015 – 26.01.2022	7.10
	852,000	210,000	-	1,062,000	0.07%			

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

Name of Director	Number of share options			Outstanding at 30 June 2012	Approximate % of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2012	Granted during the period	Exercised during the period					
Mr. Sham Sui Leung,	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2009 – 27.02.2018	11.5
Daniel	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2010 – 27.02.2018	11.5
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2011 – 27.02.2018	11.5
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	31,000	-	-	31,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	88,000	-	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	88,000	-	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2012 – 26.01.2022	7.10
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2013 – 26.01.2022	7.10
	-	52,000	-	52,000	0.00%	27.01.2012	27.01.2014 – 26.01.2022	7.10
	-	52,000	-	52,000	0.00%	27.01.2012	27.01.2015 – 26.01.2022	7.10
	552,000	210,000	-	762,000	0.04%			

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

Name of Director	Number of share options			Outstanding at 30 June 2012	Approximate % of issued share capital	Date of grant	Exercisable period	Exercise price HK\$
	Outstanding at 1 January 2012	Granted during the period	Exercised during the period					
Mr. Ng Ching Wo	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2008 – 02.04.2016	15.87
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2010 – 02.04.2016	15.87
	100,000	-	-	100,000	0.01%	03.04.2006	03.04.2012 – 02.04.2016	15.87
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2009 – 27.02.2018	11.5
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2010 – 27.02.2018	11.5
	17,000	-	-	17,000	0.00%	28.02.2008	01.04.2011 – 27.02.2018	11.5
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2010 – 02.04.2019	2.99
	30,000	-	-	30,000	0.00%	03.04.2009	03.04.2011 – 02.04.2019	2.99
	31,000	-	-	31,000	0.00%	03.04.2009	03.04.2012 – 02.04.2019	2.99
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2011 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2012 – 06.04.2020	3.76
	20,000	-	-	20,000	0.00%	07.04.2010	07.04.2013 – 06.04.2020	3.76
	88,000	-	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	88,000	-	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2012 – 26.01.2022	7.10
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2013 – 26.01.2022	7.10
	-	52,000	-	52,000	0.00%	27.01.2012	27.01.2014 – 26.01.2022	7.10
-	52,000	-	52,000	0.00%	27.01.2012	27.01.2015 – 26.01.2022	7.10	
	852,000	210,000	-	1,062,000	0.07%			
Dr. Tyen Kan Hee, Anthony	88,000	-	-	88,000	0.01%	08.04.2011	05.05.2011 – 07.04.2021	5.75
	88,000	-	-	88,000	0.01%	08.04.2011	08.04.2012 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2013 – 07.04.2021	5.75
	87,000	-	-	87,000	0.01%	08.04.2011	08.04.2014 – 07.04.2021	5.75
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2012 – 26.01.2022	7.10
	-	53,000	-	53,000	0.00%	27.01.2012	27.01.2013 – 26.01.2022	7.10
	-	52,000	-	52,000	0.00%	27.01.2012	27.01.2014 – 26.01.2022	7.10
	-	52,000	-	52,000	0.00%	27.01.2012	27.01.2015 – 26.01.2022	7.10
		350,000	210,000	-	560,000	0.04%		
Total	16,024,520	3,480,000	(200,000)	19,304,520	1.54%			

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

Name of Director	Number of awarded shares			Outstanding at 30 June 2012	Approximate % of issued share capital	Date of award	Vesting date
	Outstanding at 1 January 2012	Awarded during the period	Vested during the period				
Mr. Ho, Lawrence	13,000	-	(13,000)	-	-	03.04.2009	03.04.2012
Yau Lung	2,400,000	-	(2,400,000)	-	-	08.04.2011	08.04.2012
	-	1,000,000	(1,000,000)	-	-	27.01.2012	27.01.2012
	-	3,000,000	-	3,000,000	0.24%	27.01.2012	27.01.2013
	2,413,000	4,000,000	(3,413,000)	3,000,000	0.24%		
Mr. Tsui Che Yin, Frank	9,000	-	(9,000)	-	-	03.04.2009	03.04.2012
Mr. Chung Yuk Man, Clarence	9,000	-	(9,000)	-	-	03.04.2009	03.04.2012
Sir Roger Lobo	5,000	-	(5,000)	-	-	03.04.2009	03.04.2012
Mr. Sham Sui Leung, Daniel	5,000	-	(5,000)	-	-	03.04.2009	03.04.2012
Mr. Ng Ching Wo	5,000	-	(5,000)	-	-	03.04.2009	03.04.2012
Total	2,446,000	4,000,000	(3,446,000)	3,000,000	0.24%		

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

Name of Director	Capacity	Number of underlying shares held	Approximate % of issued share capital	Note
Mr. Ho, Lawrence Yau Lung	Held by trust	298,982,188	24.23%	3

Notes:

- As at 30 June 2012, the total number of issued shares of the Company was 1,233,950,380.
- 115,509,024 shares of the Company are held by Lasting Legend Ltd., 288,532,606 shares of the Company are held by Better Joy Overseas Ltd., 7,294,000 shares of the Company are held by The L3G Capital Trust and 18,587,447 shares of the Company are held by Mighty Dragon Developments Limited, representing approximately 9.36%, 23.38%, 0.59% and 1.51% of the issued share capital of the Company, all of which companies/trust are owned by persons, companies and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the 429,923,077 shares held by the aforesaid companies/trust.
- Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, MCE Holdings Three Limited (formerly known as MPEL (Greater China) Limited) and the Company, convertible loan notes in the total principal amount of HK\$1,175,000,000 (the "Convertible Loan Notes") were issued by the Company to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. On 8 February 2010, the shareholders of the Company at the extraordinary general meeting have approved (1) the amendments to the terms of the Convertible Loan Notes (the "Amended Convertible Loan Notes") pursuant to the deed of amendment dated 16 December 2009 entered into between the Company and Great Respect Limited and (2) a new whitewash waiver waiving the obligation of Great Respect Limited and Mr. Ho, Lawrence Yau Lung to make a mandatory general offer for the shares of the Company as a result of any and all future exercises of the conversion rights under the Amended Convertible Loan Notes pursuant to the provisions of Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Hence, no offer under Rule 26 of the Takeovers Code will be made on full conversion of the Amended Convertible Loan Notes.

Assuming the exercise in full of the conversion rights attaching to the Amended Convertible Loan Notes at the conversion price of HK\$3.93 per share by Great Respect Limited, a total number of 298,982,188 new shares will be issued by the Company, representing approximately 24.23% of the existing issued share capital and approximately 19.50% of the enlarged issued share capital of the Company. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust.

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

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

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

Name of Director	Capacity	Number of ordinary shares of Melco Crown Entertainment held	Approximate % of issued share capital of Melco Crown Entertainment	<i>Note</i>
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporation	556,222,503	33.57%	2
	Other	556,222,503	33.57%	2
	Interest of controlled corporation	6,013,080	0.36%	2
	Beneficial owner	2,980,682	0.18%	–
Mr. Tsui Che Yin, Frank	Beneficial owner	11,850	0.00%	–
Mr. Chung Yuk Man, Clarence	Beneficial owner	65,179	0.00%	–

(b) Restricted shares awarded by Melco Crown Entertainment

Name of Director	Capacity	Date of Grant	Number of restricted shares granted by Melco Crown Entertainment held	Approximate % of issued share capital of Melco Crown Entertainment	<i>Note</i>
Mr. Ho, Lawrence Yau Lung	Beneficial owner	17.03.2009	241,566	0.02%	3
	Beneficial owner	23.03.2011	482,193	0.03%	4
	Beneficial owner	29.03.2012	237,198	0.01%	5
Mr. Chung Yuk Man, Clarence	Beneficial owner	17.03.2009	11,505	0.00%	3
	Beneficial owner	23.03.2011	31,707	0.00%	4
	Beneficial owner	29.03.2012	67,770	0.00%	5

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

Name of Director	Capacity	Date of Grant	Number of stock options granted by Melco Crown Entertainment held	Approximate % of issued share capital of Melco Crown Entertainment	Note
Mr. Ho, Lawrence Yau Lung	Beneficial owner	17.03.2009	2,898,774	0.18%	7
	Beneficial owner	25.11.2009	755,058	0.05%	8
	Beneficial owner	23.03.2011	1,446,498	0.09%	9
	Beneficial owner	29.03.2012	474,399	0.03%	10
Mr. Chung Yuk Man, Clarence	Beneficial owner	18.03.2008	56,628	0.00%	6
	Beneficial owner	17.03.2009	138,036	0.01%	7

Notes:

- As at 30 June 2012, the total number of issued shares of Melco Crown Entertainment was 1,657,115,300.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to be interested in (i) 556,222,503 shares of Melco Crown Entertainment which are being held by Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a wholly owned subsidiary of the Company; (ii) 556,222,503 shares of Melco Crown Entertainment which are being held by Crown Asia Investments Pty. Ltd. ("Crown Asia") pursuant to rights of first refusal over such shares granted by Crown Asia in favor of Melco Leisure under the amended and restated shareholders' deed entered into among Melco Crown Entertainment, Melco Leisure, the Company, Crown Asia and Crown Limited dated 12 December 2007; and (iii) 6,013,080 shares of Melco Crown Entertainment which are being held by Melco Crown SPV Limited, a company owned by Melco Leisure as to 50% and Crown Asia as to 50%, as a result of him being beneficially interested in approximately 35.97% of the issued share capital of the Company which in turn holds approximately 67.49% of the issued shares of Melco Crown Entertainment.
- The personal interests of these directors represent their interests in Melco Crown Entertainment comprising the restricted shares which were granted to them by Melco Crown Entertainment on 17 March 2009.

The 241,566 restricted shares held by Mr. Ho, Lawrence Yau Lung shall vest on 17 March 2013. The 11,505 restricted shares held by Mr. Chung Yuk Man, Clarence shall vest on 17 March 2013.
- Among the 482,193 restricted shares held by Mr. Ho, Lawrence Yau Lung, 241,056 shares shall vest on 23 March 2013 and 241,137 shares shall vest on 23 March 2014.

Among the 31,707 restricted shares held by Mr. Chung Yuk Man, Clarence, 15,849 shares shall vest on 23 March 2013 and 15,858 shares shall vest on 23 March 2014.

5. Among the 237,198 restricted shares held by Mr. Ho, Lawrence Yau Lung, 79,065 shares shall vest on 29 March 2013, 79,065 shares shall vest on 29 March 2014 and 79,068 shares shall vest on 29 March 2015.

Among the 67,770 restricted shares held by Mr. Chung Yuk Man, Clarence, 22,590 shares shall vest on 29 March 2013, 22,590 shares shall vest on 29 March 2014 and 22,590 shares shall vest on 29 March 2015.

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

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

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

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

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

8. The personal interest of this director represents his derivative interest in Melco Crown Entertainment comprising the stock options granted to him by Melco Crown Entertainment on 25 November 2009 at an exercise price of US\$1.4267 per share (US\$4.28 per ADS) of Melco Crown Entertainment.

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

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

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

10. The personal interest of this director represents his derivative interest in Melco Crown Entertainment comprising the stock options granted to him by Melco Crown Entertainment on 29 March 2012 at an exercise price of US\$4.6967 per share (US\$14.09 per ADS) of Melco Crown Entertainment.

Among the 474,399 stock options held by Mr. Ho, Lawrence Yau Lung, 158,133 options may be exercised during the period from 29 March 2013 to 28 March 2022, 158,133 options may be exercised during the period from 29 March 2014 to 28 March 2022 and 158,133 options may be exercised during the period from 29 March 2015 to 28 March 2022.

(B) Entertainment Gaming Asia Inc. ("EGT")

(a) Shares of common stock of US\$0.001 each of EGT

Name of Director	Capacity	Number of shares of common stock of EGT held		Approximate % of issued share capital of EGT	Note(s)
		Before the Reverse Stock Split	After the Reverse Stock Split		
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporation	45,800,000	11,450,000	38.26%	1, 2
Mr. Chung Yuk Man, Clarence	Beneficial owner	2,114,393	528,599	1.77%	1, 13
Dr. Tyen Kan Hee, Anthony	Beneficial owner	120,000	30,000	0.10%	1

(b) *Stock options granted by EGT*

Name of Director	Capacity	Date of Grant	Number of stock options granted by EGT held		Approximate % of issued share capital of EGT	Notes
			Before the Reverse Stock Split	After the Reverse Stock Split		
Mr. Chung Yuk Man, Clarence	Beneficial owner	22.01.2008	30,000	7,500	0.03%	1, 3
	Beneficial owner	12.02.2008	100,000	25,000	0.08%	1, 4
	Beneficial owner	29.12.2008	2,000,000	500,000	1.67%	1, 6
	Beneficial owner	12.02.2009	50,000	12,500	0.04%	1, 7
	Beneficial owner	07.01.2010	50,000	12,500	0.04%	1, 8
	Beneficial owner	22.01.2010	500,000	125,000	0.42%	1, 9
	Beneficial owner	03.02.2011	550,000	137,500	0.46%	1, 10
Mr. Sham Sui Leung, Daniel	Beneficial owner	03.01.2012	700,000	175,000	0.58%	1, 11
	Beneficial owner	11.12.2008	100,000	25,000	0.08%	1, 5
Dr. Tyen Kan Hee, Anthony	Beneficial owner	12.02.2009	50,000	12,500	0.04%	1, 7
	Beneficial owner	11.12.2008	100,000	25,000	0.08%	1, 5
	Beneficial owner	07.01.2010	50,000	12,500	0.04%	1, 8
	Beneficial owner	03.02.2011	50,000	12,500	0.04%	1, 10
	Beneficial owner	03.01.2012	100,000	25,000	0.08%	1, 11

(c) *Restricted common stock granted by EGT*

Name of Director	Capacity	Date of Grant	Number of shares of restricted common stock granted by EGT held		Approximate % of issued share capital of EGT	Notes
			Before the Reverse Stock Split	After the Reverse Stock Split		
Mr. Chung Yuk Man, Clarence	Beneficial owner	03.01.2012	779,220	194,805	0.65%	1, 12

Notes:

- EGT has effected a 1-for-4 reverse stock split (the "Reverse Stock Split") of its shares of common stock with effect from 12 June 2012. As a result of the Reverse Stock Split, every four shares of common stock have been combined into one share of common stock. As at 30 June 2012, the total number of issued shares of common stock of EGT was 29,924,528.
- Mr. Ho, Lawrence Yau Lung is deemed to be interested in 11,450,000 shares of common stock (after the Reverse Stock Split) of EGT, which are being held by EGT Entertainment Holding Limited (formerly known as Elixir Group Limited), a wholly-owned subsidiary of the Company, as a result of him being beneficially interested in approximately 35.97% of the issued share capital of the Company which in turn holds approximately 38.26% of the issued share capital of EGT.
- The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 22 January 2008 at an exercise price of US\$3.62 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$14.48 per EGT's share. The 7,500 stock options may be exercised during the period from 23 July 2008 to 22 January 2018.
- The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 12 February 2008 at an exercise price of US\$4.59 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$18.36 per EGT's share. The 25,000 stock options may be exercised during the period from 15 May 2008 to 14 November 2017.
- The personal interests of Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 11 December 2008 at an exercise price of US\$0.08 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$0.32 per EGT's share. The 25,000 stock options held by each of Mr. Sham and Dr. Tyen may be exercised during the period from 12 June 2009 to 11 December 2018.
- The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 29 December 2008 at an exercise price of US\$0.17 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$0.68 per EGT's share. The 500,000 stock options may be exercised during the period from 29 December 2009 to 29 December 2013.

7. The personal interests of Mr. Chung Yuk Man, Clarence, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 12 February 2009 at an exercise price of US\$0.13 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$0.52 per EGT's share. The 12,500 stock options held by each of Mr. Chung, Mr. Sham and Dr. Tyen may be exercised during the period from 13 August 2009 to 12 February 2019.
8. The personal interests of Mr. Chung Yuk Man, Clarence and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 7 January 2010 at an exercise price of US\$0.29 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$1.16 per EGT's share. The 12,500 stock options held by each of Mr. Chung and Dr. Tyen may be exercised during the period from 8 July 2010 to 7 January 2020.
9. The personal interest of Mr. Chung Yuk Man, Clarence represents his derivative interests in EGT comprising the stock options granted to him by EGT on 22 January 2010 at an exercise price of US\$0.275 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$1.10 per EGT's share. The 125,000 stock options may be exercised during the period from 1 January 2011 to 22 January 2020.
10. The personal interests of Mr. Chung Yuk Man, Clarence and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 3 February 2011 at an exercise price of US\$0.36 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$1.44 per EGT's share.

Among the 137,500 stock options granted to Mr. Chung, 12,500 options may be exercised during the period from 4 August 2011 to 3 February 2021 and 125,000 options may be exercised during the period from 1 January 2012 to 3 February 2021.

The 12,500 stock options granted to Dr. Tyen may be exercised during the period from 4 August 2011 to 3 February 2021.

11. The personal interests of Mr. Chung Yuk Man, Clarence and Dr. Tyen Kan Hee, Anthony represent their derivative interests in EGT comprising the stock options granted to them by EGT on 3 January 2012 at an exercise price of US\$0.231 per EGT's share. As a result of the Reverse Stock Split, the exercise price was adjusted to US\$0.924 per EGT's share.

Among the 175,000 stock options granted to Mr. Chung, 25,000 options may be exercised during the period from 4 July 2012 to 3 January 2022 and 150,000 options may be exercised during the period from 1 January 2013 to 3 January 2022.

The 25,000 stock options granted to Dr. Tyen may be exercised during the period from 4 July 2012 to 3 January 2022.

12. The personal interest of Mr. Chung Yuk Man, Clarence represents his interest in EGT comprising 779,220 shares of the restricted common stock granted to him on 3 January 2012 pursuant to EGT's 2008 Stock Incentive Plan. As a result of the Reverse Stock Split, the shares of the restricted common stock were adjusted to 194,805. The 194,805 shares are subject to vesting and risk of forfeiture based on EGT's ability to meet certain financial and non-financial performance targets as of and for the fiscal year ending 31 December 2012.

13. On 3 February 2011, 416,666 shares of the restricted common stock were granted to Mr. Chung Yuk Man, Clarence pursuant to EGT's 2008 Stock Incentive Plan. The shares of the restricted common stock are subject to vesting and risk of forfeiture based on EGT's ability to meet certain financial and non-financial performance targets as of and for the fiscal year ending 31 December 2011. On 6 March 2012, EGT's Compensation Committee reviewed the financial and non-financial performance targets as of and for the fiscal year ending 31 December 2011 and decided that the entire amount of 416,666 shares should be fully vested to Mr. Chung.

Save as disclosed above, as at 30 June 2012, none of the directors or chief executive of the Company and their respective associates had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2012, the following persons/corporations had interests in five per cent or more of the issued share capital of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares or underlying shares of the Company as notified to the Company are set out below:

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

Name	Capacity	Number of ordinary shares held/ Approximate % of issued share capital				Note
		Long Position	%	Short Position	%	
Better Joy Overseas Ltd.	Beneficial owner	288,532,606	23.38%	-	-	2
Lasting Legend Ltd.	Beneficial owner	115,509,024	9.36%	-	-	2
Mr. Ho, Lawrence Yau Lung	Interest of controlled corporations	429,923,077	34.84%	-	-	3
	Beneficial owner	13,912,612	1.13%	-	-	-
Ms. Lo Sau Yan, Sharen	Interest of spouse	443,835,689	35.97%	-	-	4
Janus Capital Management LLC	Investment Manager	97,526,000	7.90%	-	-	-
Southeastern Asset Management, Inc.	Investment Manager	98,883,000	8.01%	-	-	-
Longleaf Partners International Fund	Beneficial owner	61,746,000	5.00%	-	-	-
Deutsche Bank Aktiengesellschaft	Beneficial owner	6,679,659	0.54%	6,310,045	0.51%	-
	Person having a security interest in shares	7,957,000	0.64%	845,000	0.07%	-
	Custodian	96,898,000	7.85%	-	-	5

Notes:

1. As at 30 June 2012, the total number of issued shares of the Company was 1,233,950,380.
2. The shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
3. The 429,923,077 shares relate to the 288,532,606 shares, 115,509,024 shares, 18,587,447 shares and 7,294,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited and The L3G Capital Trust respectively, representing approximately 23.38%, 9.36%, 1.51% and 0.59% of the issued share capital of the Company. Lasting Legend Ltd., Better Joy Overseas Ltd., Mighty Dragon Developments Limited and The L3G Capital Trust are owned by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the 429,923,077 shares held by the aforesaid companies and trust.
4. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ho, Lawrence Yau Lung, under the SFO.
5. The 96,898,000 shares were held in lending pool.

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

Name	Capacity	Number of underlying shares held	Approximate % of issued share capital	Note
Great Respect Limited	Beneficial owner	298,982,188	24.23%	2
Mr. Ho, Lawrence Yau Lung	Held by trust	298,982,188	24.23%	2
Ms. Lo Sau Yan, Sharen	Held by trust	298,982,188	24.23%	2
Dr. Ho Hung Sun, Stanley	Held by trust	298,982,188	24.23%	2
SG Trust (Asia) Ltd.	Interest of controlled corporations	298,982,188	24.23%	2

Notes:

1. As at 30 June 2012, the total number of issued shares of the Company was 1,233,950,380.
2. Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, MCE Holdings Three Limited (formerly known as MPEL (Greater China) Limited) and the Company, convertible loan notes in the total principal amount of HK\$1,175,000,000 (the “Convertible Loan Notes”) were issued by the Company to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. On 8 February 2010, the shareholders of the Company at the extraordinary general meeting have approved (1) the amendments to the terms of the Convertible Loan Notes (the “Amended Convertible Loan Notes”) pursuant to the deed of amendment dated 16 December 2009 entered into between the Company and Great Respect Limited and (2) a new whitewash waiver waiving the obligation of Great Respect Limited and Mr. Ho, Lawrence Yau Lung to make a mandatory general offer for the shares of the Company as a result of any and all future exercises of the conversion rights under the Amended Convertible Loan Notes pursuant to the provisions of Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”). Hence, no offer under Rule 26 of the Takeovers Code will be made on full conversion of the Amended Convertible Loan Notes.

Assuming the exercise in full of the conversion rights conferred by the Amended Convertible Loan Notes at the conversion price of HK\$3.93 per share by Great Respect Limited, a total number of 298,982,188 new shares will be issued by the Company, representing approximately 24.23% of the existing issued share capital and approximately 19.50% of the share capital of the Company as enlarged by the conversion of the Amended Convertible Loan Notes. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust.

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

Save as disclosed above, as at 30 June 2012, the Company has not been notified of any other interests or short position in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEMES

The share option scheme adopted by the Company on 8 March 2002 (the “2002 Share Option Scheme”) has expired on 7 March 2012. No further options shall thereafter be granted under the 2002 Share Option Scheme but the options which had been granted prior to the expiry date shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect notwithstanding the expiry of the 2002 Share Option Scheme.

At the annual general meeting of the Company held on 30 May 2012, the shareholders of the Company approved the adoption of a new share option scheme (the “2012 Share Option Scheme”) under which the directors of the Company may, at their discretion, grant to any participants of the Scheme share options to subscribe for the Company’s shares, subject to the terms and conditions as stipulated therein. The 2012 Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date. It will expire on 29 May 2022. No option has been granted under the 2012 Share Option Scheme since its adoption.

Movements of the options, which have been granted under the 2002 Share Option Scheme, during the six months ended 30 June 2012, are set out below:

Category of participants	Number of share options					Outstanding at 30 June 2012	Date of grant of share options	Share price	Exercise	
	Outstanding at 1 January 2012	Granted during the period	Reclassified during the period	Exercised during the period	Lapsed during the period			at date of grant of share options	price of	price of
									HK\$	share options
Directors ²	200,000	-	-	(200,000)	-	-	01.02.2005	7.4	7.4	
Directors ⁵	400,000	-	-	-	-	400,000	13.02.2006	11.75	11.80	
Directors ⁶	600,000	-	-	-	-	600,000	03.04.2006	15.7	15.87	
Directors ⁷	153,000	-	-	-	-	153,000	28.02.2008	11.5	11.5	
Directors ⁸	1,316,520	-	-	-	-	1,316,520	01.04.2008	10.7	10.804	
Directors ⁹	1,628,000	-	-	-	-	1,628,000	17.12.2008	2.02	2.02	
Directors ¹⁰	823,000	-	-	-	-	823,000	03.04.2009	2.99	2.99	
Directors ¹¹	3,904,000	-	-	-	-	3,904,000	07.04.2010	3.76	3.76	
Directors ¹²	7,000,000	-	-	-	-	7,000,000	08.04.2011	5.75	5.75	
Directors ¹³	-	3,480,000	-	-	-	3,480,000	27.01.2012	7.1	7.1	
Sub-total	16,024,520	3,480,000	-	(200,000)	-	19,304,520				
Employees ²	550,000	-	-	(550,000)	-	-	17.09.2004	1.6875	1.6875	
Employees ²	230,000	-	-	-	(230,000)	-	01.02.2005	7.4	7.4	
Employees ¹⁴	850,000	-	-	-	-	850,000	13.02.2006	11.75	11.8	
Employees ¹⁵	358,200	-	-	-	-	358,200	01.04.2008	10.7	10.804	
Employees ¹⁶	195,668	-	-	-	-	195,668	17.12.2008	2.02	2.02	
Employees ¹⁷	411,000	-	-	(28,000)	-	383,000	03.04.2009	2.99	2.99	
Employees ¹⁸	2,218,000	-	-	(67,000)	-	2,151,000	07.04.2010	3.76	3.76	
Employees ¹⁹	6,791,000	-	-	(134,000)	(25,000)	6,632,000	08.04.2011	5.75	5.75	
Employees ²⁰	-	4,113,000	-	(19,600)	(33,000)	4,060,400	27.01.2012	7.1	7.1	
Sub-total	11,603,868	4,113,000	-	(798,600)	(288,000)	14,630,268				
Others ^{2, 29}	9,900,000	-	-	(900,000)	(9,000,000)	-	17.09.2004	1.6875	1.6875	
Others ^{21, 29}	3,362,000	-	-	-	-	3,362,000	13.02.2006	11.75	11.8	
Others ^{22, 29}	300,000	-	-	-	-	300,000	03.04.2006	15.7	15.87	
Others ^{23, 29}	51,000	-	-	-	-	51,000	28.02.2008	11.5	11.5	
Others ^{24, 29}	766,300	-	-	-	(9,000)	757,300	01.04.2008	10.7	10.804	
Others ²⁹	546,000	-	-	(546,000)	-	-	17.12.2008	2.02	2.02	
Others ^{25, 29}	332,000	-	-	(142,000)	-	190,000	03.04.2009	2.99	2.99	
Others ^{26, 29}	572,000	-	-	-	-	572,000	07.04.2010	3.76	3.76	
Others ^{27, 29}	2,400,000	-	-	-	-	2,400,000	08.04.2011	5.75	5.75	
Others ^{28, 29}	-	850,000	-	-	-	850,000	27.01.2012	7.1	7.1	
Sub-total	18,229,300	850,000	-	(1,588,000)	(9,009,000)	8,482,300				
Total	45,857,688	8,443,000	-	(2,586,600)	(9,297,000)	42,417,088				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
2. The number of shares granted and the exercise price of the options were adjusted after the completion of the rights issue on 24 September 2003 and share subdivision on 19 May 2005.
3. As at 30 June 2012, the Company had 42,417,088 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 42,417,088 additional ordinary shares of the Company and additional share capital of HK\$21,208,544 and share premium of HK\$260,648,809.44 before issuance expenses.
4. During the period ended 30 June 2012, no share options were cancelled under the Scheme. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$7.13.
5. Among the 400,000 share options, 130,000 share options may be exercised during the period from 1 April 2008 to 31 January 2016, 130,000 share options may be exercised during the period from 1 April 2010 to 31 January 2016 and 140,000 share options may be exercised during the period from 1 April 2012 to 31 January 2016.
6. Among the 600,000 share options, 200,000 share options may be exercised during the period from 3 April 2008 to 2 April 2016, 200,000 share options may be exercised during the period from 3 April 2010 to 2 April 2016 and 200,000 share options may be exercised during the period from 3 April 2012 to 2 April 2016.
7. Among the 153,000 share options, 51,000 share options may be exercised during the period from 1 April 2009 to 27 February 2018, 51,000 share options may be exercised during the period from 1 April 2010 to 27 February 2018 and 51,000 share options may be exercised during the period from 1 April 2011 to 27 February 2018.
8. Among the 1,316,520 share options, 438,840 share options may be exercised during the period from 1 April 2009 to 31 March 2018, 438,840 share options may be exercised during the period from 1 April 2010 to 31 March 2018 and 438,840 share options may be exercised during the period from 1 April 2011 to 31 March 2018.
9. Among the 1,628,000 share options, 271,333 share options may be exercised during the period from 1 February 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 May 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 August 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 November 2009 to 16 December 2018, 271,333 share options may be exercised during the period from 1 February 2010 to 16 December 2018 and 271,335 share options may be exercised during the period from 1 May 2010 to 16 December 2018.
10. Among the 823,000 share options, 266,500 share options may be exercised during the period from 3 April 2010 to 2 April 2019, 266,500 share options may be exercised during the period from 3 April 2011 to 2 April 2019 and 290,000 share options may be exercised during the period from 3 April 2012 to 2 April 2019.
11. Among the 3,904,000 share options, 532,000 share options may be exercised during the period from 7 April 2010 to 6 April 2020, 766,000 share options may be exercised during the period from 7 April 2011 to 6 April 2020, 766,000 share options may be exercised during the period from 7 April 2012 to 6 April 2020, 768,000 share options may be exercised during the period from 7 April 2013 to 6 April 2020, 532,000 share options may be exercised during the period from 7 April 2014 to 6 April 2020 and 540,000 share options may be exercised during the period from 7 April 2015 to 6 April 2020.
12. Among the 7,000,000 share options, 2,052,000 options may be exercised during the period from 5 May 2011 to 7 April 2021, 2,052,000 options may be exercised during the period from 8 April 2012 to 7 April 2021, 1,448,000 options may be exercised during the period from 8 April 2013 to 7 April 2021 and 1,448,000 options may be exercised during the period from 8 April 2014 to 7 April 2021.

13. Among the 3,480,000 share options, 872,000 options granted may be exercised during the period from 27 January 2012 to 26 January 2022, 872,000 options granted may be exercised during the period from 27 January 2013 to 26 January 2022, 868,000 options granted may be exercised during the period from 27 January 2014 to 26 January 2022 and 868,000 options granted may be exercised during the period from 27 January 2015 to 26 January 2022.
14. Among 850,000 share options, 272,000 options may be exercised during the period from 1 April 2008 to 31 January 2016, 287,000 options may be exercised during the period from 1 April 2010 to 31 January 2016, 261,000 options may be exercised during the period from 1 April 2012 to 31 January 2016, 10,000 options may be exercised during the period from 3 April 2008 to 31 January 2016, 10,000 options may be exercised during the period from 3 April 2010 to 31 January 2016 and 10,000 options may be exercised during the period from 3 April 2012 to 31 January 2016.
15. Among the 358,200 share options, 119,400 share options may be exercised during the period from 1 April 2009 to 31 March 2018, 119,400 share options may be exercised during the period from 1 April 2010 to 31 March 2018 and 119,400 share options may be exercised during the period from 1 April 2011 to 31 March 2018.
16. Among the 195,668 share options, 332 share options may be exercised during the period from 1 May 2009 to 16 December 2018, 48,832 share options may be exercised during the period from 1 August 2009 to 16 December 2018, 48,832 share options may be exercised during the period from 1 November 2009 to 16 December 2018, 48,832 share options may be exercised during the period from 1 February 2010 to 16 December 2018 and 48,840 share options may be exercised during the period from 1 May 2010 to 16 December 2018.
17. Among the 383,000 share options, 103,500 share options may be exercised during the period from 3 April 2010 to 2 April 2019, 103,500 share options may be exercised during the period from 3 April 2011 to 2 April 2019 and 176,000 share options may be exercised during the period from 3 April 2012 to 2 April 2019.
18. Among the 2,151,000 share options, 158,000 share options may be exercised during the period from 7 April 2010 to 6 April 2020, 306,000 share options may be exercised during the period from 7 April 2011 to 6 April 2020, 489,000 share options may be exercised during the period from 7 April 2012 to 6 April 2020, 544,000 share options may be exercised during the period from 7 April 2013 to 6 April 2020, 324,000 share options may be exercised during the period from 7 April 2014 to 6 April 2020 and 330,000 share options may be exercised during the period from 7 April 2015 to 6 April 2020.
19. Among the 6,632,000 share options, 1,566,000 options may be exercised during the period from 5 May 2011 to 7 April 2021, 1,687,000 options may be exercised during the period from 8 April 2012 to 7 April 2021, 1,692,000 options may be exercised during the period from 8 April 2013 to 7 April 2021 and 1,687,000 options may be exercised during the period from 8 April 2014 to 7 April 2021.
20. Among the 4,060,400 share options, 1,016,800 options may be exercised during the period from 27 January 2012 to 26 January 2022, 1,019,400 options may be exercised during the period from 27 January 2013 to 26 January 2022, 1,012,100 options may be exercised during the period from 27 January 2014 to 26 January 2022 and 1,012,100 options may be exercised during the period from 27 January 2015 to 26 January 2022.
21. Among the 3,362,000 share options, 1,040,500 share options may be exercised during the period from 1 April 2008 to 31 January 2016, 1,022,000 share options may be exercised during the period from 1 April 2010 to 31 January 2016, 1,067,500 share options may be exercised during the period from 1 April 2012 to 31 January 2016, 87,000 share options may be exercised during the period from 3 April 2008 to 31 January 2016, 77,000 share options may be exercised during the period from 3 April 2010 to 31 January 2016 and 68,000 share options may be exercised during the period from 3 April 2012 to 31 January 2016.
22. Among the 300,000 share options, 100,000 share options may be exercised during the period from 3 April 2008 to 2 April 2016, 100,000 share options may be exercised during the period from 3 April 2010 to 2 April 2016 and 100,000 share options may be exercised during the period from 3 April 2012 to 2 April 2016.

23. Among the 51,000 share options, 17,000 share options may be exercised during the period from 1 April 2009 to 27 February 2018, 17,000 share options may be exercised during the period from 1 April 2010 to 27 February 2018 and 17,000 share options may be exercised during the period from 1 April 2011 to 27 February 2018.
24. Among the 757,300 share options, 264,900 share options may be exercised during the period from 1 April 2009 to 31 March 2018, 256,700 share options may be exercised during the period from 1 April 2010 to 31 March 2018 and 235,700 share options may be exercised during the period from 1 April 2011 to 31 March 2018.
25. Among the 190,000 share options, 39,500 share options may be exercised during the period from 3 April 2010 to 2 April 2019, 39,500 share options may be exercised during the period from 3 April 2011 to 2 April 2019 and 111,000 share options may be exercised during the period from 3 April 2012 to 2 April 2019.
26. Among the 572,000 share options, 50,000 share options may be exercised during the period from 7 April 2010 to 6 April 2020, 70,000 share options may be exercised during the period from 7 April 2011 to 6 April 2020, 126,000 share options may be exercised during the period from 7 April 2012 to 6 April 2020, 126,000 share options may be exercised during the period from 7 April 2013 to 6 April 2020, 100,000 share options may be exercised during the period from 7 April 2014 to 6 April 2020 and 100,000 share options may be exercised during the period from 7 April 2015 to 6 April 2020.
27. Among the 2,400,000 share options, 601,000 options may be exercised during the period from 5 May 2011 to 7 April 2021, 601,000 options may be exercised during the period from 8 April 2012 to 7 April 2021, 600,000 options may be exercised during the period from 8 April 2013 to 7 April 2021 and 598,000 options may be exercised during the period from 8 April 2014 to 7 April 2021.
28. Among the 850,000 share options, 213,000 options may be exercised during the period from 27 January 2012 to 26 January 2022, 213,000 options may be exercised during the period from 27 January 2013 to 26 January 2022, 212,000 options may be exercised during the period from 27 January 2014 to 26 January 2022 and 212,000 options may be exercised during the period from 27 January 2015 to 26 January 2022.
29. The category "Others" represents the former directors/employees or consultants of the Group.

During the six months ended 30 June 2012, the Company granted a total of 8,443,000 share options to the directors and certain employees and consultants of the Company under the 2002 Share Option Scheme on 27 January 2012. The validity period of the options is ten years, from 27 January 2012 to 26 January 2022. The options will entitle the grantees to subscribe for a total of 8,443,000 new shares of HK\$0.50 each at an exercise price of HK\$7.10 per share of the Company. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$6.91.

The estimated fair values of the 8,443,000 share options granted on 27 January 2012 was approximately HK\$33,115,000. The fair value per option granted during the period ended 30 June 2012 was HK\$3.92.

The inputs into the model were as follows:

	Grant date of share options	
	27 January 2012	8 April 2011
Valuation model	Binominal	Binominal
Exercise price	HK\$7.1	HK\$5.75
Expected volatility	64%	65%
Expected life	10 years	10 years
Risk-free rate	1.32%	2.792%
Suboptimal exercise factor	1.7 – 2.3	1.8 – 2.75

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted as appropriate, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expenses of approximately HK\$24,565,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$21,119,000) in relation to the share options granted by the Company.

The Binomial Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

SHARE AWARD SCHEMES

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

The purpose of each of the Share Purchase Scheme and the Share Subscription Scheme is to encourage and facilitate the acquisition and holding of shares in the Company, by and for the benefit of such employees of the Company and any subsidiary of the Company. The shares of the Company to be awarded pursuant to the Share Purchase Scheme and/or the Share Subscription Scheme may be awarded in such manner as the Board may determine from time to time in order to recognise the contribution of certain employees, to seek to retain them for the continued operation and development of the Group, and to attract suitable personnel for the further development of the Group. The Share Purchase Scheme utilizes shares of the Company purchased in the market whereas the Share Subscription Scheme will subscribe for new shares of the Company. Directors of the Company and any of its subsidiaries will be entitled to participate in the Share Purchase Scheme but not the Share Subscription Scheme.

(a) Share Purchase Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, during the six months ended 30 June 2012 are set out below:

Category of participants	Number of awarded shares							Date of award	Vesting date
	Outstanding at 1 January 2012	Awarded during the period	Reclassified during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30 June 2012		
Directors	46,000	-	-	(46,000)	-	-	-	03.04.2009	03.04.2012
Directors	2,400,000	-	-	(2,400,000)	-	-	-	08.04.2011	08.04.2012
Directors	-	1,000,000	-	(1,000,000)	-	-	-	27.01.2012	27.01.2012
	-	3,000,000	-	-	-	-	3,000,000	27.01.2012	27.01.2013
Sub-total	2,446,000	4,000,000	-	(3,446,000)	-	-	3,000,000		
Employees	28,000	-	-	(28,000)	-	-	-	03.04.2009	03.04.2012
Others*	16,000	-	-	(16,000)	-	-	-	03.04.2009	03.04.2012
Total	2,490,000	4,000,000	-	(3,490,000)	-	-	3,000,000		

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

(b) Share Subscription Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Subscription Scheme, during the six months ended 30 June 2012 are set out below:

Category of participants	Number of awarded shares							Date of award	Vesting date
	Outstanding at 1 January 2012	Awarded during the period	Reclassified during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30 June 2012		
Employees	21,000	-	-	(21,000)	-	-	-	03.04.2009	03.04.2012
Others*	6,000	-	-	(6,000)	-	-	-	03.04.2009	03.04.2012
Total	27,000	-	-	(27,000)	-	-	-		

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

CORPORATE GOVERNANCE

In 2005, the Group adopted its Code on Corporate Governance (the “Company Code”), which sets out the corporate standards and practices used by the Group in directing and managing its business affairs. The Company Code was prepared with reference to the principles, Code Provisions and Recommended Best Practices stipulated in the Code on Corporate Governance Practices (the “Former 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. With the introduction of the revised Corporate Governance Code (the “HKSE Code”) set out in Appendix 14 of the Listing Rules with effect from 1 April 2012, the Company Code was also revised to be in line with the principles and code provisions of the HKSE Code.

The Company has complied with the code provisions set out in the Former HKSE Code (Code on Corporate Governance Practices) during the period from 1 January to 31 March 2012 and the code provisions set out in the HKSE Code (Corporate Governance Code) during the period from 1 April to 30 June 2012, 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.

- (iii) Code provision A.6.7 of the HKSE Code requires that independent and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. All directors of the Company except Mr. Ng Ching Wo, a non-executive director, have attended the annual general meeting held on 30 May 2012 (the “2012 AGM”). Mr. Ng was absent from the 2012 AGM as he had another business engagement.

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions by directors set out in the Model Code throughout the six months ended 30 June 2012.

AUDIT COMMITTEE

The Company’s audit committee is currently composed of a Non-executive Director and three Independent Non-executive Directors. The primary duties of the audit committee are to (i) review the Group’s annual reports, financial statements, interim reports and to provide advice and comments thereon to the board of directors of the Company; and (ii) review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2012.

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Purchase Scheme has, pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, purchased on the Stock Exchange a total of 5,000,000 shares of the Company. The total amount paid to acquire these shares during the period was approximately HK\$34,500,000.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2012 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by the Company's auditor, whose independent review report is included in the interim report.

BOARD OF DIRECTORS

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

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

Hong Kong, 29 August 2012

www.melco-group.com

Hong Kong 香港

Penthouse 38/F., The Centrium, 60 Wyndham Street, Central, Hong Kong
香港中環雲咸街六十號中央廣場三十八樓
Tel : (852) 3151 3777

Macau 澳門

22/F., Golden Dragon Centre, Avenida Xian Xing Hai, Macau
澳門洗星海大馬路金龍中心二十二樓
Tel: (853) 8296 1777

