

A STRONGER CORE TO FUEL GLOBAL EXPANSION
實力更強大 擴展全世界



Melco International Development Limited

新濠國際發展有限公司

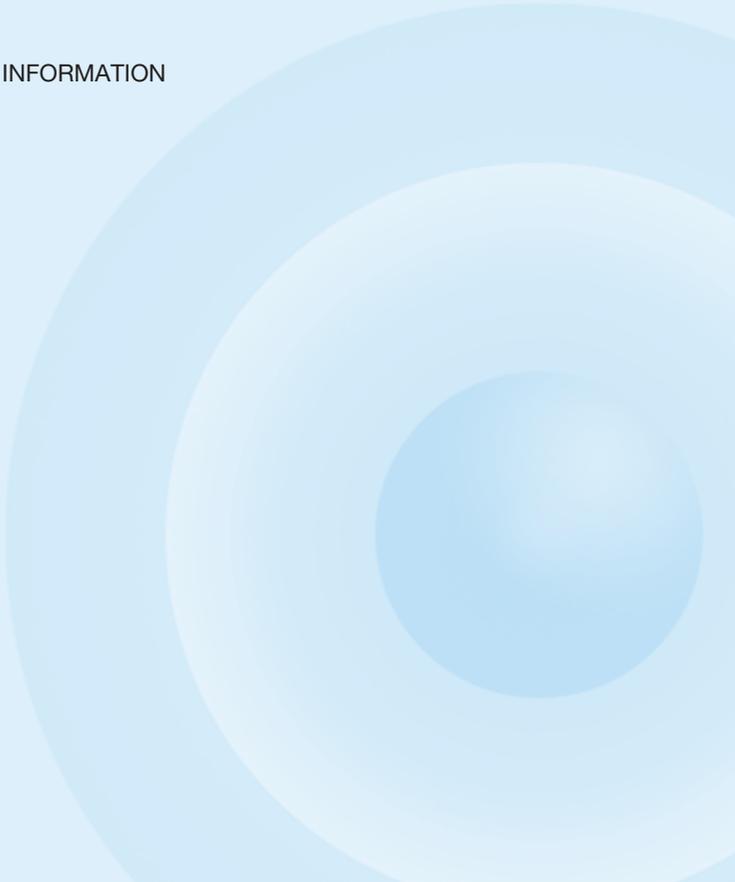
(Incorporated in Hong Kong with limited liability 於香港註冊成立之有限公司)

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Management Discussion and Analysis



While only recently opened, through its incomparable first-of-its-kind attractions not found in other Macau resorts, Studio City has secured a strong customer base and is well-positioned for further future growth in revenue and profitability.

SIGNIFICANT EVENTS AND DEVELOPMENTS

In the first six months of 2016, Melco International Development Limited (“Melco” or the “Group”) has continued to expedite its international expansion drive and has achieved significant progress during the period. The most significant milestone is that in May this year, the Group became the single largest shareholder of its core gaming arm and key revenue driver, Melco Crown Entertainment Limited (“Melco Crown Entertainment”), giving rise to a gain from deemed disposal of HK\$10,385.5 million, after the share repurchase of 155,000,000 ordinary shares at a per share price of US\$5.1667 (equivalent to approximately HK\$40.04) from Crown Asia Investments Pty. Ltd. by Melco Crown Entertainment. This shift in shareholding structure bolsters the Group’s financial position by incorporating Melco Crown Entertainment’s full financial contributions to its results. The ensuing effect from unleashing fair value over cost of Melco Crown Entertainment is strengthening the Group’s financial position as of 30 June 2016. Equity attributable to shareholders was increased to HK\$22,390.3 million in June 2016 from HK\$12,385.8 million in December 2015. The Group’s net asset value attributable to shareholders per share also increased by more than 80% to HK\$14.5 in June 2016 from HK\$8.0 in December 2015. The incorporation of Melco Crown Entertainment as a Melco’s subsidiary demonstrates the Group’s confidence in the Macau gaming market, which the Group expects to regain momentum in the fourth quarter of the financial year.

Melco Crown Entertainment has continued its dedication to provide a distinctive portfolio of unique, innovative non-gaming amenities across multiple properties. Opened in October 2015, Melco Crown Entertainment's second integrated resort in Macau, Studio City, has attracted global attention and increasing visitation from entertainment seekers and garnered prestigious international recognition on numerous occasions since opening its doors.

In parallel, the Group's flagship property in Macau, City of Dreams has continued to achieve meaningful progress in its development pipeline. The exciting three-fold expansion of City of Dreams' retail area was unveiled in June this year. Underscoring the quality, the retail area is managed and operated by T Galleria of DFS Group, the world's leading luxury travel retailer. The construction of the fifth hotel tower at City of Dreams Macau, designed by the internationally-renowned "Queen of the Curve" in architecture, the late Dame Zaha Hadid, is also well underway.

Outside Macau, City of Dreams Manila continues to build on its early success, with its gaming operations delivering robust growth, thereby providing the Group with a strong and diversified earnings stream.

Further moving forward with its international expansion strategy, in May this year, Melco Gaming Assets Management (Korea) Limited, a wholly-owned subsidiary of Melco, has entered into a strategic cooperation arrangement with New Silkroad Korea Development Limited, on the provision of consultancy services for its casino project on Jeju Island, South Korea, spearheading the Group's further penetration into the Asian market.



City of Dreams' fifth hotel tower, Cotai's next iconic landmark designed by the late legendary architect Dame Zaha Hadid, will perfectly complement City of Dreams' world-class gaming and non-gaming offerings.

CORE BUSINESS

Gaming Business in Asia

The Group operates its core gaming business primarily through Melco Crown Entertainment, a developer, owner and operator of casino gaming and entertainment resort facilities in Asia which has become a subsidiary of the Group effective in May 2016. Melco Crown Entertainment currently operates Altira Macau, a casino hotel located at Taipa, Macau; City of Dreams, an integrated urban casino resort located in Cotai, Macau; and Mocha Clubs, the largest non-casino based operations of electronic gaming machines in Macau. Melco Crown Entertainment also majority owns and operates Studio City, a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau. In the Philippines, Melco Crown (Philippines) Resorts Corporation's subsidiary, MCE Leisure (Philippines) Corporation, currently operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila.

In spite of on-going challenges to Macau's gaming demand, Melco Crown Entertainment managed to deliver strong operational and financial results in the first half of 2016, thanks to the Group's strategic focus on the resilient mass market segment and consistent commitment to controlling costs. The segment profit of HK\$72.7 million represents the share from Melco Crown Entertainment attributable to the Group when Melco Crown Entertainment became a subsidiary of the Group on 9 May 2016. The performance of Melco Crown Entertainment during the first half of 2016 under review is described below:



The new shopping precinct at The Boulevard at City of Dreams will feature the largest collection of luxury brands in Cotai and create an exciting luxury shopping scene for all aspirational, sophisticated and cosmopolitan leisure seekers in the region.

Under the United States Generally Accepted Accounting Principles (“U.S. GAAP”), net revenue of Melco Crown Entertainment for the first half of 2016 was US\$2,174.0 million, representing a 10.3% increase from US\$1,971.0 million for the comparable period in 2015, while Adjusted property EBITDA was US\$494.1 million for the first half of 2016, representing a 7.8% increase from the US\$458.2 million for the same period in 2015.

City of Dreams

City of Dreams is an integrated casino resort in Cotai, Macau which opened in June 2009. City of Dreams is a premium-focused property, targeting high-end customers and rolling chip players from regional markets across Asia. As of 30 June 2016, City of Dreams operated 505 gaming tables and 1,054 gaming machines.

In June 2016, Melco Crown Entertainment has announced the exciting plan for the expansion of City of Dreams’ retail area, The Boulevard, which is managed and operated by T Galleria by DFS. The Boulevard at City of Dreams is to be opened in phases with the first phase unveiled in June 2016. The newly expanded retail area is three times larger than the previous one and boasts the largest collection of luxury brands in Cotai. Exclusive dining outlet for high tea and social gatherings will also be integrated into the environment to ensure a uniquely sensuous and ultimately fulfilling experience for all.



The three-times larger expanded retail precinct at City of Dreams links dining areas, casinos, retail stores, entertainment attractions and hotels, leading visitors on an engaging journey of some of the best retail and leisure experiences in Macau.

City of Dreams is also home to the world's largest water-based show, The House of Dancing Water. Since its launch in September 2010, the show has become an iconic entertainment centrepiece of Macau which has attracted over 4 million spectators from all over the world.

Studio City

Studio City is a large-scale cinematically-themed integrated entertainment, retail and gaming resort which opened in October 2015. As of 30 June 2016, Studio City operated 250 gaming tables and 1,098 gaming machines.

Since its operation, Studio City has been delivering the best-of-class entertainment-fuelled offerings for thrill-seeking customers. Studio City has been selected as the film setting for a number of popular TV shows and movies, such as “Up Idol II”, a Hunan TV reality show with over 100 million viewers; “Cook up a Storm”, the first ever 4D Chinese food movie starring Nicholas Tse; and the movie “Line Walker”, featuring household names such as Francis Ng, Nick Cheung, Louis Koo and Charmaine Sheh. The 5,000-seat multi-purpose live performance arena has also hosted concerts of Asian and international top singers, including Madonna, Leon Lai, Super Junior and S.H.E. Studio City is also home to Studio 8, a state-of-the-art studio facility with the necessary infrastructure to support portable specialist equipment required for world-class TV production.

While still in its ramp-up phase, Studio City is well-positioned for further increases in revenue and profitability in the future, as the property has secured a strong customer base with its full array of enthralling entertainment offerings which are attracting an increasingly Cotai-visiting mass market customer.



“The House of Dancing Water” at City of Dreams and Studio City were both chosen as filming locations for the ultra-popular reality show “Up Idol II” of Hunan TV to wow millions of fans across China.

Altira Macau

Altira Macau is designed to provide a casino and hotel experience that caters to Asian rolling chip customers and players sourced primarily through gaming promoters. Situated in the heart of Taipa, with spectacular panoramic views of the Macau Peninsula, Altira Macau, the 7-time winner of “Forbes Travel Guide” 5-star hotel and spa, is an oasis of sophistication created by world-renowned interior designers. As of 30 June 2016, Altira Macau operated 123 gaming tables and 62 gaming machines.

Mocha Clubs

Mocha Clubs comprise the largest non-casino based operations of gaming machines in Macau. As of 30 June 2016, Mocha Clubs had seven clubs with a total of 1,195 gaming machines in operation, which represented 8.7% of the total machine installation in the market, according to the Gaming Inspection and Coordination Bureau of Macau.

City of Dreams Manila

City of Dreams Manila is one of the leading integrated tourism resorts in the Philippines. The property is located at the gateway of Entertainment City, Manila, close to Metro Manila’s international airport and central business district. It represents our first entry into an entertainment and gaming market outside of Macau and an incremental source of earnings and cash flow outside of Macau. As of 30 June 2016, City of Dreams Manila operated 1,522 slot machines, 120 electronic table games and 247 gaming tables.



With its world-class hotel brands and a wide range of distinctive entertainment attractions, City of Dreams Manila has been providing the Group with a strong and diversified earnings stream to complement the Group’s operations in Macau.

During the first half of 2016, City of Dreams Manila continued to grow a more diversified revenue stream, with the continuing ramp of the rolling chip business complementing its mass market gaming and non-gaming segments. The property provides us with a strong and diversified earnings stream to complement the Group's operations in Macau.

Gaming Machine Leasing Business in Southeast Asia

Entertainment Gaming Asia Inc. ("EGT"), a company listed on the NASDAQ Capital Market, in which the Group has an effective equity interest of 64.84%, recorded consolidated revenue from continuing operations of US\$6.1 million for the first half of 2016, down 31% year-on-year due to a decrease in gaming operations revenue. EGT posted a consolidated net loss and Adjusted EBITDA from continuing operations of US\$135,000 and US\$1.6 million, respectively, for the first half of 2016. The Company recorded a cash balance of US\$33.0 million and had no debt as of 30 June 2016.

EGT has an established presence in the gaming markets of Cambodia and the Philippines through its slot operations business, which during the first half of 2016 included the leasing of machines on a fixed lease and participation, or revenue sharing, basis. As of 30 June 2016, EGT had approximately 1,574 electronic gaming machine seats in operation. This included 670 seats in NagaWorld Resort and Casino, owned by NagaWorld Limited, a wholly-owned subsidiary of NagaCorp Ltd, located in Phnom Penh, Cambodia. Average revenue per day per unit was US\$66.0 for the first half of 2016 compared to US\$120.0 in the first half of 2015. The decline was due to the expiration of the participation agreement with NagaWorld on 29 February 2016 and commencement of a fixed lease agreement on 1 March 2016.



Pacha Macau's first ever "Summer Love" Pool Party Series brought to Macau the biggest names in entertainment, including fashion and media icon Paris Hilton and the legendary DJ Ferry Corsten.

During the first half of 2016, EGT terminated two of its slot machine leasing contracts, including its arrangement with NagaWorld Limited, and subsequently, in July, sold all of the machines, 824 seats, placed in these venues. Total cash consideration from the machine sales was US\$3.3 million.

In addition, in May 2016, EGT sold the principal assets of its gaming products business, which was dedicated to the manufacture, sale and distribution of gaming chips and plaques by Dolphin Products Ltd. Cash consideration from the sale was US\$5.9 million plus the potential for earn outs on certain gaming chip and plaque orders in Asia subject to limitations and restrictions.

EGT is focused allocating its resources toward the development of new business projects. This includes the internal development of a social gaming platform for the Asian markets. Given its improved financial positioning to secure and develop new projects, EGT has the potential to become a meaningful revenue contributor of the Group.



The state-of-the-art Studio City Event Center has become a performance venue for music icons including Madonna, Leon Lai, Aaron Kwok, S.H.E. and Super Junior, consolidating Studio City's position as a top-tier regional entertainment attraction.

Lottery Management Business in Asia

MelcoLot Limited (“MelcoLot”), in which the Group holds a 40.65% equity interest, is engaged in the provision of lottery-related technologies, systems and solutions in the PRC. MelcoLot is a distributor of high quality, versatile lottery terminals and parts for the China Sports Lottery Administration Center, which is the exclusive sports lottery operator in the PRC. MelcoLot also provides game upgrading technology and system maintenance service for the rapid draw game, “Shi Shi Cai,” in Chongqing Municipality, and has developed a presence in the PRC by managing a network of retail outlets in the PRC. During the six-month period ended 30 June 2016, MelcoLot recorded revenue of HK\$34.0 million, representing a year-on-year growth of 41%. The distribution business continues to be MelcoLot’s principal revenue generator and contributed approximately 99% of the Company’s revenue for the six-month period ended 30 June 2016, compared to 79% for the corresponding period in 2015.

According to the figures published by the Ministry of Finance, China lottery sales achieved a year-on-year growth of 7.8% to RMB34.6 billion in May 2016. It is the third consecutive month in which overall lottery sales recorded growth, turning from the continued decline in sales over the past nine months. Total lottery sales saw slightly growth by 0.5% year-on-year with accumulative sales of about RMB160 billion up to May 2016. We believe the China lottery market will continue to be challenging as a result of the constantly changing regulatory environment. We remain prudent but optimistic on the development of the China lottery market.



The Hollywood-inspired theme enabled Studio City to be featured in “Cook up a Storm”, a blockbuster movie with a star-studded cast of award-winning actors and international Michelin-starred chefs, showcasing Studio City’s world-class dining and next generation of entertainment offerings to all food and entertainment lovers.

In line with the leisure and entertainment corporate philosophy of Melco, MelcoLot has been diligently pursuing investment opportunities outside of lottery and the PRC market. MelcoLot continues pursuing the opportunity to develop international projects and PRC business opportunities which will leverage on our corporate expertise in the gaming and entertainment industry and diversify our business to support our goal in maximizing long-term shareholders' value.

NON-CORE BUSINESS

Ski Resort Business in China

The Group owns 16.69% of Mountain China Resorts (Holding) Limited ("MCR"), which owns and operates Sun Mountain Yabuli Resort ("Yabuli Resort"), one of the most renowned ski resorts in China, located in Heilongjiang Province.

The Club Med Yabuli business, established through a strategic partnership with Club Med Asia S.A. continues to operate and manage two 5-star luxury hotels at Yabuli Resort over the winter season of 2016. The 2015-2016 winter season closed on 20 March 2016, and total revenue for the first quarter of 2016 remains largely unchanged from the previous year. China's ski market is growing rapidly as this winter sport gains increasingly widespread popularity with the number of skiers substantially increasing, and MCR is capitalizing on the immense market opportunities. Winter sports in general and skiing in particular are expected to receive an added publicity boost with more participants as Beijing has been awarded the 2022 Winter Olympic Games.



Asia's highest figure-8 Ferris wheel, Golden Reel, and the world's first Batman 4D flight simulation ride, Batman Dark Flight, offered an unforgettable and exclusive experience for Leon Lai and his fans at Studio City, the resort with the most avant-garde entertainment in Macau.

MCR is an official partner and playing field provider of the 2016 World Championships of Snowboarding, the world's most prestigious snowboarding competition to be held in Yabuli. The Yabuli Resort has been upgraded in recent years with a 30,000-square-meter snowboarding park and improved heating system for its cable cars and a new mogul ski track, all in preparation of the games.

Gaming Business in Russia

The Group has an interest in Tigre de Cristal, the casino project in Russia's IEZ near Vladivostok, which opened in November 2015. Tigre de Cristal is a first-class integrated resort with outstanding European-style facilities, services and destination experiences which is positioned to redefine the gaming, leisure and entertainment landscape of the Russian Far East and Northeast Asia, while assisting in the economic growth of the Primorsky Krai through the development of an international tourism hub. The integrated resort is comprised of gaming area with 35 VIP gaming tables, 32 mass market gaming tables and 319 slot machines and electronic table games, 6 food and beverage outlets and a total of 121 hotel rooms.

OUTLOOK

As the operating environment in Macau has stabilized in the first half of 2016, it is the Group's view that the gaming market in Macau has bottomed out and endeavoured to begin recovering by the end of this year. Despite the challenges that gaming operators in Macau still face, including the weakened VIP segment, intensified competition, dampened gaming and retail demand from mainland China, and the overarching policy and economic uncertainty; Melco has always risen above adversity, stayed ahead of the game, and seized opportunities guided by its long-term vision. Melco is confident that the Group is strategically positioned for further success through leveraging its diversified portfolio of high-quality assets in our home base Macau and projects overseas.

In Macau, Melco believes the mass market segment will be the main profit driver to support a stable and sustainable industry growth. The Group will capitalize on the mass market potential, and greater effort will be expended to expedite the ramp-up of Studio City. The ramp-up of Studio City has already started to accelerate, and its visitation and mass table yield both recorded significant increase in July 2016. This growth is expected to gain more momentum in the second half of the year and beyond. To further enhance the positioning of Studio City, the Group is planning to add VIP rooms with 30 tables, including direct and junket VIPs, at the end of the third quarter, subject to the approval of the Macau government. Meanwhile, City of Dreams will continue to retain its coveted leading position in the premium mass segment. The remaining sections of the upgraded retail precinct will be opened in phases by December this year, further elevating City of Dreams into a higher-end premium property. The Group believes the new retail expansion in Cotai will be in a great position to become a retail sensation to the currently suffering retail scene. The VIP segment will continue to experience structural changes in adjusting to the macroeconomic climate, and as Altira Macau's performance stabilizes, the Group will continue to optimize this asset. In addition, the construction of City of Dreams' fifth hotel tower, designed by the late legendary architect Dame Zaha Hadid, is progressing well.

While Melco remains confident in the prospects of its own properties, the new resorts in Cotai area are expected to bring intensified competition as they all target the mass and premium-mass segments. In the short run, the additional supply of facilities could bring uncertainties to a slower market. Nonetheless, Melco will continue to leverage its first mover advantage and focus on delivering better products and services to strengthen our competitive edge in entertainment. The opening of the new resorts nearby City of Dreams and Studio City could also be a positive catalyst to improve foot traffic to the properties. In the long run, the Group believes the quality supply of facilities will diversify tourism and drive new demand for gaming and non-gaming entertainment markets in Macau, leading to the growth of the industry as a whole.

In the Philippines, the Group anticipates that City of Dreams Manila will continue to deliver robust revenue and earnings growth in the coming quarters, as the Philippines' economy continues to grow and the infrastructure there improves. Melco expects that the expressway that connects the airport terminals to Entertainment City will likely open later this year to alleviate traffic congestions surrounding the Entertainment City.

As Melco has become the single largest shareholder of Melco Crown Entertainment in May 2016, the Group's financial position has been bolstered, which will facilitate its efforts in realizing its vision of global expansion. With an established presence in the Philippines, operations in mainland China and South Korea through the Group's subsidiaries, as well as Tigre de Cristal in Russia in which the Group has interest, Melco will continue to pursue new expansion opportunities in other emerging gaming jurisdictions such as Spain and Cyprus. These overseas projects will further diversify the Group's revenue stream and strengthen its international presence.

While the Macau gaming industry is experiencing a wave of change and stabilization, the Group remains cautiously positive about the long-term outlook of Macau and Asia. Melco has full confidence in the Central and Macau governments that they will formulate and enforce policies to support the healthy and sustainable growth and development of Macau into a "World Center of Tourism and Leisure". Looking ahead, Melco's diversified revenue streams across all market segments will help the Group weather the process of stabilization of the gaming industry in Macau. The Group resolves to accelerate its efforts in boosting its market share and presence in Asia and exploring other emerging gaming jurisdictions overseas, in order to realize its vision of becoming a world-leading gaming, entertainment and leisure developer and operator.

ACHIEVEMENTS AND AWARDS

Melco strives to achieve high standards in corporate governance and corporate social responsibility as part of its commitment to strengthen the Group's industry presence and become a global market-leading operator. The Group's efforts have been widely acknowledged in 2016.

Corporate Governance

In 2016, the strong management team has garnered prestigious leadership awards from the business and investor community. Mr. Lawrence Ho, the Group Chairman and Chief Executive Officer, was honored as "Asia's Best CEO" by Corporate Governance Asia for five consecutive years. Additionally the Group has captured the "Best Investor Relations Company" award from Corporate Governance Asia as well. These accolades serve as a testimony of the Group's continued commitments to achieving the highest standards of corporate governance.

Corporate Social Responsibility

Melco values corporate social responsibility ("CSR") as an integral part of the Group's operations. The Group has participated in numerous charitable events and activities to contribute to the betterment of society, being recognized as "Asia's Best CSR" presented by Corporate Governance Asia for the fourth year.

Furthermore, Melco has received the "President's Award" from The Community Chest of Hong Kong. The Group's ardent support for sustainable development of the community and environment has been acknowledged through these coveted honors and the Group will continue its endeavors to remain a responsible corporate citizen in the future.



Building a green environment has always been a core value of the Group. Through its business arms, Melco strives to excel in being environmentally responsible and has established strong leadership in implementing environmentally-friendly facilities and equipment in its operations.

Business Operations

The Group has always provided superior hospitality, leisure and entertainment facilities to customers. Altira Macau and Altira Spa have been honoured with Forbes Five-Star Awards for seven consecutive years from 2010 to 2016, while Crown Towers and Crown Spa at City of Dreams have also garnered the Forbes Five-Star Awards for the fifth and fourth consecutive year, respectively. In 2016, the recently opened Studio City has earned “Casino Resort of the Year” at the International Gaming Awards in 2016. These awards are the perfect demonstration of the Group’s consistency in providing excellent services over the years.

As for fine dining, Jade Dragon and The Tasting Room restaurants in City of Dreams have again received Michelin two-star ratings, and Shinji by Kanesaka earned its first Michelin recognition with a one-star rating. These three restaurants have also been feted by Wine Spectator Magazine for Wine Spectator Restaurant Awards. Additionally, Jade Dragon and The Tasting Room are both honored by Forbes Travel Guide as five-star restaurants and among SCMP’s 100 Top Tables 2016 by the South China Morning Post. Aurora and Tenmasa in Altira Macau are also winners of Forbes Five-Star Restaurant awards, while Ying has received a Four-Star Restaurant award.



Staff engagement is a crucial part amongst Melco’s wide range of CSR events to generate positive impacts to the community and the environment.

The Group's newest properties, City of Dreams Manila and Studio City have also achieved a number of prestigious awards within only a short period of time. In the MARKies Awards 2016, Studio City garnered the Gold Prizes for "Best Idea – Events", "Best Idea – Design" and "Best Idea – Public Relations" with its glamorous grand opening event. At Brand Film Festival 2016, the Studio City-inspired short film "The Audition" netted awards including "Branded Program", "Most Creative", "Viral" and "Best of Best for 2016". City of Dreams Manila has been honored with a Bronze Stevie Award for "Innovation for Communications/Public Relations". In addition, the grand opening event of Studio City has also won the coveted title of Best of Show and bagged 8 other awards at the Marketing Events Awards 2016. These awards have recognized the Group's innovation and creativity in public relations, events, communications, design, and more.

All these accolades are demonstrations of the appreciation from the community and across different industries of the Group's commitment to pursue excellence in corporate governance and operational performance.



Staff members at Melco are constantly encouraged to live out a green office culture and pursue a wise choice of sustainable food.

FINANCIAL REVIEW

	Six-month period ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Segment Results:		
Gaming, Leisure and Entertainment	38,619	1,900
Property and Other Investments	20,332	18,100
	58,951	20,000
Share of profits of associates	180,890	220,431
Share of losses of joint ventures	(1,964)	(2,554)
Gain (loss) on deemed disposal of partial interest in an associate	591	(2,812)
Gain on deemed disposal of previously held interest in an associate		
– Gain on remeasurement of previously held equity interest	10,440,376	–
– Reclassification of previously accumulated exchange reserve upon deemed disposal	(54,912)	–
Central administrative costs and other unallocated corporate expenses	(122,799)	(104,257)
Finance costs	(383,678)	(21,697)
Profit before tax	10,117,455	109,111
Income tax expense	(10,680)	(458)
Profit for the period	10,106,775	108,653
Non-controlling interests	260,628	2,493
Profit for the period attributable to owners of the Company	10,367,403	111,146

For the six-month period ended 30 June 2016, the Group reported profit attributable to owners of the Company of HK\$10,367.4 million compared to HK\$111.1 million for the same period in 2015.

SEGMENT RESULTS

Gaming, Leisure and Entertainment

The gaming, leisure and entertainment businesses are mainly formed by the core (i) Macau gaming business (conducted via 37.89%-owned Melco Crown Entertainment), (ii) electronic gaming machine participation and design, manufacture and distribution of gaming chips and plaques business (conducted through 64.84%-owned EGT), and (iii) lottery business (conducted through 40.65%-owned MelcoLot), together with other non-core businesses.

Below table shows the breakdown of segment results for Gaming, Leisure and Entertainment:

	Six-month period ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Melco Crown Entertainment (1)	72,653	–
EGT (2)	(10,248)	26,979
MelcoLot (3)	(14,671)	(21,048)
Jumbo Kingdom (4)	(9,115)	(3,888)
Others	–	(143)
	38,619	1,900

(1) Melco Crown Entertainment

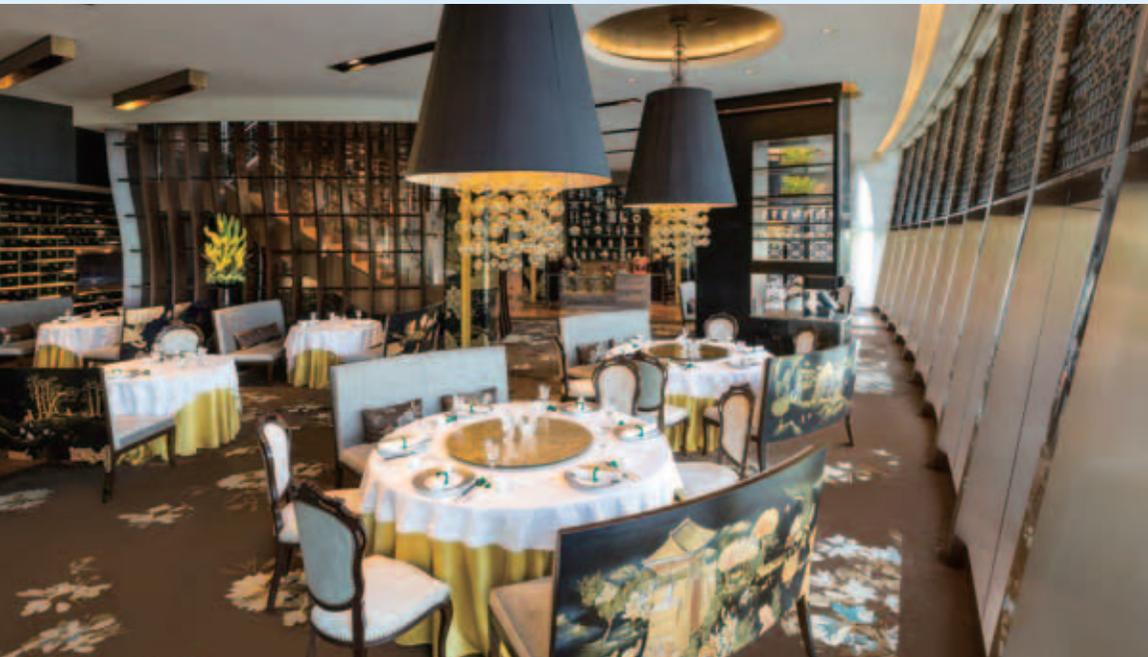
On 4 May 2016, Melco Crown Entertainment, which was a formerly 34.29%-owned associate of the Company, entered into a share repurchase agreement with Crown Asia Investments Pty. Ltd. (“Crown Sub”), a wholly-owned subsidiary of Crown Resorts Limited, pursuant to which Melco Crown Entertainment agreed to repurchase 155,000,000 ordinary shares (equivalent to 51,666,666 American depository shares) from Crown Sub (the “Share Repurchase”). The aggregate purchase price of the Share Repurchase is US\$800,838,500 (equivalent to approximately HK\$6,206,498,000), representing a per share price of US\$5.1667 (equivalent to approximately HK\$40.04). Melco Crown Entertainment has paid the purchase price using its cash on hand. The repurchased shares have been cancelled upon the closing of the Share Repurchase on 9 May 2016. The equity interests in Melco Crown Entertainment held by the Company is thereby increased to 37.89% and the Company becomes the single largest shareholder of Melco Crown Entertainment and consolidates Melco Crown Entertainment’s results as a subsidiary from 9 May 2016 to 30 June 2016 into the Group’s financial statements. As at 30 June 2016, the Group owns approximately 37.89% of Melco Crown Entertainment.

Melco Crown Entertainment is a developer, owner and operator of casino gaming and entertainment resort facilities in Asia. The segment profit of HK\$72.7 million represents the share from Melco Crown Entertainment after taking into account the adjustments in accordance with Hong Kong Financial Reporting Standards to the Group when Melco Crown Entertainment became a subsidiary of the Group on 9 May 2016.

The performance of Melco Crown Entertainment during the period under review is described below:

According to the unaudited results (prepared in accordance with the U.S. GAAP) of Melco Crown Entertainment announced on 4 August 2016, it recorded a net revenue of US\$2,174.0 million for the six-month period ended 30 June 2016 as compared to US\$1,971.0 million in the six-month period ended 30 June 2015. The increase in net revenue was primarily attributable to the net revenue generated by Studio City, which started operations in October 2015, and the increase in casino revenues at City of Dreams Manila, partially offset by lower casino revenues at City of Dreams and Altira Macau.

The Adjusted property EBITDA was US\$494.1 million for the first six months of 2016, as compared to Adjusted property EBITDA of US\$458.2 million in the first six months of 2015. The 7.8% year-over-year improvement in Adjusted property EBITDA was mainly attributable to the contribution from newly-opened Studio City and fully-operating City of Dreams Manila, partially offset by lower contribution from City of Dreams and Altira Macau.



City of Dreams extended its Michelin star lead over all other properties in Cotai when The Tasting Room and Jade Dragon had been elevated to two stars and Shinji by Kanesaka attained its first Michelin star.

Net income attributable to Melco Crown Entertainment for the first half of 2016 was US\$70.6 million, compared with net income attributable to Melco Crown Entertainment of US\$84.9 million in the corresponding period of 2015.

City of Dreams

For the six-month period ended 30 June 2016, net revenue at City of Dreams was US\$1,308.5 million compared to US\$1,460.1 million in the same period of 2015. City of Dreams generated Adjusted EBITDA of US\$383.3 million in the first half of 2016, representing a decrease of 7.6% compared to US\$414.8 million in the comparable period of 2015. The decline in Adjusted EBITDA was primarily a result of lower rolling chip revenues and mass market table games revenues.

Rolling chip volume totaled US\$19.7 billion for the first half of 2016 versus US\$24.6 billion in the same period of 2015. The rolling chip win rate was 3.1% in the first half of 2016 as compared to 3.0% for the same period in 2015. The expected rolling chip win rate range is 2.7%–3.0%.

Mass market table games drop was decreased to US\$2,101.3 million compared with US\$2,397.8 million in the comparable period of 2015. The mass market table games hold percentage was 36.2% in the first half of 2016 compared to 34.2% for the same period in 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US\$2,047.9 million, representing a decrease of 13.2% from US\$2,358.6 million generated for the six-month period ended 30 June 2015. The gaming machine win rate was 3.3% in the first half of 2016 compared to 3.8% for the same period in 2015.

Total non-gaming revenue at City of Dreams in the first half of 2016 was US\$124.8 million, down from US\$130.5 million for the same period in 2015.

Altira Macau

For the six-month period ended 30 June 2016, net revenue at Altira Macau was US\$207.1 million as compared to US\$292.6 million in the same period of 2015. Altira Macau recorded a negative Adjusted EBITDA of US\$12.2 million in the current review period compared with Adjusted EBITDA of US\$13.3 million in the comparable period in 2015. The year-over-year decrease in Adjusted EBITDA was primarily a result of lower rolling chip revenues and higher provision for doubtful debt.

Rolling chip volume totaled US\$8.8 billion in the first half of 2016 as compared to US\$13.9 billion in the same period of 2015. The rolling chip win rate was 2.7% in the first half of 2016 as compared to 2.6% in the same period of 2015. The expected rolling chip win rate range is 2.7%–3.0%.

In the mass market table games segment, drop totaled US\$259.4 million in the first half of 2016, a decrease of 20.4% from US\$326.0 million generated in the comparable period of 2015. The mass market table games hold percentage was 17.7% in the first half of 2016 as compared to 16.5% in the same period of 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US\$16.1 million, compared with US\$14.9 million in the same period of 2015. The gaming machine win rate was 6.2% in the first half of 2016 compared to 6.0% in the same period of 2015.

Total non-gaming revenue at Altira Macau in the first half of 2016 was US\$13.7 million, decreased from US\$16.7 million for the same period in 2015.

Mocha Clubs

Net revenue from Mocha Clubs totaled US\$59.8 million for the six-month period ended 30 June 2016, down from US\$68.2 million in the corresponding period of 2015. Mocha Clubs generated US\$11.3 million of Adjusted EBITDA in the review period, representing a decrease of 26.3% when compared to Adjusted EBITDA of US\$15.4 million in the same period in 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US\$1,266.5 million, compared with US\$1,477.9 million in the same period of 2015. The gaming machine win rate was 4.6% in the first half of 2016 versus 4.5% in the corresponding period of 2015.



The newest outdoor lounge at Pacha Macau at Studio City, El Cielo, has a relaxed and chill-out vibe that can be appreciated alongside drinks, music, and special performances, serving as the best choice for entertainment in the evenings.

Studio City

Studio City started operations on 27 October 2015. For the six-month period ended 30 June 2016, net revenue at Studio City was US\$362.5 million. Studio City generated Adjusted EBITDA of US\$46.6 million in the current review period.

Mass market table games drop was US\$1,139.2 million and the mass market table games hold percentage was 22.8% for the six-month period ended 30 June 2016.

Gaming machine handle was US\$895.0 million and the gaming machine win rate was 3.6% for the six-month period ended 30 June 2016.

Total non-gaming revenue at Studio City for the six-month period ended 30 June 2016 was US\$109.2 million.

City of Dreams Manila

For the six-month period ended 30 June 2016, net revenue at City of Dreams Manila was US\$215.6 million as compared to US\$127.8 million in the same period of 2015. City of Dreams Manila generated Adjusted EBITDA of US\$65.1 million in the first half of 2016 compared to US\$15.5 million in the comparable period of 2015. The year-over-year improvement in Adjusted EBITDA was primarily a result of increased casino revenues, including from the junket operations which began in the middle of 2015.

Rolling chip volume totaled US\$3.2 billion for the first half of 2016 versus US\$681.3 million in the same period of 2015. The rolling chip win rate was 3.1% in the first half of 2016 as compared to 1.5% in the corresponding period of 2015. The expected rolling chip win rate range is 2.7%–3.0%.

In the mass market table games segment, drop totaled US\$254.7 million in the first half of 2016, an increase of 16.6% from US\$218.4 million generated in the comparable period of 2015. The mass table games hold percentage was 28.7% in the first half of 2016 compared to 25.3% in the corresponding period of 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US\$966.7 million, an increase of 13.6% from US\$850.7 million generated for the six-month period ended 30 June 2015. The gaming machine win rate was 6.0% for both six-month periods ended 30 June 2016 and 2015.

Total non-gaming revenue at City of Dreams Manila for the review period was US\$50.3 million compared to US\$48.8 million in the same period of 2015.

(2) EGT

EGT is engaged in slot operations, development and operation of regional casinos and gaming clubs in the Indo-China region and design, manufacture and distribution of gaming chips and plaques. For the period under review, the Group's attributable segment loss arising from EGT amounted to HK\$10.2 million (six-month period ended 30 June 2015: segment profit of HK\$27.0 million) after taking into account the adjustments in accordance with Hong Kong Financial Reporting Standards.

The performance of EGT during the period under review is described below:

According to the unaudited financial results (prepared in accordance with the U.S. GAAP) of EGT announced on 11 August 2016, during the first half of 2016, EGT sold its principal assets related to the gaming products operations. For the six-month period ended 30 June 2016, EGT reported net loss attributable to owners of the Company of US\$2.2 million as compared to net income of US\$2.0 million for the same period in 2015.

For the six-month period ended 30 June 2016, EGT's revenue was US\$6.1 million, representing a decrease of 31% as compared to US\$8.9 million for the six-month period ended 30 June 2015 due to a change in EGT's electronic gaming machines lease agreement with NagaWorld to a fixed fee as opposed to the prior revenue sharing arrangement.

(3) MelcoLot

MelcoLot continues to be engaged in a single operating segment which is the lottery business. For the period under review, the Group's attributable segment loss arising from MelcoLot amounted to HK\$14.7 million (six-month period ended 30 June 2015: HK\$21.0 million).

The performance of MelcoLot during the period under review is described below:

According to the unaudited results of MelcoLot announced on 8 August 2016, it reported MelcoLot's loss of HK\$12.4 million (six-month period ended 30 June 2015: HK\$19.3 million), representing an improvement of 36%, which was mainly attributable to the following combined impact:

- (i) Employee benefits costs decreased to HK\$9.8 million for the six-month period ended 30 June 2016, as compared to HK\$18.9 million for the corresponding period in 2015. The decrease was primarily due to share-based payments of HK\$8.0 million recorded in 2015 in connection with certain 2014 share options that vested in 2015 but no further share-based payments in relation to these share options were recorded in 2016;

- (ii) the increase in other expenses from HK\$4.2 million for the six-month period ended 30 June 2015 to HK\$7.3 million for the corresponding period in 2016 due to the increase in project-related travelling expenses and professional fees; and
- (iii) the increase in interest income by HK\$0.8 million, which is mainly due to the improved interest rate for fixed deposit with a longer term of maturity.

(4) Jumbo Kingdom

Jumbo Kingdom includes the Jumbo and Tai-Pak floating restaurants located in Aberdeen, Hong Kong.

The catering business segment recorded a loss of HK\$9.1 million for the six-month period ended 30 June 2016 as compared to a loss of HK\$3.9 million for the same period in 2015. The increase in loss was mainly due to drop in revenue during the six-month period ended 30 June 2016.

Property and Other Investments

This segment handles property and other treasury investments for the Group. For the six-month period ended 30 June 2016, it recorded a segment profit of HK\$20.3 million, representing an increase of 12% as compared to HK\$18.1 million for the same period in 2015 mainly due to increase in interest and property rental income.

SHARE OF PROFITS OF ASSOCIATES

The Group's share of profits of associates is made up of the share of profit of Melco Crown Entertainment during the period from 1 January 2016 to 8 May 2016.

In addition, the Group wrote down its investments in MCR and ChariLot Limited to zero in previous years. During the period under review, no reversal of impairment loss was considered necessary to the Group from the aforesaid associates, as MCR and ChariLot Limited continued to make losses.

SHARE OF LOSSES OF JOINT VENTURES

During the six-month period ended 30 June 2016, the Group recognized a share of losses of joint ventures of HK\$2.0 million (six-month period ended 30 June 2015: HK\$2.6 million), which primarily resulted from sharing of the losses of the gaming business in Russia.

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

During the six-month period ended 30 June 2016, the Group recognized a gain on deemed disposal of partial interest in an associate of HK\$0.6 million (six-month period ended 30 June 2015: loss of HK\$2.8 million) resulting from the exercise of share options and the vesting of certain restricted shares issued by Melco Crown Entertainment during the period from 1 January 2016 to 8 May 2016.

GAIN ON DEEMED DISPOSAL OF PREVIOUSLY HELD INTEREST IN AN ASSOCIATE

During the six-month period ended 30 June 2016, the Group recognized a gain on deemed disposal of the previously held interest in an associate of HK\$10,385.5 million (six-month period ended 30 June 2015: nil) resulting principally from the unleash of fair value over cost of Melco Crown Entertainment attributable to the Group's 34.29% equity interest arising from the deemed acquisition of Melco Crown Entertainment in May 2016.

CENTRAL ADMINISTRATIVE COSTS AND OTHER UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses was increased by 17.7% from HK\$104.3 million in the first half of 2015 to HK\$122.8 million in the first half of 2016. The increase was primarily due to increase in legal and professional expenses and travelling costs incurred for additional business development activities to be explored in 2016.

FINANCE COSTS

Finance costs increased to approximately HK\$383.7 million for the six-month period ended 30 June 2016, compared to approximately HK\$21.7 million for the six-month period ended 30 June 2015, following the consolidation of Melco Crown Entertainment's results from May 2016 onwards. They consisted predominantly of interest expenses on bank and other borrowings and other finance costs.

INCOME TAX EXPENSE

Income tax expense represented Macau Complementary Tax, Lump sum in lieu of Macau Complementary Tax in dividends, the PRC Enterprise Income Tax expense and tax provision arising from several foreign jurisdictions for the six-month periods ended 30 June 2016 and 2015.

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 and other borrowings.

As of 30 June 2016, total assets of the Group were HK\$107,382.0 million (31 December 2015: HK\$14,316.9 million) which were financed by shareholders' funds of HK\$22,390.3 million (31 December 2015: HK\$12,385.8 million), non-controlling interests of HK\$40,793.2 million (31 December 2015: HK\$392.6 million), current liabilities of HK\$9,526.3 million (31 December 2015: HK\$192.0 million), and non-current liabilities of HK\$34,672.3 million (31 December 2015: HK\$1,346.5 million).

During the six-month period ended 30 June 2016, the Group recorded a net cash inflow of HK\$10,258.0 million (six-month period ended 30 June 2015: net cash outflow of HK\$52.0 million). As of 30 June 2016, cash and cash equivalents of the Group totaled HK\$10,725.2 million (31 December 2015: HK\$467.3 million). The increase was mainly due to the line-by-line consolidation of Melco Crown Entertainment in May 2016, which enlarged the Group's cash and bank balances as of 30 June 2016. The gearing ratio, expressed as a percentage of total borrowings divided by total assets, was at 31.3% as of 30 June 2016 (31 December 2015: 9.4%). The gearing ratio increased as of 30 June 2016 primarily as a result of an increase in borrowings after consolidating Melco Crown Entertainment during the period under review.

The Group continues to manage its balance sheet carefully and maintains conservative policies in cash and financial management. As at 30 June 2016, the Group's bank balances and cash (including bank deposits with original maturity over three months) amounted to HK\$13,339.5 million (31 December 2015: HK\$2,196.3 million). All borrowings, bank deposits and bank balances and cash are mainly denominated in Hong Kong dollars ("HK\$"), United States dollar ("US\$"), Macau Patacas ("MOP"), Renminbi ("RMB") and Philippine Peso ("PHP") to maintain stable exposure to foreign exchange risks. Also, as at 30 June 2016, the Group's bank deposits of approximately HK\$0.9 million (31 December 2015: HK\$0.9 million) were pledged as security for obtaining utilities for certain subsidiaries of the Group.

The Group has obtained bank loan facilities from various banks and as at 30 June 2016, total available bank loan facilities amounted to HK\$42,309.9 million (31 December 2015: HK\$580.3 million). Of this amount, the Group utilized HK\$546.0 million and HK\$30,849.1 million of unsecured and secured bank loan facilities respectively (31 December 2015: unsecured HK\$546.0 million; secured HK\$34.3 million). For further details of the bank and other borrowings, please refer to note 23 to the condensed consolidated financial statements for the information regarding the charge on assets, the type of borrowing facilities used, the maturity profile of borrowings, currency and interest rate structure.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed in this report, there were no material acquisitions, disposals and significant investments by the Company during the six-month period ended 30 June 2016.

HEADCOUNT/EMPLOYEES' INFORMATION

The total number of the Group's and associates' employees was 20,970 as of 30 June 2016. Excluding the employees from associates such as MCR and ChariLot Company Limited, the total number of the Group's employees was 20,895 as of 30 June 2016 (31 December 2015: 744). Among the 20,895 employees, 16,177 are located in Macau, 409 are located in Hong Kong, 4,309 are located in Philippines, US, Cambodia and the PRC. The related staff costs for the six-month period ended 30 June 2016, including directors' emoluments, share options expenses and share award expenses, amounted to HK\$1,128.3 million (six-month period ended 30 June 2015: HK\$157.4 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 its business success.

CONTINGENT LIABILITIES

No contingent liability for the Group as at 30 June 2016 was noted.

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy that its operating entities operate in their corresponding local currencies to minimize currency risks. The Group's principal businesses are conducted and recorded in HK\$, US\$, MOP, RMB and PHP. As the impact from foreign exchange exposure is minimal, no hedging against foreign currency exposure is necessary.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Material capital expenditure will be incurred when the Company begins to pursue different projects in the coming years. The Company expects the respective project companies to secure required funding themselves using different financing options available. The Company will also provide the required equity capital to the new projects coming ahead, provided the projects are deemed to be 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 30 to 76, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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
31 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

	Notes	Six-month period ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	4	5,548,887	196,502
Other income, other gains or losses		42,325	22,159
Purchases and changes in inventories of finished goods and work in progress		(172,980)	(55,158)
Raw materials and consumable used		(5,712)	(7,816)
Employee benefits expenses		(1,128,339)	(157,373)
Depreciation and amortization		(896,143)	(19,421)
Special gaming tax and other related taxes to the Macau Government	6	(2,197,564)	–
Gain (loss) on deemed disposal of partial interest in an associate		591	(2,812)
Gain on deemed disposal of previously held interest in an associate	26		
– Gain on remeasurement of previously held equity interest		10,440,376	–
– Reclassification of previously accumulated exchange reserve upon deemed disposal		(54,912)	–
Other expenses		(1,254,322)	(63,150)
Finance costs	7	(383,678)	(21,697)
Share of losses of joint ventures		(1,964)	(2,554)
Share of profits of associates		180,890	220,431
Profit before tax	8	10,117,455	109,111
Income tax expense	9	(10,680)	(458)
Profit for the period		10,106,775	108,653

	Notes	Six-month period ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale investments		(1,702)	–
Change in fair value of interest rate swap agreements		213	–
Exchange differences arising on translation of foreign operations		(1,140)	(29)
Share of exchange differences of an associate		1,052	(2,735)
Share of exchange differences of joint ventures		4	827
Reclassification adjustment of exchange reserve upon deemed acquisition of a subsidiary		54,912	–
Other comprehensive income (expense) for the period, net of income tax		53,339	(1,937)
Total comprehensive income for the period		10,160,114	106,716
Profit (loss) for the period attributable to:			
Owners of the Company		10,367,403	111,146
Non-controlling interests		(260,628)	(2,493)
		10,106,775	108,653
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		10,422,653	109,231
Non-controlling interests		(262,539)	(2,515)
		10,160,114	106,716
Earnings per share	11		
Basic (HK\$)		6.73	0.07
Diluted (HK\$)		6.72	0.07

Condensed Consolidated Statement of Financial Position

AT 30 JUNE 2016

	Notes	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	46,550,857	82,852
Investment properties	12	178,305	178,000
Land use rights	13	5,969,054	–
Gaming license and subconcession	14	8,578,084	–
Goodwill	26	10,929,479	–
Trademarks	15	16,043,099	–
Other intangible assets		12,998	5,700
Interests in joint ventures	16	245	20,387
Interests in associates	26	18,182	11,607,027
Available-for-sale investments	18	37,298	–
Amount due from an associate	20	53,562	–
Amount due from a joint venture	20	–	53,562
Prepayments, deposits and other receivables	19(b)	1,246,369	3,305
Deferred tax assets		2,683	2,133
Structured notes		50,000	50,025
		89,670,215	12,002,991
Current assets			
Inventories		260,879	20,232
Trade receivables	19(a)	1,766,812	33,399
Prepayments, deposits and other receivables	19(b)	644,367	62,899
Held-for-trading investments		31	30
Structured notes		50,050	–
Amounts due from related companies	20	53	141
Pledged bank deposits		947	947
Restricted cash	17	1,649,197	–
Bank deposits with original maturity over three months		2,614,248	1,729,049
Bank balances and cash		10,725,211	467,250
		17,711,795	2,313,947

	Notes	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Current liabilities			
Trade payables	21	142,723	29,341
Accrued expenses and other payables	22	7,477,079	121,429
Dividend payable		31,899	967
Amounts due to associates	20	–	2,167
Taxation payable		61,187	33,100
Borrowings – due within one year	23	1,570,512	4,980
Obligations under finance leases – due within one year	27	242,868	–
		9,526,268	191,984
Net current assets			
		8,185,527	2,121,963
Total assets less current liabilities			
		97,855,742	14,124,954
Non-current liabilities			
Deferred tax liabilities		2,104,193	4,368
Accrued expenses and other payables	22	790,765	6,844
Borrowings – due after one year	23	29,639,406	1,335,290
Obligations under finance leases – due after one year	27	2,137,927	–
		34,672,291	1,346,502
		63,183,451	12,778,452
Capital and reserves			
Share capital	24	5,436,556	5,436,556
Reserves		16,953,722	6,949,281
Equity attributable to owners of the Company		22,390,278	12,385,837
Non-controlling interests		40,793,173	392,615
		63,183,451	12,778,452

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

	Attributable to owners of the Company												
	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation 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	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2015 (Audited)	5,435,321	30,253	445,188	5,796	201,229	(51,767)	190,349	(137,188)	21,926	6,190,550	12,331,656	387,882	12,719,538
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(7)	-	-	-	-	(7)	(22)	(29)
Share of exchange differences of an associate	-	-	-	-	-	(2,735)	-	-	-	-	(2,735)	-	(2,735)
Share of exchange differences of joint ventures	-	-	-	-	-	827	-	-	-	-	827	-	827
Other comprehensive expense for the period	-	-	-	-	-	(1,915)	-	-	-	111,146	(1,915)	(22)	(1,937)
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	111,146	111,146	(2,493)	108,653
Total comprehensive (expense) income for the period	-	-	-	-	-	(1,915)	-	-	-	111,146	109,231	(2,515)	106,716
Exercise of share options	1,235	-	-	-	-	-	(483)	-	-	-	752	-	752
Recognition of equity-settled share based payments	-	-	-	-	-	-	39,108	-	30,812	-	69,920	8,014	77,934
Shares vested under the share award scheme	-	-	-	-	-	-	-	52,564	(47,978)	(4,586)	-	-	-
Deemed disposal of partial interest in a subsidiary	-	-	89	-	-	-	-	-	-	-	89	(89)	-
Acquisition of partial interest in a subsidiary	-	-	(54)	-	-	-	-	-	-	-	(54)	54	-
Dividend recognized as a distribution (Note 10)	-	-	-	-	-	-	-	-	-	(116,000)	(116,000)	-	(116,000)
Increase in associate's equity attributable to the Group's interest arising on equity transactions of an associate	-	-	25,907	-	-	-	-	-	-	-	25,907	-	25,907
Share of special reserve and other revaluation reserve of an associate	-	-	1,183	-	44	-	-	-	-	(44)	1,183	-	1,183
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	29	29
At 30 June 2015 (Unaudited)	5,436,556	30,253	472,313	5,796	201,273	(53,682)	228,974	(84,625)	4,760	6,181,066	12,422,684	393,375	12,816,059

Attributable to owners of the Company

	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation 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	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2016 (Audited)	5,436,556	7,053	461,671	5,796	201,273	(77,247)	250,647	(84,625)	15,187	6,169,526	12,385,837	392,615	12,778,452
Change in fair value of available-for-sale investments	-	-	-	-	(1,702)	-	-	-	-	-	(1,702)	-	(1,702)
Change in fair value of interest rate swap agreements	-	-	-	-	27	-	-	-	-	-	27	186	213
Exchange differences arising on translation of foreign operations	-	-	-	-	-	957	-	-	-	-	957	(2,097)	(1,140)
Share of exchange differences of an associate	-	-	-	-	-	1,052	-	-	-	-	1,052	-	1,052
Share of exchange differences of joint ventures	-	-	-	-	-	4	-	-	-	-	4	-	4
Reclassification adjustment of exchange reserve upon deemed acquisition of a subsidiary	-	-	-	-	-	54,912	-	-	-	-	54,912	-	54,912
Other comprehensive (expense) income for the period	-	-	-	-	(1,675)	56,925	-	-	-	-	55,250	(1,911)	53,339
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	10,367,403	10,367,403	(260,628)	10,106,775
Total comprehensive (expense) income for the period	-	-	-	-	(1,675)	56,925	-	-	-	10,367,403	10,422,653	(262,539)	10,160,114
Recognition of equity-settled share based payments	-	-	-	-	-	-	30,316	-	33,192	-	63,508	27,860	91,368
Transfer of share options reserve upon expiry of share options	-	-	-	-	-	-	(62,184)	-	(40,285)	62,184	-	-	-
Shares vested under the share award scheme	-	-	-	-	-	-	-	45,308	-	(5,023)	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	-	(99,149)	-	(30,933)	(99,149)	-	(99,149)
Dividend recognized as a distribution (Note 10)	-	-	(2,191)	-	-	-	-	-	-	(30,933)	(30,933)	-	(30,933)
Share of special reserve of an associate	-	-	-	-	-	-	-	-	-	-	(2,191)	-	(2,191)
Acquisition of partial interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(10,098)	(10,098)
Reclassification of special reserve and other revaluation reserve upon deemed disposal of interest in an associate	-	-	(148,174)	-	(201,273)	-	-	-	-	-	(349,447)	-	(349,447)
Deemed acquisition of a subsidiary (Note 25)	-	-	-	-	-	-	-	(138,166)	-	-	(349,447)	40,645,335	40,645,335
At 30 June 2016 (Unaudited)	5,436,556	7,053	311,306	5,796	(1,675)	(20,322)	218,779	(138,166)	8,094	16,563,157	22,390,278	40,793,173	63,183,451

Condensed Consolidated Statement of Cash Flows

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

	Note	Six-month period ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES		1,694,778	16,850
NET CASH FROM (USED IN) INVESTING ACTIVITIES:			
Placement of bank deposits with original maturity over three months		(2,614,248)	(1,817,504)
Purchase of property, plant and equipment		(812,545)	(14,669)
Payment and deposits for construction costs		(208,877)	–
Purchase of structured notes		(50,000)	(50,000)
Purchase of other intangible assets		(7,298)	–
Purchase of investment properties		(305)	–
Payment for entertainment production costs		(257)	–
Cash acquired through deemed acquisition of a subsidiary	26	9,910,250	–
Redemption of bank deposits with original maturity over three months upon maturity		1,729,049	1,558,002
Dividend received from an associate		965,443	122,695
Release of restricted cash		146,365	–
Proceeds from disposal of property, plant and equipment		33,264	783
		9,090,841	(200,693)
NET CASH (USED IN) FROM FINANCING ACTIVITIES:			
Interest paid		(306,082)	(21,697)
Payments of obligations under finance leases		(41,348)	–
Purchase of shares for unvested shares under the share award schemes		(99,149)	–
Dividend paid		–	(653)
Return of earnest money to a project partner		(56,496)	–
Repayments of bank borrowings		(14,485)	(392,490)
Acquisition of a partial interest in a subsidiary		(10,098)	–
Proceeds from bank borrowings		–	546,000
Proceeds from exercise of share options		–	752
Capital contribution from non-controlling shareholders		–	29
		(527,658)	131,941
Net increase (decrease) in cash and cash equivalents		10,257,961	(51,902)
Cash and cash equivalents at 1 January		467,250	549,578
Cash and cash equivalents at 30 June, represented by bank balances and cash		10,725,211	497,676

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

1. GENERAL

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 (“Hong Kong Stock Exchange”).

The financial information relating to the year ended 31 December 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Significant events and transactions in the current interim period

On 4 May 2016, Melco Crown Entertainment Limited (“Melco Crown Entertainment”, together with its subsidiaries collectively referred to as the “Melco Crown Entertainment Group”), a then associate of the Group which develops, owns and operates gaming and entertainment casino resort facilities in Asia, entered into a share repurchase agreement with Crown Asia Investments Pty. Ltd. (“Crown Sub”), a wholly-owned subsidiary of Crown Resorts Limited (“Crown”), pursuant to which Melco Crown Entertainment agreed to repurchase 155,000,000 ordinary shares from Crown Sub for a total consideration of US\$800,838,500 (equivalent to approximately HK\$6,206,498,000) (“the Share Repurchase”). In connection with the Share Repurchase, the Group, Crown Sub and Melco Crown Entertainment entered into a supplemental shareholders’ deed (“Supplemental Shareholders’ Deed”) to amend certain terms to the amended and restated shareholders’ deed relating to Melco Crown Entertainment dated 12 December 2007 and the Memorandum and Articles of Association (“M&A”) of Melco Crown Entertainment. After the Share Repurchase, and following the Supplemental Shareholders’ Deed coming into effect, the Group obtained control of Melco Crown Entertainment which has now become an accounting subsidiary of the Group. This acquisition has been accounted for using the purchase method, the details of which are set out in Note 26.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, 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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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 for the preparation of the Group's condensed consolidated financial statements:

- Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*;
- Amendments to HKAS 1 *Disclosure Initiative*;
- Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*;
- Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*;
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*; and
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2012 – 2014 Cycle*

Amendments to HKAS 1 *Disclosure Initiative*

The Group has applied the amendments to HKAS 1 *Disclosure Initiative* for the first time in the current interim period.

2. PRINCIPAL ACCOUNTING POLICIES – continued

Amendments to HKAS 1 *Disclosure Initiative* – continued

The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

The application of the above 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 any new or revised standards or amendments to standards that have been issued but are not yet effective at the date of these condensed consolidated financial statements being authorized for issue.

In addition, the Group applied the following new accounting policies in the current interim period subsequent to deemed acquisition of Melco Crown Entertainment (see details in Note 26).

2. PRINCIPAL ACCOUNTING POLICIES – continued

Revenue recognition

Revenues are recognized net of certain sales incentives which are required to be recorded as a reduction of revenue; consequently, the Group's casino revenues are reduced by discounts, commissions and points earned in customer loyalty programs, such as the player's club loyalty program.

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

Rooms, food and beverage, entertainment and other revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer.

Minimum operating and right to use fee, adjusted for contractual base fee and operating fee escalations, are included in entertainment, retail and other revenues and are recognized on a straight-line basis over the terms of the related agreement.

Point-loyalty Programs

The Group operates different loyalty programs in certain of its properties to encourage repeat business mainly from loyal slot machine customers and table games patrons. Loyalty program points granted to customers as part of a sales transaction that customers can redeem for free or discounted goods or services shall be accounted for as a separate identifiable component of the sales arrangement (i.e. multiple-element approach) and that the fair value of the consideration received should be allocated between the loyalty program points and the other components in the arrangement, and recorded as deferred revenue until redemption.

Special gaming tax and other related taxes

The Group is subject to taxes based on gross gaming revenue and other metrics in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes are determined mainly from an assessment of the Group's gaming revenue.

2. PRINCIPAL ACCOUNTING POLICIES – continued

Business Combinations

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

2. PRINCIPAL ACCOUNTING POLICIES – continued

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the condensed consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as a "land use right" in the condensed consolidated statement of financial position and is released over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

2. PRINCIPAL ACCOUNTING POLICIES – continued

Available-for-sale (“AFS”) financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of “other revaluation reserve”. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the “other revaluation reserve” is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered to be impaired, cumulative losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of “other revaluation reserve”.

On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES – continued

Properties under construction

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. These properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Intangible assets (including gaming license and subconcession)

Intangible assets (including gaming license and subconcession) acquired in a business combination

Intangible assets (including gaming license and subconcession) acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2. PRINCIPAL ACCOUNTING POLICIES – continued

Intangible assets (including gaming license and subconcession) – continued

Impairment on intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful life are tested for impairment at least annually and whenever there is an indicator that they may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated financial statements.

Control over Melco Crown Entertainment

As described in Notes 1 and 26, the Group's shareholding in Melco Crown Entertainment increased to 37.9% on 9 May 2016 as a result of a privately negotiated share repurchase transaction of Melco Crown Entertainment with Crown Sub. The shareholding of Crown Sub in Melco Crown Entertainment was reduced from 34.3% to 27.4% immediately upon completion of this share repurchase transaction of Melco Crown Entertainment (the "Completion"), who stepped aside as the second largest shareholder in Melco Crown Entertainment. The remaining 34.7% of shareholdings in Melco Crown Entertainment are owned by a large number of shareholders that are unrelated to the Group and Crown Sub. The American Depositary Shares of Melco Crown Entertainment have been listed on the National Association of Securities Dealers Automated Quotations in the United States of America since 19 December 2006. The Supplemental Shareholders' Deed was entered into between the Group and Crown Sub upon the Completion to make certain amendments to the amended and restated shareholders' deed relating to Melco Crown Entertainment dated 12 December 2007 and the M&A of Melco Crown Entertainment.

The directors assessed whether or not the Group has obtained control over Melco Crown Entertainment as a result of the increase in its equity interest in Melco Crown Entertainment and entering into the Supplemental Shareholders' Deed based on whether the Group has the practical ability to direct the relevant activities of Melco Crown Entertainment unilaterally. In making their judgement, the directors took into consideration: (i) the fact that the relevant activities of Melco Crown Entertainment are directed by the board of Melco Crown Entertainment as a result of various changes effected under the Supplemental Shareholders' Deed as well as the amendments to the M&A of Melco Crown Entertainment after the Completion; (ii) the power of the Group to appoint a majority of the executive and non-executive directors (other than independent directors) of the board of Melco Crown Entertainment after the Completion; (iii) the rights of the Group with regards to the nomination for the appointment of independent directors of the board of Melco Crown Entertainment after the Completion; and (iv) the power of the Group to appoint certain key management personnel of Melco Crown Entertainment, including the only executive director and the Chairman of the board and chief executive officer of Melco Crown Entertainment after the Completion.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Critical judgements in applying accounting policies – continued

Control over Melco Crown Entertainment – continued

After this assessment, the directors concluded that although the Group has only a 37.9% ownership interest and voting rights in Melco Crown Entertainment after the Completion, the Group has rights that give them the unilateral ability to direct the relevant activities of Melco Crown Entertainment and therefore the Group has obtained control over Melco Crown Entertainment upon the Completion.

Control over MelcoLot Limited (“MelcoLot”)

MelcoLot is accounted for as an accounting subsidiary of the Group although the Group has only a 40.65% ownership interest and voting rights in MelcoLot as of 30 June 2016 and 31 December 2015. MelcoLot has been listed on the Growth Enterprise Market of the Hong Kong Stock Exchange since 17 May 2002. The remaining 59.35% of shareholdings are owned by a large number of shareholders who are unrelated to the Group.

The directors assessed whether or not the Group has control over MelcoLot based on whether the Group has the practical ability to direct the relevant activities of MelcoLot unilaterally. In making their judgement, the directors mainly considered (i) the Group’s absolute size of its shareholding in MelcoLot and the relative size of and dispersion of the shareholdings owned by the other shareholders; (ii) the composition of the executive members of the board of MelcoLot, the majority of whom are executives of the Company; and (iii) the fact that all the key management personnel of MelcoLot, such as the executive directors and the chief executive officer and senior management personnel in MelcoLot, were appointed by the Company. After this assessment, the directors concluded that the Group has a sufficient dominant voting interest to direct the relevant activities of MelcoLot and therefore the Group has control over MelcoLot.

Key sources of estimation uncertainty

Fair value of identifiable assets and liabilities acquired through business combinations

The Group applies the purchase method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgment is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates, asset lives and other assumptions.

The deemed acquisition of Melco Crown Entertainment for the current interim period is accounted for as business combination and details of the fair value of the assets acquired and liabilities recognized (determined on a provisional basis) at the date of deemed acquisition are set out in Note 26.

4. REVENUE

An analysis of the Group's revenue is as follows:

	Six-month period ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Casino revenue	5,003,966	–
Entertainment and resort facilities revenue:		
Entertainment, retail and others	215,168	–
Catering service income	147,648	46,606
Rooms	85,838	–
Lottery business:		
Provision of services and solutions for distribution of lottery products	394	4,950
Trading of lottery terminals and parts	33,644	19,126
Property rental income	2,100	1,965
Electronic gaming machines participation	47,653	69,432
Manufacture and distribution of gaming chips and plaques	12,476	54,423
	5,548,887	196,502

5. SEGMENT INFORMATION

During the current interim period, Melco Crown Entertainment has become a subsidiary of the Group upon its deemed acquisition by the Company (see Note 26). The business of Melco Crown Entertainment is reviewed under the Gaming, Leisure and Entertainment segment as a whole.

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

- (1) Gaming, Leisure and Entertainment segment: It mainly comprises provision of gaming, hospitality, catering, entertainment and related services, lottery business, including the provision of services and solutions for distribution of lottery products and trading of lottery terminals and parts, electronic gaming machines participation and design, manufacture and distribution of gaming chips and plaques.
- (2) Property and Other Investments segment: It mainly comprises investment properties and related segment bank balances, which receive interest income and property rental income.

Information regarding the above segments is reported below.

5. SEGMENT INFORMATION – continued

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

Six-month period ended 30 June 2016 (Unaudited):

	Gaming, Leisure and Entertainment HK\$'000	Property and Other Investments HK\$'000	Segments' Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External sales	5,546,787	2,100	5,548,887	-	5,548,887
Inter-segment sales	221	-	221	(221)	-
Total revenue	<u>5,547,008</u>	<u>2,100</u>	<u>5,549,108</u>	<u>(221)</u>	<u>5,548,887</u>
Segment results	<u>38,619</u>	<u>20,332</u>	<u>58,951</u>	<u>-</u>	<u>58,951</u>
Gain on deemed disposal of partial interest in an associate					591
Gain on deemed disposal of previously held interest in an associate					
- Gain on remeasurement of previously held equity interest					10,440,376
- Reclassification of previously accumulated exchange reserve upon deemed disposal					(54,912)
Finance costs					(383,678)
Share of losses of joint ventures					(1,964)
Share of profits of associates					180,890
Central administrative costs and other unallocated corporate expenses					(122,799)
Profit before tax					<u>10,117,455</u>

5. SEGMENT INFORMATION – continued

Six-month period ended 30 June 2015 (Unaudited):

	Gaming, Leisure and Entertainment HK\$'000	Property and Other Investments HK\$'000	Segments' Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
External sales	194,537	1,965	196,502	-	196,502
Inter-segment sales	290	419	709	(709)	-
Total revenue	<u>194,827</u>	<u>2,384</u>	<u>197,211</u>	<u>(709)</u>	<u>196,502</u>
Segment results	<u>1,900</u>	<u>18,100</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Loss on deemed disposal of partial interest in an associate					(2,812)
Finance costs					(21,697)
Share of losses of joint ventures					(2,554)
Share of profits of associates					220,431
Central administrative costs and other unallocated corporate expenses					<u>(104,257)</u>
Profit before tax					<u>109,111</u>

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

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

5. SEGMENT INFORMATION – continued**Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Gaming, Leisure and Entertainment	104,068,920	182,024
Property and Other Investments	3,224,038	2,424,324
Total segment assets	107,292,958	2,606,348
Interests in associates	18,182	11,607,027
Interests in joint ventures	245	20,387
Unallocated assets	70,625	83,176
Consolidated assets	107,382,010	14,316,938

Segment liabilities

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Gaming, Leisure and Entertainment	40,680,028	134,822
Total segment liabilities	40,680,028	134,822
Unallocated liabilities	3,518,531	1,403,664
Consolidated liabilities	44,198,559	1,538,486

5. SEGMENT INFORMATION – continued

Segment assets and liabilities – continued

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, deferred tax assets, pledged bank deposits and other assets not attributable to respective segments.
- all liabilities are allocated to operating segments other than certain borrowings which are for corporate use, dividends payable, deferred tax liabilities and other liabilities not attributable to respective segments.

6. SPECIAL GAMING TAX AND OTHER RELATED TAXES TO THE MACAU GOVERNMENT

According to the Macau gaming sub-concession contract, Melco Crown (Macau) Limited (“Melco Crown Macau”), a subsidiary of the Group, is required to pay to the local government of Macau (“the Macau Government”) a special gaming tax, gaming premium and special levy annually. The special gaming tax is assessed at the rate of 35% of the gross gaming revenue (being the aggregate net difference between gaming wins and losses before deducting sales incentives) of Melco Crown Macau. The gaming premium is composed of (i) a fixed portion of Macau Patacas (“MOP”) 30 million (equivalent to approximately HK\$29 million); and (ii) a variable portion that is calculated based on the number of gaming tables and gaming machines, including slot machines, operated by Melco Crown Macau during the period. The special levy includes (i) an amount corresponding to 1.6% of the gross gaming revenue that will be paid to a public foundation whose purposes are the promotion, study and development of cultural, social, economic, educative, scientific, academic and philanthropic activities in Macau; and (ii) an amount corresponding to 2.4% of the gross gaming revenue for the purposes of urban development, tourism promotion and social security of Macau.

7. FINANCE COSTS

	Six-month period ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on:		
– bank borrowings	88,453	5,680
– bonds and notes	207,317	15,990
– obligations under finance leases	53,449	–
Amortization of financing costs	61,564	–
Other financing costs	10,312	27
Total borrowing costs	421,095	21,697
Less: capitalized interest allocated to construction in progress	(37,417)	–
	383,678	21,697

8. PROFIT BEFORE TAX

	Six-month period ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging:		
Share options expenses (<i>Note 25</i>)	43,538	47,122
Share award expenses (<i>Note 25</i>)	47,830	30,812
Other staff costs	1,036,971	79,439
Total employee benefits expense (including directors' emoluments)	1,128,339	157,373
Advertising, marketing and promotions (included in "other expenses")	129,970	918
Amortization in respect of:		
Gaming license and subconcession	238,603	–
Land use rights	26,806	–
Depreciation of property, plant and equipment	630,734	19,421
Loss from fair value change of held-for-trading investments (included in "other expenses")	–	13
Other gaming operations expenses (included in "other expenses")	531,011	7,975
Rental and utilities expenses (included in "other expenses")	165,454	14,544
and after crediting:		
Interest income from banks	21,359	16,143

9. INCOME TAX EXPENSE

	Six-month period ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Income tax provision for current period:		
Macau Complementary Tax	3,023	–
Lump sum in lieu of Macau Complementary Tax on dividends	3,625	–
Hong Kong Profits Tax	470	–
PRC Enterprise Income Tax	458	168
Other jurisdictions	1,678	290
Sub-total	<u>9,254</u>	<u>458</u>
Overprovision in prior periods:		
Other jurisdictions	(37)	–
Deferred taxation for current period:		
Macau Complementary Tax	1,606	–
Hong Kong Profits Tax	(142)	–
Other jurisdictions	(1)	–
Sub-total	<u>1,463</u>	<u>–</u>
Total income tax expense	<u><u>10,680</u></u>	<u><u>458</u></u>

Macau Complementary Tax is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior periods. Melco Crown Macau has been exempted from Macau Complementary Tax on profits generated by gaming operations until 2016 pursuant to the approval notice issued by the Macau Government in April 2011. Pursuant to a notice issued by the Macau Government dated 12 January 2015, one of Melco Crown Entertainment's subsidiaries in Macau has also been exempted from Macau Complementary Tax on profits generated from income received from Melco Crown Macau until 2016, to the extent that such income is derived from Studio City gaming operations, coinciding with Melco Crown Macau's exemption from Macau Complementary Tax. As at the end of the reporting period, the Group had applied for an extension of the exemption period of the Macau Complementary Tax on profits generated from gaming income received by Melco Crown Macau and one of the subsidiaries of Melco Crown Entertainment in Macau. The dividend distributions of this subsidiary to its shareholders continue to be subject to Macau Complementary Tax. The non-gaming profits of Melco Crown Macau and the other subsidiaries of Melco Crown Entertainment in Macau remain subject to the Macau Complementary Tax and Melco Crown Macau casino revenues remain subject to the Macau special gaming tax and other levies in accordance with its gaming subconcession agreement.

9. INCOME TAX EXPENSE – continued

Regarding the lump sum in lieu of Macau Complementary Tax on dividends, an annual lump sum amount of MOP22,400,000 (equivalent to HK\$21,748,000) is payable by Melco Crown Macau to the Macau Government, effective retroactively from 2012 through 2016, as payments in lieu of Macau Complementary Tax otherwise due by the shareholders of Melco Crown Macau on dividend distributions from gaming profits. Such annual lump sum tax payments are required regardless of whether dividends are actually distributed or whether Melco Crown Macau has distributable profits in the relevant year.

Hong Kong Profit tax is calculated at 16.5% of the estimated assessable profit for the current and prior periods. No provision for Hong Kong Profits Tax during the six-month period ended 30 June 2015 was made as there was no estimated assessable profit derived from Hong Kong.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Under the Law of Philippines on Corporate Income Tax, Philippines' subsidiaries of the Group are subject to a 30% regular corporate income tax rate based on net income, or to a 2% minimum corporate income tax rate based on gross income, whichever is higher.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

10. DIVIDENDS

During the six-month period ended 30 June 2016, a special final dividend of HK2.0 cents per share, totalling approximately HK\$30,933,000, in respect of the year ended 31 December 2015 was declared to the shareholders of the Company (six-month period ended 30 June 2015: HK7.5 cents per share, totalling approximately HK\$116,000,000, in respect of the year ended 31 December 2014 was declared to the shareholders of the Company).

Subsequent to the end of the current interim period, the Board has determined that a special interim dividend of HK1.5 cents per share, totalling approximately HK\$23,200,000 (six-month period ended 30 June 2015: HK1.5 cents per share, totalling approximately HK\$23,200,000), will be paid to the shareholders of the Company.

11. 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-month period ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	10,367,403	111,146
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by an associate of the Group	–	(1,465)
Adjustment in relation to share options issued by the subsidiaries of the Company	(984)	(14)
Earnings for the purpose of diluted earnings per share	10,366,419	109,667
	Six-month period ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,539,537,391	1,541,124,467
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	3,622,644	9,994,992
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,543,160,035	1,551,119,459

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

11. EARNINGS PER SHARE – continued

During the six-month periods ended 30 June 2016 and 2015, the computation of diluted earnings per share does not assume the exercise of the Company's certain share options and the vesting of certain unvested awarded shares under the Company's long-term incentive schemes because the adjusted exercise prices of those options and unvested awarded shares are higher than the average market price of the Company's shares. In addition, the effect of the potential ordinary shares of other subsidiaries of the Company are anti-dilutive.

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

During the current interim period, HK\$46,300,531,000 of the property, plant and equipment comprising hotel buildings, furniture, fixtures and equipment, leasehold improvements, plant and gaming machinery, transportation and construction in progress was acquired through the deemed acquisition of Melco Crown Entertainment on 9 May 2016.

The above items of property, plant and equipment acquired through the deemed acquisition of Melco Crown Entertainment are depreciated on a straight-line basis at the following rates per annum:

Buildings	2.5% to 25%
Transportation	10% to 20%
Leasehold improvements	10% to 33 $\frac{1}{3}$ % or over the lease term, whichever is shorter
Furniture, fixtures and equipment	6 $\frac{2}{3}$ % to 50%
Machinery and gaming equipment	20% to 33 $\frac{1}{3}$ %

In addition, the Group spent approximately HK\$849,962,000 (six-month period ended 30 June 2015: HK\$14,669,000) mainly on machinery and equipment, gaming equipment and furniture, fixtures and equipment for the Group's office and gaming premises.

The fair values of the Group's investment properties as at 30 June 2016 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 with reference to market evidence of transaction prices for similar properties in similar locations.

13. LAND USE RIGHTS

Land use rights comprise of medium-term leasehold land in Macau acquired through the deemed acquisition of Melco Crown Entertainment on 9 May 2016 which are released over the respective lease term on a straight line basis. The land use rights are pledged for the banking facilities of Melco Crown Entertainment.

14. GAMING LICENSE AND SUBCONCESSION

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Cost		
Acquired through deemed acquisition	8,816,687	–
Less: accumulated amortization	(238,603)	–
Carrying amount	8,578,084	–

The amounts were determined based on the acquisition-date fair values of the gaming license and subconcession for the gaming business of the Group in the Philippines and Macau, respectively, upon the deemed acquisition of Melco Crown Entertainment on 9 May 2016. The gaming license and subconcession for the business in the Philippines and Macau are amortized on a straight-line basis over the term of the gaming license and subconcession agreements which expire in 2033 and 2022, respectively.

15. TRADEMARKS

The Group's trademarks were acquired through the deemed acquisition of Melco Crown Entertainment on 9 May 2016 and have a legal life of 7 years but are renewable every 7 years at minimal cost. The directors of the Company are of the opinion that the Group will renew the trademarks continuously and has the ability to do so. Studies, including market, competitive trends and brand extension opportunities have been performed by management of the Group, which supports the assumption that the trademarks have no foreseeable limits to the period over which the trademarked businesses are expected to generate net cash flows for the Group. As a result, the trademarks are considered by the management of the Group to have an indefinite useful life because they are expected to contribute to net cash inflows and will not be amortized until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

16. INTERESTS IN JOINT VENTURES

For the year ended 31 December 2015, the Group's 5% equity interest in Oriental Regent Limited ("Oriental Regent") was accounted for as a joint venture of the Group pursuant to the terms and conditions of the relevant investment and shareholders' agreements ("Investment Agreement") which require unanimous approval of all of the members of the board of Oriental Regent or the unanimous consent of the shareholders of Oriental Regent on the relevant activities of Oriental Regent and the right of the Group to appoint one director of Oriental Regent.

On 14 April 2016, the Group entered into an amendment agreement to the Investment Agreement which removed the requirement of unanimous approval of all of the members of the board of Oriental Regent or the unanimous consent of the shareholders of Oriental Regent on the relevant activities of Oriental Regent. Accordingly, the Group's investment in Oriental Regent is no longer accounted for as a joint venture which has become an associate of the Group, since then given the Group's entitlement to appoint one director to the board of Oriental Regent, which governs the financial and operating policy decisions of Oriental Regent.

17. RESTRICTED CASH

Restricted cash represents cash deposited into bank accounts which are restricted as to withdrawal and use and the Group expects those funds will be released or utilized in accordance with the terms of the respective agreements within the next twelve months.

18. AVAILABLE-FOR-SALE INVESTMENT

As at 30 June 2016, the Group's available-for-sale investment represents an investment in equity securities listed in Hong Kong and represent an investment in which the company is engaged in (i) manufacturing and trading of original brand grape wine, Tibetan barley wine and Chinese baijiu in the PRC; (ii) development and operation of real estate and cultural tourism in South Korea; and (iii) operation of a gaming business in Jeju, South Korea.

The fair value of the investment as at 30 June 2016 amounted to HK\$37,298,000 (31 December 2015: nil). For the six months period ended 30 June 2016, a decrease in fair value of HK\$1,702,000 was recognized in other comprehensive income.

As the investee is a listed entity on the Hong Kong Stock Exchange with its shares traded in an active market, the fair value of the investment as at 30 June 2016 was determined based on a published price quotation available on the Hong Kong Stock Exchange and was classified as Level 1 of the fair value hierarchy.

19. TRADE RECEIVABLES AND OTHER RECEIVABLES

(a) Trade receivables

In relation to the gaming operations from the Gaming, Leisure and Entertainment segment, the Group grants unsecured credit lines to gaming promoters based on pre-approved credit limits. The Group typically issues markers to gaming promoters with a credit period of 30 days. There are some gaming promoters for whom credit is granted on a revolving basis based on the Group's monthly credit risk assessment of these gaming promoters.

Credit lines granted to all gaming promoters are subject to monthly review and settlement procedures. For other approved casino customers, the Group typically allows a credit period of 14 to 28 days on issuance of markers following investigations of creditworthiness. An extended repayment term of typically 90 days may be offered to casino customers with large gaming losses and established credit history.

The Group's trade receivables related to the catering service income from the Gaming, Leisure and Entertainment segment and the trade receivables from Property and Other Investments segment are largely operated on cash on delivery or due immediately on the date of billing, except for those well-established customers to whom credit terms of 30 to 120 days would be granted.

The Group allows credit periods ranging from 30 to 180 days to its trade customers related to the lottery business from the Gaming, Leisure and Entertainment segment.

The Group allows credit periods of 15 to 30 days to its trade customers related to the electronic gaming machines participation and gaming chips and plaques business from the Gaming, Leisure and Entertainment segment.

The following is an analysis of trade receivables, net of allowance for doubtful debts, by age presented based on marker issuance date or invoice date:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within 30 days	1,415,655	26,362
31 – 90 days	157,862	6,993
91 – 180 days	89,300	–
Over 180 days	103,995	44
	<u>1,766,812</u>	<u>33,399</u>

19. TRADE RECEIVABLES AND OTHER RECEIVABLES – continued**(b) Prepayments, deposits and other receivables**

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Current assets		
Prepayment	198,971	19,253
Deposits	67,266	23,965
Other receivables (<i>note</i>)	378,130	19,681
	644,367	62,899
Non-current assets		
Long-term prepayments and other assets	401,158	–
Prepaid entertainment production costs	222,358	–
Prepaid construction costs	120,554	–
Rental, utilities and other deposits	115,556	–
Deposits for acquisition of property, plant and equipment	16,520	–
Other receivables (<i>note</i>)	370,223	3,305
	1,246,369	3,305

Note:

Other receivables classified under current assets mainly include rental receivables of HK\$97,223,000 (31 December 2015: nil) and interest receivables of HK\$18,002,000 (31 December 2015: HK\$16,461,000).

Other receivables classified under non-current assets mainly include value-added tax receivables of HK\$179,657,000 (31 December 2015: nil), deferred rental assets of HK\$73,605,000 (31 December 2015: nil) and casino receivables from casino customers of HK\$67,154,000 (31 December 2015: nil) where settlement is not expected within the next twelve months. Aging of such balances are all over 90 days. Reclassifications to current trade receivable are made when conditions support that it is probable for settlement of such balances to occur within one year.

20. AMOUNTS DUE FROM (TO) ASSOCIATES/A JOINT VENTURE/ RELATED COMPANIES

Amount due from an associate (2015: a joint venture) is unsecured, non-interest bearing and repayable on 15 July 2020.

Amounts due from related companies are unsecured, non-interest bearing and repayable on demand. Mr. Ho, Lawrence Yau Lung, a shareholder with significant influence holding over a 20% shareholding in the Company, and also a director of the Company, has a significant shareholding in the related companies.

Amounts due to associates as at 31 December 2015 were unsecured, non-interest bearing and fully repaid during the reporting period.

21. TRADE PAYABLES

The aging analysis of trade payables is as following:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within 30 days	120,501	27,857
31 – 90 days	15,297	279
Over 90 days	6,925	1,205
	142,723	29,341

22. ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Current liabilities		
Outstanding gaming chips and tokens liabilities	1,445,419	–
Special gaming tax and other related taxes payable	1,315,368	–
Construction costs payable	1,267,769	–
Deposits received	839,672	–
Interests payable	254,075	–
Accruals for acquisition of property, plant and equipment	397,554	–
Advance of earnest money (<i>note (i)</i>)	–	56,496
Other accruals and liabilities (<i>note (ii)</i>)	1,957,222	64,933
	7,477,079	121,429
Non-current liabilities		
Accrued staff costs	531,754	–
Deferred rent income	108,579	–
Deposits received	56,420	–
Other liabilities	94,012	6,844
	790,765	6,844

Notes:

- (i) As of 31 December 2015, there was earnest money of approximately HK\$56,496,000 advanced from an investment project partner, Firich Enterprises Co., Ltd (“Firich”) in relation to the subscription for new shares of Express Wealth Enterprise Limited (“Express Wealth”), a subsidiary of the Company (the “Subscription”) pursuant to the subscription agreement signed between the Group and Firich on 20 November 2014 (the “Subscription Agreement”). Express Wealth was formed for the purpose of obtaining the gaming license and undertaking the proposed casino project situated in a project site wholly-owned by Dhabi Group Georgia, LLC located in Tbilisi, Georgia (the “Georgian Casino Project”).

Since the conditions precedent to the completion of the Subscription Agreement, including those related to the Subscription and the Georgian Casino Project, were not fulfilled during the current period, the transaction will not proceed further. Pursuant to the Subscription Agreement, the entire balance of the advance of earnest money from Firich, after deduction of the relevant part of the preliminary costs and expenses incurred for the Georgian Casino Project, was returned to Firich during the six-month period ended 30 June 2016.

- (ii) The other accruals and liabilities mainly include accrued operating expenses of HK\$975,051,000 (31 December 2015: HK\$6,277,000) and accrued staff costs of HK\$875,547,000 (31 December 2015: HK\$36,190,000).

23. BORROWINGS

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Notes (note (i))	16,089,250	–
Bonds (note (ii))	760,000	760,000
Bank loans (note (iii))	577,780	580,270
Term loan (note (iv))	152,838	–
Syndicated term and revolving loans (note (v))	13,630,050	–
	31,209,918	1,340,270
Less: Amounts due within one year shown under current liabilities	(1,570,512)	(4,980)
	29,639,406	1,335,290
Secured	29,903,918	34,270
Unsecured	1,306,000	1,306,000
	31,209,918	1,340,270

During the period ended 30 June 2016, the Group obtained new bank borrowings of nil (30 June 2015: HK\$546,000,000) and repaid bank borrowings of HK\$14,485,000 (30 June 2015: HK\$392,490,000).

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Carrying amount of repayable:		
Within one year	1,614,573	4,980
More than one year, but not exceeding two years	11,462,725	4,980
More than two years, but not exceeding five years	18,125,741	1,320,940
Exceeding five years	6,879	9,370
	31,209,918	1,340,270

Notes:

- (i) The Notes are newly obtained by the Group through the deemed acquisition of Melco Crown Entertainment and bear interest rates ranging from 5% to 8.5% per annum. The Notes are denominated in United States dollar ("US\$") and Philippine Peso ("PHP") and due within a period of 3 to 5 years.
- (ii) In February 2013, Melco Finance Limited, a wholly-owned subsidiary of the Company, issued guaranteed bonds with a principal amount of HK\$760,000,000 ("Bonds") to independent investors. The interest on the Bonds accrues at a fixed rate of 4.15% per annum and are payable quarterly in arrears. The Bonds have a maturity date of 5 March 2018.
- (iii) Bank borrowings denominated in Hong Kong dollar ("HK\$") bear interest rates of Hong Kong Inter-bank Offered Rates ("HIBOR") plus 1.5% to 2.5% (31 December 2015: HIBOR plus 1.5% to 2.5%) per annum and are repayable in instalments over a period of 7 years.

23. BORROWINGS – continued*Notes: – continued*

- (iv) The term loan is newly obtained by the Group through the deemed acquisition of Melco Crown Entertainment and bears interest rates at London Interbank Offered Rate plus 2.8% per annum. The term loan is denominated in US\$ and repayable in instalments over a period of 3 years.
- (v) The syndicated term and revolving loans denominated in HK\$ are newly obtained by the Group through the deemed acquisition of Melco Crown Entertainment and bear interest rates of HIBOR plus 1.25% to 4.5% per annum. The credit facilities are repayable over a period of 2 to 5 years or if earlier, the date of repayment, prepayment or cancellation in full of one of the credit facilities.

Borrowings amounting to HK\$29,903,918,000 (31 December 2015: HK\$34,270,000) are secured by the following assets of the Group:

- (i) Certain property, plant and equipment;
- (ii) Land use rights;
- (iii) Investment properties; and
- (iv) Certain bank deposits.

24. SHARE CAPITAL

	Number of ordinary shares		Amount	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Authorised:				
At the beginning and end of the period/year, ordinary shares with no par value (<i>note</i>)	2,000,000,000	2,000,000,000	N/A	N/A
Issued and fully paid:				
At the beginning of the period/year, ordinary shares with no par value	1,546,663,555	1,546,463,555	5,436,556	5,435,321
Exercise of share options	–	200,000	–	1,235
At the end of the period/year, ordinary shares with no par value	1,546,663,555	1,546,663,555	5,436,556	5,436,556

Note: Under the new Hong Kong Companies Ordinance (Chapter 622) effective on 3 March 2014, the concept of “authorized share capital” had been abolished and the Company’s shares no longer have a par value. However, the Company’s Articles of Association specify a maximum number of shares that the Company is currently authorized to issue.

24. SHARE CAPITAL – continued

The shares issued during the period/year rank pari passu in all respects with the then existing shares.

During the period ended 30 June 2016, the trustee of the Melco Share Purchase Scheme purchased 10,021,000 (six-month period ended 30 June 2015: nil) ordinary shares of the Company on the Hong Kong Stock Exchange for an aggregate consideration of approximately HK\$99,149,000 (six-month period ended 30 June 2015: nil) which are for the Company's share purchase scheme.

As at 30 June 2016, 10,473,185 (31 December 2015: 3,879,785) and 75,000 (31 December 2015: 75,000) issued shares of the Company with an aggregate nominal value of approximately HK\$5,237,000 (31 December 2015: HK\$1,940,000) and HK\$38,000 (31 December 2015: HK\$38,000) were held by the Company's share purchase scheme and share subscription scheme, respectively.

25. LONG-TERM INCENTIVE SCHEMES

The Company

Share option schemes

On 8 April 2016, a total of 15,722,000 share options previously granted by the Company to its directors, employees and consultants, (collectively the “Grantees”) under the Company’s 2012 Share Option Scheme, which had not been exercised or lapsed since they were granted, were either cancelled or modified. The original exercise prices of the 12,722,000 share options being modified were ranged from HK\$13.40 to HK\$26.65 per share option and have been reduced to HK\$10.24 per share option (the “Replacement Share Options”). All the Grantees had given their written consent to cancel their respective share options.

During the six-month period ended 30 June 2016, the Company also granted 2,563,000 new share options to the directors, certain employees and consultants of the Company (six-month period ended 30 June 2015: 3,113,000 new share options). Together with the Replacement Share Options, the options entitle the grantees to subscribe for a total of 15,285,000 shares of the Company at an exercise price of HK\$10.24 per share. 4,218,500, 4,205,500, 3,439,500 and 3,421,500 of the options are exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019, respectively to 7 April 2026. The closing price of the shares of the Company immediately before and on the date on which the options were granted was HK\$10.08 per share and HK\$9.99 per share respectively (six-month period ended 30 June 2015: HK\$13.16 per share and HK\$14.24 per share respectively). The estimated fair value of the 12,722,000 original share options was approximately HK\$51,971,000 at the date of modification on 8 April 2016. The estimated fair value of the 12,722,000 modified share options and 2,563,000 new share options on 8 April 2016, which is the modified date or grant date, was approximately HK\$74,821,000 and HK\$15,158,000, respectively (six-month period ended 30 June 2015: nil and HK\$25,766,000, respectively). The estimated fair value of the share options granted were measured using the Black Scholes option pricing model as at the modified date or grant date with a fair value per option granted of HK\$5.88 to HK\$5.91 (six-month period ended 30 June 2015: HK\$8.28).

Share award schemes

During the six-month period ended 30 June 2016, the Company granted a total of 4,549,000 shares of the Company (six-month period ended 30 June 2015: 3,000,000 shares) to the directors of the Company under the Melco Share Purchase Scheme. A total of 2,131,000 awarded shares vested immediately at the date of grant and 2,124,000, 149,000 and 145,000 of the awarded shares will vest on 8 April 2017, 8 April 2018 and 8 April 2019 respectively. The fair value of the awarded shares amounted to HK\$46,582,000 and was determined with reference to the share price of the Company at the date of award of HK\$10.24 per share.

No share award was granted under the Melco Share Subscription Scheme for the six-month periods ended 30 June 2016 and 2015.

25. LONG-TERM INCENTIVE SCHEMES – continued

Melco Crown Entertainment

Melco Crown Entertainment Share Incentive Plan

Melco Crown Entertainment adopted a share incentive plan in 2006 (the “Melco Crown Entertainment 2006 Share Incentive Plan”) and a share incentive plan in 2011 (the “Melco Crown Entertainment 2011 Share Incentive Plan”). Under the plans, Melco Crown Entertainment may either grant options to purchase Melco Crown Entertainment’s ordinary shares or restricted shares. The Melco Crown Entertainment 2006 Share Incentive Plan has been succeeded by the Melco Crown Entertainment 2011 Share Incentive Plan, which will expire 10 years after 7 December 2011. No further awards may be granted under the Melco Crown Entertainment 2006 Share Incentive Plan. All subsequent awards will be issued under the Melco Crown Entertainment 2011 Share Incentive Plan. Awards previously granted under the Melco Crown Entertainment 2006 Share Incentive Plan shall remain valid subject to the terms and conditions of the Melco Crown Entertainment 2006 Share Incentive Plan.

As at 9 May 2016, the outstanding share-based payment transactions of Melco Crown Entertainment are not exchanged by the Group and are measured at their market-based measure at the acquisition date.

The fair values of outstanding share options on 9 May 2016 were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	Outstanding share options of vested portion	Outstanding share options of unvested portion
<u>Melco Crown Entertainment 2006 Share Incentive Plan</u>		
Applicable share value	US\$4.81	N/A
Exercise price	US\$1.01-US\$5.06	N/A
Expected volatility	42%-52%	N/A
Expected life (years)	1.33-5.42	N/A
Risk-free rate	0.51%-1.77%	N/A
Expected dividend yield	0.8%	N/A
Total fair value on 9 May 2016	HK\$320,207,000	N/A
<u>Melco Crown Entertainment 2011 Share Incentive Plan</u>		
Applicable share value	US\$4.81	US\$4.81-US\$17.27
Exercise price	US\$8.42-US\$12.98	US\$7.48-US\$12.98
Expected volatility	53%-65%	46%-65%
Expected life (years)	6.78-7.67	5.10-8.24
Risk-free rate	0.51%-1.77%	0.51%-1.77%
Expected dividend yield	0.8%	0.8%-1.0%
Total fair value on 9 May 2016	HK\$238,000	HK\$498,022,000

25. LONG-TERM INCENTIVE SCHEMES – continued**Melco Crown Entertainment – continued****Melco Crown Entertainment Share Incentive Plan – continued**

The fair value of outstanding restricted shares are determined with reference to the share market price of Melco Crown Entertainment on 9 May 2016.

	Outstanding awarded shares of vested portion	Outstanding awarded shares of unvested portion
Number of awarded shares	72,000	4,855,000
Share price per share as at 9 May 2016	US\$4.81	US\$4.81
Total fair value	HK\$2,679,000	HK\$181,686,000

No share option or restricted share was granted by Melco Crown Entertainment during the period from 9 May 2016 (date of deemed acquisition) to 30 June 2016.

Melco Crown (Philippines) Resorts Corporation (“Melco Crown Philippines”)**Melco Crown Philippines Share Incentive Plan**

Melco Crown Philippines, a subsidiary of Melco Crown Entertainment, adopted a share incentive plan in 2013 (the “Melco Crown Philippines Share Incentive Plan”), which will expire 10 years after 24 June 2013. Under the Melco Crown Philippines Share Incentive Plan, Melco Crown Philippines may either grant options to purchase Melco Crown Philippines’ ordinary shares or restricted shares.

As at 9 May 2016, the outstanding share-based payment transactions of Melco Crown Philippines are not exchanged by the Group and are measured at their market-based measure at the acquisition date.

	Outstanding share options of vested portion	Outstanding share options of unvested portion
<u>Melco Crown Philippines Share Incentive Plan</u>		
Applicable share value	PHP2.25	PHP2.25
Exercise price	PHP8.30-PHP13.256	PHP3.46-PHP13.256
Expected volatility	50%	50%
Expected life (years)	7.09-8.03	7.71-8.90
Risk-free rate	3.09%-4.70%	3.09%-4.70%
Expected dividend yield	–	–
Total fair value on 9 May 2016	HK\$9,849,000	HK\$1,639,000

25. LONG-TERM INCENTIVE SCHEMES – continued

Melco Crown (Philippines) Resorts Corporation (“Melco Crown Philippines”) – continued

Melco Crown Philippines Share Incentive Plan – continued

The fair value of outstanding restricted shares are determined with reference to the share market of Melco Crown Philippines on 9 May 2016.

	Outstanding awarded shares of vested portion	Outstanding awarded shares of unvested portion
Number of awarded shares	2,138,000	6,315,000
Share price per share as at		
9 May 2016	PHP2.25	PHP2.25
Total fair value	HK\$351,000	HK\$1,037,000

No share option or restricted share was granted by Melco Crown Philippines during the period from 9 May 2016 (date of deemed acquisition) to 30 June 2016.

MelcoLot and Entertainment Gaming Asia Inc. (“EGT”)

No share option was granted by MelcoLot and EGT during the six-month periods ended 30 June 2016 and 2015.

The fair value of the vested portion of share options granted amounting to HK\$330,294,000 are included as part of the non-controlling interests in Melco Crown Entertainment Group. The market-based measure of the unvested portion of HK\$64,534,000 is allocated to the non-controlling interests in Melco Crown Entertainment Group based on the ratio of the portion of the vesting period completed to the original vesting period. The balance will be recognized as remuneration cost for post-combination service.

The fair value of the vested portion of outstanding restricted shares amounting to HK\$3,030,000 are included as part of the non-controlling interests in Melco Crown Entertainment Group. The market-based measure of the unvested portion of HK\$38,894,000 is allocated to the non-controlling interests in Melco Crown Entertainment Group based on the ratio of the portion of the vesting period completed to the original vesting period. The balance will be recognized as remuneration cost for post-combination service.

The Group recognized total expenses of approximately HK\$43,538,000 for the six-month period ended 30 June 2016 (six-month period ended 30 June 2015: HK\$47,122,000) in relation to the share options granted.

The Group recognized a total expense of HK\$47,830,000 for the six-month period ended 30 June 2016 (six-month period ended 30 June 2015: HK\$30,812,000) in relation to share awards granted.

26. DEEMED ACQUISITION OF A SUBSIDIARY

On 4 May 2016, Melco Crown Entertainment, a then associate of the Group, entered into the Share Repurchase with Crown Sub. In connection with the Share Repurchase, the Group, Crown Sub and Melco Crown Entertainment entered into the Supplemental Shareholders' Deed to amend certain terms to the amended and restated shareholders' deed relating to Melco Crown Entertainment dated 12 December 2007 and the M&A of Melco Crown Entertainment. Immediately prior to the Share Repurchase, Melco Crown Entertainment was owned by the Group, Crown Sub and public shareholders as to approximately 34.3%, 34.3% and 31.4% respectively. After effecting the Share Repurchase on 9 May 2016, the equity interest of Crown Sub in Melco Crown Entertainment was reduced to approximately 27.4%, while the equity interests of the Group and public shareholders in Melco Crown Entertainment were increased to approximately 37.9% and 34.7%, respectively, and the Group has become the single largest shareholder of Melco Crown Entertainment. Following the Supplemental Shareholders' Deed coming into effect on the same date, the Group has obtained control of Melco Crown Entertainment which has become an accounting subsidiary of the Group. This deemed acquisition has been accounted for as a business combination.

Consideration transferred

As the business combination is achieved without transfer of consideration from the Group, the consideration transferred is deemed as the acquisition-date fair value of the Group's interest in Melco Crown Entertainment (the "Deemed Consideration").

26. DEEMED ACQUISITION OF A SUBSIDIARY – continued

Assets acquired and liabilities recognized at the date of deemed acquisition (determined on a provisional basis)

	HK\$'000
Assets	
Property, plant and equipment	46,300,531
Land use rights	5,996,743
Gaming license and subconcession	8,816,687
Trademarks	16,043,099
Deferred tax assets	400
Inventories	257,983
Trade and other receivables	5,212,357
Restricted cash	1,795,562
Bank balances and cash	9,910,250
Liabilities	
Trade and other payables	(9,387,804)
Deferred tax liability	(2,098,220)
Borrowings	(29,840,861)
Obligations under finance leases	(2,378,016)
	<u>50,628,711</u>

The fair value and classification of assets have been determined on the provisional basis awaiting further information and finalization of the valuation. The fair value is being valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer, not connected to the Group.

The fair value of trade and other receivables at the date of acquisition amounted to approximately HK\$5,212,357,000, which approximates to the gross contractual amounts. Based on the best estimate at the acquisition date, the contractual cash flows are expected to be fully collected.

26. DEEMED ACQUISITION OF A SUBSIDIARY – continued**Goodwill arising from deemed acquisition (determined on a provisional basis)**

	HK\$'000
Interest in an associate	
– Previously held interest (<i>note (i)</i>)	20,912,855
Non-controlling interests:	
– Non-controlling interests' proportion in Melco Crown Entertainment Group (<i>note (ii)</i>)	40,208,583
– Outstanding share options of Melco Crown Entertainment and Melco Crown Philippines (<i>note (iii)</i>)	
– Vested portion	330,294
– Unvested portion	64,534
– Outstanding restricted shares of Melco Crown Entertainment and Melco Crown Philippines (<i>note (iii)</i>)	
– Vested portion	3,030
– Unvested portion	38,894
Less: fair value of identified net assets acquired (100%)	(50,628,711)
Goodwill arising from deemed acquisition (<i>note (iv)</i>)	<u>10,929,479</u>

Notes:

- (i) The difference between the fair value and the Group's carrying amount of its interest in Melco Crown Entertainment before the business combination of approximately HK\$10,440,376,000 and the Group's cumulative share of the exchange reserve of Melco Crown Entertainment of approximately HK\$54,912,000, were recognized in profit or loss as a gain on deemed disposal of the previously held interest in Melco Crown Entertainment as an associate.
- (ii) The non-controlling interests in Melco Crown Entertainment Group recognized at the acquisition date were measured at the non-controlling interests' proportion of Melco Crown Entertainment Group's identifiable net assets.
- (iii) The outstanding share options and restricted shares of Melco Crown Entertainment and Melco Crown Philippines (including both vested and unvested portions) that are not replaced were measured at the acquisition date. Details of the share-based payment transaction and the basis of the valuation are set out in Note 25.
- (iv) Goodwill arose in the deemed acquisition of Melco Crown Entertainment because the deemed consideration transferred for the combination effectively included the benefit of future market development of Melco Crown Entertainment. These benefits are included in goodwill and not recognized separately because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

26. DEEMED ACQUISITION OF A SUBSIDIARY – continued

Cash inflow on deemed acquisition of Melco Crown Entertainment

	HK\$'000
Bank balances and cash acquired	9,910,250

Included in the profit for the period is a loss of HK\$295,778,000 attributable to the additional business generated by Melco Crown Entertainment and its subsidiaries. Revenue for the period includes HK\$5,412,282,000 generated from Melco Crown Entertainment and its subsidiaries.

Had the acquisition been completed on 1 January 2016, total group revenue for the period would have been HK\$17,049,567,000 and profit for the period would have been HK\$9,767,775,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

In determining the pro forma revenue and profit of the Group had Melco Crown Entertainment been acquired at the beginning of the current period, the directors of the Company calculated depreciation and amortisation of land use rights, property, plant and equipment and intangible assets based on the recognized amounts of land use rights, property, plant and equipment and intangible assets at the date of acquisition, and recognized the share-based payments as remuneration cost for post-combination service based on their market-based measure at the acquisition date.

27. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The leases are newly obtained by the Group through the deemed acquisition of Melco Crown Entertainment and have a term which end in July 2033.

28. CAPITAL COMMITMENTS

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	1,110,695	–

29. RELATED PARTY TRANSACTIONS

a) Significant related party transactions are as follows:

	Six-month period ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Catering income received from directors and related companies	738	916
Service income received from associates	2,062	5,092
Service income received from a related company	120	120
Sale of gaming products to associates	2,512	41,798

The above transactions with related companies are made with companies in which Mr. Ho, Lawrence Yau Lung, the Chairman and CEO and a substantial shareholder of the Company who has an interest in more than 20% of the shares of the Company, and his family members have control.

b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six-month period ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	21,882	17,236
Post-employment benefits	69	64
Share-based payments	59,427	64,269
	81,378	81,569

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

30. SUBSEQUENT EVENT

- (a) On 11 July 2016, MCE Finance Limited (“MCE Finance”), a wholly-owned subsidiary of Melco Crown Entertainment, commenced a consent solicitation (the “Consent Solicitation”) seeking consents from holders of its outstanding notes to certain proposed amendments to the indenture governing the notes following the announcement by Crown that it intends to spin off certain of its non-Australian assets to a separately listed holding company. MCE Finance obtained the requisite consent through the Consent Solicitation and paid consent fees of approximately US\$4,700,000 (equivalent to HK\$36,400,000) to the consenting holders on 3 August 2016. Crown has agreed to reimburse MCE Finance for the consent fees mentioned above and the third party fee of approximately US\$1,000,000 (equivalent to HK\$7,900,000) incurred by MCE Finance as of the date of approval of these condensed consolidated financial statements in relation to the Consent Solicitation.

- (b) In July 2016, EGT, a subsidiary of the Group sold all of its electronic gaming machines to independent third parties with a total consideration of US\$3,250,000 (equivalent to approximately HK\$25,350,000).

Other Information

SPECIAL INTERIM DIVIDEND

Pursuant to the dividend policy announced by the Company on 28 March 2014 (the “Dividend Policy”), it is the Company’s intention to provide shareholders with semi-annual dividends in an aggregate amount per year of approximately 20% of the Company’s annual consolidated net income attributable to the shareholders. The Dividend Policy also allows the Company to declare special dividends from time to time.

For the six-month period ended 30 June 2016, the Group recorded a profit attributable to shareholders of HK\$10,367.4 million, which is principally derived from the one-off non-cash and non-recurring special gain. Whilst no interim dividend is payable pursuant to the Dividend Policy, in view of the remarkable event of the Company gaining control over Melco Crown Entertainment and thereby consolidating the results of Melco Crown Entertainment for the first time in history, as well as our strong cash position with bank deposits and cash of HK\$13,339.5 million, the Board has resolved to declare a special interim dividend of HK1.5 cents (six-month period ended 30 June 2015: HK1.5 cents) per share for the six-month period ended 30 June 2016 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 20 September 2016. The dividend is expected to be paid on Friday, 30 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 15 September 2016 to Tuesday, 20 September 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the special interim dividend, all share certificates with completed transfer forms must be lodged with the Company’s share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 September 2016.

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 had a material interest, whether directly or indirectly, subsisted at the end of the six-month period ended 30 June 2016 or at any time during such period.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short position of each Director and chief executive of the Company and their respective associates in the shares, underlying shares and debentures 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 positions in the shares and underlying shares of the Company

(a) Ordinary shares of the Company

Name of Director	Number of ordinary shares held			Total	Approximate % of total issued shares ⁽¹⁾
	Personal interests ⁽²⁾	Corporate interests ⁽³⁾	Other interests ⁽⁴⁾		
Mr. Ho, Lawrence Yau Lung	30,769,132	473,521,077 ⁽⁵⁾	306,382,187 ⁽⁶⁾	810,672,396	52.41%
Mr. Tsui Che Yin, Frank	4,629,660	-	-	4,629,660	0.30%
Mr. Chung Yuk Man, Clarence	3,260,440	-	-	3,260,440	0.21%
Mr. Ng Ching Wo	82,000	-	-	82,000	0.01%
Mr. Chow Kwong Fai, Edward	2,000	-	-	2,000	0.00%
Mr. Sham Sui Leung, Daniel	81,000	-	-	81,000	0.01%
Dr. Tyen Kan Hee, Anthony	9,000	-	-	9,000	0.00%

(b) Share options and awarded shares granted by the Company

Name of Director	Number of		Total	Approximate % of total issued shares ⁽¹⁾
	underlying shares held pursuant to share options ^(2 & 7)	Number of awarded shares held ^(2 & 8)		
Mr. Ho, Lawrence Yau Lung	1,500,000	1,970,000	3,470,000	0.22%
Mr. Tsui Che Yin, Frank	3,450,000	118,000	3,568,000	0.23%
Mr. Chung Yuk Man, Clarence	2,719,000	176,000	2,895,000	0.19%
Mr. Ng Ching Wo	1,157,000	13,000	1,170,000	0.08%
Mr. Chow Kwong Fai, Edward	14,000	6,000	20,000	0.00%
Mr. Sham Sui Leung, Daniel	1,152,000	11,000	1,163,000	0.08%
Dr. Tyen Kan Hee, Anthony	952,000	12,000	964,000	0.06%

Notes:

- As at 30 June 2016, the total number of issued shares of the Company was 1,546,663,555.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- This represents interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
- The 473,521,077 shares relate to the 294,527,606 shares, 119,303,024 shares, 50,830,447 shares, 7,294,000 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, The L3G Capital Trust and Maple Peak Investments Inc. respectively, representing approximately 19.04%, 7.71%, 3.29%, 0.47% and 0.10% of the issued shares of the Company. All of such companies/trust are owned by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies and trust.
- In addition to the deemed interests as stated in Note 5 above, Mr. Ho, Lawrence Yau Lung is also taken to have interests in the 306,382,187 shares held by Great Respect Limited, representing approximately 19.81% of the issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. 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.
- Details of share options granted to the Directors pursuant to the share option schemes of the Company are set out in the "Share Option Schemes" section of this report.
- Details of awarded shares granted to the Directors pursuant to The Melco Share Purchase Scheme are set out in the "Share Award Schemes" section of this report.

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

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

(a) Ordinary shares of Melco Crown Entertainment

Name of Director	Number of ordinary shares held			Total	Approximate % of total issued shares of Melco Crown Entertainment ⁽¹⁾
	Personal interests ⁽²⁾	Corporate interests ⁽³⁾	Other interests		
Mr. Ho, Lawrence Yau Lung	4,122,944	559,229,043 ⁽⁴⁾	404,229,043 ⁽⁵⁾	967,581,030	65.56%
Mr. Chung Yuk Man, Clarence	46,594	-	-	46,594	0.00%

(b) Stock options and restricted shares granted by Melco Crown Entertainment

Name of Director	Number of underlying shares held pursuant to stock options ^(2 & 6)	Number of restricted shares held ^(2 & 6)	Total	Approximate % of total issued shares of Melco Crown Entertainment ⁽¹⁾
Mr. Chung Yuk Man, Clarence	194,664	35,094	229,758	0.02%

Notes:

- As at 30 June 2016, the total number of issued shares of Melco Crown Entertainment was 1,475,924,523.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to be interested in 559,229,043 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, as a result of his interest in approximately 52.41% of the issued shares of the Company.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is also taken to be interested in 404,229,043 shares of Melco Crown Entertainment which are being held by Crown Asia Investments Pty. Ltd. (“Crown Asia”) because of the rights of first refusal over such shares granted by Crown Asia to Melco Leisure under the amended and restated shareholders’ deed entered into among Melco Crown Entertainment, Melco Leisure, the Company, Crown Asia and Crown Resorts Limited (formerly known as Crown Limited) dated 12 December 2007, as a result of his interest in approximately 52.41% of the issued shares of the Company.
- Details of stock options and restricted shares granted to the Directors by Melco Crown Entertainment are set out in the “Share Option Schemes” section and “Share Award Schemes” section of this report.

(B) *Melco Crown (Philippines) Resorts Corporation (“Melco Crown Philippines”)*

(a) Common shares of Melco Crown Philippines

Name of Director	Number of common shares held ⁽²⁾	Approximate % of total issued shares of Melco Crown Philippines ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	7,803,638	0.14%
Mr. Chung Yuk Man, Clarence	5,651,705	0.10%

(b) Share options and restricted shares granted by Melco Crown Philippines

Name of Director	Number of underlying shares held pursuant to share options ^(2 & 3)	Number of restricted shares held ^(2 & 3)	Total	Approximate % of issued shares of Melco Crown Philippines ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	15,607,276	-	15,607,276	0.28%
Mr. Chung Yuk Man, Clarence	10,404,851	2,571,409	12,976,260	0.23%

Notes:

- As at 30 June 2016, the total number of issued shares of Melco Crown Philippines was 5,661,461,021.
- This represents interests held by the relevant Director as beneficial owner.
- Details of share options and restricted shares granted to the Directors by Melco Crown Philippines are set out in the “Share Option Schemes” section and “Share Award Schemes” section of this report.

(C) *MCE Finance Limited (“MCE Finance”)*

Debentures issued by MCE Finance

Name of Director	Amount of debentures held			Total	Approximate % of total amount of debentures in issue
	Personal interests	Corporate interests ⁽¹⁾	Other interests		
Mr. Ho, Lawrence Yau Lung	-	US\$10,000,000 5.00% Senior Notes due 2021 ⁽²⁾	-	US\$10,000,000 5.00% Senior Notes due 2021	1.00%

Notes:

- This represents interests held by the relevant Director through his controlled corporation.
- These debentures are beneficially owned by a company which is wholly-owned by Mr. Ho, Lawrence Yau Lung.

(D) *MelcoLot Limited* (“*MelcoLot*”)

(a) Ordinary shares of MelcoLot

Name of Director	Number of ordinary shares held			Total	Approximate % of total issued shares of MelcoLot ⁽¹⁾
	Personal interests	Corporate interests ⁽³⁾	Other interests		
Mr. Ho, Lawrence Yau Lung	-	1,282,244,329 ⁽⁴⁾	-	1,282,244,329	40.76%

(b) Share options granted by MelcoLot

Name of Director	Number of underlying shares held pursuant to share options ^(2 & 5)	Approximate % of total issued shares of MelcoLot ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	18,137,871	0.58%
Mr. Tsui Che Yin, Frank	20,881,400	0.66%

Notes:

1. As at 30 June 2016, the total number of issued shares of MelcoLot was 3,145,656,900.
2. This represents interests held by the relevant Director as beneficial owner.
3. This represents interests held by the relevant Director through his controlled corporations.
4. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to have interests in 1,278,714,329 shares of MelcoLot held by Melco LottVentures Holdings Limited, a wholly-owned subsidiary of the Company, as a result of his interest in approximately 52.41% of the issued shares of the Company, and 3,530,000 shares of MelcoLot held by Maple Peak Investments Inc., a company held by Mr. Ho as to 54.53%, which, in turn, holds in aggregate of approximately 40.76% of the issued shares of MelcoLot.
5. Details of share options granted to the Directors pursuant to the share option schemes of MelcoLot are set out in the “Share Option Schemes” section of this report.

(E) Entertainment Gaming Asia Inc. (“EGT”)

(a) Shares of EGT

Name of Director	Number of shares held			Total	Approximate % of total issued shares of EGT ⁽¹⁾
	Personal interests ⁽²⁾	Corporate interests ⁽³⁾	Other interests		
Mr. Ho, Lawrence Yau Lung	-	9,378,074 ⁽⁴⁾	-	9,378,074	64.84%
Mr. Chung Yuk Man, Clarence	590,266	-	-	590,266	4.08%
Dr. Tyen Kan Hee, Anthony	7,500	-	-	7,500	0.05%

(b) Stock options granted by EGT

Name of Director	Number of underlying shares held pursuant to stock options ^(2 & 5)	Approximate % of total issued shares of EGT ⁽¹⁾
Mr. Chung Yuk Man, Clarence	288,750	2.00%
Mr. Sham Sui Leung, Daniel	9,375	0.06%
Dr. Tyen Kan Hee, Anthony	34,375	0.24%

Notes:

- As at 30 June 2016, the total number of issued shares of EGT was 14,464,220.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to have interests in the 9,378,074 shares of EGT held by EGT Entertainment Holding Limited, a wholly-owned subsidiary of the Company, as a result of his interest in approximately 52.41% of the issued shares of the Company, which, in turn, holds approximately 64.84% of the issued shares of EGT.
- Details of share options granted to the Directors pursuant to the EGT 1999 Stock Option Plans and the EGT 2008 Stock Incentive Plan are set out in the “Share Option Schemes” section of this report.

Save as disclosed above, as at 30 June 2016, 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.

SHARE OPTION SCHEMES

(I) The Company

The share option scheme adopted on 8 March 2002 (the “2002 Share Option Scheme”) had expired on 7 March 2012. No options may be and have been granted under that scheme after the expiry date, but the options granted before the expiry date continue to be valid and exercisable in accordance with their terms of issue. Subject to the aforesaid, the provisions of the 2002 Share Option Scheme remain in full force and effect, notwithstanding the expiry of the 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 may, at their discretion, grant to participants of the 2012 Share Option Scheme options to subscribe for the Company’s shares (the “Shares”), subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme will expire on 29 May 2022.

Movements of share options granted under the 2002 Share Option Scheme and 2012 Share Option Scheme during the six-month period ended 30 June 2016 are set out below:

Under the 2002 Share Option Scheme

Category of participants	Number of share options					As at 30 June 2016	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors									
Mr. Tsui Che Yin, Frank	170,000	-	-	-	-	170,000	07.04.2010	3.76	4
	1,200,000	-	-	-	-	1,200,000	27.01.2012	7.1	6
	1,370,000	-	-	-	-	1,370,000			
Mr. Chung Yuk Man, Clarence	307,000	-	-	(307,000)	-	-	13.02.2006	11.8	-
	170,000	-	-	-	-	170,000	07.04.2010	3.76	4
	330,000	-	-	-	-	330,000	27.01.2012	7.1	6
	807,000	-	-	(307,000)	-	500,000			
Mr. Ng Ching Wo	300,000	-	-	(300,000)	-	-	03.04.2006	15.87	-
	51,000	-	-	-	-	51,000	28.02.2008	11.5	7
	91,000	-	-	-	-	91,000	03.04.2009	2.99	3
	60,000	-	-	-	-	60,000	07.04.2010	3.76	8
	350,000	-	-	-	-	350,000	08.04.2011	5.75	5
	210,000	-	-	-	-	210,000	27.01.2012	7.1	6
1,062,000	-	-	(300,000)	-	762,000				
Mr. Sham Sui Leung, Daniel	51,000	-	-	-	-	51,000	28.02.2008	11.5	7
	91,000	-	-	-	-	91,000	03.04.2009	2.99	3
	60,000	-	-	-	-	60,000	07.04.2010	3.76	8
	350,000	-	-	-	-	350,000	08.04.2011	5.75	5
	210,000	-	-	-	-	210,000	27.01.2012	7.1	6
762,000	-	-	-	-	762,000				
Dr. Tyen Kan Hee, Anthony	350,000	-	-	-	-	350,000	08.04.2011	5.75	5
	210,000	-	-	-	-	210,000	27.01.2012	7.1	6
	560,000	-	-	-	-	560,000			
Sub-total	4,561,000	-	-	(607,000)	-	3,954,000			

Category of participants	Number of share options						Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2016			
Employees	380,000	-	-	(380,000)	-	-	13.02.2006	11.8	-
	91,300	-	-	-	-	91,300	01.04.2008	10.804	2
	111,000	-	-	-	-	111,000	03.04.2009	2.99	3
	520,000	-	-	-	-	520,000	07.04.2010	3.76	4
	1,032,000	-	-	-	-	1,032,000	08.04.2011	5.75	5
	2,133,400	-	-	-	-	2,133,400	27.01.2012	7.1	6
Sub-total	4,267,700	-	-	(380,000)	-	3,887,700			
Others ⁽¹³⁾	2,912,000	-	-	(2,912,000)	-	-	13.02.2006	11.8	-
	600,000	-	-	(600,000)	-	-	03.04.2006	15.87	-
	102,000	-	-	-	-	102,000	28.02.2008	11.5	7
	110,200	-	-	-	-	110,200	01.04.2008	10.804	2
	211,000	-	-	-	-	211,000	03.04.2009	2.99	3
	445,000	-	-	-	-	445,000	07.04.2010	3.76	4
	536,000	-	-	-	-	536,000	08.04.2011	5.75	5
	951,000	-	-	-	-	951,000	27.01.2012	7.1	6
Sub-total	5,867,200	-	-	(3,512,000)	-	2,355,200			
Total	14,695,900	-	-	(4,499,000)	-	10,196,900			

Under the 2012 Share Option Scheme

Category of participants	Number of share options						Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2016	Modified during the period ⁽⁹⁾	Granted during the period ⁽¹⁰⁾	Exercised or lapsed during the period	Cancelled during the period ⁽⁹⁾	As at 30 June 2016			
Directors									
Mr. Ho, Lawrence	1,500,000	-	-	-	(1,500,000)	-	03.04.2014	26.65	-
Yau Lung	1,500,000	-	-	-	(1,500,000)	-	08.04.2015	14.24	-
	-	-	1,500,000	-	-	1,500,000	08.04.2016	10.24	12
	3,000,000	-	1,500,000	-	(3,000,000)	1,500,000			
Mr. Tsui Che Yin, Frank	1,000,000	(1,000,000)	-	-	-	-	02.04.2013	13.4	-
	700,000	(700,000)	-	-	-	-	03.04.2014	26.65	-
	256,000	(256,000)	-	-	-	-	08.04.2015	14.24	-
	-	1,956,000	124,000	-	-	2,080,000	08.04.2016	10.24	11
	1,956,000	-	124,000	-	-	2,080,000			
Mr. Chung Yuk Man, Clarence	1,000,000	(1,000,000)	-	-	-	-	02.04.2013	13.4	-
	700,000	(700,000)	-	-	-	-	03.04.2014	26.65	-
	263,000	(263,000)	-	-	-	-	08.04.2015	14.24	-
	-	1,963,000	256,000	-	-	2,219,000	08.04.2016	10.24	11
	1,963,000	-	256,000	-	-	2,219,000			
Mr. Ng Ching Wo	200,000	(200,000)	-	-	-	-	02.04.2013	13.4	-
	150,000	(150,000)	-	-	-	-	03.04.2014	26.65	-
	30,000	(30,000)	-	-	-	-	08.04.2015	14.24	-
	-	380,000	15,000	-	-	395,000	08.04.2016	10.24	11
	380,000	-	15,000	-	-	395,000			
Mr. Chow Kwong Fai, Edward	-	-	14,000	-	-	14,000	08.04.2016	10.24	11
Mr. Sham Sui Leung, Daniel	200,000	(200,000)	-	-	-	-	02.04.2013	13.4	-
	150,000	(150,000)	-	-	-	-	03.04.2014	26.65	-
	27,000	(27,000)	-	-	-	-	08.04.2015	14.24	-
	-	377,000	13,000	-	-	390,000	08.04.2016	10.24	11
	377,000	-	13,000	-	-	390,000			

Category of participants	Number of share options						As at 30 June 2016	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2016	Modified during the period ⁽⁸⁾	Granted during the period ⁽¹⁾⁽⁹⁾	Exercised or lapsed during the period	Cancelled during the period ⁽⁹⁾	As at 30 June 2016				
Dr. Tyen Kan Hee,	200,000	(200,000)	-	-	-	-	02.04.2013	13.4	-	
Anthony	150,000	(150,000)	-	-	-	-	03.04.2014	26.65	-	
	27,000	(27,000)	-	-	-	-	08.04.2015	14.24	-	
	-	377,000	15,000	-	-	392,000	08.04.2016	10.24	11	
	377,000	-	15,000	-	-	392,000				
Sub-total	8,053,000	-	1,937,000	-	(3,000,000)	6,990,000				
Employees	2,064,000	(2,064,000)	-	-	-	-	02.04.2013	13.4	-	
	2,131,000	(2,131,000)	-	-	-	-	03.04.2014	26.65	-	
	200,000	(200,000)	-	-	-	-	29.08.2014	20.83	-	
	714,000	(714,000)	-	-	-	-	08.04.2015	14.24	-	
	-	5,109,000	582,000	-	-	5,691,000	08.04.2016	10.24	11	
Sub-total	5,109,000	-	582,000	-	-	5,691,000				
Others ⁽¹⁾⁽³⁾	1,199,000	(1,199,000)	-	-	-	-	02.04.2013	13.4	-	
	1,095,000	(1,095,000)	-	-	-	-	03.04.2014	26.65	-	
	266,000	(266,000)	-	-	-	-	08.04.2015	14.24	-	
	-	2,560,000	44,000	-	-	2,604,000	08.04.2016	10.24	11	
Sub-total	2,560,000	-	44,000	-	-	2,604,000				
Total	15,722,000	-	2,563,000	-	(3,000,000)	15,285,000				

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- The share options granted on 1 April 2008 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 31 March 2018.
- The share options granted on 3 April 2009 are divided into 3 tranches exercisable from 3 April 2010, 3 April 2011 and 3 April 2012 respectively to 2 April 2019.
- The share options granted on 7 April 2010 are divided into 6 tranches exercisable from 7 April 2010, 7 April 2011, 7 April 2012, 7 April 2013, 7 April 2014 and 7 April 2015 respectively to 6 April 2020.
- The share options granted on 8 April 2011 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014 respectively to 7 April 2021.
- The share options granted on 27 January 2012 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015 respectively to 26 January 2022.

7. The share options granted on 28 February 2008 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 27 February 2018.
8. The share options granted on 7 April 2010 are divided into 3 tranches exercisable from 7 April 2011, 7 April 2012 and 7 April 2013 respectively to 6 April 2020.
9. On 8 April 2016, (1) a total of 15,722,000 share options (the “Previously Granted Options”) granted by the Company on 2 April 2013, 3 April 2014, 29 August 2014 and 8 April 2015 to its directors, employees and consultants (the “Grantees”) under the 2012 Share Option Scheme, which had not been exercised or lapsed since they were granted, were cancelled; and (2) a total of 12,722,000 new share options (the “Replacement Options”) were granted to the Grantees (other than Mr. Ho, Lawrence Yau Lung) under the 2012 Share Option Scheme and a new share award in respect of 1,740,000 shares (the “Replacement Share Award”) were granted to Mr. Ho, Lawrence Yau Lung pursuant to the Share Purchase Scheme adopted by the Company on 18 October 2007 in replacement of the Previously Granted Options. All the Grantees had given their written consent to cancel their respective share options.

Among the Previously Granted Options, 12,722,000 of such options were replaced by an identical number of Replacement Options. Such Replacement Options are treated as modified options since the terms of such options were modified by changing the exercise period and reducing the exercise prices from HK\$13.40, HK\$26.65, HK\$20.83 and HK\$14.24 (as the case may be) to HK\$10.24.

Details of the cancellation and grant of share options are set out in the announcement of the Company dated 8 April 2016 and details of the Replacement Share Award are set out in the “Share Award Schemes” section of this report.

10. On 8 April 2016, in addition to the grant of Replacement Options, the Company also granted a total of 2,563,000 new share options (the “New Options”) to the Grantees under the 2012 Share Option Scheme.
11. The Replacement Options and the New Options granted on 8 April 2016 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019 respectively to 7 April 2026.
12. The New Options granted on 8 April 2016 are divided into 2 tranches exercisable from 8 April 2016 and 8 April 2017 respectively to 7 April 2026.
13. The category “Others” represents the former directors/employees or consultants of the Group.

During the six-month period ended 30 June 2016, the Company granted Replacement Options and New Options to the Grantees, which entitle the Grantees to subscribe for a total of 15,285,000 shares of the Company at an exercise price of HK\$10.24 per share. The validity period of the options is ten years, from 8 April 2016 to 7 April 2026. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$10.08.

The estimated fair value of the 12,722,000 original share options was approximately HK\$51,971,000 at the date of modification on 8 April 2016. The estimated fair value of the 12,722,000 modified share options and 2,563,000 new share options on 8 April 2016, which is the modified date or grant date, was approximately HK\$74,821,000 and HK\$15,158,000, respectively. The estimated fair value of the share options granted were measured using the Black Scholes option pricing model as at the modified date or grant date with a fair value per option granted of HK\$5.88 to HK\$5.91.

The Black-Scholes option pricing model was 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. The inputs into the model are as follows:

Grant date of the share options	8 April 2016	8 April 2015
Valuation model	Black-Scholes	Black-Scholes
Exercise price	HK\$10.24	HK\$14.24
Expected volatility	59%	56%
Expected life	10 years	10 years
Risk-free rate	1.167% - 1.225%	1.37%
Expected dividend yield	0.74%	0.56%
Suboptimal exercise factor	N/A	N/A

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, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group and the Company recognized total expenses of approximately HK\$33,852,000 for the six-month period ended 30 June 2016 (six-month period ended 30 June 2015: HK\$33,461,000) in relation to the share options granted by the Company.

(II) Melco Crown Entertainment

Melco Crown Entertainment adopted a share incentive plan in 2006 (the “MCE 2006 Share Incentive Plan”) and a share incentive plan in 2011 (the “MCE 2011 Share Incentive Plan”). Under the plans, Melco Crown Entertainment may grant either options to purchase Melco Crown Entertainment’s ordinary shares or restricted shares. The MCE 2006 Share Incentive Plan has been succeeded by the MCE 2011 Share Incentive Plan, which will expire 10 years after 7 December 2011. No further awards may be granted under the MCE 2006 Share Incentive Plan. All subsequent awards will be issued under the MCE 2011 Share Incentive Plan. Awards previously granted under the MCE 2006 Share Incentive Plan shall remain valid subject to the terms and conditions of the MCE 2006 Share Incentive Plan.

Movements of stock options granted under the MCE 2006 Share Incentive Plan and MCE 2011 Share Incentive Plan during the period from 9 May 2016 to 30 June 2016 are set out below:

(i) Stock options granted to the Directors

Name of Director	Number of share options					As at 30 June 2016	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 9 May 2016 ⁽¹⁾	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under MCE 2006 Share Incentive Plan									
Mr. Ho, Lawrence	2,898,774	-	-	-	-	2,898,774	17.03.2009	1.09	3
Yau Lung	755,058	-	-	-	-	755,058	25.11.2009	1.43	4
	1,446,498	-	-	-	-	1,446,498	23.03.2011	2.52	5
Mr. Chung Yuk Man,	56,628	-	-	-	-	56,628	18.03.2008	4.01	6
Clarence	138,036	-	-	-	-	138,036	17.03.2009	1.09	3
Total	5,294,994	-	-	-	-	5,294,994			
Under MCE 2011 Share Incentive Plan									
Mr. Ho, Lawrence	474,399	-	-	-	-	474,399	29.03.2012	4.70	7
Yau Lung	362,610	-	-	-	-	362,610	10.05.2013	5.76	8, 22
	320,343	-	-	-	-	320,343	28.03.2014	5.76	9, 22
	690,291	-	-	-	-	690,291	30.03.2015	5.76	10, 22
	1,302,840	-	-	-	-	1,302,840	18.03.2016	5.76	11
Total	3,150,483	-	-	-	-	3,150,483			

(ii) *Stock options granted to other eligible participants*

	Number of stock options					As at 30 June 2016	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 9 May 2016 ⁽¹⁾	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under MCE 2006 Share Incentive Plan									
Other eligible participants ⁽²⁾	119,697	-	-	-	-	119,697	10.09.2007	5.06	12
	131,913	-	-	-	-	131,913	18.03.2008	4.01	13
	2,937,486	-	-	-	-	2,937,486	25.11.2008	1.01	14
	276,072	-	-	-	-	276,072	17.03.2009	1.09	3
	267,885	-	-	-	-	267,885	25.11.2009	1.43	15
	263,028	-	-	-	-	263,028	25.11.2009	1.43	4
	140,400	-	-	-	-	140,400	25.11.2009	1.43	16
	112,287	-	-	-	-	112,287	26.05.2010	1.25	17
	300,000	-	-	-	-	300,000	16.08.2010	1.33	18
	1,768,521	-	-	-	-	1,768,521	23.03.2011	2.52	19
Total	6,317,289	-	-	-	-	6,317,289			
Under MCE 2011 Share Incentive Plan									
Other eligible participants ⁽²⁾	995,583	-	-	-	-	995,583	29.03.2012	4.70	7
	15,516	-	-	-	(5,172)	10,344	10.05.2013	8.42	20
	762,045	-	-	-	(3,444)	758,601	10.05.2013	5.76	8, 22
	10,794	-	-	-	(10,794)	-	28.03.2014	12.98	-
	767,307	-	-	-	(2,397)	764,910	28.03.2014	5.76	9, 22
	50,604	-	-	-	(35,760)	14,844	30.03.2015	7.48	21
	1,669,638	-	-	-	(4,338)	1,665,300	30.03.2015	5.76	10, 22
	3,456,846	-	-	-	-	3,456,846	18.03.2016	5.76	11
Total	7,728,333	-	-	-	(61,905)	7,666,428			

Notes:

1. Melco Crown Entertainment has become a subsidiary of the Company with effect from 9 May 2016.
2. The vesting period of the stock options is from the date of grant until the commencement of the exercise period.
3. The stock options granted on 17 March 2009 are divided into 4 tranches exercisable from 17 March 2010, 17 March 2011, 17 March 2012 and 17 March 2013 respectively to 16 March 2019.
4. The stock options granted on 25 November 2009 are divided into 4 tranches exercisable from 25 November 2010, 25 November 2011, 25 November 2012 and 25 November 2013 respectively to 17 March 2018.
5. The stock options granted on 23 March 2011 are divided into 3 tranches exercisable from 23 March 2012, 23 March 2013 and 23 March 2014 respectively to 22 March 2021.
6. The stock options granted on 18 March 2008 are divided into 4 tranches exercisable from 18 March 2009, 18 March 2010, 18 March 2011 and 18 March 2012 respectively to 17 March 2018.
7. The stock options granted on 29 March 2012 are divided into 3 tranches exercisable from 29 March 2013, 29 March 2014 and 29 March 2015 respectively to 28 March 2022.
8. The stock options granted on 10 May 2013 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 9 May 2023. The exercise price and vesting schedules of such stock options were modified on 18 March 2016.
9. The stock options granted on 28 March 2014 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 27 March 2024. The exercise price and vesting schedules of such stock options were modified on 18 March 2016.
10. The stock options granted on 30 March 2015 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 29 March 2025. The exercise price and vesting schedules of such stock options were modified on 18 March 2016.
11. The stock options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 17 March 2026.
12. The stock options granted on 10 September 2007 are divided into 4 tranches exercisable from 10 September 2008, 10 September 2009, 10 September 2010 and 10 September 2011 respectively to 9 September 2017.
13. The stock options granted on 18 March 2008 are divided into 4 tranches exercisable from 18 March 2009, 18 March 2010, 18 March 2011 and 18 March 2012 respectively to 17 March 2018.
14. The stock options granted on 25 November 2008 are divided into 2 tranches exercisable from 25 November 2010 and 25 November 2011 respectively to 24 November 2018.

15. The stock options granted on 25 November 2009 are divided into 4 tranches exercisable from 25 November 2010, 25 November 2011, 25 November 2012 and 25 November 2013 respectively to 9 September 2017.
16. The stock options granted on 25 November 2009 are divided into 4 tranches exercisable from 25 November 2010, 25 November 2011, 25 November 2012 and 25 November 2013 respectively to 10 April 2018.
17. The stock options granted on 26 May 2010 are divided into 2 tranches exercisable from 26 May 2012 and 26 May 2013 respectively to 25 May 2020.
18. The stock options granted on 16 August 2010 are divided into 2 tranches exercisable from 16 August 2012 and 16 August 2014 respectively to 15 August 2020.
19. The stock options granted on 23 March 2011 are divided into 3 tranches exercisable from 23 March 2012, 23 March 2013 and 23 March 2014 respectively to 22 March 2021.
20. The stock options granted on 10 May 2013 are divided into 3 tranches exercisable from 10 May 2014, 10 May 2015 and 10 May 2016 respectively to 9 May 2023.
21. The stock options granted on 30 March 2015 is exercisable from 30 March 2018 to 29 March 2025.
22. On 18 March 2016, the board of directors of Melco Crown Entertainment approved a modification to lower the exercise prices and extend the vesting schedules of certain outstanding stock options (including those unvested, or vested but not yet exercised stock options) held by active employees as of 18 March 2016. A total of 4,572,234 stock options granted in 2013, 2014 and 2015 under the MCE 2011 Share Incentive Plan were modified to state an exercise price US\$5.76 per share (US\$17.27 per American depository share (“ADS”) of Melco Crown Entertainment, each representing three ordinary shares), which reflected the closing price of the Melco Crown Entertainment’s ADS on the NASDAQ Global Select Market on the modification date.
23. “Other eligible participants” represents the directors (other than the Directors), employees or consultants of Melco Crown Entertainment.

(III) Melco Crown Philippines

Melco Crown Philippines adopted a share incentive plan in 2013 (the “MCP Share Incentive Plan”), which will expire 10 years after 24 June 2013. Under the MCP Share Incentive Plan, Melco Crown Philippines may grant either options to purchase Melco Crown Philippines’ ordinary shares or restricted shares.

Movements of stock options granted under the MCP Share Incentive Plan during the period from 9 May 2016 to 30 June 2016 are set out below:

(i) *Share options granted to the Directors*

Name of Director	Number of share options					As at 30 June 2016	Date of grant	Exercise price PHP	Exercise period (Note)
	As at 9 May 2016 ⁽ⁱ⁾	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under MCP Share Incentive Plan									
Mr. Ho, Lawrence Yau Lung	15,607,276	-	-	-	-	15,607,276	28.06.2013	8.30	3
Mr. Chung Yuk Man, Clarence	10,404,851	-	-	-	-	10,404,851	28.06.2013	8.30	3
Total	26,012,127	-	-	-	-	26,012,127			

(ii) *Share options granted to other eligible participants*

	Number of stock options					As at 30 June 2016	Date of grant	Exercise price PHP	Exercise period (Note)
	As at 9 May 2016 ⁽ⁱ⁾	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under MCP Share Incentive Plan									
Other eligible	79,120,227	-	-	-	(693,658)	78,426,569	28.06.2013	8.30	3
Participants ⁽ⁱⁱ⁾	1,560,728	-	-	-	-	1,560,728	17.02.2014	8.30	4
	346,828	-	-	-	-	346,828	28.02.2014	8.30	5
	1,040,485	-	-	-	-	1,040,485	27.03.2014	8.30	6
	1,040,485	-	-	-	(346,829)	693,656	28.03.2014	8.30	7
	3,317,045	-	-	(42,589)	(81,432)	3,193,024	30.05.2014	13.26	8
	6,796,532	-	-	-	-	6,796,532	16.11.2015	3.46	9
Total	93,222,330	-	-	(42,589)	(1,121,919)	92,057,822			

Notes:

1. Melco Crown Philippines has become a subsidiary of the Company with effect from 9 May 2016.
2. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
3. The share options granted on 28 June 2013 are divided into 3 tranches exercisable from 4 March 2015, 29 April 2015 and 29 April 2016 respectively to 27 June 2023.
4. The share options granted on 17 February 2014 are divided into 3 tranches exercisable from 29 April 2015, 29 April 2016 and 29 April 2017 respectively to 16 February 2024.
5. The share options granted on 28 February 2014 are divided into 3 tranches exercisable from 29 April 2015, 29 April 2016 and 29 April 2017 respectively to 27 February 2024.
6. The share options granted on 27 March 2014 are divided into 3 tranches exercisable from 29 April 2015, 29 April 2016 and 29 April 2017 respectively to 26 March 2024.
7. The share options granted on 28 March 2014 are divided into 3 tranches exercisable from 29 April 2015, 29 April 2016 and 29 April 2017 respectively to 27 March 2024.
8. The share options granted on 30 May 2014 are divided into 3 tranches exercisable from 30 May 2015, 30 May 2016 and 30 May 2017 respectively to 29 May 2024.
9. The share options granted on 16 November 2015 are divided into 3 tranches exercisable from 16 November 2016, 16 November 2017 and 16 November 2018 respectively to 15 November 2025.
10. "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Crown Philippines.

(IV) MelcoLot

MelcoLot adopted share option schemes on 20 April 2002 (the “MelcoLot 2002 Share Option Scheme”) and 18 May 2012 (the “MelcoLot 2012 Share Option Scheme”). The MelcoLot 2002 Share Option Scheme had expired and no options may be and have been granted under that scheme after the expiry date, but the options granted before the expiry date continue to be valid and exercisable in accordance with their terms of issue. Subject to the aforesaid, the provisions of the MelcoLot 2002 Share Option Scheme remain in full force and effect, notwithstanding the expiry of the scheme.

Pursuant to the MelcoLot 2012 Share Option Scheme, the directors of MelcoLot may grant options to eligible persons to subscribe for the shares of MelcoLot, subject to the terms and conditions stipulated therein. The MelcoLot 2012 Share Option Scheme will remain valid for a period of 10 years from the date of its adoption.

Movements of share options granted under the MelcoLot 2002 Share Option Scheme and MelcoLot 2012 Share Option Scheme during the six-month period ended 30 June 2016 are set out below:

(i) Share options granted to the Directors

Name of Director	Number of share options					As at 30 June 2016	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under MelcoLot 2012 Share Option Scheme									
Mr. Ho, Lawrence	7,385,871	-	-	-	-	7,385,871	02.07.2013	0.511	7
Yau Lung	10,752,000	-	-	-	-	10,752,000	09.10.2015	0.465	8
Mr. Tsui Che Yin, Frank	6,386,400	-	-	-	-	6,386,400	02.07.2013	0.511	7
	14,495,000	-	-	-	-	14,495,000	09.10.2015	0.465	8
Total	39,019,271	-	-	-	-	39,019,271			

(ii) *Share options granted to other eligible participants*

	Number of share options					As at 30 June 2016	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under MelcoLot 2002 Share Option Scheme									
Other eligible participants ⁽⁹⁾	52,300	-	-	-	-	52,300	12.01.2007	0.063	2
	3,143,610	-	-	-	-	3,143,610	31.03.2008	0.638	3
	2,956,728	-	-	-	-	2,956,728	16.02.2009	0.215	4
	390,510	-	-	-	-	390,510	10.07.2009	0.263	5
	446,297	-	-	-	-	446,297	18.11.2010	0.109	6
Total	6,989,445	-	-	-	-	6,989,445			
Under MelcoLot 2012 Share Option Scheme									
Other eligible participants ⁽⁹⁾	17,562,600	-	-	-	-	17,562,600	02.07.2013	0.511	7
	56,461,000	-	-	-	-	56,461,000	09.10.2015	0.465	8
Total	74,023,600	-	-	-	-	74,023,600			

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The share options granted on 12 January 2007 are divided into 4 tranches exercisable from 12 January 2008, 12 January 2009, 12 January 2010 and 12 January 2011 respectively to 11 January 2017.
3. The share options granted on 31 March 2008 are divided into 2 tranches exercisable from 30 September 2008 and 31 March 2009 respectively to 30 March 2018.
4. The share options granted on 16 February 2009 are divided into 3 tranches exercisable from 16 February 2010, 16 February 2011 and 16 February 2012 respectively to 15 February 2019.
5. The share options granted on 10 July 2009 are divided into 3 tranches exercisable from 10 July 2010, 10 July 2011 and 10 July 2012 respectively to 9 July 2019.
6. The share options granted on 18 November 2010 are divided into 2 tranches exercisable from 18 May 2011 and 18 November 2011 respectively to 17 November 2020.
7. The share options granted on 2 July 2013 are divided into 4 tranches exercisable from 2 July 2013, 2 July 2014, 2 July 2015 and 2 July 2016 respectively to 1 July 2023.
8. The share options granted on 9 October 2015 are divided into 3 tranches exercisable from 9 October 2015, 9 October 2016 and 9 October 2017 respectively to 8 October 2025.
9. "Other eligible participants" represents the directors (other than the Directors), employees or consultants of MelcoLot.

(V) EGT

At the annual shareholders meeting of EGT held on 8 September 2008, a new stock option plan (the “EGT 2008 Stock Incentive Plan”) was voted on and became effective on 1 January 2009, which replaced two previous plans, the Amended and Restated 1999 Stock Option Plan and the Amended and Restated 1999 Directors’ Stock Option Plan (the “EGT 1999 Stock Option Plans”). Although the EGT 1999 Stock Option Plans terminated on 31 December 2008, the stock options granted thereunder that were outstanding as of the date of termination shall remain outstanding and subject to termination according to their terms.

The EGT 2008 Stock Incentive Plan allows for incentive awards to eligible recipients consisting of:

- Options to purchase shares that qualify as incentive stock options within the meaning of the Internal Revenue Code in the United States;
- Non-statutory stock options that do not qualify as incentive options;
- Restricted stock awards; and
- Performance stock awards which are subject to future achievement of performance criteria or free of any performance or vesting.

Movements of the stock options, which were granted under the EGT 1999 Stock Option Plans and EGT 2008 Stock Incentive Plan, during the six-month period ended 30 June 2016, are set out below:

(i) *Stock options granted to the Directors*

Name of Director	Number of stock options					As at 30 June 2016	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under EGT 1999 Stock Option Plans									
Mr. Chung Yuk Man,	1,875	-	-	-	-	1,875	22.01.2008	57.92	2
Clarence	6,250	-	-	-	-	6,250	12.02.2008	73.44	3
	125,000	-	-	-	-	125,000	29.12.2008	2.72	4
Mr. Sham Sui Leung, Daniel	6,250	-	-	-	-	6,250	11.12.2008	1.28	14
Dr. Tyen Kan Hee, Anthony	6,250	-	-	-	-	6,250	11.12.2008	1.28	14
Total	145,625	-	-	-	-	145,625			
Under EGT 2008 Stock Incentive Plan									
Mr. Chung Yuk Man, Clarence	3,125	-	-	-	-	3,125	12.02.2009	2.08	5
	3,125	-	-	-	-	3,125	07.01.2010	4.64	6
	31,250	-	-	-	-	31,250	22.01.2010	4.4	7
	34,375	-	-	-	-	34,375	03.02.2011	5.76	8
	43,750	-	-	-	-	43,750	03.01.2012	3.696	9
	6,250	-	-	-	-	6,250	02.01.2013	7.86	10
	16,250	-	-	-	-	16,250	02.01.2013	7.86	11
	6,250	-	-	-	-	6,250	02.01.2014	4.844	12
	11,250	-	-	-	-	11,250	02.01.2014	4.844	13
Mr. Sham Sui Leung, Daniel	3,125	-	-	-	-	3,125	12.02.2009	2.08	5
Dr. Tyen Kan Hee, Anthony	3,125	-	-	-	-	3,125	12.02.2009	2.08	5
	3,125	-	-	-	-	3,125	07.01.2010	4.64	6
	3,125	-	-	-	-	3,125	03.02.2011	5.76	15
	6,250	-	-	-	-	6,250	03.01.2012	3.696	16
	6,250	-	-	-	-	6,250	02.01.2013	7.86	10
	6,250	-	-	-	-	6,250	02.01.2014	4.844	17
Total	186,875	-	-	-	-	186,875			

(ii) Stock options granted to other eligible participants

	Number of stock options					As at 30 June 2016	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under EGT 1999 Stock Option Plans									
Other eligible participants ⁽³⁵⁾	625	-	-	-	(625)	-	30.01.2006	48.48	18
	1,875	-	-	-	-	1,875	06.03.2007	38.88	19
	313	-	-	-	-	313	07.03.2007	38.339	20
	313	-	-	-	-	313	07.03.2007	38.339	21
	1,000	-	-	-	-	1,000	10.09.2007	49.76	22
	7,500	-	-	-	-	7,500	22.01.2008	57.92	2
	7,813	-	-	-	-	7,813	12.02.2008	67.516	23
	12,438	-	-	-	-	12,438	12.02.2008	73.44	24
	12,500	-	-	-	-	12,500	21.05.2008	19.52	25
	12,500	-	-	-	-	12,500	11.12.2008	1.28	14
	28,126	-	-	-	-	28,126	11.12.2008	1.28	26
Total	85,003	-	-	-	(625)	84,378			
Under EGT 2008 Stock Incentive Plan									
Other eligible participants ⁽³⁵⁾	18,750	-	-	-	-	18,750	12.02.2009	2.08	5
	9,375	-	-	-	-	9,375	07.01.2010	4.64	6
	37,501	-	-	-	-	37,501	12.03.2010	4.16	27
	34,377	-	-	-	-	34,377	13.05.2010	4.24	28
	4,688	-	-	-	-	4,688	17.08.2010	3.84	29
	150,907	-	-	-	-	150,907	03.02.2011	5.76	30
	9,375	-	-	-	-	9,375	03.02.2011	5.76	15
	18,750	-	-	-	-	18,750	03.01.2012	3.696	16
	6,250	-	-	-	-	6,250	20.07.2012	8.676	33
	3,750	-	-	-	-	3,750	07.09.2012	8.564	31
	18,750	-	-	-	-	18,750	02.01.2013	7.86	10
	18,750	-	-	-	-	18,750	11.03.2013	7.496	32
	18,750	-	-	-	-	18,750	02.01.2014	4.844	17
Total	349,973	-	-	-	-	349,973			

Notes:

1. The vesting period of the stock options is from the date of grant until the commencement of the exercise period.
2. The stock options granted on 22 January 2008 may be exercised from 23 July 2008 to 22 January 2018.
3. The stock options granted on 12 February 2008 may be exercised from 15 May 2008 to 14 November 2017.
4. The stock options granted on 29 December 2008 may be exercised from 29 December 2009 to 29 December 2018.
5. The stock options granted on 12 February 2009 may be exercised from 13 August 2009 to 12 February 2019.

6. The stock options granted on 7 January 2010 may be exercised from 8 July 2010 to 7 January 2020.
7. The stock options granted on 22 January 2010 may be exercised from 1 January 2011 to 22 January 2020.
8. The stock options granted on 3 February 2011 are divided into 2 tranches exercisable from 4 August 2011 and 1 January 2012 respectively to 3 February 2021.
9. The stock options granted on 3 January 2012 are divided into 2 tranches exercisable from 4 July 2012 and 1 January 2013 respectively to 3 January 2022.
10. The stock options granted on 2 January 2013 may be exercised from 3 July 2013 to 2 January 2023.
11. The stock options granted on 2 January 2013 may be exercised from 2 January 2016 to 2 January 2023.
12. The stock options granted on 2 January 2014 may be exercised from 3 July 2014 to 2 January 2024.
13. The stock options granted on 2 January 2014 may be exercised from 2 January 2017 to 2 January 2024.
14. The stock options granted on 11 December 2008 may be exercised from 12 June 2009 to 11 December 2018.
15. The stock options granted on 3 February 2011 may be exercised from 4 August 2011 to 3 February 2021.
16. The stock options granted on 3 January 2012 may be exercised from 4 July 2012 to 3 January 2022.
17. The stock options granted on 2 January 2014 may be exercised from 3 July 2014 to 2 January 2024.
18. The stock options granted on 30 January 2006 may be exercised from 31 July 2006 to 30 January 2016.
19. The stock options granted on 6 March 2007 may be exercised from 7 September 2007 to 6 March 2017.
20. The stock options granted on 7 March 2007 may be exercised from 8 September 2007 to 7 March 2017.
21. The stock options granted on 7 March 2007 may be exercised from 8 September 2007 to 7 March 2017.
22. The stock options granted on 10 September 2007 may be exercised from 18 November 2007 to 10 September 2017.
23. The stock options granted on 12 February 2008 are divided into 3 tranches exercisable from 14 November 2008, 14 November 2009 and 14 November 2010 respectively to 14 November 2017.
24. The stock options granted on 12 February 2008 may be exercised from 13 August 2008 to 14 November 2017.
25. The stock options granted on 21 May 2008 are divided into 3 tranches exercisable from 21 May 2009, 21 May 2010 and 21 May 2011 respectively to 21 May 2018.
26. The stock options granted on 11 December 2008 are divided into 3 tranches exercisable from 11 December 2009, 11 December 2010 and 11 December 2011 respectively to 11 December 2018.

27. The stock options granted on 12 March 2010 may be exercised from 12 March 2011 to 12 March 2020.
28. The stock options granted on 13 May 2010 are divided into 3 tranches exercisable from 13 May 2011, 13 May 2012 and 13 May 2013 respectively to 13 May 2020.
29. The stock options granted on 17 August 2010 are divided into 3 tranches exercisable from 17 August 2011, 17 August 2012 and 17 August 2013 respectively to 17 August 2020.
30. The stock options granted on 3 February 2011 are divided into 3 tranches exercisable from 3 February 2012, 3 February 2013 and 3 February 2014 respectively to 3 February 2021.
31. The stock options granted on 7 September 2012 are divided into 3 tranches exercisable from 7 September 2013, 7 September 2014 and 7 September 2015 respectively to 7 September 2022.
32. The stock options granted on 11 March 2013 are divided into 3 tranches exercisable from 11 March 2014, 11 March 2015 and 11 March 2016 respectively to 11 March 2023.
33. The stock options granted on 20 July 2012 are divided into 3 tranches exercisable from 20 July 2013, 20 July 2014 and 20 July 2015 respectively to 20 July 2022.
34. On 29 April 2016, the EGT Board conditionally offered to (1) cancel a total of 484,781 underwater stock options (i.e. stock options with exercise prices that are significantly higher than the current market trading price of EGT's shares) held by certain option holders, including the existing directors, chief executive officer, employees and consultant of EGT (the "EGT Option Holders") (the "EGT Previously Granted Options"), which had not been exercised or lapsed since they were granted; and (2) grant a total of 484,781 replacement stock options (the "EGT Replacement Options") at an exercise price of US\$1.94 to the EGT Option Holders in replacement of the EGT Previously Granted Options, subject to the approval by EGT's and the Company's shareholders of EGT's amended stock incentive plan (the "EGT Amended Stock Incentive Plan"), which amended the stock incentive plan previously adopted by EGT in 2008 in order to bring it in alignment with Chapter 17 of the Listing Rules subsequent to EGT becoming a subsidiary of the Company. The EGT Amended Stock Incentive Plan was approved by both the shareholders of EGT and the Company and became effective on 18 July 2016.
35. "Other eligible participants" represents the directors (other than the Directors), employees or consultants of EGT.

SHARE AWARD SCHEMES

(I) The Company

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”). Certain rules of such schemes were amended on 28 August 2014 and 12 June 2015.

The purpose of the Share Purchase Scheme and the Share Subscription Scheme is to recognize the contributions of the directors, employees and consultants of the Group and provide them with incentives so as to retain them for the continual operation and development of the Group and to attract suitable personnel for the future development of the Group. 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. The shares awarded to the grantees under the Share Purchase Scheme will be settled by the shares of the Company purchased in the market whereas the shares awarded to the grantees under the Share Subscription Scheme will be settled by allotment of new shares of the Company.

(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-month period ended 30 June 2016, are set out below:

Category of participants	Number of awarded shares				As at 30 June 2016	Date of award	Vesting date
	As at 1 January 2016	Awarded during the period	Vested during the period	Lapsed/ cancelled during the period			
Directors							
Mr. Ho, Lawrence	1,100,000	-	(1,100,000)	-	-	08.04.2015	08.04.2016
Yau Lung	-	870,000	(870,000)	-	-	08.04.2016	08.04.2016
	-	870,000	-	-	870,000	08.04.2016	08.04.2017
	-	1,100,000	(1,100,000)	-	-	08.04.2016	08.04.2016
	-	1,100,000	-	-	1,100,000	08.04.2016	08.04.2017
	1,100,000	3,940,000	(3,070,000)	-	1,970,000		
Mr. Tsui Che Yin, Frank	32,000	-	(32,000)	-	-	08.04.2015	08.04.2016
	32,000	-	-	-	32,000	08.04.2015	08.04.2017
	32,000	-	-	-	32,000	08.04.2015	08.04.2018
	-	18,000	(18,000)	-	-	08.04.2016	08.04.2016
	-	18,000	-	-	18,000	08.04.2016	08.04.2017
	-	18,000	-	-	18,000	08.04.2016	08.04.2018
	-	18,000	-	-	18,000	08.04.2016	08.04.2019
	96,000	72,000	(50,000)	-	118,000		
Mr. Chung Yuk Man, Clarence	33,000	-	(33,000)	-	-	08.04.2015	08.04.2016
	33,000	-	-	-	33,000	08.04.2015	08.04.2017
	32,000	-	-	-	32,000	08.04.2015	08.04.2018
	-	38,000	(38,000)	-	-	08.04.2016	08.04.2016
	-	37,000	-	-	37,000	08.04.2016	08.04.2017
	-	37,000	-	-	37,000	08.04.2016	08.04.2018
	-	37,000	-	-	37,000	08.04.2016	08.04.2019
	98,000	149,000	(71,000)	-	176,000		
Mr. Ng Ching Wo	4,000	-	(4,000)	-	-	08.04.2015	08.04.2016
	4,000	-	-	-	4,000	08.04.2015	08.04.2017
	3,000	-	-	-	3,000	08.04.2015	08.04.2018
	-	2,000	(2,000)	-	-	08.04.2016	08.04.2016
	-	2,000	-	-	2,000	08.04.2016	08.04.2017
	-	2,000	-	-	2,000	08.04.2016	08.04.2018
	-	2,000	-	-	2,000	08.04.2016	08.04.2019
	11,000	8,000	(6,000)	-	13,000		

(a) Share Purchase Scheme – continued

Category of participants	Number of awarded shares				As at 30 June 2016	Date of award	Vesting date
	As at 1 January 2016	Awarded during the period	Vested during the period	Lapsed/ cancelled during the period			
Mr. Chow Kwong Fai, Edward	-	2,000	(2,000)	-	-	08.04.2016	08.04.2016
	-	2,000	-	-	2,000	08.04.2016	08.04.2017
	-	2,000	-	-	2,000	08.04.2016	08.04.2018
	-	2,000	-	-	2,000	08.04.2016	08.04.2019
	-	8,000	(2,000)	-	6,000		
Mr. Sham Sui Leung, Daniel	3,000	-	(3,000)	-	-	08.04.2015	08.04.2016
	3,000	-	-	-	3,000	08.04.2015	08.04.2017
	3,000	-	-	-	3,000	08.04.2015	08.04.2018
	-	2,000	(2,000)	-	-	08.04.2016	08.04.2016
	-	2,000	-	-	2,000	08.04.2016	08.04.2017
	-	2,000	-	-	2,000	08.04.2016	08.04.2018
	-	1,000	-	-	1,000	08.04.2016	08.04.2019
	9,000	7,000	(5,000)	-	11,000		
Dr. Tyen Kan Hee, Anthony	3,000	-	(3,000)	-	-	08.04.2015	08.04.2016
	3,000	-	-	-	3,000	08.04.2015	08.04.2017
	3,000	-	-	-	3,000	08.04.2015	08.04.2018
	-	2,000	(2,000)	-	-	08.04.2016	08.04.2016
	-	2,000	-	-	2,000	08.04.2016	08.04.2017
	-	2,000	-	-	2,000	08.04.2016	08.04.2018
	-	2,000	-	-	2,000	08.04.2016	08.04.2019
	9,000	8,000	(5,000)	-	12,000		
Sub-total	1,323,000	4,192,000	(3,209,000)	-	2,306,000		
Employees	88,600	-	(88,600)	-	-	08.04.2015	08.04.2016
	86,400	-	-	-	86,400	08.04.2015	08.04.2017
	82,400	-	-	-	82,400	08.04.2015	08.04.2018
	-	90,000	(90,000)	-	-	08.04.2016	08.04.2016
	-	84,000	-	-	84,000	08.04.2016	08.04.2017
	-	79,000	-	-	79,000	08.04.2016	08.04.2018
	-	78,000	-	-	78,000	08.04.2016	08.04.2019
Sub-total	257,400	331,000	(178,600)	-	409,800		
Consultants	33,000	-	(33,000)	-	-	08.04.2015	08.04.2016
	33,000	-	-	-	33,000	08.04.2015	08.04.2017
	32,000	-	-	-	32,000	08.04.2015	08.04.2018
	-	7,000	(7,000)	-	-	08.04.2016	08.04.2016
	-	7,000	-	-	7,000	08.04.2016	08.04.2017
	-	7,000	-	-	7,000	08.04.2016	08.04.2018
	-	5,000	-	-	5,000	08.04.2016	08.04.2019
Sub-total	98,000	26,000	(40,000)	-	84,000		
Total	1,678,400	4,549,000	(3,427,600)	-	2,799,800		

(b) Share Subscription Scheme

No share award was granted or outstanding under the Share Subscription Scheme during the six-month period ended 30 June 2016.

(II) Melco Crown Entertainment

Movements of the restricted shares, which were granted under the MCE 2011 Share Incentive Plan during the period from 9 May 2016 to 30 June 2016, are set out below:

(i) Restricted shares granted to the Directors

Name of Director	Number of restricted shares					As at 30 June 2016	Date of award	Vesting date
	As at 9 May 2016 ⁽¹⁾	Awarded during the period	Vested during the period	Lapsed during the period	Cancelled during the period			
Mr. Ho, Lawrence	60,435	-	(60,435)	-	-	-	10.05.2013	10.05.2016
Yau Lung	160,171	-	-	-	-	160,171	28.03.2014	28.03.2017
	345,144	-	-	-	-	345,144	30.03.2015	30.03.2018
	217,140	-	-	-	-	217,140	18.03.2016	18.03.2018
	217,140	-	-	-	-	217,140	18.03.2016	18.03.2019
Sub-total	1,000,030	-	(60,435)	-	-	939,595		
Mr. Chung Yuk Man, Clarence	4,833	-	(4,833)	-	-	-	10.05.2013	10.05.2016
	3,204	-	-	-	-	3,204	28.03.2014	28.03.2017
	5,523	-	-	-	-	5,523	30.03.2015	30.03.2017
	5,523	-	-	-	-	5,523	30.03.2015	30.03.2018
	6,948	-	-	-	-	6,948	18.03.2016	18.03.2017
	6,948	-	-	-	-	6,948	18.03.2016	18.03.2018
	6,948	-	-	-	-	6,948	18.03.2016	18.03.2019
Sub-total	39,927	-	(4,833)	-	-	35,094		
Total	1,039,957	-	(65,268)	-	-	974,689		

(ii) *Restricted shares granted to other eligible participants*

	Number of restricted shares					As at 30 June 2016	Date of award	Vesting date
	As at 9 May 2016 ⁽¹⁾	Awarded during the period	Vested during the period	Lapsed during the period	Cancelled during the period			
Other eligible participants ⁽³⁾	163,422	-	(161,310)	-	(2,112)	-	10.05.2013	10.05.2016
	1,047	-	-	-	-	1,047	10.05.2013	07.06.2017 ⁽²⁾
	405,304	-	-	-	(3,207)	402,097	28.03.2014	28.03.2017
	2,190	-	-	-	-	2,190	28.03.2014	07.06.2017 ⁽²⁾
	55,113	-	-	-	-	55,113	30.03.2015	30.03.2017
	874,680	-	-	-	(11,754)	862,926	30.03.2015	30.03.2018
	9,492	-	-	-	-	9,492	30.03.2015	07.06.2017 ⁽²⁾
	55,584	-	-	-	-	55,584	18.03.2016	18.03.2017
	1,276,206	-	-	-	(2,088)	1,274,118	18.03.2016	18.03.2018
	1,276,206	-	-	-	(2,088)	1,274,118	18.03.2016	18.03.2019
Total	4,119,244	-	(161,310)	-	(21,249)	3,936,685		

Notes:

- Melco Crown Entertainment has become a subsidiary of the Company with effect from 9 May 2016.
- The vesting date of these restricted shares was modified to 7 June 2017 with effect from 8 June 2016.
- “Other eligible participants” represents the directors (other than the Directors), employees or consultants of Melco Crown Entertainment.

(III) Melco Crown Philippines

Movements of the restricted shares, which were granted under the MCP Share Incentive Plan during the period from 9 May 2016 to 30 June 2016, are set out below:

(i) Restricted shares granted to the Directors

Name of Director	Number of restricted shares					As at 30 June 2016	Date of award	Vesting date
	As at 9 May 2016 ⁽¹⁾	Awarded during the period	Vested during the period	Lapsed during the period	Cancelled during the period			
Mr. Chung Yuk Man, Clarence	224,640	-	(224,640)	-	-	-	30.05.2014	30.05.2016
	224,642	-	-	-	-	224,642	30.05.2014	30.05.2017
	586,691	-	-	-	-	586,691	29.09.2015	29.09.2016
	586,691	-	-	-	-	586,691	29.09.2015	29.09.2017
	1,173,385	-	-	-	-	1,173,385	29.09.2015	29.09.2018
Total	2,796,049	-	(224,640)	-	-	2,571,409		

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares					As at 30 June 2016	Date of award	Vesting date
	As at 9 May 2016 ⁽¹⁾	Awarded during the period	Vested during the period	Lapsed during the period	Cancelled during the period			
Other eligible participants ⁽²⁾	867,070	-	-	-	(173,415)	693,655	28.06.2013	29.04.2016
	173,415	-	-	-	-	173,415	28.06.2013	07.06.2017 ⁽²⁾
	260,121	-	-	-	-	260,121	17.02.2014	29.04.2017
	173,415	-	-	-	-	173,415	27.03.2014	29.04.2017
	173,415	-	-	-	(173,415)	-	28.03.2014	29.04.2017
	925,643	-	(821,291)	-	(20,358)	83,994	30.05.2014	30.05.2016
	925,665	-	-	-	(20,358)	905,307	30.05.2014	30.05.2017
	849,566	-	-	-	-	849,566	16.11.2015	16.11.2016
	849,566	-	-	-	-	849,566	16.11.2015	16.11.2017
	1,699,134	-	-	-	-	1,699,134	16.11.2015	16.11.2018
	Total	6,897,010	-	(821,291)	-	(387,546)	5,688,173	

Notes:

- Melco Crown Philippines has become a subsidiary of the Company with effect from 9 May 2016.
- The vesting date of these restricted shares was modified to 7 June 2017 with effect from 8 June 2016.
- "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Crown Philippines.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the following persons/corporations had interests in five per cent or more of the issued shares 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 and underlying shares of the Company as notified to the Company are set out below:

Long positions in the shares and underlying shares of the Company

Name	Capacity	No. of shares held	No. of underlying shares held	Approximate % of total issued shares	Note(s)
Better Joy Overseas Ltd.	Beneficial owner	294,527,606	-	19.04%	2
Lasting Legend Ltd.	Beneficial owner	119,303,024	-	7.71%	2
Great Respect Limited	Beneficial owner	306,382,187	-	19.81%	4
SG Trust (Asia) Ltd.	Trustee	306,382,187	-	19.81%	4
	Trustee	413,830,630	-	26.76%	5
Mr. Ho, Lawrence Yau Lung	Beneficial owner	30,769,132	3,470,000	2.21%	7
	Interest of controlled corporations	473,521,077	-	30.62%	3
	Beneficiary of a trust	306,382,187	-	19.81%	4
Ms. Lo Sau Yan, Sharen	Interest of spouse	810,672,396	3,470,000	52.64%	6, 7
Southeastern Asset Management, Inc.	Investment manager	308,474,488	-	19.94%	-

Notes:

- As at 30 June 2016, the total number of issued shares of the Company was 1,546,663,555.
- The 294,527,606 shares held by Better Joy Overseas Ltd. and the 119,303,024 shares held by Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
- The 473,521,077 shares relate to the 294,527,606 shares, 119,303,024 shares, 50,830,447 shares, 7,294,000 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, The L3G Capital Trust and Maple Peak Investments Inc. respectively, representing approximately 19.04%, 7.71%, 3.29%, 0.47% and 0.10% of the issued shares of the Company. All of such companies/trust are owned by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies and trust.
- 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 (including his father, Dr. Ho Hung Sun, Stanley). SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung is taken to have interests in the shares held by Great Respect Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

5. The 413,830,630 shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in Note 2 above.
6. 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.
7. Regarding the interests of Mr. Ho, Lawrence Yau Lung in the 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 2016, 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.

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 and revised with reference to the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules. The Company Code not only formalizes the Group’s existing corporate governance principles and practices, it 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.

Apart from the deviation mentioned below, the Company has complied with the Company Code and the code provisions of the CG Code during the six-month period ended 30 June 2016.

Under Paragraph A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer of a listed company should be separate and performed by different individuals. However, in view of the current 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, 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 until such time as the Board considers that such roles should be assumed by different persons.

The Board reviews the Company's corporate governance practices from time to time to cope with the evolving needs of the Company. To comply with the amendments of the CG Code on "Risk Management and Internal Control", the Company has reviewed and enhanced its risk management framework and processes.

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 www.melco-group.com under the "Corporate Governance" section.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code for dealing in the Company's securities by Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code. We have received confirmation from all Directors that they have complied with the required standards as set out in the Model Code and the Code of Securities Dealings throughout the six-month period ended 30 June 2016.

UPDATE ON DIRECTORS' INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the publication of the Company's 2015 Annual Report are set out below:

Name of Director	Details of Changes
Mr. Ho, Lawrence Yau Lung	Re-designated as the chairman (and continue acting as executive director and chief executive officer) of Melco Crown Entertainment, a company listed on the NASDAQ Global Select Market in the United States and a subsidiary of the Company, with effect from 6 May 2016

Mr. Evan Andrew Winkler

Appointed as the chairman and a director of Maple Peak Investments Inc., a company listed on the TSX Venture Exchange in Canada, with effect from 13 July 2016

Appointed as the managing director of the Company and a member of the executive committee, regulatory compliance committee, finance committee and corporate social responsibility committee of the Company with effect from 2 August 2016

Appointed as a non-executive director of Melco Crown Entertainment with effect from 3 August 2016

Mr. Chow Kwong Fai, Edward

Appointed as an independent non-executive director of China Aircraft Leasing Group Holdings Limited, a company listed on the Hong Kong Stock Exchange, with effect from 19 July 2016

Dr. Tyen Kan Hee, Anthony

Mastercraft International Holdings Limited, a company listed on the Hong Kong Stock Exchange, in which Dr. Tyen is an independent non-executive director, changed its name to China Baofeng (International) Limited with effect from 12 May 2016

AUDIT COMMITTEE

The Company's audit committee is currently composed of a Non-executive Director and two Independent Non-executive Directors. The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and to provide advice and comments thereon to the Board; and (ii) review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the interim report of the Group for the six-month period ended 30 June 2016.

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

During the six-month period ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except the trustee of the Share Purchase Scheme has, under the scheme, purchased on the Stock Exchange a total of 10,021,000 shares of the Company. The total amount paid to acquire these shares was approximately HK\$99,149,000.

INDEPENDENT REVIEW

The interim results for the six-month period ended 30 June 2016 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 this report.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises four Executive Directors, namely, Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (Managing Director), 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, Mr. Chow Kwong Fai, Edward, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.

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

Hong Kong, 31 August 2016

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. HO, Lawrence Yau Lung
(Chairman and Chief Executive Officer)

Mr. Evan Andrew WINKLER
(Managing Director)

Mr. TSUI Che Yin, Frank

Mr. CHUNG Yuk Man, Clarence

Non-executive Director

Mr. NG Ching Wo

Independent Non-executive Directors

Mr. CHOW Kwong Fai, Edward

Mr. SHAM Sui Leung, Daniel

Dr. TYEN Kan Hee, Anthony

EXECUTIVE COMMITTEE

Mr. HO, Lawrence Yau Lung *(Chairman)*

Mr. Evan Andrew WINKLER

Mr. TSUI Che Yin, Frank

Mr. CHUNG Yuk Man, Clarence

Mr. TAM Chi Wai, Dennis*

Mr. Andy CHOY*

Mr. LEUNG Hoi Wai, Vincent*

AUDIT COMMITTEE

Dr. TYEN Kan Hee, Anthony *(Chairman)*

Mr. NG Ching Wo

Mr. SHAM Sui Leung, Daniel

REMUNERATION COMMITTEE

Mr. SHAM Sui Leung, Daniel *(Chairman)*

Mr. NG Ching Wo

Dr. TYEN Kan Hee, Anthony

NOMINATION COMMITTEE

Dr. TYEN Kan Hee, Anthony *(Chairman)*

Mr. NG Ching Wo

Mr. CHOW Kwong Fai, Edward

CORPORATE GOVERNANCE COMMITTEE

Mr. NG Ching Wo *(Chairman)*

Mr. SHAM Sui Leung, Daniel

Dr. TYEN Kan Hee, Anthony

Mr. LEUNG Hoi Wai, Vincent*

REGULATORY COMPLIANCE COMMITTEE

Mr. HO, Lawrence Yau Lung *(Chairman)*

Mr. Evan Andrew WINKLER

Mr. TSUI Che Yin, Frank

Mr. LEUNG Hoi Wai, Vincent*

FINANCE COMMITTEE

Mr. HO, Lawrence Yau Lung *(Chairman)*

Mr. Evan Andrew WINKLER

Mr. TSUI Che Yin, Frank

Mr. CHUNG Yuk Man, Clarence

Mr. TAM Chi Wai, Dennis*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. CHOW Kwong Fai, Edward
(Chairman)

Mr. HO, Lawrence Yau Lung

Mr. Evan Andrew WINKLER

Mr. TSUI Che Yin, Frank

Mr. CHUNG Yuk Man, Clarence

Ms. MA Po Ming, Maggie*

COMPANY SECRETARY

Mr. LEUNG Hoi Wai, Vincent

QUALIFIED ACCOUNTANT

Mr. TAM Chi Wai, Dennis

* non-voting co-opted members

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The Centrium
60 Wyndham Street
Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Gibson, Dunn & Crutcher LLP
King & Wood Mallesons

PRINCIPAL BANKERS

Credit Suisse
Bank of China, Macau Branch
UBS AG

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
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STOCK CODE

200 (Listed on the Hong Kong
Stock Exchange)

WEBSITE

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