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As filed with the Securities and Exchange Commission on December 1, 2006

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Melco PBL Entertainment (Macau) Limited

(Exact name of registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Cayman Islands	**7011**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

Penthouse, 38th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong
(852) 3151-3777
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 664-1666
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Hong Kong	**Hong Kong**
(852) 2522-7886	**(852) 3740-4703**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earliest effective registration statement for the same offering. ☐ _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(2)(3)	**Proposed maximum aggregate offering price(1)**	**Amount of registration fee**
Ordinary shares, par value $0.01 per ordinary share	**$1,100,792,308**	**$117,785**

(1) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

(2) Includes (i) ordinary shares initially offered and sold outside the United States or distributed outside the United States pursuant to the distribution of ordinary shares in kind by Melco International Development Limited to certain of its shareholders as described in this registration statement, that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public and (ii) ordinary shares that may be purchased by the underwriters pursuant to an over-allotment option. These ordinary shares are not being registered for the purposes of sales outside of the United States.

(3) American depositary shares issuable upon deposit of the ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No.333-). Each American depositary share represents three ordinary shares.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION,
PRELIMINARY PROSPECTUS DATED DECEMBER 1, 2006

53,000,000 American Depositary Shares

Melco PBL Entertainment (Macau) Limited

(incorporated in the Cayman Islands with limited liability)

Representing 159,000,000 Ordinary Shares

This is our initial public offering. We are offering 53,000,000 American Depositary Shares, or ADSs. Each ADS represents three ordinary shares, par value US$0.01 per share. The ADSs will be evidenced by American Depositary Receipts, or ADRs.

Prior to this offering, there has been no public market for our ADSs or ordinary shares. The initial offering price of the ADSs is expected to be between $16.00 and $18.00 per ADS. We have applied to list our ADSs on The NASDAQ Stock Market's Global Market under the symbol "MPEL".

The underwriters have an option for a period of 30 days from the date of this prospectus to purchase up to an aggregate of 7,950,000 additional ADSs from us to cover over-allotments of ADSs.

Investing in the ADSs involves risks. See " Risk Factors" on page 21.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Issuer
Per ADS	US$	US$	US$
Total	US$	US$	US$

Delivery of the ADSs will be made on or about , 2006.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Credit Suisse **Citigroup** **UBS Investment Bank**

CLSA Asia-Pacific Markets **JPMorgan** **CIBC World Markets** **Deutsche Bank**

The date of this prospectus is , 2006.

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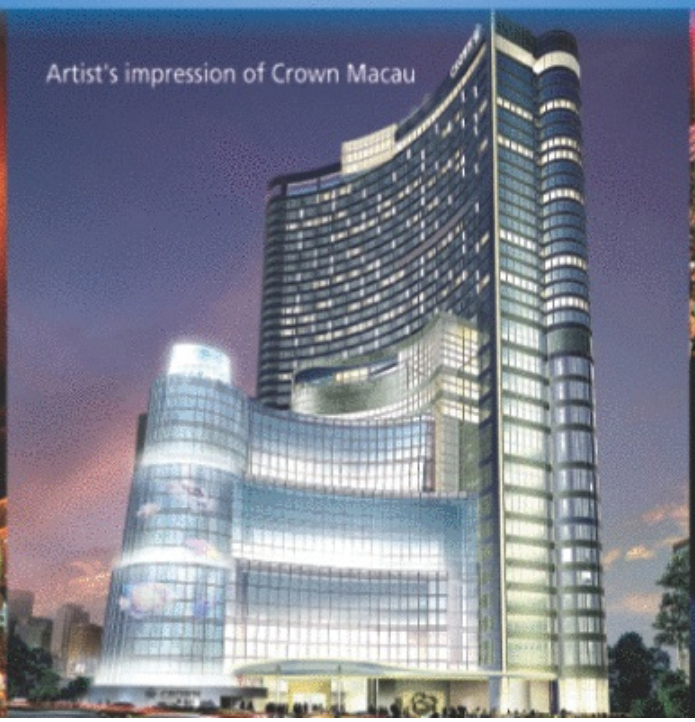
Melco PBL Entertainment
新濠博亞娛樂

Artist's impression of City of Dreams

Melco PBL Entertainment will strive to play the best hand in Macau with its high quality services


Artist's impression of Crown Macau

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You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus is current only as of the date of this prospectus.

Dealer Prospectus Delivery Obligation

Until , 2006 (the 25th day after the commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

Melco PBL Entertainment (Macau) Limited

You should read the following summary together with the entire prospectus, including the more detailed information regarding us, the ADSs being sold in this offering, and our financial statements and related notes appearing elsewhere in this prospectus.

Unless the context otherwise requires, in this prospectus, "we," "us," "our company" and "MPBL Entertainment" refer to Melco PBL Entertainment (Macau) Limited and its predecessor entities and consolidated subsidiaries, including Melco PBL Gaming (Macau) Limited, a Macau company and holder of a gaming subconcession in Macau.

Overview

We are a developer, owner and operator of casino gaming and entertainment resort facilities focused exclusively on the rapidly expanding Macau market. Our subsidiary Melco PBL Gaming (Macau) Limited, or MPBL Gaming, is one of six companies authorized by the Macau government to operate casinos in Macau. We have two current casino gaming and entertainment projects under development: the Crown Macau Hotel Casino targeted to open in the second quarter of 2007 and the City of Dreams integrated casino complex, phase one of which is targeted to open in late 2008. MPBL Gaming currently operates six Mocha Clubs featuring a total of approximately 1,000 gaming machines, or slot machines. We have also entered into a conditional agreement to acquire a third development site that is located on the shoreline of the Macau peninsula. We are a 50/50 joint venture between Melco International Development Limited, or Melco, and Publishing and Broadcasting Limited, or PBL. We are the exclusive vehicle of Melco and PBL to carry on casino, gaming machine and casino hotel operations in Macau.

We have chosen to focus on the Macau gaming market because we believe that Macau is well positioned to be one of the largest gaming destinations in the world. In 2005 and the nine months ended September 30, 2006, Macau generated approximately US$5.7 billion and US$4.9 billion of gaming revenue, respectively, compared to the US$5.9 billion and US$4.8 billion of gaming revenue (excluding sports book and race book), respectively, generated on the Las Vegas Strip and exceeding the US$5.0 billion and US$4.0 billion (excluding sports book and race book), respectively, generated in Atlantic City, according to the *Direcção de Inspecção e Coordenação de Jogos* (Gaming Inspection and Coordination Bureau of the Macau government), or the DICJ, the Nevada Gaming Control Board and the New Jersey Casino Control Commission. Gaming revenue in Macau has increased at a five-year compounded annual growth rate, or CAGR, from 2000 to 2005 of 23.0% compared to CAGRs of 4.9% and 3.1% for the Las Vegas Strip and Atlantic City (excluding sports book and race book). Macau benefits from its proximity to one of the world's largest pools of existing and potential gaming patrons and is currently the only market in Greater China, and one of only several in Asia, to offer legalized casino gaming.

Through our existing operations and projects currently under development, we will cater to a broad spectrum of potential gaming patrons, including wealthy high-end patrons, who seek the excitement of high stakes gaming, as well as mass market patrons, who wager lower stakes and may be more casual gaming patrons seeking a broader entertainment experience. We will seek to attract these patrons from throughout Asia and in particular from Greater China.

Our existing operations and development projects consist of:

- *The Crown Macau*. We began construction of the Crown Macau Hotel Casino, or Crown Macau, in December 2004 and target its opening in the second quarter of 2007. We completed the topping out of

the Crown Macau in November 2006. The Crown Macau is being developed to offer a luxurious premium hotel and casino resort experience by offering premium entertainment, elegant facilities, high quality service and rich décor, and is being designed with the aim of exceeding the average five-star hotel in Macau catering primarily to the high-end gaming market. Gaming venues traditionally available to high stakes patrons in Macau have not offered the luxurious accommodations and facilities we aim to offer at the Crown Macau, instead focusing primarily on intensive gaming during day trips and short visits to Macau. The total project costs to build and commence operation of the Crown Macau are currently budgeted at approximately US$512.6 million, which includes the value of land for the project site both contributed to us in kind and partly paid for by us, land premium costs, anticipated construction costs, furniture, fixtures and equipment expenses, or FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements. As of September 30, 2006, we had paid approximately US$260.3 million of our US$512.6 million of budgeted project costs, most of which represented payments due to our contractors as well as the payment of land costs and land premium. The property will feature a 36-story tower including approximately 183,000 square feet of gaming space with approximately 220 gaming tables and more than 500 gaming machines and a luxury premium hotel with approximately 216 deluxe hotel rooms, including 24 suites and eight villas.

- *The City of Dreams.* We began site preparation of the City of Dreams integrated casino resort complex, or City of Dreams, in the second quarter of 2006 and we have commenced substantial piling work at the site. We target opening the initial phase of the complex in late 2008, which is currently expected to include substantial completion of the casino, retail space, two of the four hotels planned for the City of Dreams and the performance hall, which is targeted to be completed in the second half of 2008 and ready to host performances in the second quarter of 2009. The second phase of the complex is targeted to open in the second half of 2009, mainly comprising the remaining two hotels. Total project costs for the City of Dreams project are currently budgeted at approximately US$2.1 billion, which includes anticipated land and construction costs, land premium costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements. As of September 30, 2006, we had paid approximately US$166.0 million of our US$2.1 billion of budgeted project costs, primarily for land costs and land premium, construction costs and design and consultation fees. We are developing the City of Dreams to be a “must-see” integrated casino and entertainment resort primarily for mass market patrons. The City of Dreams will be located on the Cotai Strip, an area that has been master planned to feature a series of major new developments in the style of the Las Vegas Strip. The City of Dreams is planned to feature an underwater-themed casino with approximately 450 gaming tables and 2,500 gaming machines, and four luxurious hotels with a total of approximately 1,600 rooms, consisting of: (1) a luxury premium hotel designed with the aim of exceeding the average five-star hotel in Macau to be operated under the Crown Towers brand by us with approximately 260 rooms, suites and villas; (2) two hotels to be operated under the Grand Hyatt and Hyatt Regency brands with approximately a total of 970 rooms and suites; and (3) a themed hotel to be operated under the Hard Rock brand with approximately 380 rooms and suites. The complex will also feature a performance hall that will be designed and built to the specifications of Dragone Entertainment GmbH, or Dragone, and which is expected to offer world-class performance shows. The complex will also feature an upscale shopping mall and a wide variety of mid- and high-end food and beverage outlets. We also plan to develop one block of luxury serviced apartment units, for both long and short-term occupancy in phase two of the project, and, depending on the market conditions, may develop a second block thereafter. The development of the serviced apartment units may be subject to Macau government approval and approval of our lenders under our debt facilities. The cost of a second block of apartments has not been included in the US$2.1 billion total budgeted project cost for development of the City of Dreams.
- *Mocha Clubs.* The Mocha Clubs feature a total of approximately 1,000 gaming machines in six locations, and comprise the largest non-casino-based operations of electronic gaming machines in Macau. By combining machine-based gaming with an upscale décor and cafe ambiance, we aim to

improve on Macau's historically limited service to mass market and casual gaming patrons outside the conventional casino setting and to capitalize on the significant growth opportunities for machine-based gaming in Macau.

- *Macau Peninsula Site***.** We have entered into an agreement to acquire a third development site, which is located on the shoreline of the Macau peninsula near the current Macau Ferry Terminal, or Macau Peninsula site, for HK$1.5 billion (US$192.3 million). If the purchase is completed, we expect to pay a land premium of HK$150 million (US$19.2 million) to the Macau government. Completion of the purchase remains subject to significant conditions in the control of third parties unrelated to us and the seller. We are currently considering plans to develop the Macau Peninsula site into a mixed-use casino and hotel facility targeted primarily at day-trip gaming patrons, and target its opening in the middle of 2009 if we are able to acquire the site. We may also include high-end residential apartments as part of the Macau Peninsula site. Based on preliminary estimates and conceptual designs, the total project costs for the Macau Peninsula project are currently budgeted at a range of approximately US$650 million to US$700 million, which includes anticipated land and construction costs, land premium costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements. As of September 30, 2006, we had paid approximately US$12.9 million of our budgeted project costs, which related to the deposit for the acquisition of the land.

The Mocha Clubs have been and will continue to be our sole source of revenue until the targeted opening of the Crown Macau in the second quarter of 2007. In 2005, the Mocha Clubs generated total revenue of US$17.3 million, while our consolidated operating costs and expenses totaled US$21.1 million in 2005, including amortization of land use rights of US$3.5 million for the Crown Macau site. For the nine months ended September 30, 2006, the Mocha Clubs generated total revenue of US$18.2 million, while our consolidated operating costs and expenses totaled US$45.1 million, including a one-time impairment loss of US$7.6 million in connection with the termination of our services agreements with Sociedade Jogos de Macau, S.A., or SJM, and amortization of land use rights of US$8.1 million for the Crown Macau and City of Dreams sites. For 2005 and the nine months ended September 30, 2006, the Mocha Clubs generated Operating EBITDA of US$7.4 million and US$6.6 million, respectively. Operating EBITDA is presented for the results of the Mocha Clubs only as they currently comprise our sole operating business and is reconciled to consolidated net income as described in the notes to our consolidated financial statements. Prior to MPBL Gaming obtaining a Macau gaming subconcession in September 2006, our subsidiary Mocha Slot Management Limited, or Mocha Slot, provided management services to the Mocha Clubs under service agreements with SJM, pursuant to which Mocha Slot provided all of the gaming machines at the Mocha Clubs and auxiliary services to SJM and received service fees of 31% of gaming machine win. After obtaining a subconcession through MPBL Gaming and terminating these service agreements, we now reflect as our revenue all of the gaming machine win at the Mocha Clubs but are subject to Macau taxes and other government dues currently totaling approximately 39%.

The current budgeted project costs for the Crown Macau, City of Dreams and the Macau Peninsula projects total approximately US$3.3 billion, including the approximately US$650 million to US$700 million budgeted project costs for the Macau Peninsula project based on preliminary estimates and conceptual designs. We expect, based on current budgets and estimates, to incur secured long term debt to pay for a portion of our construction and development costs as follows: (1) approximately HK$1.28 billion (US$164.1 million) to finance construction of the Crown Macau; and (2) approximately US$1.6 billion to finance construction of the City of Dreams. As of September 30, 2006, we had not drawn down on our existing credit facilities and did not have any outstanding debt. However, since we obtained a controlling interest in MPBL Gaming, the holder of the subconcession, in October 2006, our consolidated indebtedness has included the US$500 million loan drawn by MPBL Gaming under the US$500 million term loan facility, or the Subconcession Facility, used to finance part of the US$900 million payment made to Wynn Resorts (Macau) S.A., or Wynn Macau, upon the granting of the subconcession. All amounts outstanding under the Subconcession Facility will be repaid from the net proceeds of this offering.

Our Shareholders

We believe one of our greatest strengths is the combined resources of our shareholders, Melco and PBL.

Melco is a long-established company listed on the Main Board of the Hong Kong Stock Exchange. Its major business is the leisure, gaming and entertainment business in Macau carried on by us. Among the listed companies in Hong Kong, Melco was one of the first to tap the rapidly growing leisure and entertainment market in Macau. In June 2004, Melco established Macau gaming as a principal activity with the acquisition of interests in Mocha Slot Group Limited, or Mocha, and in September of the same year, Melco announced its participation in a hotel development project in Taipa, Macau which subsequently evolved to become our existing Crown Macau project.

Through the leadership and reputation of Mr. Lawrence Ho, our Co-Chairman and Chief Executive Officer and the Chairman and Chief Executive Officer of Melco, Melco has a broad network of business relationships in Macau, Hong Kong and elsewhere in Greater China. We believe these relationships have been and will be important to the successful development and operation of our gaming business in Macau. Melco is the originator of most of our existing projects in Macau and its local relationships helped it to initially secure our interests in Mocha and the Crown Macau and City of Dreams projects. In addition, Melco's relationships have helped us to identify sites for Mocha Club venues on attractive economic terms and helped expand the Mocha Clubs into the largest non-casino based operations of gaming machines in Macau, with an approximately 30% market share by gross gaming machine revenue for the nine months ended September 30, 2006, based in part on the figures from the DICJ. Dr. Stanley Ho, Mr. Lawrence Ho's father, controls the entities that were the monopoly operators of casino gaming in Macau from 1962 to 2002 and was a director and the Chairman of Melco until he resigned from those positions in March 2006.

In connection with forming the joint venture between Melco and PBL in March 2005 and in exchange for its ownership interest in us, Melco contributed to our then 80% owned subsidiary Melco PBL Entertainment (Greater China) Limited, or MPBL (Greater China) (in which Melco held the remaining 20% interest) an 80% interest in Mocha, which was then the holding company for the Mocha Clubs. Melco also contributed to MPBL (Greater China) a 50.8% interest in the City of Dreams project, and a 70% interest in the Crown Macau project. We later acquired the remaining 20% interest in Mocha from Dr. Stanley Ho, the remaining 30% interest in the Crown Macau project from Sociedade de Turismo e Diversões de Macau, or STDM, and the remaining 49.2% interest in the City of Dreams project from a company controlled by a discretionary trust formed for the benefit of members of the Ho family. In October 2006 after the subconcession was granted to MPBL Gaming and we obtained a controlling interest in MPBL Gaming, all the interests in the Mocha Clubs, the Crown Macau and the City of Dreams projects were transferred to MPBL Gaming. See, "—Corporate Structure" below.

Melco also has extensive experience in the restaurant business, operating the well-known Jumbo Kingdom floating restaurants in Hong Kong and the Chua Lam Gourmet Kitchen in Macau. In addition, Melco provides gaming IT infrastructure and solutions as well as online financial trading and related systems and services to its customers through its subsidiaries, Elixir Group (Macau) Limited and iAsia Online Systems Limited, and carries on investment banking and financial services businesses through its Hong Kong Stock Exchange listed subsidiary, Value Convergence Holdings Limited.

PBL is Australia's largest listed diversified media and entertainment company. PBL owns and operates the Crown Entertainment Complex, or Crown Casino Melbourne, in Melbourne, Australia and the Burswood Entertainment Complex, or Burswood Casino, in Perth, Australia, which brings us significant experience in developing and operating casino resorts and in branding and marketing as well as providing access to its international high-end gaming clientele, particularly in the Asia region. In addition to its entertainment and casino complexes, PBL currently owns and operates the high audience-rated free-to-air television network in Australia, Nine Network, and Australia's largest magazine publisher, ACP Magazines. However, it recently announced plans to sell 50% of its television and magazine business and expects to complete this sale in early 2007.

Through the successful operation of the Crown Casino Melbourne and the Burswood Casino, we believe that PBL has a proven track record in both high-end and mass market gaming operations as well as in providing other leisure services and facilities. PBL successfully operates a total of more than 400 high-end and mass market table games and more than 4,000 electronic gaming machines at these two casinos. In addition to gaming, these properties feature a total of approximately 1,650 luxury hotel rooms, more than 100,000 square feet of conference and event facilities at the Burswood Conventions & Events Center and the Crown Conference Center, over 50 dining facilities offering a variety of global cuisines, highly acclaimed entertainment venues with total seating capacity for more than 26,000 and a host of resort and recreational facilities, including an exclusive championship 18-hole golf course. Crown operates its successful "Crown Club" gaming loyalty program. We intend to leverage PBL's operating skills, its international experience and its high standards and reputation to strengthen our operations in Macau. For example, we expect PBL will assist us in:

- implementing customer relationship management systems to facilitate our loyalty programs;
- adapting our gaming product analytics systems to maximize revenue potential;
- implementing management reporting practices and operating procedures to ensure accuracy and consistency in our internal control;
- training staff in high quality customer service; and
- adopting a community and government relations framework to promote efficient working relationships with government authorities and compliance with rules and regulations.

We expect PBL will do this by recommending candidates for employment and seconding employees to us or our subsidiaries from time to time, providing management information systems and policy and procedure guidelines, facilitating training and by appointing directors to our board of directors.

Melco and PBL have agreed with us under an amended and restated shareholders' deed that we will be the exclusive vehicle of Melco and PBL to carry on casino, gaming machine and casino hotel operations in Macau. We have entered into a license agreement with Crown Limited, a subsidiary of PBL, and obtained an exclusive and non-transferable license to use the Crown brand in Macau. In connection with certain of our loan facilities, Melco and PBL have agreed to provide corporate and bank guarantees to support our payment obligations. In addition, as our founding shareholders, PBL and Melco have provided us with administrative support and technical expertise in connection with the development of the Crown Macau, City of Dreams and Macau Peninsula projects and the operation of the Mocha Clubs business, although we do not have contractual rights to have such services provided to us. We pay PBL and Melco for reasonable costs, determined on an arm's length basis, in connection with this support and expertise.

Industry Background

Macau is located in the Pearl River Delta region of China and is approximately an hour away from approximately 6.9 million people in Hong Kong via a 24-hour hydrofoil ferry system. All of the main population centers of China, as well as Taiwan, Japan, Korea, Thailand, Malaysia, Singapore, Indonesia and the Philippines lie within an approximately 2,500 mile radius of Macau. According to the Economist Intelligence Unit, these countries had a total population of almost two billion people in 2005, with China alone representing approximately 1.3 billion people. Like Hong Kong, Macau is a Special Administrative Region of the People's Republic of China.

Between 2000 and 2005, visitation to Macau increased at a CAGR of 15.4% to approximately 18.7 million visitors according to the Macau Statistics and Census Services. We believe that visitation and gaming revenue

growth for the Macau market have been driven by and will continue to be driven by a combination of factors, including:

- proximity to major Asian population centers;
- liberalization of travel restrictions in China under China's "Facilitated Individual Travel Scheme", enabling greater numbers of Chinese citizens from more provinces to visit Macau individually without being in a tour group (as was required previously), and liberalization of currency restrictions to permit Chinese citizens to take significantly larger sums of foreign currency out of China when they travel;
- increasing regional wealth, leading to a large and growing middle class with more disposable income; and
- planned infrastructure improvements such as an expanded and upgraded airport, new roads, tunnels and bridges, a light rail system and additional ferry access, which are expected to facilitate more convenient access to and travel within Macau.

In addition, Macau is benefiting from an increasing supply of higher quality casino, hotel and entertainment offerings. For 40 years (from 1962 to 2002), casino gaming in Macau was provided by a single monopoly operator, STDM and later STDM's subsidiary SJM. Since the Macau government undertook a bidding process for three gaming concessions beginning in 2002, Macau has seen dramatic changes in its gaming industry caused by the intense competition among the three concession holders, SJM, Galaxy Casino, S.A., or Galaxy, and Wynn Macau, and, subsequently, three subconcession holders: (1) Venetian Macau S.A., or Venetian Macau, (2) MGM Grand Paradise Limited, a joint venture between MGM and Ms. Pansy Ho, the daughter of Dr. Stanley Ho and the sister of Mr. Lawrence Ho, and (3) now our subsidiary MPBL Gaming. The Macau government has agreed under the three existing concession agreements that it will not grant any additional concessions before April 2009 and has publicly stated that only one subconcession may be issued under each concession. However, subject to Macau government approval, there is no limit on the number of casinos that can be operated by each concessionaire or subconcessionaire. We believe the rights and obligations of MPBL Gaming's subconcession are substantively similar to those under Wynn Macau's concession. Wynn Macau may not terminate MPBL Gaming's subconcesion unilaterally, although the Macau government may, after notifying Wynn Macau, terminate the subconcession under certain circumstances, including MPBL Gaming operating its business outside the business scope of the subconcession, suspension of operations of MPBL Gaming's business without reasonable grounds for more than seven consecutive days or more than 14 non-consecutive days within one calendar year, failure to comply with decisions and recommendations of the Macau government, and bankruptcy or insolvency of MPBL Gaming.

The six concession and subconcession holders, including MPBL Gaming, and other major sponsors and developers are planning to build major hotel and casino projects in Macau. The Wynn Macau and the Galaxy StarWorld casino hotels recently opened on the Macau peninsula and several properties are expected to open in late 2006 or early 2007 on the Macau peninsula and Taipa, including the Crown Macau and SJM's Grand Lisboa. In Macau's newest casino development zone known as the Cotai Strip, several "mega" casino projects are scheduled for opening between 2007 and 2010. These developments are expected to include the City of Dreams, The Venetian Macao and other casino hotels developed by major casino operators, international hotel chains and other sponsors. All these new casino hotels are anticipated to offer patrons higher quality amenities and more upscale ambience than has been generally available in Macau in the past.

In conjunction with these factors, we believe that over time Macau will undergo a transition from a gaming-focused market into a leisure destination offering a greater breadth of gaming and non-gaming entertainment options and amenities. We believe that this development should help drive further growth in consumer demand and visitation to Macau, particularly from the emerging mass market segment. Historically, Macau has catered primarily to high-end patrons who generally play at baccarat tables requiring large minimum bets. The

development of Las Vegas style casinos, which offer a broader gaming and entertainment experience to mass market patrons, should provide additional revenue opportunities from a larger demographic base. We believe that the build-out of world-class facilities in Macau, including both gaming focused properties, as well as integrated casino resorts with entertainment, food and beverage and convention complexes, should help to make Macau a more attractive destination for longer multi-day stays for various customer segments, including families. At the same time, we believe that Macau will continue to support an active market for day-trip visitors from locations such as Hong Kong and Guangdong Province, China.

Our Strategies

Our objective is to become a leading provider of gaming, leisure and entertainment services that will capitalize on the expected growth opportunities in Macau. To achieve our objectives, we have developed the following business strategies:

- develop a targeted product portfolio of brands well-recognized for their quality and distinctive services;
- leverage Melco's and PBL's proven operational experience, network of local relationships and recognized staff training and development capabilities to successfully develop and operate each of our projects;
- develop a comprehensive marketing program by leveraging the existing Crown and Mocha brands and capitalizing on the marketing resources of our founders;
- focus on building first class facilities by employing a highly experienced in-house project team and engaging qualified professionals with experience in construction projects and the gaming and leisure sector; and
- utilize MPBL Gaming's subconcession to maximize our business and revenue potential, for example through arrangements with other entertainment complex operators who are not concession or subconcession holders, under which MPBL Gaming will operate the casino facilities within such entertainment complexes.

Our Challenges

The successful execution of our strategies is subject to certain risks, challenges and uncertainties, including the following:

- *Our early stage of development*. We are at an early stage of development of our properties and business. We are incurring substantial costs and expenses in connection with the Crown Macau and the City of Dreams projects, which are in early stages of development, in particular the City of Dreams, and we do not expect to generate revenues from these projects for some time. In addition, we obtained our only current revenue generating business, Mocha Clubs, in March 2005.
- *Intense competition in Macau and elsewhere in Asia*. Our competitors in Macau will include all the current concession and subconcession holders and many of the largest gaming, hospitality, leisure and resort development companies in the world. Our Macau operations currently compete with approximately 23 other existing casinos of varying sizes located in Macau. In addition, we expect competition to increase in the near future from local and foreign casino operators who are developing numerous hotel and casino projects in Macau, as well as other gaming destinations throughout Asia and globally.
- *Development and operations costs*. All of our projects are subject to significant development and construction risks, which could have a material adverse impact on our project timetables and costs and our ability to complete our projects. We may exceed our budgeted costs or incur a delay in opening one or more of our projects that reduces or delays our ability to generate operating revenue.

- *Substantial debt*. We will be highly leveraged and currently do not generate sufficient cash flows to service or repay our debt obligations. In February 2006, we entered into a HK$1,280 million (US$164.1 million) term loan facility to finance the development costs of the Crown Macau, or the Great Wonders Project Facility. We have entered into a commitment letter for a US$1.6 billion secured facility to finance the development costs of the City of Dreams, or the City of Dreams Project Facility, although we have not yet finalized the terms of this facility. As of September 30, 2006, we had not drawn down on our existing credit facilities and had no outstanding debt. However, in September 2006, MPBL Gaming entered into the US$500 million Subconcession Facility, all of which was drawn down to pay part of the US$900 million due to Wynn Macau for the subconcession. This US$500 million loan became part of our consolidated debt after we obtained a controlling interest in MPBL Gaming in October 2006.

See “Risk Factors” on page 21 for a discussion of these and other important risks, challenges and uncertainties.

Corporate Information

We were incorporated in December 2004 as an exempted company with limited liability under the laws of the Cayman Islands.

Our principal executive offices are located at The Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Our telephone number at this address is 852-3151-3777 and our fax number is 852-3162-3579.

You should direct all inquiries to us at the address and telephone number of our principal executive offices set forth above. Our website is www.melco-pbl.com. The information contained on our website does not form part of this prospectus. Our agent for service of process in the United States is CT Corporation System located at 111 Eighth Avenue, New York, New York 10011.

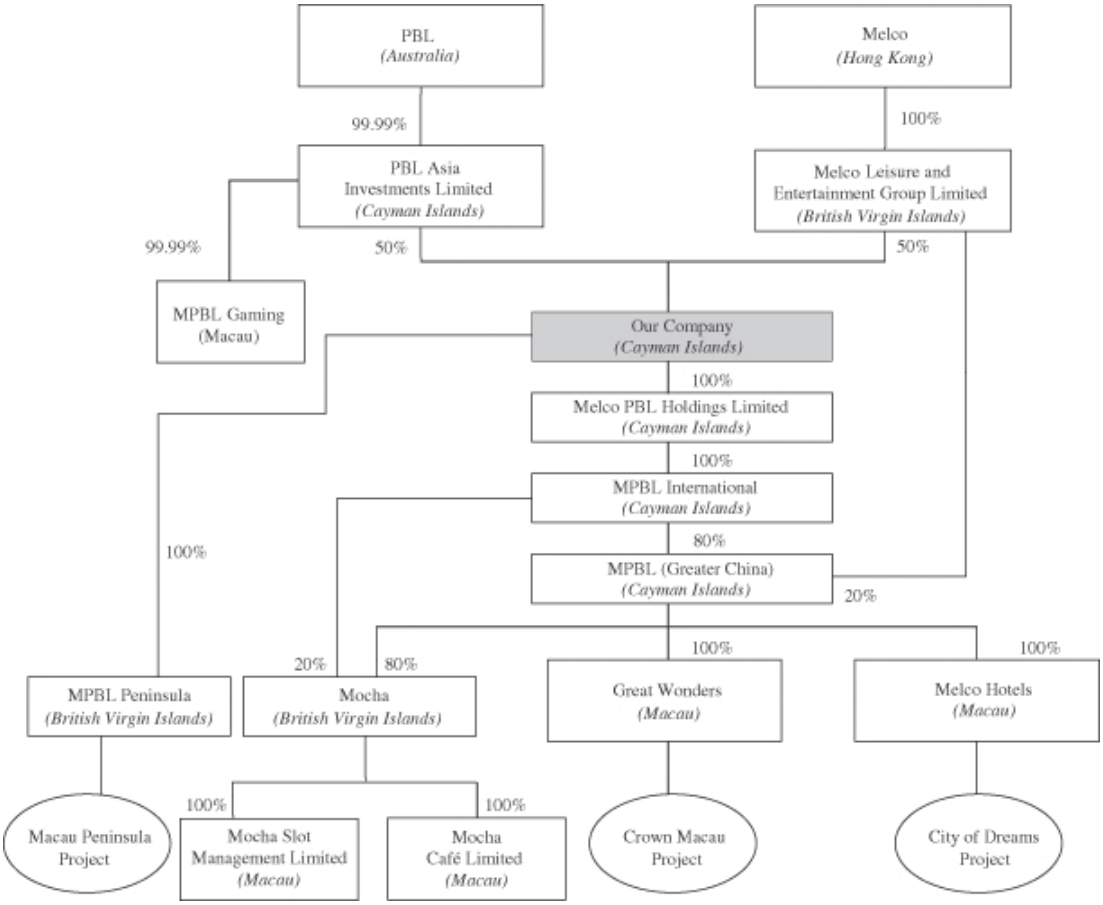
CORPORATE STRUCTURE

Pre-reorganization Corporate Structure

Prior to MPBL Gaming being issued a subconcession and the Macau government approving our obtaining of a controlling interest in MPBL Gaming, we held our interests in the subsidiaries that own the Crown Macau and City of Dreams projects and Mocha through MPBL (Greater China). The Mocha Club business, was in turn held through Mocha and its subsidiaries.

Under the original agreement between Melco and PBL regarding their joint venture, it was contemplated that our company would be held 50%/50% by Melco and PBL and would act as a holding company for interests throughout their agreed joint venture territory in Asia. MPBL (Greater China) was to hold and operate the interests of the joint venture in Greater China on the basis that Melco's effective interest would be 60% and PBL's effective interest would be 40%. For that reason, MPBL (Greater China) was held 80% by us and 20% directly by Melco, and all of our Mocha Club operations and the Crown Macau and the City of Dreams projects were held through MPBL (Greater China).

The following chart sets forth our corporate structure prior to our reorganization:



Current Corporate Structure (post-reorganization)

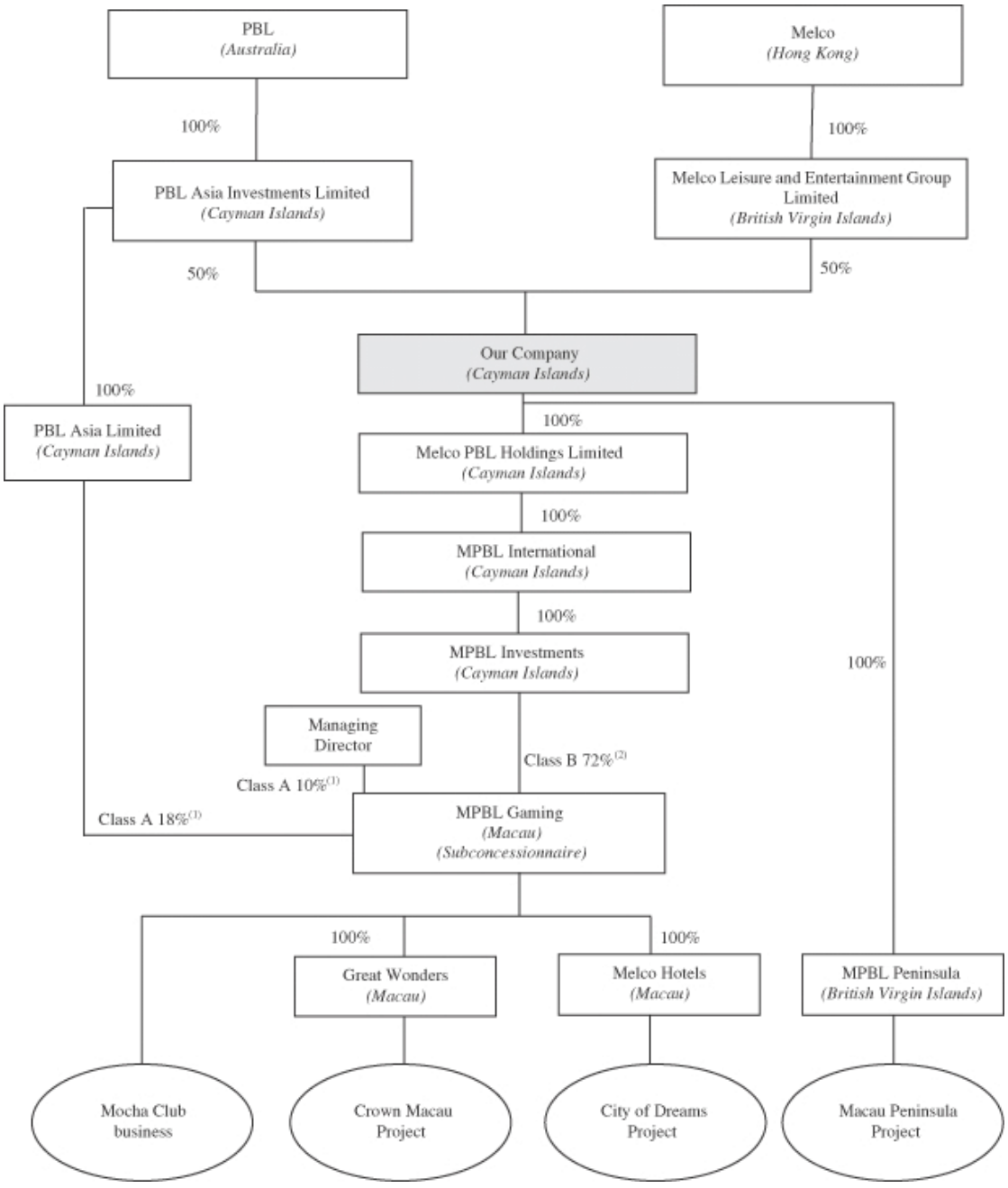
Under amendments to the joint venture relationship in connection with the obtaining of the subconcession in Macau, Melco and PBL have agreed that their interests throughout their agreed territory, including in Macau through our company, will be held in equal proportions by each of them. As a result, the Mocha Clubs assets and business and the holding subsidiaries for the Crown Macau and City of Dreams projects have been transferred to MPBL Gaming to be operated under the new subconcession and held indirectly in equal parts (i.e., 50%/50% effectively) by Melco and PBL. None of our interests in Macau are now held through MPBL (Greater China).

Our subsidiary MPBL Gaming, a Macau company, is the holder of a Macau gaming subconcession and is also the direct operator of the Mocha Clubs. Our other principal operating subsidiaries are (1) Great Wonders, Investments, Limited, or Great Wonders, a Macau company, (2) Melco Hotels and Resorts (Macau) Limited, or Melco Hotels, a Macau company, and (3) Melco PBL (Macau Peninsula) Limited, or MPBL Peninsula, a British Virgin Islands company, through which we currently hold our Crown Macau project, City of Dreams project and Macau Peninsula project, respectively. Great Wonders and Melco Hotels are wholly owned by MPBL Gaming (other than nominal shares owned by other group companies as required under Macau law). MPBL Peninsula is our direct wholly-owned subsidiary.

Through three intervening holding company subsidiaries incorporated in the Cayman Islands and wholly-owned by us, (i) Melco PBL Holdings Limited, (ii) Melco PBL International Limited, or MPBL International, and (iii) Melco PBL Investments Limited, or MPBL Investments, we hold Class B shares of MPBL Gaming representing 72% voting control of MPBL Gaming and the rights to virtually all the economic interests in MPBL Gaming. All of the Class A shares of MPBL Gaming, representing 28% of the outstanding capital stock of MPBL Gaming, are owned by PBL Asia Limited (as to 18%) and, as required by Macau law, the Managing Director of MPBL Gaming (as to 10%). Manuela António of Manuela António Law Office, our Macau counsel, has been appointed to serve as the initial Managing Director of MPBL Gaming. Subject to the Macau government's approval, MPBL Gaming plans to name Mr. Lawrence Ho to replace Ms. Manuela António as its Managing Director and holder of the 10% interest in Class A shares of MPBL Gaming. The Class A shares are entitled as a class to an aggregate of MOP 1 in dividends and MOP 1 in proceeds of any winding up or liquidation of MPBL Gaming. MPBL Investments, PBL Asia Limited, the Managing Director and MPBL Gaming have entered into a shareholders' agreement under which, among other things, PBL Asia Limited agrees to vote its Class A shares in the same manner as the Class B shares on all matters submitted to a vote of shareholders of MPBL Gaming.

Our subsidiaries MPBL (Greater China) and Mocha, which previously held our interests in the subsidiaries that held our interests in the Crown Macau project, the City of Dreams project and the Mocha Club operations, are currently dormant and may be dissolved. The 20% interest in MPBL (Greater China) held by Melco has been reclassified as non-voting shares and has recently been transferred to MPBL International for a nominal amount.

The following chart sets forth our corporate structure after our reorganization and immediately prior to this offering:



1 All of the Class A shares of MPBL Gaming, representing 28% of the outstanding capital stock of MPBL Gaming, are owned by PBL Asia Limited (as to 18%) and the Managing Director of MPBL Gaming (as to 10%). Under Macau law, a company limited by shares must have at least three shareholders. In addition, the Managing Director of MPBL Gaming must be a Macau permanent resident and hold at least 10% of the outstanding shares of MPBL Gaming. Manuela António of Manuela António Law Office, our Macau counsel, has been appointed to serve as the initial Managing Director of MPBL Gaming. Subject to the Macau government's approval, MPBL Gaming plans to name Mr. Lawrence Ho to replace Ms. Manuela António as its Managing Director and holder of the 10% interest in Class A shares of MPBL Gaming. PBL Asia Limited is contractually required to vote its Class A shares in the same manner as the Class B shares in all matters submitted to a vote of shareholders of MPBL Gaming.

2 All of the outstanding Class B shares of MPBL Gaming, representing 72% of the outstanding capital stock of MPBL Gaming and the rights to virtually all of the economic interests in MPBL Gaming, are owned by MPBL Investments, our wholly owned subsidiary.

THE OFFERING

Price per ADS	We currently estimate that the initial public offering price will be between US$16.00 and US$18.00 per ADS.
This Offering:	
ADSs Offered by Us	53,000,000 ADSs
ADSs Outstanding Immediately After This Offering	53,000,000 ADSs (or 60,950,000 ADSs if the underwriters exercise the over-allotment option in full).
Ordinary Shares Outstanding Immediately After This Offering	1,159,000,000 ordinary shares (or 1,182,850,000 ordinary shares if the underwriters exercise the over-allotment option in full).
Over-Allotment Option	We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of 7,950,000 additional ADSs at the initial public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions, for the purpose of covering over-allotments.
The ADSs	Each ADS represents three ordinary shares, par value US$0.01 per ordinary share. The depositary will be the holder of the ordinary shares underlying the ADSs and you will have the rights of an ADS holder as provided in the deposit agreement. You may surrender your ADSs to the depositary to withdraw the ordinary shares underlying your ADSs. The depositary will charge you a fee for such an exchange. We may amend or terminate the deposit agreement for any reason without your consent. If an amendment becomes effective, you will be bound by the deposit agreement as amended if you continue to hold your ADSs. To better understand the terms of the ADSs, you should carefully read the section in this prospectus entitled “Description of American Depositary Shares.” We also encourage you to read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.
Use of Proceeds	We estimate that we will receive net proceeds of approximately US$834.4 million (or US$960.8 million if the underwriters exercise the over-allotment option in full) from this offering, assuming an

	initial public offering price of US$17.00 per ADS, the midpoint of the estimated range of the initial public offering price after deducting estimated underwriter discounts, commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering as follows: US$514 million to repay principal and accrued interest on the Subconcession Facility and the rest to pay development costs of the Crown Macau and City of Dreams and site acquisition and development costs of the Macau Peninsula project and to fund working capital and for other general corporate purposes.
Dividend Policy	We currently intend to retain all of our earnings to finance the construction and development of our projects and to operate and expand our business and therefore do not intend to declare or pay cash dividends on our shares in the near to medium term.
Timing and settlement of ADSs	The ADSs are expected to be delivered against payment on , 2006. The ADRs evidencing the ADSs will be deposited with a custodian for, and registered in the name of Cede & Co., as nominee of The Depositary Trust Company, or DTC, in New York, New York. DTC, and its direct and indirect participants, will maintain records that will show the beneficial interests in the ADSs and facilitate any transfer of beneficial interests.
Risk Factors	See "Risk Factors" and other information included in this prospectus for a discussion of the risks you should carefully consider before deciding to invest in the ADSs.
Listing	We have applied for approval to have our ADSs listed on the Nasdaq Global Market. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system.
Proposed Nasdaq Global Market Symbol	"MPEL."
Depositary	Deutsche Bank Trust Company Americas.
Lock-up	We, our directors and executive officers and our existing shareholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See "Underwriting."
Assured Entitlements Distribution	Pursuant to Practice Note 15 under the Hong Kong Listing Rules, in connection with this offering Melco must make available to its shareholders an "assured entitlement" to a certain portion of our shares. Melco currently intends to provide an assured entitlement with an aggregate value of approximately HK$27.0 million (US$3.5 million), based on the assumption of US$17.00 per ADS. The assured entitlement distribution will only be made if this offering is completed. Melco intends to effect the assured entitlement

distribution by providing to its shareholders a "distribution in specie," or distribution of our ADSs in kind, at a ratio expected to be one ADS for every whole multiple of 4,000 ordinary shares of Melco held at the applicable record date for the distribution. The distribution will be made without consideration from Melco shareholders. Melco shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the United States or are U.S. persons, or who are affiliates of us or are otherwise ineligible holders, will only receive cash in the assured entitlement distribution. Melco intends to purchase from us the new ordinary shares needed for the distribution in specie at the public offering price of the ADSs (adjusted for the three ordinary shares to one ADS ratio) after this offering has been completed. Mr. Lawrence Ho, our Co-Chairman and Chief Executive Officer, has informed Melco that he will waive the right to receive the assured entitlement in respect of shares beneficially owned by him. The purchase of ordinary shares and distribution in specie of ADSs by Melco are not part of this offering. After confirming the shareholders eligible to receive ADSs in the assured entitlement distribution, Melco will purchase at the initial public offering price only that number of ordinary shares necessary to satisfy the distribution. Accordingly, the assured entitlement distribution will not cause Melco and PBL to hold different numbers of shares immediately after this offering and the assured entitlement distribution are completed.

Conventions That Apply to This Prospectus

Unless otherwise indicated, references in this prospectus to:

- "China," "mainland China" and "PRC" are to the People's Republic of China, excluding Hong Kong, Macau and Taiwan;
- "Greater China" are to mainland China, Hong Kong, Macau and Taiwan, collectively;
- "HK$" and "H.K. dollars" are to the legal currency of Hong Kong;
- "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China;
- "Hong Kong Stock Exchange" are to The Stock Exchange of Hong Kong Limited;
- "Macau" and the "Macau SAR" are to the Macau Special Administrative Region of the People's Republic of China;
- "Patacas" and "MOP" are to the legal currency of Macau;
- "Renminbi" and "RMB" are to the legal currency of China; and
- "US$" and "U.S. dollars" are to the legal currency of the United States.

Unless the context indicates otherwise, "we," "us," "our company" and "MPBL Entertainment" refer to Melco PBL Entertainment (Macau) Limited, a Cayman Islands exempted company with limited liability, and its predecessor entities and its consolidated subsidiaries; "Melco" refers to Melco International Development Limited, a Hong Kong listed corporation; "PBL" refers to Publishing and Broadcasting Limited, an Australian listed corporation; and "our subconcession" refers to the Macau gaming subconcession held by our subsidiary MPBL Gaming.

Solely for your convenience, this prospectus contains translations of certain H.K. dollar amounts and Patacas into U.S. dollar amounts at the noon buying rate in The City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York. All translations from Hong Kong dollars to U.S. dollars were made at the rate of HK$7.80 = US$1.00. The noon buying rate reported by the Federal Reserve Bank of New York on December 30, 2005 was HK$7.7533 = US$1.00. The noon buying rate reported by the Federal Reserve Bank of New York on September 29, 2006 was HK$7.7913 = US$1.00. The Pataca is pegged to the Hong Kong dollar at a rate of HK$1.00 = MOP 1.03. All translations from Patacas to U.S. dollars were made at the exchange rate of MOP 8.034 = US$1.00. We make no representation that the H.K. dollar, Pataca, Australian dollar or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars, Patacas, H.K. dollars or Australian dollars, as the case may be, at any particular rate or at all. See "Exchange Rate Information."

Unless we indicate otherwise, all information in this prospectus reflects no exercise by the underwriters of their over-allotment option to purchase up to 7,950,000 additional ADSs representing 23,850,000 ordinary shares.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following summary historical consolidated statement of operations data for the period from January 1, 2004 to June 8, 2004 (predecessor), the period from June 9, 2004 to December 31, 2004, and the year ended December 31, 2005, and the summary historical consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from our audited financial statements included elsewhere in this prospectus. Our audited consolidated financial statements are prepared and presented in accordance with United States generally accepted accounting principles, or U.S. GAAP. For a description of the basis of presentation of these financial statements see note 3 to our audited consolidated financial statements. The following summary consolidated statement of operations data for the nine months ended September 30, 2005 and 2006 and the summary consolidated balance sheet data as of September 30, 2006 have been derived from our unaudited financial statements prepared in accordance with U.S. GAAP and included elsewhere in this prospectus. We have prepared the unaudited information on the same basis as the audited consolidated financial statements, and have included, in our opinion, all adjustments, consisting of normal and recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements. You should read the summary consolidated historical financial data in conjunction with those financial statements and the accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results do not necessarily indicate results expected for any future periods.

From June 9, 2004 for Mocha, July 20, 2004 for Melco Hotels and November 9, 2004 for Great Wonders through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha, Melco Hotels and Great Wonders because they were under common control for this period. The contributions by Melco of its 80% interest in Mocha, 70% interest in Great Wonders and 50.8% interest in the City of Dreams project to MPBL (Greater China), a company 80% indirectly owned by us and 20% owned by Melco, and cash contributions by PBL of US$163 million, which were completed on March 8, 2005, were accounted for as the formation of a joint venture for which a carryover basis of accounting has been adopted.

The consolidated financial statements of Mocha for the period from January 1, 2004 to June 8, 2004 have been prepared for the purpose of presenting the financial information of our predecessor. Mocha is considered our predecessor because we succeeded to substantially all of the business of Mocha and our own operations prior to the succession were insignificant relative to the operations assumed or acquired.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	For the period from January 1, 2004 to June 8, 2004 (predecessor)	For the period from June 9, 2004 to December 31, 2004 (successor)	For the year ended December 31, 2005 (successor)	For the nine months ended September 30, 2005 (successor)	For the nine months ended September 30, 2006 (successor)
	(in thousands of US$, except share and per share data and operating data)				
Consolidated statement of operations data:					
Total revenue	$ 1,896	$ 6,071	$ 17,328	$ 12,469	$ 18,204
Total operating costs and expenses	(1,286)	(7,001)	(21,050)	(13,282)	(45,132)
Operating (loss) income	$ 610	$ (930)	$ (3,722)	$ (813)	$ (26,928)
Net income (loss)	$ 494	$ (1,007)	$ (3,259)	$ (503)	$ (20,486)
Loss per share					
—Ordinary	*	(0.002)	(0.006)	(0.001)	(0.041)
—ADS(1)	*	(0.005)	(0.019)	(0.003)	(0.122)
Shares used in calculating loss per share					
—Basic	*	625,000,000	522,945,205	530,677,656	503,663,004
Selected operating data:					
Weighted average number of gaming machines(2)	125	513	634	603	986
Average daily net win per machine(3)	284.5	171.5	229.1	231.3	199.8
Other data:					
Operating EBITDA(4)	$ 771	$ 1,119	$ 7,430	$ 5,428	$ 6,614

* Figures not provided as the number of shares of our predecessor Mocha and our company are not directly comparable.

(1) Each ADS represents three ordinary shares.

(2) Weighted average number of gaming machines for any period represents the sum of the number of gaming machines in service on each day during such period divided by the number of days in such period.

(3) Average daily net win per machine for any period represents the total gaming machine win during such period divided by the weighted average number of gaming machines in service during such period. Gaming machine win is the excess of the amount of money deposited by players into the gaming machine over the amount of money paid out of the gaming machine to players. Prior to MPBL Gaming obtaining its subconcession in September 2006, Mocha Slot provided management services to the Mocha Clubs under service agreements with SJM. Mocha Slot received 31% of gaming machine win as its revenue from gaming at the Mocha Clubs, while SJM retained 31% of gaming machine win, and Macau taxes and other government dues accounted for the remaining 38%. Since the subconcession was granted and these service agreements were terminated with effect from September 21, 2006, we now reflect all the gaming machine win as our revenue from gaming at the Mocha Clubs, but we are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

(4) Operating EBITDA is presented for the results of the Mocha Clubs only as our sole operating business and is reconciled to consolidated net income as described at note 18 of our audited consolidated financial statements for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 (successor) and the year ended December 31, 2005 (successor) and at note 19 of our unaudited consolidated financial statements for the nine months ended September 30, 2005 and 2006.

The following table presents a summary of our balance sheet data as of December 31, 2004 and 2005 and September 30, 2006:

	As of December 31,		As of September 30,
	2004 (successor)	2005 (successor)	2006 (successor)
	(in thousands of US$)		
Balance Sheet Data:			
Cash and cash equivalents	$ 5,537	$ 19,769	$ 7,300
Total assets	106,112	421,208	636,088
Amounts due to affiliated companies/person	4,125	31,518	5,708
Amounts due to shareholders	11,930	94,577	139,881
Capital lease obligations(5)	105	11	17
Total current liabilities	17,524	138,741	203,039
Total liabilities	23,845	163,024	254,036
Minority interest	35	19,492	13,846
Total shareholders' equity	82,232	238,692	368,206

(5) Includes capital lease obligations, due within one year of US$105,000, US$3,000 and US$7,000 as of December 31, 2004 and 2005 and September 30, 2006, respectively, and capital lease obligations, due after one year of nil, US$8,000 and $10,000 as of December 31, 2004 and 2005 and September 30, 2006, respectively.

RISK FACTORS

An investment in the ADSs involves significant risks. You should carefully consider the risks described below before you decide to buy the ADSs. In particular, as we are a non-U.S. company, there are risks associated with investing in our ADSs that are not typical with investments in shares of U.S. companies. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations would likely suffer, the trading price of the ADSs could decline and you could lose all or part of your investment.

Risks Relating to Our Early Stage of Development

We are in an early stage of development of our business and properties, and so we are subject to significant risks and uncertainties. Our limited operating history may not serve as an adequate basis to judge our future operating results and prospects.

In significant respects we remain in a developmental phase of our business and there is limited historical information available about our company upon which you can base your evaluation of our business and prospects. In particular, we are still in the process of developing the Crown Macau and the City of Dreams, with neither project yet completed and generating any revenue and the City of Dreams project in very early stages of development. The Macau Peninsula project is at an even more preliminary design stage. The Mocha Club business, which we acquired in 2005, did not commence operations until 2003 and is currently our only revenue generating operation. MPBL Gaming only recently acquired its subconcession and previously did not have any direct experience operating casinos in Macau. As a result, you should consider our business and prospects in light of the risks, expenses and challenges that we will face as an early-stage company seeking to develop and operate major new development projects and gaming businesses in a rapidly growing and intensely competitive market.

Among other things, we are still in the process of:

- obtaining the formal grant of a land concession from the Macau government for the City of Dreams site on terms that are acceptable to us;
- obtaining the approval from the Macau government to increase the developable gross floor area of the City of Dreams site; and
- acquiring an ownership interest in the company that owns the Macau Peninsula site, which is subject to significant conditions in the control of third parties unrelated to us and the seller and to Macau governmental approvals, and obtaining financing commitments for the acquisition and development of the Macau Peninsula project.

We have encountered and will continue to encounter risks and difficulties frequently experienced by early-stage companies, and those risks and difficulties may be heightened in a rapidly developing market such as the gaming market in Macau. Some of the risks relate to our ability to:

- complete our construction projects within their anticipated time schedules and budgets;
- obtain a land concession for the City of Dreams project on terms that are acceptable to us;
- obtain an extension of the deadline for completion of development on the site for the Macau Peninsula project;
- obtain formal occupancy licenses for the Crown Macau and the City of Dreams;
- identify suitable locations and enter into new lease agreements for new Mocha Clubs;
- attract and retain customers and qualified employees;
- operate, support, expand and develop our operations and our facilities;
- maintain effective control of our operating costs and expenses;

- raise additional capital;
- develop and maintain internal personnel, systems and procedures to assure compliance with the extensive regulatory requirements applicable to the gaming business;
- respond to changes in our regulatory environment; and
- respond to competitive market conditions.

If we are unable to complete any of these tasks, we may be unable to complete and operate any of our projects and businesses in the manner we contemplate and generate revenues in the amounts and by the times we anticipate. We may also be unable to meet the conditions to draw on one or more of our existing financing facilities in order to fund our development, construction and acquisition activities or may suffer a default under one or more of our financing facilities. If any of these events were to occur, it would cause a material adverse effect on our business and prospects, financial condition, results of operation and cash flows.

We could encounter problems that substantially increase the costs to develop our projects and delay or prevent the opening of one or more of our projects.

The anticipated costs and targeted completion date for the Crown Macau are based on budgets, architectural and construction plans and schedule estimates that we have prepared with the assistance of architects and contractors. The total project costs for the Crown Macau project are currently estimated to be US$512.6 million, which includes the value of land for the project site both contributed to us in kind and partly paid for by us, land premium costs and anticipated construction costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements. The anticipated costs for the City of Dreams project are based on preliminary projections and budgets, conceptual design documents and schedule estimates that we have prepared with the assistance of our architects and contractors and are subject to change as the plans and design documents are finalized and actual construction work commences. The total project costs for both phases of the City of Dreams, including the value of land for the project site contributed to us in kind, anticipated land and construction costs, land premium costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements, are currently estimated to be approximately US$2.1 billion. The total project costs for the Macau Peninsula project are based on preliminary estimates and conceptual designs and estimated project costs may be adjusted significantly as we begin to firm up our design plans and hire architects and contractors for this project.

All our projects are subject to significant development and construction risks, which could have a material adverse impact on our project timetables and costs and our ability to complete the projects. These risks include the following:

- changes to plans and specifications;
- engineering problems, including defective plans and specifications;
- shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation in key supply markets;
- delays in obtaining or inability to obtain necessary permits, licenses and approvals;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
- labor disputes or work stoppages;
- disputes with and defaults by contractors and subcontractors;
- environmental, health and safety issues, including site accidents;
- weather interferences or delays;

- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these development and construction risks could increase the total costs, delay or prevent the construction or opening or otherwise affect the design and features of any or all of our projects, which could materially adversely affect our results of operations and financial condition. For example, primarily as a result of changes and improvements in the designs for the Crown Macau, our construction costs have increased and we have negotiated with the general contractor, Paul Y. Construction Company Limited, or Paul Y. Construction, for an amendment of the total contract price from the original HK$1,448.0 million (US$185.6 million) to approximately HK$2.1 billion (US$269.1 million).

Costs of key construction inputs are increasing in Macau and we believe they are likely to continue to increase during the construction period of our projects, primarily due to the significant increase in building activity in Macau. Our contractors may not be able to secure lower cost labor and other inputs from mainland China on a timely basis and in an adequate amount, as they will need to obtain required licenses from the Macau government to do so. The application for such licenses, if granted at all, may take several weeks or months. Continuing increases in input costs of construction in Macau will increase the risk that contractors will fail to perform under their contracts on time, within budget, or at all, and could increase the costs of any new contracts that we may enter into for the City of Dreams and Macau Peninsula projects.

Failure to finalize and draw upon our City of Dreams Project Facility would mean we would need to find alternative funding sources, could result in less attractive financing terms and could delay or preclude the construction of the City of Dreams.

MPBL Gaming has entered into a commitment letter with certain banks as arrangers for the provision of the City of Dreams Project Facility of up to US$1.6 billion senior secured term loans to construct the City of Dreams project. The commitment letter is not a binding agreement to provide us loans under the City of Dreams Project Facility and remains subject to the execution of definitive documentation, negotiation of material terms and conditions and syndication, due diligence, receipt of requisite Macau government approvals (principally for the land concession for the City of Dreams site and the granting of security to the lenders), receipt of certain credit ratings and several other material conditions precedent to closing and funding. See “Description of Our Indebtedness.” We currently estimate that we will be in a position to borrow under the City of Dreams Project Facility in the second quarter of 2007. However, there can be no assurance that the definitive terms and conditions of the facility will not differ materially from those currently contemplated or that all the conditions to close and fund will be met by that time or at all. If we were unable to finalize and borrow under the City of Dreams Project Facility, we may have to:

- seek waivers from our lenders,
- find a new group of lenders and negotiate new financing terms, or
- consider other financing alternatives.

If required, it is possible that new financing would not be available or would have to be procured on substantially less attractive terms, which could damage the economic viability of the City of Dreams project. The need to arrange such alternative financing would likely also delay the construction of the City of Dreams, which would affect our cash flows, results of operations and financial condition.

We may require more debt or equity financing, which could require us to incur substantial additional indebtedness or sell additional ADSs or other equity securities. Our ability to obtain additional financing may be limited, which could delay or prevent the opening of one or more of our projects.

We may require more debt and equity funding to complete our projects, fund initial operating activities and debt service payments and fund anticipated expansion of the Mocha Clubs operations, depending on whether our projects are completed within budget, the timing of completion and commencement of revenue generating operations at our projects, any further investments and/or acquisitions we may make, and the amount of cash flow from our operations. If delays and cost overruns were significant, the additional funding we would require could be substantial. The raising of additional debt funding by us, if required, would result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets, that would restrict our operations. The sale of additional equity securities could result in additional dilution to our shareholders.

Our ability to obtain required capital on acceptable terms is subject to a variety of uncertainties, including:

- limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit facilities, which currently prohibits MPBL Gaming and will prohibit Great Wonders and Melco Hotels from incurring additional indebtedness with only limited exceptions;
- investors' and lenders' perception of, and demand for, debt and equity securities of gaming, leisure and hospitality companies, as well as the offerings of competing financing and investment opportunities in Macau by our competitors;
- whether it is necessary to provide credit support or other assurances from Melco and PBL on terms and conditions and in amounts that are commercially acceptable to them;
- MPBL Gaming's ability to obtain consent from the Macau government as required under our subconcession contract;
- conditions of the U.S., Macau, Hong Kong, and other capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- requirements for approval for certain transactions from Macau, Hong Kong or Australian authorities, the Hong Kong Stock Exchange and/or shareholders of Melco and/or PBL;
- Macau governmental regulation of gaming in Macau; and
- economic, political and other conditions in Macau, China and the Asian region.

Without necessary capital, we may not be able to:

- complete the development of our existing projects, acquire and develop new projects or open new Mocha Clubs;
- acquire necessary rights, assets or businesses;
- expand our operations in Macau;
- hire, train and retain employees;
- market our programs, services and products; or
- respond to competitive pressures or unanticipated funding requirements.

We cannot assure you that necessary financing will be available in amounts or on terms acceptable to us, or at all. If we fail to raise additional funds in such amounts and at such times as we may need, we may be forced to

reduce our expenditures and growth to a level that can be supported by our cash flow and delay the development of our projects or expansion of the Mocha Club operations, which may result in our inability to meet drawing conditions under our loan facilities or default and exercise of remedies by the lenders under our loan facilities, whose loans we expect to be secured by liens on substantially all the shares and assets of our subsidiaries. In that event, we would be unable to complete our projects under construction and could suffer a partial or complete loss of our investments in our projects.

Even if our development projects are completed as planned and new Mocha Clubs are opened, they may not be financially successful, which would limit our cash flow and would adversely affect our operations and our ability to repay our debt.

Even if our development projects are completed as planned and new Mocha Clubs are opened, they still may not be financially successful ventures or generate the cash flows that we anticipate. We may not attract the level of patronage that we are seeking. If any of our projects does not attract sufficient business, this will limit our cash flow and would adversely affect our operations and our ability to service payments under our loan facilities.

Risks Relating to the Completion and Operation of Our Projects

The total contract price under our construction contract for the Crown Macau project has already been increased and may increase further due to costs for changes and variations that we are required to bear under the contract.

Our construction contract with Paul Y. Construction for the Crown Macau project provides that the total contract price may be increased and the deadline for the contractor's obligation to complete construction may be further adjusted under certain circumstances, including variations from the assumptions on which the total contract price is based and change orders issued by us. For example, as a result of changes and improvements in the designs for the Crown Macau, our construction costs have increased and we have negotiated the amendment of the total contract price from the original HK$1,448.0 million (US$185.6 million) to approximately HK$2.1 billion (US$269.1 million). Additional variations from the premises and assumptions on which the total contract price were based and further change orders dictated by us could cause us to be responsible for costs in excess of the total contract price in certain circumstances. Factors that could cause the contract price to be further increased include expansion of the floor area of the casino and improvements and upgrades on the standards of the work and quality of materials used in the project facilities. Any additional significant increase in the total contract price under our construction contract for the Crown Macau project beyond which we currently anticipate may have a material adverse effect on our financial condition, results of operations and cash flows. Furthermore, construction contracts for the City of Dreams and Macau Peninsula projects will be subject to similar provisions that could result in our having to bear increases in contract prices, which could be material.

The liquidated damages provision in our construction contract for the Crown Macau project is unlikely to be sufficient to protect us against exposure to actual damages we may suffer for delay in completion of the project. The financial resources of our contractor and its parent company may be insufficient to fund liquidated damages for which they are responsible under the construction contract and the parent's guarantee.

Under the construction contract with Paul Y. Construction for the Crown Macau project, the scheduled date of practical completion for the Crown Macau project is on or before April 2007. Subject to permitted extensions, if all work required by the construction contract is not practically completed by the deadline, the contract provides for liquidated damages in the amount of HK$250,000 (approximately US$32,051) per day for the mass market casino floors and certain parts of the hotel and HK$100,000 (approximately US$12,820) per day for the VIP casino floors and the remaining parts of the hotel, to be imposed until the completion date certificate is signed by Great Wonders, our subsidiary that will operate the hotel part of the Crown Macau. Permitted extensions include requests for variations from the contract by us, the occurrence of a force majeure event, and

any delay, impediment or prevention of Paul Y. Construction's work by us. We cannot assure you that construction will be completed on schedule. If completion of construction were delayed beyond the grace period, our actual damages, including lost revenues, would likely exceed the amount of liquidated damages. We do not maintain delayed commercial operation insurance for the Crown Macau operations.

If Paul Y. Construction defaults under the construction contract, we may be unable to complete the Crown Macau project on schedule or within the amount budgeted, or at all. Failure to complete construction on schedule could have a significant negative impact on our results of operations and financial condition and our ability to satisfy our obligations under the Great Wonders Project Facility and the City of Dreams Project Facility.

PYI Corporation Limited (formerly known as Paul Y.-ITC Construction Holdings Limited), or PYI, the parent company of Paul Y. Construction, has agreed to provide a contractor's guarantee of Paul Y. Construction's performance under the Crown Macau construction contract until final payment. We cannot assure you that Paul Y. Construction and PYI will have sufficient financial resources to fund their obligations or liquidated damages for which they may be responsible under the construction contract and guarantee. Furthermore, neither Paul Y. Construction nor PYI is contractually obligated to maintain financial resources to cover its potential obligations under the construction contract and guarantee. If Paul Y. Construction and PYI do not have the resources to meet their obligations and we are unable to obtain remedies under the construction contract or the guarantee in a timely manner to cover cost overruns as a result of their default, we may be forced to pay these excess costs in order to complete construction of the Crown Macau.

Our insurance coverage may not be adequate to cover all losses that we may suffer at our projects. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

If we incur loss or damage for which we are held liable for amounts exceeding the limits of our insurance coverage, or for claims outside the scope of our insurance coverage, our business and results of operations could be materially and adversely affected. For example, certain casualty events, such as labor strikes, nuclear events, acts of war, loss of income due to cancellation of conventions or room reservations arising from fear of terrorism, deterioration or corrosion, insect or animal damage and pollution may not be covered under our policies. As a result, certain acts and events could expose us to significant uninsured losses. In addition to the damages caused directly by a casualty loss such as fire, natural disasters, acts of war or terrorism, we may suffer a disruption of our business as a result of these events or be subject to claims by third parties who may be injured or harmed. While we intend to carry business interruption insurance and general liability insurance, such insurance may not be available on commercially reasonable terms or at all, and, in any event, may not be adequate to cover all losses that may result from such events.

For the construction of the Crown Macau, we and Paul Y. Construction have obtained insurance policies providing coverage for construction risks that we believe are typically insured in the construction of gaming and hospitality projects in Macau and Hong Kong. However, this insurance coverage excludes certain types of loss and damage, such as loss or damage from acts of terrorism or liability for death or illness caused by contagious or infectious diseases. If loss or damage of those types were to occur, we could suffer significant uninsured losses. For the construction of the City of Dreams, we intend to secure a construction insurance policy and employees' compensation insurance policy similar to those we have secured for the Crown Macau. The cost of coverage, however, may in the future become so high that we may be unable to obtain the insurance policies we deem necessary for the construction and operation of our projects on commercially practicable terms, or at all, or we may need to reduce our policy limits or agree to certain exclusions from our coverage. We cannot assure you that any such insurance policies we may obtain will be adequate to protect us from material losses.

Construction at our projects is subject to hazards that may cause personal injury or loss of life, thereby subjecting us to liabilities and possible losses, which may not be covered by insurance.

The construction of large scale properties such as our development projects can be dangerous. Construction workers at our projects are subject to hazards that may cause personal injury or loss of life, thereby subjecting the contractor and us to liabilities, possible losses, delays in completion of the projects and negative publicity. For example, recently a construction worker died after falling from a high floor of the Crown Macau during construction. As a result, we stopped construction on the Crown Macau site for several days to allow for safety inspections and investigations. Furthermore, a floor of the Crown Macau collapsed while under construction, causing injuries to construction workers. We believe that we and our contractor take safety precautions that are consistent with industry practice, but these safety precautions may not be adequate to prevent serious personal injuries or further loss of life, damage to property or delays. If further accidents occur during the construction of our projects, we may be subject to delays, including delays imposed by regulators, liabilities and possible losses, which may not be covered by insurance, and our business, prospects and reputation may be materially and adversely affected.

We may encounter all of the risks associated with the development and construction of the Crown Macau project in the development and construction of the City of Dreams and Macau Peninsula projects.

We will be exposed to similar risks as we have encountered or identified in the development of the Crown Macau in the development and construction of the City of Dreams, which will be substantially larger and more complex and is at an earlier stage of design and development, and the Macau Peninsula project. We have not yet entered into definitive contracts for the construction and development of the City of Dreams and Macau Peninsula projects. We cannot assure you that we will be able to enter into definitive contracts with contractors with sufficient skill, financial strength and experience on commercially reasonable terms or at all. We may not be able to obtain guaranteed maximum price or fixed contract price terms on the construction contracts for the City of Dreams project, which could cause us to bear greater risks of cost overruns and construction delays. If we are unable to enter into satisfactory construction contracts for the City of Dreams project or are unable to closely control the construction costs and timetable for the City of Dreams project, our business, financial condition and prospects may be materially and adversely affected.

We are developing the City of Dreams on land for which we have not yet been granted a formal concession by the Macau government on terms acceptable to us. If we do not obtain a land concession on terms acceptable to us, we could forfeit all or a part of our investment in the site and the design and construction of the City of Dreams and would not be able to open and operate that facility as planned.

Land concessions in Macau are issued by the Macau government and generally have a term of 25 years, which is renewable for further consecutive periods of up to 10 years each until December 19, 2049 in accordance with the Macau law. The specific terms are determined in the relevant land concession contracts, and there are common formulas generally used to determine the cost of these land concessions. On May 10, 2005, we accepted in principle the Macau government's offer of a land concession to Melco Hotels consisting of approximately 113,325 square meters (28 acres) of land on the Cotai Strip for the site of the City of Dreams. However, we do not currently have a definitive timetable for finalizing our negotiations with the Macau government and cannot assure you that we will be able to finalize our negotiations with the Macau government and obtain this land concession on terms that are acceptable to us or at all. If we do not obtain a land concession for the City of Dreams site, we may not be able to meet conditions to draw loans under the City of Dreams Project Facility and may not be able to complete and operate the City of Dreams and we could lose all or a substantial part of our investment in the City of Dreams. If the land concession when granted contains terms unacceptable to us and we are unable to seek amendments to the land concession granted, we may not be able to complete and operate the City of Dreams as planned and we could lose all or a substantial part of our investments in the City of Dreams. As of September 30, 2006, we had paid approximately US$166 million of the project costs for the City of Dreams project, primarily for the land costs, construction costs, design and consultation fees.

Simultaneous planning, design, construction and development of our three major projects may stretch our management time and resources, which could lead to delays, increased costs and other inefficiencies in the development of one or more of our projects.

Until the opening of the Crown Macau, which is currently scheduled for the second quarter of 2007, we expect the construction of the Crown Macau and the planning, design and construction of the City of Dreams and Macau Peninsula projects will be proceeding simultaneously. Since there is a significant overlap of the planning, design, development and construction periods of these projects involving the need for intensive work on each of the projects, members of our senior management will be involved in planning and developing all of our projects at the same time. Completing work on the Crown Macau simultaneously with the planning, design, development and construction of the City of Dreams and Macau Peninsula projects could divert management resources from the construction and opening of any one project. Our management may be unable to devote sufficient time and attention to all of our projects, and that may delay the construction or opening of one or more of our projects, cause construction cost overruns or cause the performance of any opened property to be lower than expected, which could have a material adverse effect on our business, financial condition and results of operations.

We will need to recruit a substantial number of new employees before each of our projects can open and competition may limit our ability to attract qualified management and personnel.

As we approach the completion of construction of the Crown Macau, we will require extensive operational management and staff in order to commence operations and operate successfully. Accordingly, we plan to undertake a major recruiting program before the Crown Macau opens and expect to do so again before each of the City of Dreams and Macau Peninsula projects opens. We expect to require a total of more than 10,000 new employees at the Crown Macau, City of Dreams and Macau Peninsula projects when they have all been completed and commence operations. The pool of experienced gaming and other personnel in Macau is limited. Many of our new personnel will occupy sensitive positions requiring qualifications sufficient to meet gaming regulatory and other requirements or will be required to possess other skills for which substantial training and experience may be needed. Moreover, competition to recruit and retain qualified gaming and other personnel is likely to intensify significantly as competition in the Macau casino hotel market increases. In addition, we are not currently allowed under Macau government policy to hire non-Macau resident dealers and croupiers. In particular, several other major casino hotels are expected to open in Macau at or around the same times as our developments. We cannot assure you that we will be able to attract and retain a sufficient number of qualified individuals to operate our projects or that costs to recruit and retain such personnel will not increase. The loss of the services of any of our senior managers or the inability to attract and retain qualified employees and senior management personnel could have a material adverse effect on our business.

Our contractors may face difficulties in finding sufficient labor at acceptable cost, which could cause delays and increase construction costs of our projects.

The contractors we retain to construct our projects may also face difficulties and competition in finding qualified construction laborers and managers as more projects commence construction in Macau and as substantial construction activity continues in China. Immigration and labor regulations in Macau may cause our contractors to be unable to obtain sufficient laborers from China to make up any gaps in available labor in Macau and to help reduce costs of construction, which could cause delays and increase construction costs of our projects.

Our business depends substantially on the continuing efforts of our senior management, and our business may be severely disrupted if we lose their services or their other responsibilities cause them to be unable to devote sufficient time and attention to our company.

We will place substantial reliance on the gaming, project development and hospitality industry experience and knowledge of the Macau market possessed by members of our senior management team, including our Co-Chairman and Chief Executive Officer, Mr. Lawrence Ho. The loss of the services of one or more of these

members of our senior management team could hinder our ability to effectively manage our business and implement our growth and development strategies. Finding suitable replacements for Mr. Lawrence Ho or other members of our senior management could be difficult, and competition for personnel of similar experience could be intense in Macau. We do not currently carry key person insurance on any members of our senior management team.

Because we will depend upon a limited number of properties for all of our cash flow, we will be subject to greater risks than a gaming company with more operating properties.

We will be entirely dependent upon the Crown Macau, City of Dreams and Macau Peninsula projects and the Mocha Clubs for our cash flow. Given that our operations will be conducted only based on a small number of principal properties, we will be subject to greater risks than a gaming company with more operating properties due to our limited diversification of our businesses and sources of revenue.

Risks Relating to Our Operations in the Gaming Industry in Macau

Because our operations will face intense competition in Macau and elsewhere in Asia, we may not be able to compete successfully and we may lose or be unable to gain market share.

Our competitors in Macau and elsewhere in Asia will include many of the largest gaming, hospitality, leisure and resort companies in the world. Some of these current and future competitors are significantly larger than us and have significantly larger capital and other resources to support their developments and operations in Macau.

The hotel, resort and casino businesses are highly competitive in Macau and we expect to encounter intense and increasing competition as other developers and operators complete and open new projects in coming years. Our Macau operations currently compete with approximately 23 other existing casinos of varying sizes located in Macau. In addition, we expect competition to increase in the near future from local and foreign casino operators who are developing numerous hotel and casino projects in Macau.

SJM is one of the three concessionaires in Macau and operates 16 casinos. SJM is controlled by Dr. Stanley Ho, who through SJM and, its parent entity STDM, controlled the monopoly concession on gaming operations in Macau from 1962 to 2002. In addition, Dr. Stanley Ho is the father of Mr. Lawrence Ho, our Co-Chairman and Chief Executive Officer. Dr. Stanley Ho was a director and the Chairman of Melco until he resigned from those positions in March 2006. Dr. Stanley Ho remains a shareholder of Melco, and we believe that, for purposes of Rule 13d-3 under the Securities Exchange Act of 1934, he was deemed to beneficially own approximately 6.37% of Melco's outstanding ordinary shares as of November 30, 2006.

SJM is constructing the Grand Lisboa, a resort next to the Hotel Lisboa, one of our main competitors in Macau gaming, and has also announced the construction of Oceanus, a new casino complex near the Macau Ferry Terminal. Las Vegas Sands opened the Sands Macao in May 2004 and is currently building the Venetian Macao Resort, an all-suites hotel, casino and convention center complex, with a Venetian-style theme similar to that of their Las Vegas property. Galaxy Casino S.A., or Galaxy, operates five casinos and is building the Galaxy Cotai Mega Resort. Wynn Macau opened the Wynn Macau casino hotel project in September 2006 and has announced plans to build up to three resorts in the Cotai Strip but has not yet publicly provided details of these proposed projects. The joint venture between MGM-Mirage and Pansy Ho, Dr. Stanley Ho's daughter and the sister of Mr. Lawrence Ho, is building the MGM Grand Macau, a resort on the Macau peninsula adjacent to the Wynn Macau which is scheduled to open in late 2007. Other casinos are expected to be opened by other hotel and entertainment development companies in conjunction with concessionaires who will operate the casino operations.

We will also compete to some extent with casinos located elsewhere in other countries, such as Malaysia, South Korea the Philippines and Cambodia, as well as in Australia, New Zealand and elsewhere in the world,

including Las Vegas. In addition, certain countries, such as Singapore, have now legalized casino gaming and others may in the future legalize casino gaming, including Japan, Taiwan and Thailand. Singapore recently awarded one casino license to Las Vegas Sands. The second casino license is expected to be granted in Singapore in December 2006 and another joint venture entity of Melco and PBL (in which we do not have any interest) is participating in a consortium that recently submitted a bid for the second license. If the consortium were to be awarded the second license, we could face competition with any casino that the consortium may operate in Singapore, as well as competition for management time and resources and for financing. We also expect competition from cruise ships operating out of Hong Kong and other areas of Asia that offer gaming. The proliferation of gaming venues in Southeast Asia could significantly and adversely affect our financial condition, results of operations or cash flows.

Our regional competitors will also include PBL's Crown Casino Melbourne and Burswood Casino in Australia and other casino resorts that Melco and PBL may develop elsewhere in Asia outside Macau. Melco and PBL may develop different interests and strategies for projects in Asia under their joint venture which conflict with the interests of our business in Macau or otherwise compete with us for Asian gaming and leisure customers.

Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or regulations could be difficult to comply with or significantly increase our costs, which could cause our projects to be unsuccessful.

Gaming is a highly regulated industry in Macau. Current laws, such as licensing requirements, tax rates and other regulatory obligations, including for anti-money laundering, could change or become more stringent resulting in additional regulations being imposed upon the gaming operations in the Crown Macau and City of Dreams casinos and Macau Peninsula site and the Mocha Clubs or a further liberalization of competition being introduced in the gaming industry. Any such adverse developments in the regulation of the gaming industry could be difficult to comply with and significantly increase our costs, which could cause our projects to be unsuccessful.

Current Macau laws and regulations concerning gaming and gaming concessions and matters such as prevention of money laundering are, for the most part, fairly recent and there is little precedent on the interpretation of these laws and regulations. We believe that our organizational structure and operations are currently in compliance in all material respects with all applicable laws and regulations of Macau, but we are still in the process of building our internal staff, systems and procedures for the operation of our gaming businesses in compliance with gaming regulatory requirements and standards in Macau. These laws and regulations are complex and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue new or modified regulations, that differ from our interpretation, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Our activities in Macau are subject to administrative review and approval by various agencies of the Macau government. For example, our activities are subject to the administrative review and approval by the Health Department, Labour Bureau, Public Works Bureau, Fire Department, Finance Department and Macau Government Tourism Office. We cannot assure you that we will be able to obtain all necessary approvals that may materially affect our business and operations. Macau law permits redress to the courts with respect to administrative actions. However, such redress is largely untested in relation to gaming regulatory issues.

In addition, we may conduct our gaming operations in Macau by implementing certain of the policies and procedures followed by PBL in compliance with Australian gaming regulations, modified where necessary to meet Macau's local requirements and standards. Those Australian requirements may be more restrictive than those in Macau. This may negatively affect our flexibility and our ability to engage in some activities that would otherwise be permissible in Macau and increase the expenses we incur in connection with regulatory compliance.

Under MPBL Gaming's subconcession, the Macau government may terminate its subconcession under certain circumstances without compensation to it, which would prevent it from operating casino gaming facilities in Macau and could result in defaults under our indebtedness and a partial or complete loss of our investments in our projects.

Under MPBL Gaming's gaming subconcession, the Macau government has the right, after notifying Wynn Macau, to unilaterally terminate the subconcession in the event of non-compliance by MPBL Gaming with its basic obligations under the subconcession and applicable Macau laws. If such a termination were to occur, MPBL Gaming would be unable to operate casino gaming in Macau. We would also be unable to recover the US$900 million consideration paid to Wynn Macau for the issue of the subconcession.

The following termination events are included in the subconcession contract:

- the operation of gaming without permission or operation of business which does not fall within the business scope of the subconcession;
- abandonment of approved business or suspension of operations of our gaming business in Macau without reasonable grounds for more than seven consecutive days or more than 14 non-consecutive days within one calendar year;
- transfer of all or part of MPBL Gaming's operation in Macau in violation of the relevant laws and administrative regulations governing the operation of games of fortune or chance and other casino games in the Macau SAR and without Macau government approval;
- failure to pay taxes, premiums, levies or other amounts payable to the Macau government;
- failure to resume operations following the temporary assumption of operations by the Macau government;
- repeated opposition to the supervision and inspection by the Macau government and failure to comply with decisions and recommendations of the Macau government, especially those of the DICJ, applicable to us;
- refusal or failure to provide or supplement the guarantee deposit or the guarantees specified in the subconcession within the prescribed period;
- bankruptcy or insolvency of MPBL Gaming;
- fraudulent activity harming the public interest;
- serious and repeated violation of the applicable rules for carrying out casino games of chance or games of other forms or damage to the fairness of casino games of chance or games of other forms;
- systematic non-compliance with the Macau Gaming Law's basic obligations;
- the grant to any other person of any managing power over the gaming business of MPBL Gaming or the grant of a subconcession or the entering into any agreement to the same effect; or
- failure by a controlling shareholder in MPBL Gaming to dispose of its interest in MPBL Gaming, within ninety days, following notice from the gaming authorities of another jurisdiction in which such controlling shareholder is licensed to operate casino games of chance to the effect that such controlling shareholder can no longer own shares in MPBL Gaming.

These events could lead to the termination of MPBL Gaming's subconcession without compensation to it. If MPBL Gaming were to enter into a service agreement with New Cotai Entertainment, LLC, or other parties, pursuant to which MPBL Gaming would operate the casino premises in their hotel casino resorts, and New Cotai Entertainment or these other parties were to be found unsuitable or were to undertake actions that are inconsistent with MPBL Gaming's subconcession terms and requirements, we could suffer penalties, including the termination of the subconcession. Upon expiry or any termination of MPBL Gaming's subconcession, the portion

of casino premises within our developments to be designated with the approval of the Macau government, including all gaming equipment, would revert to the Macau government automatically without compensation to us. In many of these instances, the subconcession contract does not provide a specific cure period within which any such events may be cured and, instead, we would rely on consultations and negotiations with the Macau government to remedy any such violation.

The subconcession contract contains various general covenants, obligations and other provisions as to which the determination of compliance is subjective. For example, compliance with general and special duties of cooperation, special duties of information, and with obligations foreseen for the execution of our investment plan may be subjective. We cannot assure you that we will perform such covenants in a way that satisfies the requirements of the Macau government and, accordingly, we will be dependent on our continuing communications and good faith negotiations with the Macau government to ensure that we are performing our obligations under the subconcession in a manner that would avoid any violations.

Under the subconcession contract, we are required to make a minimum investment in Macau of MOP 4.0 billion (US$497.9 million) by December 2010. We expect to satisfy this requirement through our development of the Crown Macau and the City of Dreams. However, if we were unable to meet the required deadline for completing this minimum investment due, for example, to delay in construction or inability to finance the completion of the City of Dreams project, we may lose the right to continue operating our properties developed under the subconcession or suffer the termination of the subconcession by the Macau government.

Under MPBL Gaming's subconcession, the Macau government is allowed to request various changes in the plans and specifications of our Macau properties and to make various other decisions and determinations that may be binding on us. For example, the Chief Executive of the Macau SAR has the right to require that we increase MPBL Gaming's share capital or that we provide certain deposits or other guarantees of performance with respect to the obligations of our Macau subsidiaries in any amount determined by the Macau government to be necessary. MPBL Gaming is limited in its ability to raise additional capital by the need to first obtain the approval of the Macau gaming and governmental authorities before raising certain debt or equity. MPBL Gaming's ability to incur debt or raise equity may also be restricted by our loan facilities. As a result, we cannot assure you that we will be able to comply with these requirements or any other requirements of the Macau government or with the other requirements and obligations imposed by the subconcession.

Furthermore, pursuant to the subconcession contract, we are obligated to comply not only with the terms of that agreement, but also with laws, regulations, rulings and orders that the Macau government might promulgate in the future. We cannot assure you that we will be able to comply with any such laws, regulations, rulings or orders or that any such laws, regulations, rulings or orders would not adversely affect our ability to construct or operate our Macau properties. If any disagreement arises between us and the Macau government regarding the interpretation of, or our compliance with, a provision of the subconcession contract, we will be relying on the consultation and negotiation process with the applicable Macau governmental agency described above. During any such consultation, however, we will be obligated to comply with the terms of the subconcession contract as interpreted by the Macau government.

MPBL Gaming's failure to comply with the terms of its subconcession in a manner satisfactory to the Macau government could result in the termination of its subconcession. We cannot assure you that MPBL Gaming would always be able to operate gaming activities in a manner satisfactory to the Macau government. The loss of its subconcession would prohibit MPBL Gaming from conducting gaming operations in Macau which would have a material adverse effect on our financial condition, results of operations and cash flows and could result in defaults under our indebtedness and a partial or complete loss of our investments in our projects.

Currently, there is no precedent on how the Macau government will treat the termination of a concession or subconcession upon the occurrence of any of the circumstances mentioned above. Some of the laws and

regulations summarized above have not yet been applied by the Macau government. Therefore, the scope and enforcement of the provisions of Macau's gaming regulatory system cannot be fully assessed at this time.

The Macau government could grant additional rights to conduct gaming in the future, which could significantly increase the already intense competition in Macau and cause us to lose or be unable to gain market share.

MPBL Gaming is one of six companies authorized by the Macau government to operate gaming activities in Macau. Although the Macau government has agreed under the existing concession agreements that it will not grant any additional concessions before April 2009 and has publicly stated that only one subconcession may be issued under each concession, we cannot assure you that the Macau government will not change its policies to issue additional concessions or subconcessions at any time in the future. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, we would face additional competition, which could significantly increase the already intense competition in Macau and cause us to lose or be unable to gain market share.

MPBL Gaming's subconcession contract expires in 2022 and if it was unable to secure an extension of its subconcession in 2022 or if the Macau government were to exercise its redemption right in 2017, it would be unable to operate casino gaming in Macau.

MPBL Gaming's subconcession contract expires in 2022. Based on information from the Macau government, proposed amendments to the relevant legislation are being considered. We expect that after such amendments take effect, on the expiration date of MPBL Gaming's subconcession, unless MPBL Gaming's subconcession were extended, the portion of casino premises within our developments to be designated with the approval of the Macau government, including all gaming equipment, would automatically revert to the Macau government without compensation to us. Under the subconcession contract, beginning in 2017, the Macau government has the right to redeem the subconcession contract by providing us at least one year's prior notice. In the event the Macau government exercises this redemption right, we would be entitled to fair compensation or indemnity. The amount of such compensation or indemnity would be determined based on the gross revenue generated by the City of Dreams during the tax year immediately prior to the redemption, multiplied by the remaining term of the subconcession. We would not receive any further compensation (including for consideration paid to Wynn Macau for the subconcession). We cannot assure you that MPBL Gaming would be able to renew or extend its subconcession contract on terms favorable to us or at all. We also cannot assure you that if MPBL Gaming's subconcession were redeemed, the compensation paid would be adequate to compensate us for the loss of future revenues.

We expect that MPBL Gaming will not initially be required to pay corporate income taxes on income from gaming operations under the subconcession. We expect that this tax exemption will expire at the end of five years and it may not be extended.

The Macau government has granted or has agreed to grant the benefit of a corporate tax holiday on gaming income in Macau to the existing concessionaires and subconcessionaires for a period of five years starting from the date their gaming operations began in Macau. We expect to have the same benefit of a corporate tax holiday in Macau, effective from the date we begin generating gaming revenues under the subconcession, which would exempt us from paying corporate income tax on income generated from gaming activities excluding profits from our non-gaming businesses, through the end of the five-year period. We cannot assure you that this tax exemption will be granted by the Macau government or extended beyond the expiration date.

We will extend credit to a portion of our customers, and we may not be able to collect gaming receivables from our credit customers.

We will conduct our table gaming activities at our casinos to a limited degree on a credit basis. This credit is likely to be unsecured. High-end patrons typically will be extended more credit than patrons who tend to wager lower amounts.

We may not be able to collect all of our gaming receivables from our credit customers. We expect that we will be able to enforce our gaming receivables only in a limited number of jurisdictions, including Macau. As most of our gaming customers are expected to be visitors from other jurisdictions, we may not have access to a forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts of many jurisdictions do not enforce gaming debts. We may encounter forums that will refuse to enforce such debts, or we may be unable to locate assets in other jurisdictions against which to seek recovery of gaming debts. The collectibility of receivables from international customers could be negatively affected by future business or economic trends or by significant events in the countries in which these customers reside. We may also in given cases have to determine whether aggressive enforcement actions against a customer will unduly alienate the customer and cause the customer to cease playing at our casinos. If we accrue large receivables from the credit extended to our customers, we could suffer a material adverse impact on our operating results if those receivables are deemed uncollectible. In addition, in the event a patron has been extended credit and has lost back to us the amount borrowed and the receivable from that patron is deemed uncollectible, Macau gaming tax will still be payable on the resulting gaming revenue notwithstanding our uncollectible receivable.

We will depend upon gaming junket operators for a portion of our gaming revenue and if we are unable to establish successful relationships with junket operators, our ability to attract high-end patrons may be adversely affected. If we are unable to ensure high standards of probity and integrity in the junket operators with whom we are associated, our reputation may suffer or we may be subject to sanctions, including the loss of MPBL Gaming's subconcession.

Junket operators, who organize tours, or junkets, for high-end patrons to casinos in Macau, will be responsible for a portion of our gaming revenues in Macau. With the rise in gaming in Macau, the competition for relationships with junket operators has increased. While we do not have any existing relationships with junket operators, PBL has sales and marketing staff in Thailand, Hong Kong, China, Taiwan, Malaysia, Indonesia, Singapore and Macau devoted to attracting junket business to PBL's existing casinos, Crown Casino Melbourne and Burswood Casino. There can be no assurance that we will be able to utilize PBL's relationships with regional junket operators or develop other relationships with junket operators. If we are unable to utilize and develop relationships with junket operators, our ability to grow our gaming revenues will be hampered and we will have to seek alternative ways to develop relationships with high-end patrons, which may not be as profitable as relationships developed through junket operators.

In addition, the reputations of the junket operators we deal with will be important to our own reputation and MPBL Gaming's ability to continue to operate in compliance with its subconcession. While we will endeavor to ensure high standards of probity and integrity in the junket operators with whom we are associated, we cannot assure you that the junket operators with whom we are associated will always maintain the high standards that we plan to require. If we were to deal with a junket operator whose probity was in doubt, this may be considered by regulators or investors to reflect negatively on our own probity. If a junket operator falls below our standards, we and our shareholders may suffer harm to our or their reputation, as well as worsened relationships with, and possibly sanctions from, gaming regulators with authority over our operations.

We cannot assure you that anti-money laundering policies that we intend to implement and compliance with applicable anti-money laundering laws will be effective to prevent our casino operations from being exploited for money laundering purposes.

Macau's free port, offshore financial services and free movements of capital create an environment whereby Macau's casinos could be exploited for money laundering purposes. We intend to implement anti money laundering policies in compliance with all applicable anti money laundering laws and regulations in Macau based in part on those adopted by PBL for its casinos in Australia. However, we cannot assure you that any such policies will be effective to prevent our casino operations from being exploited for money laundering purposes. Any incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving us, our employees, our junket operators or our customers could have a material adverse impact on our reputation, business, cash flows, financial condition, prospects and results of operations. See "Gaming Regulation —AntiMoney Laundering Policy."

If Macau's transportation infrastructure does not adequately support the development of Macau's gaming industry, visitation to Macau may not increase as currently expected, which may cause our projects to be unsuccessful.

Macau consists of a peninsula and two islands and is connected to China by two border crossings. Macau has an international airport and connections to China and Hong Kong by road, ferry and helicopter. To support Macau's planned transformation into a mass-market gaming destination, the frequency of bus, plane and ferry services to Macau must increase significantly. In addition, Macau's internal road system is prone to congestion and must be substantially improved to support projected increases in traffic. While various projects are under development to improve Macau's internal and external transportation links, these projects may not be approved, financed or constructed in time to handle the projected increase in demand for transportation, or at all, which could impede the expected increase in visitation to Macau and cause our projects to be unsuccessful.

Risks Relating to Our Indebtedness

Our substantial indebtedness could impair our financial condition and we and our subsidiaries expect to incur substantially more debt, which could further exacerbate the risks associated with our substantial leverage.

We will be highly leveraged and will have substantial debt service obligations. We expect, based on current budgets and estimates, to incur the following secured long term indebtedness:

- approximately HK$1.28 billion (US$164.1 million) under the Great Wonders Project Facility for construction of the Crown Macau;
- approximately US$1.6 billion under the City of Dreams Project Facility for construction of the City of Dreams; and
- debt financing for a significant portion of the HK$1.5 billion (US$192.3 million) acquisition cost of the Macau Peninsula site, as well as a significant portion of the other costs of developing that project, which are as yet undetermined.

Our substantial indebtedness could have important consequences to you. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, acquisitions or general corporate purposes;
- require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available to us for our operations;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- subject us to higher interest expense in the event of increases in interest rates to the extent a portion of our debt will bear interest at variable rates;
- cause us to incur additional expenses by hedging interest rate exposures of our debt and exposure to hedging counterparties' failure to pay under such hedging arrangements, which would reduce the funds available for us for our operations; and
- in the event we or one of our subsidiaries were to default, result in the loss of all or a substantial portion of our and our subsidiaries' assets, over which our lenders have taken or will take security.

We currently do not generate sufficient cash flow to service our indebtedness and we may not be able to generate sufficient cash flow to meet our debt service obligations because our ability to generate cash depends on many factors beyond our control.

Our ability to make scheduled payments due on our current and anticipated debt obligations and to fund planned capital expenditures and development efforts will depend on our ability to generate cash in the future. Our current operations are insufficient to support the debt service on our current and anticipated debt. We will require timely completion and generation of operating cash flow from our projects to service our indebtedness. Our ability to obtain cash to service our debt is subject to a range of economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing or restructuring would be possible, that any assets could be sold, or, if sold, of the timing of the sales or the amount of proceeds that would be realized from those sales. We cannot assure you that additional financing could be obtained on acceptable terms, if at all, or would be permitted under the terms of our various debt instruments then in effect. Our failure to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, financial condition and results of operations.

The terms of our and our subsidiaries' indebtedness may restrict our current and future operations and harm our ability to complete our projects and grow our business operations to compete successfully against our competitors.

The Great Wonders Project Facility and associated facility and security documents that Great Wonders has entered into also contain a number of restrictive covenants that impose significant operating and financial restrictions on Great Wonders and effectively on us. In addition, the terms and conditions described in the commitment letter for the City of Dreams Project Facility will also impose significant operating and financial restrictions on MPBL Gaming, Melco Hotels and effectively on us. The covenants in the Great Wonders Project Facility and City of Dreams Project Facility restrict, among other things, our or our subsidiaries' ability to:

- incur additional debt, including guarantees;
- create security or liens;
- dispose of assets;
- make certain acquisitions and investments;
- pay dividends and make other restricted payments or apply revenues earned in one part of our operations to fund development costs or operating losses in another part of our operations;
- enter into sale and leaseback transactions;
- engage in new businesses;

- issue preferred stock; and
- enter into transactions with shareholders and affiliates.

In addition, the restrictions under the Great Wonders Project Facility and the restrictions contemplated in the commitment letter for the City of Dreams Project Facility contain financial covenants, including requirements that we satisfy tests or ratios such as:

- maximum capital expenditures test;
- minimum interest and debt service coverage ratios; and
- a maximum leverage ratio.

We expect to be in compliance with all of our restrictive covenants under our facilities applicable at the time of the offering.

Because we have not completed the negotiation of the definitive terms of our and our subsidiaries' additional indebtedness, including the terms of our proposed City of Dreams Project Facility, we may have covenants in addition to the covenants set forth above or that may be more restrictive than those described above. These covenants may restrict our ability to operate and restrict our ability to incur additional debt or other financing we may require and impede our growth.

Our failure to comply with the covenants contained in our or our subsidiaries' indebtedness, including failure as a result of events beyond our control, could result in an event of default that could materially and adversely affect our cash flow, operating results and our financial condition.

If there were an event of default under one of our debt facilities, the holders of the debt on which we defaulted could cause all amounts outstanding with respect to that debt to be due and payable immediately. In addition, any event of default or declaration of acceleration under one debt facility could result in an event of default under one or more of our other debt instruments, with the result that all of our debt would be in default and accelerated. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt facilities, either upon maturity or if accelerated upon an event of default, or that we would be able to refinance or restructure the payments on those debt facilities. Further, if we are unable to repay, refinance or restructure our indebtedness at our subsidiaries that own or operate our properties, the lenders under those debt facilities could proceed against the collateral securing that indebtedness, which will constitute substantially all the assets and shares of our subsidiaries. In that event, any proceeds received upon a realization of the collateral would be applied first to amounts due under those debt instruments. The value of the collateral may not be sufficient to repay all of our indebtedness, which could result in the loss of your investment as a shareholder.

Risks Relating to Our Business and to Operating in Macau

Conducting business in Macau has certain political and economic risks that may lead to significant volatility and have a material adverse effect on our results of operations.

All of our existing operations are in Macau. Accordingly, our business development plans, results of operations and financial condition may be materially adversely affected by significant political, social and economic developments in Macau and in China and by changes in government policies or changes in laws and regulations or the interpretations of these laws and regulations. In particular, our operating results may be adversely affected by:

- changes in Macau's and China's political, economic and social conditions;
- changes in policies of the government or changes in laws and regulations, or the interpretation of these laws and regulations;

- changes in foreign exchange regulations;
- measures that may be introduced to control inflation, such as interest rate increases; and
- changes in the rate or method of taxation.

Our operations in Macau are also exposed to the risk of changes in laws and policies that govern operations of Macau-based companies. Tax laws and regulations may also be subject to amendment or different interpretation and implementation, thereby adversely affecting our profitability after tax. Further, certain terms of our gaming subconcession may be subject to renegotiations with the Macau government in the future, including amounts we will be obligated to pay the Macau government in order to continue operations. MPBL Gaming's obligations to make certain payments to the Macau government under the terms of its subconcession include a fixed annual premium per year and a variable premium depending on the number and type of gaming tables and gaming machines that we operate. The results of those renegotiations could have a material adverse effect on our results of operations and financial condition.

As we expect a significant number of patrons to come to our properties from China, general economic conditions and policies in China could have a significant impact on our financial prospects. Any slowdown in economic growth or reversal of China's current policies of liberalizing restrictions on travel and currency movements could adversely impact the number of visitors from China to our properties in Macau as well as the amounts they are willing to spend in our casinos.

Because we will depend upon our properties in one market for all of our cash flow, we will be subject to greater risks than a gaming company that operates in more markets.

We will be entirely dependent upon the Crown Macau, City of Dreams and Macau Peninsula projects and Mocha Clubs for all of our cash flow. Given that our operations will be conducted only at properties in Macau and that any future developments will be in Macau, we will be subject to greater risks than a gaming company with more operating properties in more markets. These risks include:

- dependence on the gaming and leisure market in Macau and limited diversification of our businesses and sources of revenue;
- a decline in economic, competitive and political conditions in Macau or generally in Asia;
- inaccessibility to Macau due to inclement weather, road construction or closure of primary access routes;
- a decline in air or ferry passenger traffic to Macau due to higher ticket costs, fears concerning travel or otherwise;
- changes in Macau governmental laws and regulations, or interpretations thereof, including gaming laws and regulations;
- natural and other disasters, including typhoons, outbreaks of infectious diseases or terrorism, affecting Macau;
- that the number of visitors to Macau does not increase at the rate that we have expected; and
- a decrease in gaming activities at our properties.

Any of these conditions or events could have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

Our gaming operations could be adversely affected by restrictions on the export of the Renminbi and limitations of the Pataca exchange markets.

Gaming operators in Macau are currently prohibited from accepting wagers in Renminbi, the currency of China. There are currently restrictions on the export of the Renminbi outside of mainland China, including to Macau. For example, Chinese traveling abroad for six months or less are only allowed to take the equivalent of up to US$5,000 out of China. Restrictions on the export of the Renminbi may impede the flow of gaming customers from China to Macau, inhibit the growth of gaming in Macau and negatively impact our operations.

Our revenues in Macau are denominated in H.K. dollars and Patacas, the legal currency of Macau. Although currently permitted, we cannot assure you that H.K. dollars and Patacas will continue to be freely exchangeable into U.S. dollars. Also, because the currency market for Patacas is relatively small and undeveloped, our ability to convert large amounts of Patacas into U.S. dollars over a relatively short period of time may be limited. As a result, we may experience difficulty in converting Patacas into U.S. dollars.

Terrorism and the uncertainty of war, economic downturns and other factors affecting discretionary consumer spending and leisure travel may reduce visitation to Macau and harm our operating results.

The strength and profitability of our business will depend on consumer demand for casino resorts and leisure travel in general. Changes in consumer preferences or discretionary consumer spending could harm our business. Terrorist acts, developments in the conflict in Iraq and other events could have a negative impact on international travel and leisure expenditures, including lodging, gaming and tourism. We cannot predict the extent to which the recent or future terrorist acts may affect us, directly or indirectly, in the future. In addition to fears of war and future acts of terrorism, other factors affecting discretionary consumer spending, including general economic conditions, amounts of disposable consumer income, fears of recession and lack of consumer confidence in the economy, may negatively impact our business. Consumer demand for hotel casino resorts and the type of luxury amenities we plan to offer are highly sensitive to downturns in the economy. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel could significantly harm our operations.

An outbreak of the highly pathogenic avian influenza caused by the H5N1 virus ("avian flu" or bird flu"), Severe Acute Respiratory Syndrome ("SARS") or other contagious disease may have an adverse effect on the economies of certain Asian countries and may adversely affect our results of operations.

During 2004, large parts of Asia experienced unprecedented outbreaks of avian flu which, according to a report of the World Health Organization ("WHO") in 2004, placed the world at risk of an influenza pandemic with high mortality and social and economic disruption. As of October 11, 2006, the WHO has confirmed a total of 148 fatalities in a total number of 253 cases reported to the WHO, which only reports laboratory confirmed cases of avian flu. In particular, Guangdong Province, PRC, which is located across the Zhuhai Bridge from Macau, has confirmed several cases of avian flu. Currently, no fully effective avian flu vaccines have been developed and there is evidence that the H5N1 virus is evolving so there can be no assurance that an effective vaccine can be discovered in time to protect against the potential avian flu pandemic. In the first half of 2003, certain countries in Asia experienced an outbreak of SARS, a highly contagious form of atypical pneumonia, which seriously interrupted economic activities and caused the demand for goods to plummet in the affected regions. There can be no assurance that an outbreak of avian flu, SARS or other contagious disease or the measures taken by the governments of affected countries against such potential outbreaks, will not seriously interrupt our gaming operations or visitation to Macau, which may have a material adverse effect on our results of operations. The perception that an outbreak of avian flu, SARS or other contagious disease may occur again may also have an adverse effect on the economic conditions of countries in Asia.

Macau is susceptible to severe typhoons that may disrupt our operations.

Macau is susceptible to severe typhoons. Macau consists of a peninsula and two islands off the coast of mainland China. Between 2003 and 2005, a total of nine typhoons have hit Macau, according to the Macau Statistics and Census Services. In the event of a major typhoon or other natural disaster in Macau, our properties and business may be severely disrupted and our results of operations could be adversely affected. Although we or our operating subsidiaries intend to carry insurance coverage with respect to these events, our coverage may not be sufficient to fully indemnify us against all direct and indirect costs, including loss of business, that could result from substantial damage to, or partial or complete destruction of, our properties or other damages to the infrastructure or economy of Macau.

Any fluctuation in the value of the H.K. dollar, U.S. dollar or Pataca may adversely affect our expenses and profitability.

Although we will have certain expenses and revenues denominated in Patacas in Macau, our revenues and expenses will be denominated predominantly in Hong Kong dollars and in connection with most of our indebtedness and certain expenses, U.S. dollars. We expect to incur significant debt denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars. The value of the H.K. dollar and Patacas against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. Although the exchange rate between the H.K. dollar to the U.S. dollar has been pegged since 1983 and the Pataca is pegged to the H.K. dollar, we cannot assure you that the H.K. dollar will remain pegged to the U.S. dollar and that the Pataca will remain pegged to the H.K. dollar. Any significant fluctuations in the exchange rates between H.K. dollars or Patacas to U.S. dollars may have a material adverse effect on our revenues and financial condition. For example, to the extent that we are required to convert U.S. dollars we receive from this offering into H.K. dollars or Patacas for our operations, fluctuations in the exchange rates between H.K. dollars or Patacas against the U.S. dollar would have an adverse effect on the amounts we receive from the conversion. We have not used any forward contracts, futures, swaps or currency borrowings to hedge our exposure to foreign currency risk.

Risks Relating to Our Corporate Structure and Ownership

Our existing shareholders will have a substantial influence over us and their interests in our business may be different than yours.

After this offering, Melco and PBL will together continue to own the substantial majority of our outstanding shares, with each beneficially holding 43.14% of our outstanding ordinary shares upon completion of this offering. Melco and PBL have entered into a shareholders agreement, effective upon the declaration of the SEC of the effectiveness of our registration statement on Form F-1, of which this prospectus is a part, regarding the voting of their shares of our company under which each will agree to (among other things) vote its shares in favor of three nominees to our board designated by the other. As a result, Melco and PBL, if they act together, will have the power, among other things, to elect directors to our board, including six of ten directors who are designated nominees of PBL and Melco, appoint and change our management, affect our legal and capital structure and our day-to-day operations, approve material mergers, acquisitions, dispositions and other business combinations and approve any other material transactions and financings. These actions may be taken in many cases without approval of independent directors or shareholders and the interests of these shareholders may conflict with your interests as minority shareholders. If Melco or PBL provides shareholder support to us in the form of shareholder loans or provides credit support by guaranteeing our obligations, they may become our creditors with different interests than shareholders with only equity interests in us. The concentration of controlling ownership of our shares may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs.

Melco and PBL may pursue additional casino projects in Asia, which, along with their current operations, may compete with our projects in Macau and could divert management time and resources and have adverse consequences to us and the interests of our minority shareholders.

Melco and PBL may take action to construct and operate new gaming projects located in other countries in the Asian region, which, along with their current operations, may compete with our projects in Macau and could have adverse consequences to us and the interests of our minority shareholders. For example, another joint venture entity of Melco and PBL (in which we do not have any interest) is participating in a consortium that recently submitted a bid for one of two licenses to operate casinos in Singapore. The first license was granted to Las Vegas Sands, and the grantee of the second casino license is expected to be announced in December 2006. If the consortium were to be awarded the second license, we could face competition from any casino that the consortium may operate in Singapore, as well as competition for management time and resources. We also face competition from regional competitors, which include PBL's Crown Casino Melbourne and Burswood Casino in Australia. We expect to continue to receive significant support from both Melco and PBL in terms of their local experience, operating skills, international experience and high standards. Specifically, we have support arrangements with Melco and PBL under which they provide us administrative support and technical expertise in connection with the development of the Crown Macau, City of Dreams and Macau Peninsula projects and the operation of the Mocha Clubs business. In addition, PBL has seconded to our subsidiaries several of their key project development personnel to form our core interim project management team and intends to second additional management employees when our development projects are in operation. Should Melco or PBL decide to focus more attention on casino gaming projects located in other areas of Asia that may be expanding or commencing their gaming industries, or should economic conditions or other factors result in a significant decrease in gaming revenues and number of patrons in Macau, Melco or PBL may make strategic decisions to focus on their other projects rather than us, which could adversely affect our growth. We cannot guarantee you that Melco and PBL will make strategic and other decisions which do not adversely affect our business.

Business conducted through joint ventures involve certain risks.

We are a 50/50 joint venture between Melco and PBL. We are the exclusive vehicle of Melco and PBL to carry on casino, gaming machines and casino hotel operations in Macau. We will not hold interests in any gaming and leisure related businesses and properties outside Macau. As a joint venture controlled by Melco and PBL, there are special risks associated with the possibility that Melco and PBL may: (1) have economic or business interests or goals that are inconsistent with ours or that are inconsistent with each other's interests or goals, causing disagreement between them or between them and us which harms our business; (2) have operations and projects elsewhere in Asia that compete with our businesses in Macau and for available resources and management attention within the joint venture group; (3) take actions contrary to our policies or objectives; (4) be unable or unwilling to fulfill their obligations under the relevant joint venture or shareholders' agreements; or (5) have financial difficulties. In addition, there is no assurance that the laws and regulations relating to foreign investment in Melco's or PBL's governing jurisdictions will not be altered in such a manner as to result in a material adverse effect on our business and operating results.

Changes in our share ownership, including a change of control or a change in the amounts or relative percentages of our shares owned by Melco and PBL, could result in our inability to draw loans or events of default under our indebtedness.

The City of Dreams Project Facility will include provisions under which we may be unable to meet the conditions to draw loans or may suffer an event of default upon the occurrence of a change of control with respect to MPBL Gaming, a decline in the aggregate holdings of MPBL Gaming shares by Melco and PBL below certain thresholds, or a change in the percentages of MPBL Gaming shares held by Melco and PBL such that they cease to be equal. We expect these provisions to be most restrictive during the time when our projects have not commenced commercial operation. Any occurrence of these events could be outside our control and could result in defaults and cross-defaults which cause the termination and acceleration of up to all of our credit

facilities and potential enforcement of remedies by our lenders, which would have a material adverse effect on our financial condition and results of operations.

We are a holding company and our only material sources of cash are and are expected to be dividends, distributions and payments under shareholder loans from our subsidiaries.

We are a holding company with no material business operations of our own. Our only significant asset is the capital stock of our subsidiaries. We conduct virtually all of our business operations through our subsidiaries. Accordingly, our only material sources of cash are dividends, distributions and payments with respect to our ownership interests in or shareholder loans that we may make to our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends, distributions or payments under shareholder loans in the future. In addition, our subsidiaries' debt instruments and other agreements, including those that may be entered into by us in connection with the City of Dreams project, limit or prohibit, or are expected to limit or prohibit, certain payments of dividends, other distributions or payments under shareholder loans to us.

PBL's investment in our company is subject to Australian regulatory review, and if Australian regulators were to find that we, PBL or Melco failed to comply with certain regulatory requirements and standards, then PBL may be required to withdraw from the joint venture.

PBL, through its wholly owned subsidiary, Crown Limited, owns and operates the Crown Casino Melbourne in Australia. Crown Limited holds a casino license issued under legislation in the State of Victoria, Australia. PBL, through its wholly owned subsidiary, Burswood Nominees Limited, owns and operates the Burswood Casino in Perth, Australia. Burswood Nominees Limited holds a casino gaming license issued under legislation in the State of Western Australia, Australia.

The Victorian Commission for Gambling Regulation, or VCGR, has power under the Casino Control Act 1991 (Vic) to undertake general investigations of a gaming licensee and to report its findings to the Minister for Gaming in Victoria. Section 28 of the Casino Control Act requires Crown Limited to seek the approval of the VCGR for any person who is to become an "associate" of Crown Limited. An "associate" is a person or entity who by shareholding or directorship or managerial position is able to exercise significant influence over the management of the casino. The VCGR must satisfy itself that the "associate" is a suitable person to be associated with the management of the casino. PBL has been approved by the VCGR as an "associate" of Crown Limited. Section 28A requires the VCGR to monitor "associates" to ensure that they continue to be suitable to be associated with the holder of a casino license. To that end the VCGR may investigate any person or entity who has a business association with PBL to determine if the business associate is of good repute and of sound financial resources. If, as a result of such investigation, the VCGR determines that, by reason of its business association, PBL has ceased to be suitable as an "associate" of Crown Limited, then the VCGR can direct PBL to cease the business association or can direct PBL to terminate its "association" with Crown Limited.

Similar to the situation in Victoria, the Western Australian Gaming and Wagering Commission, or the WAGWC, has power under the Casino Control Act 1984 (WA) to undertake general investigations of the holder of the Burswood Nominees Limited license and to report its findings to the Minister for Gaming in Western Australia. If the WAGWC were to determine that Burswood Nominees Limited had ceased to be a suitable person to hold its license, the WAGWC has powers similar to those of to the VCGR to issue a "show cause" notice and then can either suspend or cancel the Burswood Nominees Limited license. The WAGWC has similar obligations to the VCGR to approve and monitor "close associates" of Burswood Nominees Limited. "Close associates" in the Western Australian Act has a substantially similar meaning to "associates" in the Victorian Act, although the Western Australian Act makes no specific reference to business associates of "close associates" in the same way as the Victorian Act. PBL has been approved as a "close associate" of Burswood Nominees Limited. If the WAGWC were to determine that PBL had ceased to be a suitable entity to be such a "close associate", then the WAGWC could direct PBL to terminate its "close association" with Burswood Nominees Limited.

The VCGR and WAGWC announced in August 2006 that, following the completion of their investigations, they have no objections to PBL's joint venture with Melco. However, we cannot assure you that any future investigation by the VCGR or WAGWC would not result in a direction to either terminate the business association between PBL and Melco or to terminate the association between PBL, on the one hand, and Crown Limited or Burswood Nominees Limited, on the other hand. If actions by us or our subsidiaries or by Melco or PBL fail to comply with Australian regulatory requirements and standards, or if there are changes in Australian gaming laws and regulations or the interpretation or enforcement of such laws and regulations, PBL may be required to withdraw from its joint venture with Melco or limit its involvement in one or more aspects of our gaming operations, which could have a material adverse effect on our business, financial condition and results of operations. Withdrawal by PBL from its joint venture with Melco could cause the failure of conditions to drawing loans under our credit facilities or the occurrence of events of default under our credit facilities or as contemplated by our founders under their joint venture arrangement.

Risks Relating to This Offering

There has been no public market for our ordinary shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.

Prior to this initial public offering, there has been no public market for our ordinary shares or ADSs. Our ADSs have been approved for listing on the Nasdaq Global Market. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs will be materially and adversely affected.

The initial public offering price for our ADSs is determined by negotiations between us and the underwriters and may bear no relationship to the market price for our ADSs after this initial public offering. We cannot assure you that an active trading market for our ADSs will develop or that the market price of our ADSs will not decline below the initial public offering price.

The market price for our ADSs may be volatile.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- uncertainties or delays relating to the financing, completion and successful operation of our projects;
- developments in the Macau market or other Asian gaming markets, including the announcement or completion of major new projects by our competitors;
- regulatory developments affecting us or our competitors;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of other gaming and leisure industry companies;
- addition or departure of our executive officers and key personnel;
- fluctuations in the exchange rates between the U.S. dollar, Hong Kong dollar, Pataca and Renminbi;
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs; and
- sales or perceived sales of additional ordinary shares or ADSs.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

Because the initial public offering price is substantially higher than our net tangible book value per share, you will incur immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of approximately US$14.064 per ADS (assuming no exercise by the underwriters of options to acquire additional ADSs), representing the difference between our net tangible book value per ADS as of September 30, 2006, after giving effect to this offering and the mid-point of the estimated initial public offering price of US$17.00 per ADS.

We currently do not intend to pay dividends, and we cannot assure you that we will make dividend payments in the future.

We may pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors considered relevant by our board of directors. We currently intend to retain all of our earnings to finance the development and expansion of our business. Accordingly, we do not intend to declare or pay cash dividends on our ordinary shares in the near to medium term. Except as permitted under the Companies Law and the common law of the Cayman Islands, we are not permitted to distribute dividends unless we have a profit, realized or unrealized, or a reserve set aside from profits which the directors of our company determine is no longer needed. We currently have no reserve set aside from profits for the payment of dividends. We cannot assure you that we will make any dividend payments on our ordinary shares in the future. Our ability to pay dividends, and our subsidiaries' ability to pay dividends to us, may be further subject to restrictive covenants contained in the facility agreements governing indebtedness we and our subsidiaries may incur. For example, our subsidiary Great Wonders is subject to certain restrictions on paying dividends under the Great Wonders Project Facility. There is a blanket prohibition on dividends during the construction phase of the Crown Macau. Furthermore, upon completion of the construction of the Crown Macau, Great Wonders will only be able to pay dividends if it satisfies certain financial tests and conditions. We would expect other financing facilities we may enter into to have similar restrictions. For a description of our loan facilities, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Liquidity and Capital Resources—Financing Activities".

Substantial future sales or perceived sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs or ordinary shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Upon completion of this offering, we will have 1,159,000,000 ordinary shares outstanding, including 159,000,000 ordinary shares represented by 53,000,000 ADSs. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act of 1933, as amended. The remaining 1,000,000,000 ordinary shares outstanding after this offering beneficially held by Melco and PBL as to 500 million each, will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of this prospectus, subject to volume and other restrictions as applicable under Rule 144 and Rule 701 under the Securities Act and subject to the terms of their shareholders' deed. Any or all of these shares may be released prior to expiration of the lock-up period at the discretion of the joint lead underwriters. To the extent shares are released before the expiration of the lock-up period and these shares are sold into the market, the market price of our ADSs could decline.

In addition, after the completion of this offering Melco and PBL will have the right, exercisable following six months after the completion of this offering, to cause us to register the sale of their shares under the Securities

Act, subject to the terms of their shareholders' deed. Registration of these shares under the Securities Act would result in these shares becoming freely tradable as ADSs without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market could cause the price of our ADSs to decline.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under our amended and restated articles of association, the minimum notice period required to convene a general meeting is seven days. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw your ordinary shares to allow you to cast your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholder meeting.

You may be subject to limitations on transfers of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive cash dividends if it is unlawful or impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act, or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is unlawful, inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property and you will not receive such distribution.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Cayman Islands Companies Law (as amended) and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a U.S. public company.

You may have difficulty enforcing judgments obtained against us.

We are a Cayman Islands company and substantially all of our assets are located outside of the United States. All of our current operations are conducted in Macau and Hong Kong. In addition, all of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in Cayman Islands, Macau and Hong Kong courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands, Macau or Hong Kong would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, it is uncertain whether such Cayman Islands, Macau or Hong Kong courts would be competent to hear original actions brought in the Cayman Islands, Macau or Hong Kong against us or such persons predicated upon the securities laws of the United States or any state. See “Enforceability of Civil Liabilities.”

We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences to U.S. Holders.

Based on the price of the ADSs in this offering and the expected price of our ADSs and ordinary shares following this offering, and the composition of our income and assets, we do not expect to be considered a “passive foreign investment company,” or PFIC, for United States federal income tax purposes for our current taxable year ending December 31, 2006. However, we must make a separate determination each year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our current taxable year ending December 31, 2006 or any future taxable year. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. The value of our assets generally will be determined by reference to the market price of our ADSs and ordinary shares, which may fluctuate considerably. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in any offering. If we were treated as a PFIC for any

taxable year during which a U.S. Holder held an ADS or an ordinary share, certain adverse United States federal income tax consequences could apply to the U.S. Holder. See "Taxation—United States Federal Income Taxation—Passive Foreign Investment Company."

We will incur increased costs as a result of being a public company.

As a public company, we will incur a significantly higher level of legal, accounting and other expenses than we did as a private company. In addition, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, as well as new rules subsequently implemented by the Securities and Exchange Commission, or the SEC, and the Nasdaq Global Market, have required changes in corporate governance practices of public companies. We expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. For example, the SEC, as required by Section 404 of the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal controls over financial reporting. In addition, an independent registered public accounting firm must attest to and report on management's assessment of the effectiveness of the company's internal controls over financial reporting. These requirements will first apply to our annual report on Form 20-F for the fiscal year ending on December 31, 2007. This requirement and other obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We are currently evaluating and monitoring developments with respect to these new rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. In addition, because we are at an early stage of development, we are still forming other management and accounting teams and laying the preliminary foundation of our internal control disclosures and procedures. Compliance with SEC and Nasdaq rules at such an early stage of development may pose extra costs and challenges on us.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains many forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. See "Risk Factors" for a discussion of some risk factors that may affect our business and results of operations. These risks are not exhaustive. Other sections of this prospectus may include additional factors that could adversely impact our business and financial performance. Moreover, because we operate in a heavily regulated and evolving industry, will be highly leveraged, and will be operating in Macau, a market that is experiencing extremely rapid growth and intense competition, new risk factors may emerge from time to time. It is not possible for our management to predict all risk factors, nor can we assess the impact of these factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

In some cases, forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. We have based the forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- growth of the gaming market and visitation in Macau;
- finalization of the credit facility to finance construction of the City of Dreams;
- the completion of the construction of our hotel casino resort projects;
- our acquisition and development of the Macau Peninsula site;
- increased competition and other planned casino hotel and resort projects in Macau and elsewhere in Asia, including (in Macau) from SJM, Venetian Macau, Wynn Macau, Galaxy and MGM Grand Paradise Limited, a joint venture between MGM-Mirage and Pansy Ho;
- the completion of infrastructure projects in Macau;
- government regulation of the casino industry, including gaming license approvals and the legalization of gaming in other jurisdictions;
- our ability to raise additional financing;
- the formal grant of a land concession for the City of Dreams site on terms that are acceptable to us;
- obtaining approval from the Macau government for an increase in the developable gross floor area of the City of Dreams site;
- the formal grant of an occupancy permit for the Crown Macau and the City of Dreams;
- the uncertainty of tourist behavior related to spending and vacationing at casino resorts in Macau;
- our entering into new development and construction and new ventures;
- the liberalization of travel restrictions and convertibility of the Renminbi by China;
- fluctuations in occupancy rates and average daily room rates in Macau;
- our anticipated growth strategies; and
- our future business development, results of operations and financial condition.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we referenced in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds for this offering of approximately US$834.4 million, after deducting estimated underwriting discounts, commissions and estimated offering expenses payable by us, and assuming an initial public offering price of US$17.00 per ADS, the midpoint of the estimated range of the initial public offering price.

We intend to use the net proceeds from this offering as follows:

- Approximately US$514 million to repay the principal and accrued interest on the Subconcession Facility, dated September 4, 2006 bearing interest generally at LIBOR + 3.00% per annum with a maturity date of June 30, 2011, used solely to pay for part of MPBL Gaming's subconcession, including estimated tax, interest, fees and other expenses that are expected to have accrued at the time of repayment; and
- the remainder to pay development costs of the Crown Macau and City of Dreams and site acquisition and development costs of the Macau Peninsula project and to fund working capital and for other general corporate purposes.

We have not yet determined all of our anticipated expenditures and therefore cannot estimate the amounts to be used for each of the purposes discussed above. The amounts and timing of our expenditures will vary depending on the amount of cash generated by our operations, and the rate of progress in our development activities for the Crown Macau and City of Dreams and acquisition and development of the Macau Peninsula site. Accordingly, our management will have significant discretion in the allocation of the net proceeds we will receive for this offering. Pending their use, we intend to place our net proceeds in short-term bank deposits or other liquid investments permitted by our credit facilities.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2006:

- on an actual basis;
- on a pro forma basis, to reflect the transfer of control of MPBL Gaming to us as described in "Related Party Transactions"; and
- on a pro forma adjusted basis to reflect (1) the issuance and sale of the ordinary shares in the form of ADSs offered hereby, and after deducting underwriting discounts, commissions and estimated offering expenses payable by us, and (2) the repayment of principal and accrued interest on the Subconcession Facility using proceeds from this offering.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources".

	As of September 30, 2006		
	Actual	Pro forma	Pro forma As Adjusted(1)
	(in thousands of US$, except for share numbers) (unaudited)		
Indebtedness			
Great Wonders Project Facility(2)	—	—	—
Subconcession Facility and City of Dreams Project Facility (3)	—	500,000	—
Amounts due to shareholders(4)	139,881	151,356	151,356
Shareholders' equity:			
Ordinary shares, US$0.01 each, 1,500 million shares authorized: 1,000 million shares issued and outstanding	10,000	10,000	11,590
Additional paid-in capital(5)	382,779	796,625	1,629,470
Retained earnings / (Accumulated losses)	(24,573)	(24,573)	(24,573)
Total shareholders' equity(5)	368,206	782,052	1,616,487
Total capitalization(5)	$ 508,087	1,433,408	$ 1,767,843

(1) Does not include a maximum of 615,000 ordinary shares, calculated based on an initial public offering price of US$17.00 per ADS (each representing three ordinary shares), the midpoint of the estimated range of the initial public offering price, that could be purchased by Melco in connection with its approximately HK$27.0 million (US$3.5 million) "assured entitlement" distribution of ADSs in kind to certain Melco shareholders. See "Principal Shareholders—Melco Hong Kong Stock Exchange Matters—Assured Entitlement Distribution."

(2) On February 13, 2006, our subsidiary, Great Wonders, entered into the two-tranche Great Wonders Project Facility, which allows Great Wonders to borrow up to HK$1,280 million (US$164.1 million) on a senior secured loan facility on a delayed draw basis to fund a portion of the construction costs of the Crown Macau project. Due to the delayed draw nature of this facility agreement, no amounts have yet been drawn under the Great Wonders Project Facility, although we have begun to incur fees and charges in relation to this facility.

(3) On September 4, 2006, MPBL Gaming entered into the US$500 million Subconcession Facility with certain lenders to pay a portion of the purchase price due to Wynn Macau upon the Macau government's approval of the issuance of a gaming subconcession to MPBL Gaming. MPBL Gaming, along with Melco and PBL,

has also entered into a commitment letter (subject to certain conditions and finalization of certain material terms) with those same banks as arrangers for the US$1.6 billion City of Dreams Project Facility to finance the development costs of the City of Dreams and, if not already refinanced by the time of the first drawing under the City of Dreams Project Facility, to refinance any amounts still outstanding under the Subconcession Facility. The Subconcession Facility was drawn and used to pay US$500 million of the US$900 million due to Wynn Macau for obtaining the subconcession. This became part of our consolidated debt upon the transfer of control of MPBL Gaming to us in October 2006 and will be repaid from part of the net proceeds of this offering. For more information, see "Description of Our Indebtedness—Subconcession Facility and City of Dreams Project Facility."

(4) See the consolidated balance sheet in our unaudited consolidated financial statements for the nine months ended September 30, 2006 and 2005 included elsewhere in this prospectus.

(5) A US$1.00 increase (decrease) in the assumed initial public offering price of US$17.00 per ADS, the midpoint of the estimated range of the initial public offering price, would increase (decrease) each of additional paid-in capital, total shareholders' equity and total capitalization by US$49.6 million, assuming no change in the number of ADSs sold by us as set forth on the cover page of this prospectus and without deducting underwriting discounts and commissions and other offering expenses.

DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of September 30, 2006 was approximately US$300 million, or US$0.900 per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, minus the amount of our total consolidated liabilities. Without taking into account any other changes in such net tangible book value after September 30, 2006, other than to give effect to our sale of the ADSs offered in this offering at the initial public offering price of US$17 per ADS, the midpoint of the estimated range of the initial public offering price, and after deduction of the underwriting discounts and commissions and estimated offering expenses of this offering payable by us, our adjusted net tangible book value as of September 30, 2006 would have increased to US$1,134 million or US$2.936 per ADS. This represents an immediate increase in net tangible book value of US$2.036 per ADS, to the existing shareholder and an immediate dilution in net tangible book value of US$14.064 per ADS, to investors purchasing ADSs in this offering. The following table illustrates such per share dilution:

Estimated initial public offering price per ADS	US$ 17
Net tangible book value per ADS as of September 30, 2006	US$ 0.9
Increase in net tangible book value per ADS attributable to this offering	US$ 2.036
Pro forma net tangible book value per ADS after giving effect to this offering	US$ 2.936
Amount of dilution in net tangible book value per ADS to new investors in this offering	US$14.064

A US$1.00 increase (decrease) in the assumed public offering price of US$17.00 per ADS would increase (decrease) our pro forma net tangible book value after giving effect to the offering by US$49.6 million, the pro forma net tangible book value per ADS after giving effect to this offering by US$0.1283 per ADS and the dilution pro forma net tangible book value per ADS to new investors in this offering by US$0.872 per ADS, assuming no charge to the number of ADSs offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses. The pro forma information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The following table summarizes, on a pro forma basis as of September 30, 2006, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share/ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration			
	Number	Percent	Amount (in thousand of US$)	Percent	Average Price Per ADS	Average price per Ordinary Share
Existing shareholders	1,000,000,000	86.3%	US$ 806,625	47.2%	US$ 2.420	US$ 0.807
New investors	159,000,000	13.7%	US$ 901,000	52.8%	US$17.000	US$5.667
Total	1,159,000,000	100%	US$1,707,625	100%	US$ 4.420	US$ 1.473

A US$1.00 increase (decrease) in the assumed initial public offering price of US$17.00 per ADS would increase (decrease) total consideration paid by new investors, total consideration paid by all shareholders and the average price per ADS paid by all shareholders by US$53 million, US$53 million and US$0.137, respectively, assuming no change in the number of ADSs sold by us as set forth on the cover page of this prospectus and without deducting underwriting discounts and commissions and other offering expenses.

DIVIDEND POLICY

We have never declared or paid any dividends, nor do we have any present plan to pay any cash dividends on our ordinary shares in the near to medium term. We currently intend to retain most, if not all, of our available funds and any future earnings to finance the construction and development of our projects, to pay debt service and to operate and expand our business.

Our board of directors has complete discretion on whether to pay dividends, subject to the approval of our shareholders. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

The debt facilities of our subsidiaries contain, or are expected to contain, restrictions on payment of dividends to us, which is expected to affect our ability to pay dividends in the foreseeable future. See "Risk Factors—We currently do not intend to pay dividends, and we cannot assure you that we will make dividend payments in the future."

EXCHANGE RATE INFORMATION

Although we will have certain expenses and revenues denominated in Patacas, our revenues and expenses will be denominated predominantly in Hong Kong dollars and in connection with a significant portion of our indebtedness and certain expenses, U.S. dollars. Periodic reports made to shareholders will be expressed in U.S. dollars using the then current exchange rates. The conversion of Hong Kong dollars into U.S. dollars in this prospectus is based on the noon buying rate in The City of New York for cable transfers of Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from Hong Kong dollars to U.S. dollars and from U.S. dollars to Hong Kong dollars in this prospectus were made at a rate of HK$7.80 to US$1.00. The noon buying rate in effect as of December 30, 2005 was HK$7.7533 to US$1.00. We make no representation that any Hong Kong dollars or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at any particular rate, the rates stated below, or at all. On September 29, 2006, the noon buying rate was HK$7.7913 to US$1.00.

The Hong Kong dollar is freely convertible into other currencies (including the U.S. dollar). Since October 7, 1983, the Hong Kong dollar has been officially linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. The link is supported by an agreement between Hong Kong's three bank note-issuing banks and the Hong Kong government pursuant to which bank notes issued by such banks are backed by certificates of indebtedness purchased by such banks from the Hong Kong Government Exchange Fund with U.S. dollars at the fixed exchange rate of HK$7.80 to US$1.00 and held as cover for the bank notes issue. When bank notes are withdrawn from circulation, the issuing bank surrenders certificates of indebtedness to the Hong Kong Government Exchange Fund and is paid the equivalent amount in U.S. dollars at the fixed rate of exchange. Hong Kong's three bank note-issuing banks are The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Bank of China (Hong Kong) Limited.

In May 2005, the Hong Kong Monetary Authority broadened the link from the original rate of HK$7.80 per US$1.00 to a rate range of HK$7.75 to HK$7.85 per US$1.00. No assurance can be given that the Hong Kong government will maintain the link at HK$7.75 to HK$7.85 per US$1.00 or at all.

The following table sets forth the noon buying rate for U.S. dollars in The City of New York for cable transfers in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	Noon Buying Rate			
Period	Period End	Average(1)	Low	High
	(Hong Kong dollar per US$1.00)			
2001	7.7999	7.7936	7.8008	7.7765
2002	7.7980	7.7996	7.8004	7.7970
2003	7.7988	7.7996	7.8095	7.7970
2004	7.7640	7.7864	7.8001	7.7085
2005	7.7723	7.7899	7.8010	7.7632
2006				
June	7.7666	7.7636	7.7684	7.7578
July	7.7703	7.7734	7.7775	7.7670
August	7.7767	7.7762	7.7796	7.7723
September	7.7913	7.7825	7.7913	7.7767
October	7.7780	7.7849	7.7928	7.7746
November	7.7779	7.7816	7.7751	7.7875

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

The Pataca is pegged to the Hong Kong dollar at a rate of HK$1.00 = MOP 1.03. All translations from Patacas to U.S. dollars were made at the exchange rate of MOP 8.034 = US$1.00. The Federal Reserve Bank of New York does not certify for custom purposes a noon buying rate for cable transfers in Patacas.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and provides significantly less protection to investors; and
- Cayman Islands companies do not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our current operations are conducted in Macau and Hong Kong, and substantially all of our assets are located in Macau. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon us or such persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed CT Corporation System as our agent to receive service of process with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Walkers, our counsel as to Cayman Islands law, and Manuela António Law Office, our counsel as to Macau law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and Macau, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Walkers has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under common law.

Manuela António Law Office has advised further that a final and conclusive monetary judgment for a definite sum obtained in a federal or state court in the United States would be treated by the courts of Macau as a cause of action in itself so that no retrial of the issues would be necessary, provided that: (1) such court had jurisdiction in the matter and the defendant either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (2) due process was observed by such court, with equal treatment given to both parties to the action, and the defendant had the opportunity to submit a defense; (3) the judgment given by such court was not in respect of penalties, taxes, fines or similar fiscal or tax revenue obligations; (4) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court; (5) recognition or enforcement of the judgment in Macau would not be contrary to public policy; (6) the proceedings pursuant to which judgment was obtained were not contrary to natural justice; and (7) any interest charged to the defendant does not exceed three times the official interest rate, which is currently 9.75% per annum, over the outstanding payment (whether of principal, interest fees or other amounts) due.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected historical consolidated statement of operations data for the period from January 1, 2004 to June 8, 2004 (predecessor), the period from June 9, 2004 to December 31, 2004, and the year ended December 31, 2005, and the selected historical consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from our audited financial statements included elsewhere in this prospectus. The following selected consolidated statement of operations data for the nine months ended September 30, 2005 and 2006 and the summary consolidated balance sheet data as of September 30, 2006 have been derived from our unaudited financial statements prepared in accordance with U.S. GAAP included elsewhere in this prospectus. We have prepared the unaudited information on the same basis as the audited consolidated financial statements, and have included, in our opinion, all adjustments, consisting only of normal and recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements. The selected historical consolidated statement of operations data for the period from March 20, 2003 (predecessor's inception) to December 31, 2003, and the selected historical consolidated balance sheet data as of December 31, 2003, have been derived from the company's unaudited consolidated financial statements. You should read the selected historical consolidated financial data in conjunction with those financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate our results expected for any future periods.

From June 9, 2004 for Mocha, July 20, 2004 for Melco Hotels and November 9, 2004 for Great Wonders through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha, Melco Hotels and Great Wonders because they were under common control for this period. The contributions by Melco of its 80% interest in Mocha, 70% interest in Great Wonders and 50.8% interest in the City of Dreams project to MPBL (Greater China), a company 80% indirectly owned by us and 20% owned by Melco, and cash contributions by PBL of US$163 million, which were completed on March 8, 2005, were accounted for as the formation of a joint venture for which a carryover basis of accounting has been adopted.

The consolidated financial statements of Mocha for the period from January 1, 2004 to June 8, 2004 have been prepared for the purpose of presenting the financial information of our predecessor. Mocha is considered as our predecessor because we succeeded to substantially all of the business of Mocha and our own operations prior to the succession were insignificant relative to the operations assumed or acquired.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	For the period from March 20, 2003 (date of incorporation) to December 31, 2003 (predecessor)	For the period from January 1, 2004 to June 8, 2004 (predecessor)	For the period from June 9, 2004 to December 31, 2004 (successor)	For the year ended December 31, 2005 (successor)	For the nine months ended September 30, 2005 (successor)	For the nine months ended September 30, 2006 (successor)
	(in thousands of US$, except share and per share data and operating data)					
Consolidated statement of operations data:						
Revenue:						
—Fee for services provided to gaming machine lounges	$ 604	$ 1,867	$ 5,754	$ 16,569	$ 11,940	$ 17,549
—Food, beverage and others	7	29	317	759	529	655
Total revenue	611	1,896	6,071	17,328	12,469	18,204
Operating costs and expenses:						
—Provision of services to gaming machine lounges	(278)	(864)	(4,286)	(11,255)	(7,243)	(16,289)
—Slot lounge operating expenses	—	—	—	—	—	(1,154)
—Food, beverage and others	(7)	(48)	(250)	(596)	(453)	(499)
—Amortization of land use rights	—	—	(130)	(3,535)	(2,212)	(8,081)
—Impairment loss recognized on slot lounges services agreements	—	—	—	—	—	(7,640)
—General and administrative	(71)	(197)	(1,970)	(4,400)	(2,564)	(4,808)
—Selling and marketing	(51)	(81)	(166)	(534)	(357)	(2,291)
—Pre-opening costs	(54)	(96)	(199)	(730)	(453)	(4,370)
Total operating costs and expenses	(461)	(1,286)	(7,001)	(21,050)	(13,282)	(45,132)
Operating income (loss)	150	610	(930)	(3,722)	(813)	(26,928)
Non-operating income (expenses):						
—Interest income	—	—	—	2,516	2,197	326
—Interest expenses	(10)	(97)	(217)	(2,028)	(627)	(824)
—Foreign exchange gain (loss), net	4	5	32	(570)	(620)	155
—Other, net	21	2	54	146	42	168
Income (loss) before income tax	165	520	(1,061)	(3,658)	179	(27,103)
Income tax (expense) credit	(28)	(26)	(37)	91	(406)	1,602
Income (loss) before minority interest	137	494	(1,098)	(3,567)	(227)	(25,501)
Minority interests	—	—	91	308	(276)	5,015
Net income (loss)	137	494	(1,007)	(3,259)	(503)	(20,486)
Loss per share						
—Ordinary	*	*	(0.002)	(0.006)	(0.001)	(0.041)
—ADS(1)	*	*	(0.005)	(0.019)	(0.003)	(0.122)
Shares used in calculating loss per share						
—Basic	*	*	625,000,000	522,945,205	530,677,656	503,663,004
Selected operating data:						
—Average number of gaming machines(2)	62	125	513	634	603	986
—Average daily net win per machine(3)	281.9	284.5	171.5	229.1	231.3	199.8
Other data:						
Operating EBITDA(4)		$ 771	$ 1,119	$ 7,430	$ 5,428	$ 6,614

* Figures not provided as the number of shares of our predecessor Mocha and our company are not directly comparable.

(1) Each ADS represents three ordinary shares.

(2) Weighted average number of gaming machines for any period represents the sum of the number of gaming machines in service at the Mocha Clubs on each day during such period divided by the number of days in such period.

(3) Average daily net win per machine for any period represents the total gaming machine win during such period divided by the weighted average number of gaming machines in service during such period. Gaming machine win is the excess of the amount of money deposited by players into the gaming machine over the amount of money paid out of the gaming machine to players. Prior to MPBL Gaming obtaining its subconcession in September 2006, Mocha Slot provided management services to the Mocha Clubs under service agreements with SJM. Mocha Slot received 31% of gaming machine win as its revenue from gaming at the Mocha Clubs, while SJM retained 31% of gaming machine win, and Macau taxes and other government dues accounted for the remaining 38%. After the subconcession was granted and these service agreements were terminated with effect from September 21, 2006, we now reflect all the gaming machine win as our revenue from gaming at the Mocha Clubs, but we are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

(4) Operating EBITDA is presented for the results of the Mocha Clubs only as our sole operating business and is reconciled to consolidated net income as described at note 18 of our audited consolidated financial statements for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 (successor) and the year ended December 31, 2005 (successor) and note 19 of our unaudited consolidated financial statements for the nine months ended September 30, 2005 and 2006.

	December 31,			As of September 30,
	2003 (precedessor)	2004 (successor)	2005 (successor)	2006 (successor)
	(in thousands of US$, except share and per share data)			
Balance Sheet Data:				
Current Assets:				
Cash and cash equivalents	386	5,537	19,769	7,300
Accounts receivable	5	45	37	5
Amount due from an affiliated company	217	1,085	1,398	26,392
Inventories	—	15	87	103
Prepaid expenses and other current assets	7	94	641	3,624
Total current assets	615	6,776	21,932	37,424
Property and equipment, net	1,332	10,613	67,794	177,094
Intangible assets, net	—	12,118	11,089	3,416
Goodwill	—	34,417	34,417	64,797
Other assets	—	—	150,641	—
Deposit for acquisition of land interest	—	—	—	12,821
Land use right, net	—	40,493	132,424	338,233
Rental deposits	45	231	528	771
Deposits for acquisition of property and equipment	121	1,464	2,383	1,532
Total assets	2,113	106,112	421,208	636,088
Total current liabilities	1,863	17,524	138,741	203,039
Total liabilities	1,976	23,845	163,024	254,036
Minority Interests	—	35	19,492	13,846
Total shareholders' equity	137	82,232	238,692	368,206

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Historical Consolidated Financial Data" and the historical consolidated financial statements of our company for the period from June 9, 2004 to December 31, 2004, the year ended December 31, 2005, and the nine months ended September 30, 2005 and 2006 and the historical predecessor financial statements of Mocha for the period from January 1, 2004 to June 8, 2004, and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of relevant events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Our audited historical consolidated financial statements and audited historical financial statements of Mocha have been prepared in accordance with U.S. GAAP. Our unaudited pro forma financial information has been derived from our audited historical consolidated financial statements and the audited historical financial statements of Mocha after giving pro forma effect to our acquisition of Mocha as if we acquired the 80% interest in Mocha on January 1, 2004.

Overview

We are a developer, owner and operator of casino gaming and entertainment resort facilities focused exclusively on the rapidly expanding Macau market. We are a holding company for four principal operating subsidiaries, MPBL Gaming, which is the holder of a gaming subconcession in Macau, Great Wonders, Melco Hotels and MPBL Peninsula. Great Wonders and Melco Hotels, our subsidiaries that are developing the Crown Macau and the City of Dreams, respectively, have had no significant operations to date as those projects are still under development. In addition, other than entering into an agreement to acquire a third development site on the Macau peninsula (the completion of which remains subject to significant conditions in the control of third parties unrelated to us and the seller), MPBL Peninsula has had no operations to date. The Mocha Clubs, which are now held by MPBL Gaming and were previously held by our subsidiary Mocha, have had a limited operating history. Our future operating results are subject to significant business, economic, regulatory and competitive uncertainties and risks, many of which are beyond our control. See "Risk Factors—Risks Relating to Our Early Stage of Development."

Existing Operations

The Mocha Clubs have grown rapidly since the inception of Mocha in March 2003 and MPBL Gaming currently operates six Mocha Clubs in Macau with an aggregate of approximately 1,000 gaming machines in operation. The Mocha Clubs accounted for approximately 30% of the gross gaming machine revenue in Macau for the nine months ended September 30, 2006 (including the gaming machines at the Kampek Mocha Club which we closed in September 2006 and relocated in November 2006). In 2005 and the nine months ended September 30, 2006, we generated total revenue of US$17.3 million and US$18.2 million, respectively, substantially all of which was from the Mocha Clubs operations. The Mocha Clubs achieved an average daily net win per gaming machine of HK$1,787 (approximately US$229.1) for 2005 and HK$1,558 (approximately US$199.8) for the nine months ended September 30, 2006, without taking into account deductions such as gaming taxes and shares of revenues retained by SJM under Mocha Slot's previous services agreements with SJM, pursuant to which until September 21, 2006 Mocha Slot previously received only service fees of 31% of gaming machine win.

Mocha became our subsidiary in March 2005, when Melco transferred to us its 80% interest in Mocha as part of the formation of its joint venture with PBL. In connection with forming the joint venture between Melco and PBL in March 2005 and in exchange for its ownership interest in us, Melco contributed to MPBL (Greater China), our 80% owned subsidiary (in which Melco held the remaining 20% interest), an 80% interest in Mocha,

a 50.8% interest in the City of Dreams project, and a 70% interest in Great Wonders. The 80% interest of Mocha was valued at HK$359.7 million (US$46.1 million), based on average market price of Melco shares as of two days before and after the announcement date of acquisition by Melco. In May 2006, we purchased the remaining 20% of Mocha from Dr. Stanley Ho for HK$250 million (US$32.1 million) and repaid in full a HK$45.7 million (US$5.9 million) shareholder loan from Dr. Stanley Ho. In October 2006, we reorganized our corporate structure after MPBL Gaming obtained the subconcession, the Macau government approved its transfer to us and the business operations and assets of Mocha were transferred to MPBL Gaming.

Development Projects

- *The Crown Macau*. We began construction of the Crown Macau in December 2004 and target its opening in the second quarter of 2007. The Crown Macau is being developed to cater primarily to high-end patrons. We have currently budgeted that the total cost of developing and constructing the Crown Macau to the point of opening will be approximately US$512.6 million, which includes the value of land for the project site contributed to us in kind, land premium costs and anticipated construction costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements. We expect that of this amount, approximately HK$1,280 million (US$164.1 million) will be financed by the Great Wonders Project Facility that we have entered into and US$348.5 million by our equity contributions to Great Wonders, including cash and Melco's contribution of its interest in the Crown Macau project upon our formation in March 2005.
- *The City of Dreams.* We began site preparation of the City of Dreams in the first quarter of 2006 and we currently target to open the initial phase of the complex in late 2008, with the second phase to follow in the second half of 2009. We are developing the City of Dreams as a "must-see" integrated casino and entertainment resort primarily for mass market patrons visiting the Cotai Strip. We currently target the casino to be substantially completed during the initial phase, along with two of the four hotels, and significant portions of the retail stores and food and beverage outlets. We currently target to complete the performance hall in the second half of 2008 and have it ready to host performances in the second quarter of 2009. We currently target to complete the third and fourth hotels during second phase of the complex, while the entertainment venues and conference rooms and ballrooms are targeted to be completed throughout phases one and two. We also plan to develop one block of luxury serviced apartment units, for both long and short-term occupancy, in the second phase of the complex and, depending on the market conditions, may develop a second block thereafter. These developments of the serviced apartment units may be subject to Macau government approval and approval of our lenders under our debt facilities. The cost of a second block of apartments has not been included in the US$2.1 billion total budgeted project cost for development of the City of Dreams.

  We have currently budgeted that the total cost of constructing and developing the City of Dreams to the point of opening will be approximately US$2.1 billion, inclusive of land and construction costs, land premium costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements. Of this amount, approximately US$1.6 billion is expected to be financed by the City of Dreams Project Facility, for which we and certain banks as arrangers have signed a commitment letter (subject to certain conditions), and the balance from equity contributions to Melco Hotels.
- *Macau Peninsula Site***.** We have entered into a conditional agreement to acquire a third development site, which is located on the shoreline of the Macau peninsula near the Macau Ferry Terminal. Our purchase of the Macau Peninsula site remains subject to important conditions, some of which are not in our control, including approval of the Macau government of an extension of the deadline for completion of development on the site and conditions in the control of other parties. The Macau Peninsula site is approximately 6,480 square meters (approximately 1.6 acres) and the acquisition price is HK$1.5 billion (US$192.3 million), of which we have paid a deposit of HK$100 million (US$12.9 million). We expect to pay a land premium of approximately HK$150 million (US$19.2 million) to the Macau government for this site. We currently contemplate that we would develop the Macau Peninsula site into a mixed-use

casino and hotel facility targeted primarily at day-trip gaming patrons, and target its opening in the middle of 2009 if we are able to acquire the site. Based on preliminary estimates and conceptual designs, the total project costs for the Macau Peninsula project is currently budgeted at a range of approximately US$650 million to US$700 million, which includes anticipated land and construction costs, land premium costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements.

Factors Affecting Our Operating Results

Obtaining a gaming subconcession

Prior to September 2006, MPBL Gaming did not hold a concession or subconcession to operate gaming activities in Macau. Therefore, revenue from the Mocha Club operations predominantly comprised fees for services provided to gaming machine lounges, which represented service fees that were based on a percentage of the Mocha Clubs' gaming machine win. Under the previous services agreements with SJM, Mocha provided all of the gaming machines at the Mocha Clubs and auxiliary services to SJM and received service fees of 31% of gaming machine win before corporate income tax.

In March 2006, Mocha entered into termination agreements with SJM when PBL entered into its agreement with Wynn Macau to obtain the subconcession. Pursuant to the termination agreements, Mocha Slot's services agreements with SJM were terminated on September 21, 2006, after the subconcession was issued to MPBL Gaming. We now reflect as our revenue all of the gaming machine win at the Mocha Clubs but are subject to Macau taxes and other government dues on gaming revenue currently totalling 39%. We previously incurred, and will continue to incur, all of the material labor and marketing costs at the Mocha Clubs and do not expect that obtaining a subconcession will materially affect those costs. We injected all the business assets of Mocha into MPBL Gaming in October 2006. After entering into the termination agreement with SJM in March 2006, we incurred a one-time impairment loss of US$7.6 million as a result of the potential termination of the services agreements. As a subconcessionaire, MPBL Gaming has temporary special exemptions from complementary tax.

After we obtained a controlling interest in MPBL Gaming, the Mocha Club operating assets and business were transferred from Mocha and its subsidiaries to MPBL Gaming to be operated directly by MPBL Gaming as a subconcessionaire. We anticipate that Great Wonders and Melco Hotels will enter into services or leasing arrangements with MPBL Gaming under which MPBL Gaming will operate the casinos and any other gaming activities at the Crown Macau, City of Dreams and, if built, the Macau Peninsula project under the subconcession.

In future periods beginning in the fourth quarter of 2006, we anticipate the following related charges as a result of having obtained the subconcession:

- *Amortization expense of the subconcession* . We are required to amortize the US$900 million paid as consideration for the subconcession on a straight-line basis over the life of the subconcession contract, which is until 2022, and will charge the amortization expense to our statements of operations beginning from the date we obtained the subconcession.
- *Interest expense.* We will incur additional interest expense in connection with the debt required to fund the payment for the subconcession.

Gaming and Leisure Market in Macau

Our business is and will be influenced most significantly by the growth of the gaming and leisure market in Macau. Such growth will be affected by visitation to Macau and whether Macau develops into a popular international destination for gaming patrons and other customers of leisure and hospitality services, as well as our ability to compete effectively against our existing and future competitors for market share.

Visitation to Macau

Visitation to Macau between 2000 and 2005 increased at a CAGR of 15.4% to approximately 18.7 million visitors and at a growth rate of 15.4% from 13.8 million visitors for the nine months ended September 30, 2005 to 15.9 million for the nine months ended September 30, 2006 according to the Macau Statistics and Census Services. We believe that visitation and gaming revenue growth for the Macau market have been, and will continue to be, driven by a combination of factors, including Macau's proximity to major Asian population centers; liberalization of restrictions on travel to Macau from China and liberalization of currency restrictions to permit Chinese citizens to take larger sums of foreign currency out of China when they travel; increasing regional wealth, leading to a large and growing middle class in Asia with more disposable income; infrastructure improvements that are expected to facilitate more convenient travel to and within Macau; and an increasing supply of better quality casino, hotel and entertainment offerings in Macau.

Competition

The Macau gaming market is rapidly evolving and competitive. We expect competition in the market to persist and intensify. At present, there are a total of six licensed gaming operators, including us through MPBL Gaming, under concessions and subconcessions in Macau. The existing concessions and subconcessions do not place any limit on the number of gaming facilities that may be operated under each concession or subconcession. Each of the three concessionnaires, SJM, Galaxy and Wynn Macau, as well as a subconcessionnaire, Venetian Macao, have already commenced operating facilities and have announced expansion plans to develop additional casinos in Macau. For example, SJM and Galaxy currently operate 16 and five casinos, respectively, throughout Macau. In October 2006, Galaxy opened the Galaxy StarWorld hotel and casino resort on the Macau peninsula next to Wynn Resorts (Macau). In September 2006, Wynn Macau opened the Wynn Resorts (Macau) hotel casino, a resort complex on the Macau peninsula comprised of hotel, entertainment and gaming facilities. In May 2004, the Venetian Macao opened the Sands Macau on the Macau peninsula, ushering in a new era of Las Vegas-style casinos in Macau.

Including the Crown Macau and the City of Dreams, most of the gaming facilities scheduled to open in the next several years will be concentrated in Taipa or the Cotai Strip. In particular, the Cotai Strip is expected to feature a cluster of new casino resorts that are being designed on a larger scale and in the style of casino resorts located on the Las Vegas Strip. We expect that the new casino and other entertainment offerings will increase visitation to Macau and expand the Macau gaming market to reach an increasing number of mass market and non-gaming patrons. We will seek to benefit from this increased visitation to Macau generally as visitors to Macau and other gaming locations often visit multiple casino resorts on the same trip, in particular if they are in close proximity to each other.

Number of gaming machines

Our results of operations reflect almost exclusively the results of the Mocha Clubs. Our other projects are in early development stages and have yet to generate any revenues. The operating results of the Mocha Club business are affected principally by the number of gaming machines operated by Mocha and volumes of customer traffic at the Mocha Club locations. Traffic volumes are affected by factors such as the popularity of the Mocha Clubs and pedestrian traffic flows at the Mocha Club locations. The average number of gaming machines in the Mocha Clubs has increased from an average of 350 in 2004 to an average of 660 in 2005. We currently have approximately 1,000 gaming machines in the Mocha Clubs.

The following table sets forth information on the Mocha Clubs for the nine months ended and as of September 30, 2006:

Mocha Club	Opening Date	Gaming Area *(in square feet)*	Gaming machines	Average daily net win per machine[(1)]
Royal	September 2003	2,100	82	US$ 239.4
Kingsway	April 2004	6,100	208	276.2
Kampek[(2)]	June 2004	—	309	179.3
TP Square	March 2005	4,560	140	189.7
Sintra	November 2005	5,110	138	195.0
Hotel Taipa	January 2006	6,100	162	107.5
Total[(3)]		23,970	986	199.8

(1) Average daily net win per machine for any period represents the total gaming machine win during such period divided by the weighted average number of gaming machines in service during such period. Gaming machine win is the excess of the amount of money deposited by players into the gaming machine over the amount of money paid out of the gaming machine to players. Prior to MPBL Gaming obtaining its subconcession in September 2006, Mocha Slot provided management services to the Mocha Clubs under service agreements with SJM. Mocha Slot received 31% of gaming machine win as its revenue from gaming at the Mocha Clubs, while SJM retained 31% of gaming machine win, and Macau taxes and other government dues accounted for the remaining 38%. After the subconcession was granted and these service agreements were terminated with effect from September 21, 2006, we now reflect all the gaming machine win as our revenue from gaming at the Mocha Clubs, but we are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

(2) Since MPBL Gaming obtained its subconcession, we are not allowed to operate any Mocha Clubs in gaming areas in which other concessionaires or subconcessionaires have gaming operations. This has required relocating the Kampek Mocha Club, which was located in facilities in which SJM conducts gaming operations under its concession, and which we closed on September 21, 2006. The weighted average number of gaming machines and average daily net win per machine at the Kampek Mocha Club were for the period from January 1, 2006 to September 20, 2006. We have moved the former Kampek Mocha Club to Marina Plaza, where approximately 290 gaming machines are available. For the period from January 1, 2006 to September 30, 2006, we have incurred approximately HK$8.7 million (US$1.1 million) in provision of services to gaming machine lounges attributable to the relocation of the facility.

(3) The total weighted average number of gaming machines and average daily net win per machine for the nine months ended September 30, 2006 for all of the Mocha Clubs as a whole were calculated with the inclusion of the Kampek Mocha Club's operating data for the period from January 1, 2006 to September 20, 2006.

Successful completion and operation of our casino resort projects and Mocha Clubs

The Crown Macau and City of Dreams casino resort projects have not yet commenced commercial operation and did not generate any revenue in 2005 and will not generate any revenue in 2006. The Crown Macau is targeted to begin revenue-generating operations following completion of this project in the second quarter of 2007. The City of Dreams is targeted to begin revenue-generating operations following completion of the first phase of the project in late 2008. We also have not completed the acquisition of the Macau Peninsula site. However, we anticipate that the majority of our revenues in the future will be generated from casino and hotel operations at these three sites once they are completed, while we expect revenue from the Mocha Clubs to decrease substantially as a percentage of our overall revenue thereafter.

We expect our operating revenues from the casino resorts to be affected primarily by the growth of the Macau gaming and leisure market, the popularity of the casinos, hotels and other entertainment facilities, and the number and net win of the gaming tables and gaming machines. Prior to September 2006, because MPBL Gaming did not have a concession or subconcession to operate casino gaming and had to rely on service agreements with SJM, our past operating revenues from gaming consisted only of the service fees paid to Mocha Slot representing 31% of gaming machine win generated from the Mocha Clubs. After MPBL Gaming obtained its subconcession, our revenues reflect all the gaming revenues generated from the Mocha Clubs and other gaming operations but we will be subject to taxes and other government dues on gaming revenue currently totalling 39% of gaming machine win. We expect expenses from gaming operations to consist mainly of labor, commissions and complimentary allowances paid to high-end patrons and junket operators, property expenses, depreciation, interest expense, marketing and promotion expenses and costs of operating supplies. In future periods, we expect labor, commissions and complimentary allowances to high-end patrons and junket operators and depreciation of construction costs, including capitalized fees and finance costs for construction, to be major costs.

We expect that the hotel operating revenues at our development projects will be affected primarily by the number of rooms to be operated, room rates and occupancy rates, as well as the popularity of our food and beverage outlets at our hotels. We expect hotel operating expenses to consist mainly of labor, depreciation, marketing and promotion expenses and costs of operating supplies.

Overview of Financial Results

Revenues

Our revenues historically consisted of fees for services provided to gaming machine lounges and food, beverage and others. Under Mocha Slot's previous services agreements with SJM for operation of the Mocha Clubs, Mocha Slot received service fees comprising 31% of gaming machine win. Taxes and other government dues on gaming revenues totaled 38% of gaming machine win, and SJM retained the remaining 31% of gaming machine win. In calculating revenues, we deducted from Mocha Slot's 31% share of gaming machine win revenue discounts, costs of points from the Mocha loyalty program and accruals for anticipated payouts of progressive slot jackpots. After the subconcession was granted and these service agreements with SJM were terminated with effect from September 21, 2006, we now reflect all the gaming machine win as our slot lounge gaming revenue from gaming at the Mocha Clubs, but we are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

Operating Costs and Expenses

Our operating costs and expenses consist primarily of expenses for provision of services to gaming machine lounges and general and administrative expenses. They also consist of expenses for food, beverage and others, amortization of land use rights, selling and marketing and pre-opening costs.

Provision of services to gaming machine lounge / Slot lounge operating expenses. Under Mocha Slot's previous services agreements with SJM, Mocha Slot was responsible for providing all of the gaming machines at the Mocha Clubs and auxiliary services to operate the clubs. This operating cost and expense consists primarily of amortization of intangible assets, salaries and benefits paid to the Mocha Clubs staff, depreciation, including depreciation of gaming machines and other equipment, security costs, rent for the Mocha Club locations and operating supplies. We recognized an impairment loss of approximately US$1.1 million during the nine months ended September 30, 2006 in respect of certain plant and equipment because of the relocation of the Kampek Mocha Club to Marina Plaza. Before MPBL Gaming obtaining its subconcession, amortization of intangible assets consisted primarily of the amortization of Mocha Slot's services agreements with SJM for the Mocha Clubs. We previously amortized these services agreements with SJM over their estimated useful terms of 10 years and incurred an amortization expense. After we entered into a termination agreement in March 2006 to

terminate the services agreements subject to obtaining a subconcession, we incurred an impairment loss (see "—Impairment loss recognized on slot lounges services agreements") and amortized the remaining carrying value of the services agreements until the estimated termination date. After MPBL Gaming obtained a subconcession, we expect total slot lounge operating expenses to increase significantly due to an increase in amortization of intangible assets in connection with the amortization of the subconcession. In addition, our total operating costs and expenses are expected to increase as a result of increased depreciation expense as construction and development of our properties are completed. Such depreciation expense, which will be included as a separate line item under operating costs and expenses, will include depreciation of capitalized financing and interest costs incurred under our construction financings. See "—Services agreements with SJM and obtaining a subconcession." We also expect our total slot lounge operating expenses to increase as we hire additional staff and add gaming machines for new Mocha Club locations.

Food, beverage and others. This cost relates primarily to our purchase of food and beverages that we sell and provide on a complimentary basis at the Mocha Clubs. We anticipate that our food, beverage and other costs will increase in line with an increase in revenues generated from food, beverage and others. In the future, total expenses for food, beverage and others are expected to increase significantly as our projects are completed and our planned hotel and food and beverage operations commence.

Amortization of land use rights. Expenses for amortization of land use rights are incurred in connection with the consideration we paid for our interest in Great Wonders in three stages from November 2004 to July 2005 and the consideration payable by us to the Macau government for the lease of land for the Crown Macau. The expected expiration date of the government lease for the Crown Macau is March 2031, and we are amortizing the total cost of the land use right of US$136.1 million as of December 31, 2005 on a straight-line basis from the commencement date of the construction of the Crown Macau in December 2004 to March 2031. After commencing site preparation works for the City of Dreams project in April 2006, we began to amortize the consideration payable by us to the Macau government for the anticipated lease of the City of Dreams site. We are amortizing the total cost of the anticipated land use right of US$214 million as of September 30, 2006 on a straight-line basis from the commencement date of construction until an estimated expiration date of the government lease.

Impairment loss recognized on slot lounges services agreements. Impairment loss recognized on slot lounges services agreements represents a one-time charge that we recognized in the nine months ended September 30, 2006. Prior to obtaining the subconcession, we amortized the Mocha Clubs services agreements with SJM over their estimated useful terms of 10 years. The amortization expense for these intangible assets was included in our operating costs and expenses. In March 2006, Mocha Slot agreed with SJM to terminate the services agreements after obtaining the subconcession. As a result of the potential termination of the services agreements, we incurred an impairment loss of US$7.6 million, which was calculated with reference to a valuation performed by an independent third party and the then estimated date for obtaining the subconcession.

General and administrative expenses. General and administrative expenses consist primarily of salaries and benefits paid to our administrative and finance personnel, cleaning and overhead costs, professional services fees and entertainment charges. We expect our total general and administrative expenses to increase as we hire additional administrative and finance personnel and as we incur costs associated with our operation as a reporting company upon completion of this offering.

Selling and marketing expenses. Selling and marketing expenses consist primarily of salaries, benefits and sales commissions for sales personnel, advertising, promotional and other sales and marketing expenses. We have increased and anticipate that we will continue to increase significantly our sales and marketing expenses as we roll out additional Mocha Clubs and seek to grow the Mocha brand, as the mass market segment of Macau grows, and as competitors move aggressively into the gaming machine market in Macau. Our total sales and marketing expenses are also expected to increase significantly as we approach the respective completion dates of the Crown Macau, City of Dreams and Macau Peninsula projects and promote these new facilities to our target patrons.

Pre-opening costs. Pre-opening costs relate primarily to openings of the new Mocha Clubs and, to a lesser extent, some pre-opening costs, such as training costs and other administrative costs, in connection with the targeted opening of the Crown Macau in the second quarter of 2007 and the first phase of the City of Dreams project targeted to open in late 2008. We anticipate that our pre-opening costs will increase as we open new Mocha Clubs and will increase significantly as we get closer to the opening dates for our development projects.

Interest Income

Interest income consists of interest earned on demand deposits and our highly liquid investments which are unrestricted as to withdrawal and use, and which have maturities of three months or less when purchased.

Interest Expense

Interest expenses consists of interest expenses with respect to our advances from affiliated person and shareholders and will include interest expenses in connection with the Subconcession Facility.

Income Tax Expense

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we and our current subsidiaries incorporated in the Cayman Islands, Melco PBL Holdings Limited, MPBL International, MPBL Investments and MPBL (Greater China), are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Mocha and MPBL Peninsula are not subject to tax in the British Virgin Islands, where they are incorporated, but are subject to a Macau complementary tax rate of 12% on activities conducted in Macau before the transfer of all of the Mocha Clubs assets and business to MPBL Gaming. Our remaining subsidiaries, MPBL Gaming, Great Wonders and Melco Hotels, are all incorporated in Macau and are subject to a Macau complementary tax of 12% on their activities conducted in Macau. After MPBL Gaming obtaining a subconcession, we expect that MPBL Gaming will have the benefit of a corporate tax holiday on corporate income tax, or complementary tax (but not gaming tax), in Macau for five years similar to that of other concession and subconcession holders. This would exempt us from paying the Macau complementary tax on income from gaming generated by our development projects and Mocha Clubs, but we will remain subject to Macau complementary tax on profits from our non-gaming businesses.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. Our consolidated financial statements were prepared in conformity with U.S. GAAP. Certain of our accounting policies require that management apply significant judgment in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, management evaluates those estimates, including those relating to the estimated lives of depreciable assets, asset impairment, allowances for doubtful accounts, accruals for customer loyalty rewards, business combination and revenue recognition. Judgments are based on historical experience, terms of existing contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates.

Valuation of long-lived assets, including goodwill and purchased intangible assets

We review the carrying value of our long-lived assets, including goodwill and purchased intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We assess the recoverability of the carrying value of long-lived assets, other than goodwill and purchased intangible assets with indefinite useful lives, by first grouping our long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows largely independent of the cash flows of other assets and liabilities (the asset group) and, secondly, estimating the undiscounted future cash flows that are directly associated with and expected to arise from the use of and eventual disposition of such asset group. We estimate the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If

the carrying value of the asset group exceeds the estimated undiscounted cash flows, we record an impairment loss to the extent the carrying value of the long-lived asset exceeds its fair value. We determine fair value through quoted market prices in active markets or, if quoted market prices are unavailable, through the performance of internal analysis of discounted cash flows or external appraisals. The undiscounted and discounted cash flow analyses are based on a number of estimates and assumptions, including the expected period over which the asset will be utilized, projected future operating results of the asset group, appropriate discount rates and long-term growth rates.

To assess potential impairment of goodwill, we perform an assessment of the carrying value of our reporting units at least on an annual basis or when events and changes in circumstances occur that would more likely than not reduce the fair value of our reporting units below their carrying value. If the carrying value of a reporting unit exceeds its fair value, we would perform the second step in our assessment process and record an impairment loss to earnings to the extent the carrying amount of the reporting unit's goodwill exceeds its implied fair value. We estimate the fair value of our reporting units through internal analysis and external valuations, which utilize income and market valuation approaches through the application of capitalized earnings, discounted cash flow and market comparable methods. These valuation techniques are based on a number of estimates and assumptions, including the projected future operating results of the reporting unit, appropriate discount rates, long-term growth rates and appropriate market comparables.

Our assessments of impairment of long-lived assets, including goodwill and purchased intangible assets, and our periodic review of the remaining useful lives of our long-lived assets are an integral part of our ongoing strategic review of our business and operations. Therefore, future changes in our strategy and other changes in our operations could impact the projected future operating results that are inherent in our estimates of fair value, resulting in impairments in the future. Additionally, other changes in the estimates and assumptions, including the discount rate and expected long-term growth rate, which drive the valuation techniques employed to estimate the fair value of long-lived assets and goodwill, could change and, therefore, impact the assessments of asset impairments in the future.

Impairment of long-lived assets (other than goodwill)

We evaluate the recoverability of long-lived assets with finite lives whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of December 31, 2005, based on the results of our assessment, no impairment of long-lived assets, including goodwill and purchased intangible assets was noted. We recognized an impairment loss amounting to US$7.6 million on the Mocha Club services agreement for the nine months ended September 30, 2006 in connection with the termination agreement that we entered into in March 2006 to terminate the services agreements with SJM upon obtaining the subconcession. In addition, we recognized an impairment loss of approximately US$1.1 million in connection with the relocation of the Kampek Mocha Club to Marina Plaza during the nine months ended September 30, 2006, which is determined as the net book values of the plant and equipment involved.

Business combinations

We have made a number of acquisitions and may make strategically important acquisitions in the future. When recording an acquisition, we allocate the purchase price of the acquired company to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. We have obtained valuation reports from independent appraisers to assist in determining the fair values of identifiable intangible assets, including acquired gaming machine lounge services agreements and trademarks. These valuations require us to make significant estimates and assumptions which include future expected cash flows from gaming machine lounges services agreements and trademarks, discount rates, and assumptions regarding the period of time the acquired gaming machine lounges, services agreements and trademarks will continue. Such assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions and estimates.

Share-based compensation

Prior to January 2006, we did not issue any share options to our employees, directors and consultants. In November 2006, we adopted the 2006 Share Incentive Plan. Accordingly we record share-based compensation based on the SFAS 123(R) grant date fair value requirements.

We will estimate the fair value of share options granted using the Black-Scholes option pricing formula and a single option award approach. The fair value would then be amortized on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods. This option-pricing model requires the input of highly subjective assumptions, including the option's expected life, estimated forfeitures and the price volatility of the underlying stock. Changes in the subjective input assumptions may materially affect the fair value estimate. In management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the share options.

Formation

Under the original agreement between Melco and PBL, it was contemplated that our company would be held 50%/50% by Melco and PBL and would act as a holding company for interests throughout their agreed territory in Asia. MPBL (Greater China), now a dormant company, was to hold and operate our interests in Greater China on the basis that Melco's effective interest would be 60% and PBL's effective interest would be 40%. For that reason, MPBL (Greater China) is held 80% by us (giving Melco and PBL as our indirect 50/50 shareholders, each an indirect 40% interest in MPBL Greater China) and 20% directly by Melco and, until recently, all of the Mocha operations, the Crown Macau and the City of Dreams projects were held through MPBL (Greater China). In March 2005, Mocha became one of our subsidiaries when Melco contributed the 80% interest it then owned in Mocha to MPBL (Greater China). Dr. Stanley Ho resigned as a director and the chairman of Melco in March 2006, and in May 2006, we acquired the remaining 20% interest in Mocha and repaid in full a shareholders' loan from Dr. Ho to Mocha of HK$45.7 million (US$5.9 million). Under amendments to their relationship in connection with the obtaining of the subconcession, and the transfer of control of MPBL Gaming to us, Melco and PBL have agreed that their interests throughout their agreed territory, including in Macau through our Company, will be held in equal proportions by each of them (i.e. effectively 50%/50% interest), which resulted in the corporate reorganization in October 2006 as described at "Prospectus Summary—Corporate Structure".

As of December 31, 2004, Melco owned 80% of Mocha, 50% of Great Wonders and 100% of Melco Hotels. On March 8, 2005, Melco, in exchange for its 50% interest in us, contributed its interest in Mocha, Great Wonders and Melco Hotels to our subsidiary MPBL (Greater China). Concurrently, PBL contributed US$163 million in cash to MPBL (Greater China) in exchange for its 50% interest in us.

From June 9, 2004 for Mocha, July 20, 2004 for Melco Hotels and November 9, 2004 for Great Wonders through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha, Melco Hotels and Great Wonders because they were under common control for this period. The contributions by Melco of its 80% interest in Mocha, 70% interest in Great Wonders and 50.8% interest in the City of Dreams project to MPBL (Greater China), a company 80% indirectly owned by us and 20% owned by Melco, and cash contributions by PBL of US$163 million, which were completed on March 8, 2005, were accounted for as the formation of a joint venture for which a carryover basis of accounting has been adopted.

As of December 31, 2005, we held an 80% interest in MPBL (Greater China), which in turn held an 80% interest in Mocha and its subsidiaries and a 100% interest in each of Great Wonders and Melco Hotels (other than nominal shares owned by other group companies as required under Macau law).

The consolidated financial statements of Mocha for the period from January 1, 2004 to June 8, 2004 have been prepared for the purpose of presenting the financial information of Mocha as our predecessor. Mocha is considered to be our predecessor as we succeeded to substantially all of the business of Mocha and our own operations prior to the succession were insignificant in comparison to the Mocha operations assumed or acquired. As of June 8, 2004, Mocha had two wholly owned subsidiaries, Mocha Slot and Mocha Cafe Limited.

Results of Operations

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations. We currently rely solely on the operations of the Mocha Clubs for our operating cash flow. Our Crown Macau, City of Dreams and Macau Peninsula projects have not commenced operations and do not generate any revenue. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Historical result for the period from January 1, 2004 to June 8, 2004 (predecessor)	Historical result for the period from June 9, 2004 to December 31, 2004 (successor)	Historical result for the year ended December 31, 2005 (successor)	Historical result for the nine months ended September 30, 2005 (successor)	Historical result for the nine months ended September 30, 2006 (successor)
			(in thousands of US$, except operating data)		
Revenue:					
—Fee for services provided to gaming machine lounges	$ 1,867	$ 5,754	$ 16,569	$ 11,940	$ 17,549
—Food, beverage and others	29	317	759	529	655
Total revenue	1,896	6,071	17,328	12,469	18,204
Operating costs and expenses:					
—Provision of services to gaming machine lounges	(864)	(4,286)	(11,255)	(7,243)	(16,289)
—Slot lounge operating expenses	—	—	—	—	(1,154)
—Food, beverage and others	(48)	(250)	(596)	(453)	(499)
—Amortization of land use rights	—	(130)	(3,535)	(2,212)	(8,081)
—Impairment loss recognized on slot lounges services agreements	—	—	—	—	(7,640)
—General and administrative	(197)	(1,970)	(4,400)	(2,564)	(4,808)
—Selling and marketing	(81)	(166)	(534)	(357)	(2,291)
—Pre-opening costs	(96)	(199)	(730)	(453)	(4,370)
Total operating costs and expenses	(1,286)	(7,001)	(21,050)	(13,282)	(45,132)
Operating income (loss)	610	(930)	(3,722)	(813)	(26,928)
Non-operating income (expenses)	(90)	(131)	64	992	(175)
Income (loss) before income tax	520	(1,061)	(3,658)	179	(27,103)
Income tax (expense) credit	(26)	(37)	91	(406)	1,602
Income (loss) before minority interests	494	(1,098)	(3,567)	(227)	(25,501)
Minority interests	—	91	308	(276)	5,015
Net income (loss)	$ 494	$ (1,007)	$ (3,259)	$ (503)	$ (20,486)
Selected operating data:					
—Weighted average number of gaming machines(1)	125	513	634	603	986
—Average daily net win per machine(2)	284.5	171.5	229.1	231.3	199.8
Other data:					
Operating EBITDA(3)	$ 771	$ 1,119	$ 7,430	$ 5,428	$ 6,614

(1) Weighted average number of gaming machines for any period represents the sum of the number of gaming machines in service at the Mocha Clubs on each day during such period divided by the number of days in such period.

(2) Average daily net win per machine for any period represents the total gaming machine win during such period divided by the weighted average number of gaming machines in service during such period. Gaming machine win is the excess of the amount of money deposited by players into the gaming machine over the amount of money paid out of the gaming machine to players. Prior to MPBL Gaming obtaining its subconcession in September 2006, Mocha Slot provided management services to the Mocha Clubs under service agreements with SJM. Mocha Slot received 31% of gaming machine win as its revenue from gaming at the Mocha Clubs, while SJM retained 31% of gaming machine win, and Macau taxes and other government dues accounted for the remaining 38%. After the subconcession was granted and these service agreements were terminated with effect from September 21, 2006, we now reflect all the gaming machine win as our revenue from gaming at the Mocha Clubs, but we are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

(3) Operating EBITDA is presented for the results of the Mocha Clubs only as our sole operating business and is reconciled to consolidated net income as described at note 18 of our audited consolidated financial statements for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 (successor) and the year ended December 31, 2005 (successor) and at note 19 of our unaudited consolidated financial statements for the nine months ended September 30, 2005 and 2006.

Nine Months Ended September 30, 2006 Compared to Nine Months Ended September 30, 2005

The following items had the most significant impact on our operations for the nine month-period ended September 30, 2005 and 2006:

- The weighted average number of machines in operation was 603 and 986 during the nine months ended September 30, 2005 and 2006, respectively.
- Average daily net win per machine was US$231.3 and US$199.8 during the nine months ended September 30, 2005 and 2006, respectively.
- The increase in the number of machines and lounges resulted in increase in our revenues and costs and expenses.
- In the nine months ended September 30, 2006, we amortized land use rights in connection with both the Crown Macau and City of Dreams sites, whereas in the nine months ended September 30, 2005, we only amortized land use rights in connection with the Crown Macau site.
- We incurred a one-time impairment loss of US$7.6 million in the nine months ended September 30, 2006 in connection with the termination agreement that we entered into in March 2006 to terminate the services agreements with SJM upon the obtaining of the subconcession.
- We incurred an impairment loss of US$1.1 million on certain plant and equipment in connection with the relocation of our Kampek Mocha Club to Marina Plaza during the nine months ended September 30, 2006.

Revenues

Our revenue increased by 46.0% from US$12.5 million for the nine months ended September 30, 2005 to US$18.2 million for the nine months ended September 30, 2006 due to increases in revenues from fees for services provided in gaming machine lounges and slot lounge gaming revenue, after having obtained a subconcession and, to a lesser extent, in food, beverage and others. The increase was primarily due to the opening the new Mocha Clubs in November 2005 and January 2006 and the increase in the weighted average number of gaming machines at the Mocha Clubs from an average of 603 for the nine months ended September 30, 2005 to 986 for the nine months ended September 30, 2006. The increase was offset in part by a decrease in the average daily net win per machine from HK$1,804 (US$231.3) for the nine months ended September 30, 2005 to HK$1,558 (US$199.8) for the nine months ended September 30, 2006. We believe the decrease was primarily attributable to: (1) a ramp-up period for the two Mocha Clubs, which we added in November 2005 and January 2006, during which time the number of customers visiting these facilities was relatively low; and (2) a reduction in the number of customers visiting the Kampek Mocha Club, which was the largest Mocha Club, as we were in the process of relocating this facility (as required upon our obtaining the subconcession) and began to reduce advertising promotions for this facility.

Operating costs and expenses

Our total operating costs and expenses increased by 239.8% from US$13.3 million for the nine months ended September 30, 2005 to US$45.1 million for the nine months ended September 30, 2006, primarily due to the one-time impairment loss of US$7.6 million that we incurred in connection with the termination of the services agreements with SJM, an increase in amortization of land use rights, an impairment loss of approximately US$1.1 million on certain plant and equipment in connection with the relocation of the Kampek Mocha Club to Marina Plaza during the nine months ended September 30, 2006, which is determined based on the net book value of the plant and equipment involved, the opening of additional Mocha Clubs and promotion expenses in connection with the Crown Macau project.

Provision of services to gaming machine lounge/slot lounge operating expenses. Our expenses attributable to provision of services to gaming machine lounges increased by 124.9% from US$7.2 million for the nine

months ended September 30, 2005 to US$16.3 million for the nine months ended September 30, 2006, primarily due to the opening of additional Mocha Clubs and an increase in labor costs in connection with new gaming machines. The increase was also due to a lesser extent to an increase of depreciation of the gaming machines, of which there were a larger number due to new roll-outs, and costs in connection with the maintenance and replacement of older gaming machines. In addition, having obtained a subconcession in September 2006, we now generate direct revenues and direct operating costs in connection with the Mocha Clubs operations which we record as slot lounge operating expenses. We recorded slot lounge operating expenses of US$1.2 million for the nine months ended September 30, 2006.

Food, beverage and others. Our food, beverage and other expenses increased by 10.2% from US$453,000 for the nine months ended September 30, 2005 to US$499,000 for the nine months ended September 30, 2006, primarily due to the additional expenses in providing food and beverage services to our customers at new Mocha Clubs launched in November 2005 and January 2006.

Amortization of land use rights. Amortization of land use rights expenses increased by 265.3% from US$2.2 million for the nine months ended September 30, 2005 to US$8.1 million for the nine months ended September 30, 2006. In the nine months ended September 30, 2006, we amortized land use rights in connection with both the Crown Macau and City of Dreams sites, whereas in the nine months ended September 30, 2005, we only amortized land use rights in connection with the Crown Macau site.

Impairment loss recognized on slot lounges services agreements. We recognized a one-time impairment loss of US$7.6 million in the nine months ended September 30, 2006. See "—Overview of Financial Results—Impairment loss recognized on slot lounges services agreements."

General and administrative. Our general and administrative expenses increased by 87.5% from US$2.6 million for the nine months ended September 30, 2005 to US$4.8 million for the nine months ended September 30, 2006, primarily due to an increase in maintenance costs for the Mocha Clubs as a result of the addition of two new locations, an increase in salaries and benefits for our general and administrative personnel as we hired additional personnel in connection with our development projects, and an increase in professional services fees.

Selling and marketing. Our selling and marketing expenses increased by 541.7% from US$357,000 for the nine months ended September 30, 2005 to US$2.3 million for the nine months ended September 30, 2006, primarily due to an increase in marketing and promotion expenses that we incurred for promoting the Mocha Clubs and in connection with promoting the Crown Macau.

Pre-opening costs. Our pre-opening costs increased by 864.7% from US$453,000 for the nine months ended September 30, 2005 to US$4.4 million for the nine months ended September 30, 2006, due to pre-opening costs, such as personnel training costs, equipment costs and other administrative costs, in connection with the development of the Crown Macau and the roll-out of new Mocha Clubs.

Non-operating income (expenses)

Non-operating income (expenses) consist of interest income and expenses, foreign exchange gain and loss as well as other non-operating income. Our interest income decreased by 85.2% from US$2.2 million for the nine months ended September 30, 2005 to US$326,000 for the nine months ended September 30, 2006, primarily due to the significant decrease in cash and cash equivalents on our balance sheet as our cash used in operating activities increased significantly to pay for construction and other costs in connection with our development projects. In addition, interest expenses increased by 31.4% from US$627,000 for the nine months ended September 30, 2005 to US$824,000 for the nine months ended September 30, 2006. The increase in interest expenses was primarily attributable to cash advances from Melco for our daily operations. We had a US$620,000 foreign exchange loss for the nine months ended September 30, 2005 primarily resulting from foreign exchange transaction losses on H.K. dollar payables, compared to a US$155,000 foreign exchange gain for the nine months

ended September 30, 2006. Our other non-operating income increased from US$42,000 for the nine months ended September 30, 2005 to US$168,000 for the nine months ended September 30, 2006.

Income tax (expense) credit

We had an income tax expense of US$406,000 for the nine months ended September 30, 2005, compared to an income tax credit of US$1.6 million for the nine months ended September 30, 2006 because of the change from positive net income in the nine months ended September 30, 2005 to a net loss in the nine months ended September 30, 2006 and a greater deferred tax credit that we benefited from in the nine months ended September 30, 2006.

Minority interest

Our share of income to minority shareholders was US$276,000 for the nine months ended September 30, 2005, compared to a share of loss to minority shareholders of US$5.0 million for the nine months ended September 30, 2006, comprising Melco's share of our income and loss through the 20% interest in MPBL (Greater China) that it holds apart from us.

Net income (loss)

As a result primarily of the foregoing, we had a net loss of US$503,000 and US$20.5 million for the nine months ended September 30, 2005 and 2006, respectively.

Year Ended December 31, 2005 Compared to The Period from January 1, 2004 to June 8, 2004 (Predecessor Period) And The Period From June 9, 2004 to December 31, 2004 (Successor Period)

Because we acquired Mocha during 2004, the year is broken into an approximately five month predecessor period and an approximately seven month successor period in 2004. As a result, our 2005 results are not directly comparable to 2004. Apart from the difference in the length of the periods, the following items had the most significant impact on our operations.

- The weighted average number of machines in operation was 125, 513 and 634 during the period from January 1, 2004 to June 8, 2004, the period from June 9, 2004 to December 31, 2004, and the year ended December 31, 2005, respectively.
- Average daily net win was US$284.5, US$171.5 and US$229.1 during the period from January 1, 2004 to June 8, 2004, the period from June 9, 2004 to December 31, 2004, and the year ended December 31, 2005, respectively.
- The increase in the number of machines and lounges resulted in increases in our revenues and cost and expenses.
- Amortization of land use rights in 2005 of US$3.5 million relating to the Crown Macau site.
- Amortization of intangible assets was recognized during the 2004 successor period and 2005 as a result of the acquisition of Mocha, principally relating to Mocha's services agreements with SJM. This resulted in additional charges of US$600,000 and US$1.0 million which are included in cost of provision of services to gaming machine lounges.
- General and administrative expenses during the successor period in 2004 also included a compensation charge of US$1.4 million related to the acquisition of shareholder loans of US$5.8 million which was advanced by Better Joy to Mocha through issuance of a convertible note. The compensation charge was recognised based on the difference between the fair value of the convertible note and the shareholder loan acquired.

Revenues

Our revenue was US$1.9 million for the period from January 1, 2004 to June 8, 2004 and US$6.1 million for the period from June 9, 2004 to December 31, 2004, compared to US$17.3 million in 2005 as a result of increases in revenues from both fees for services provided to gaming machine lounges and food, beverage and others. The increase was due primarily to the opening of two new Mocha Clubs in 2005 and increasing the number of gaming machines at the Mocha Clubs from an average of 125 for the period from January 1, 2004 to June 8, 2004 and 513 for the period from June 9, 2004 to December 31, 2004, compared to an average of 634 in 2005. The average daily net win per machine was US$284.5 for the period from January 1, 2004 to June 8, 2004 and US$171.5 for the period from June 9, 2004 to December 31, 2004, compared to US$229.1 in 2005, primarily as a result of higher utilization. With increased customer traffic at the Mocha Clubs, revenue from food, beverages and others increased similarly.

Operating costs and expenses

Our total operating costs and expenses were US$1.3 million for the period from January 1, 2004 to June 8, 2004 and US$7.0 million for the period from June 9, 2004 to December 31, 2004, compared to US$21.1 million in 2005, primarily as a result of the increases in expenses incurred as a result of the opening of additional Mocha Clubs and the amortization of land use rights for the Crown Macau site.

Provision of services to gaming machine lounges. Our expenses attributable to provision of services to gaming machine lounges were US$864,000 for the period from January 1, 2004 to June 8, 2004 and US$4.3 million for the period from June 9, 2004 to December 31, 2004, compared to US$11.3 million in 2005, primarily as a result of the opening of additional Mocha Clubs and an increase in gaming machines and the associated labor costs in connection therewith. The increase was also due to a lesser extent to an increase of depreciation of the gaming machines, of which there were a larger number due to new roll-outs, and costs in connection with the maintenance and replacement of older gaming machines.

Food, beverage and others. Our food, beverage and others expenses were US$48,000 for the period from January 1, 2004 to June 8, 2004 and US$250,000 for the period from June 9, 2004 to December 31, 2004, compared to US$596,000 in 2005, primarily as a result of the additional expenses in providing food and beverage services to the customers at new Mocha Clubs launched in 2005.

Amortization of land use rights. Amortization of land use rights expenses were nil for the period from January 1, 2004 to June 8, 2004 and US$130,000 for the period from June 9, 2004 to December 31, 2004, compared to US$3.5 million in 2005. We amortized land use rights in connection with the land for the Crown Macau project, which we obtained in December 2004. The amortization of land use rights was for a full year in 2005.

General and administrative. Our general and administrative expenses were US$197,000 for the period from January 1, 2004 to June 8, 2004 and US$2.0 million for the period from June 9, 2004 to December 31, 2004, compared to US$4.4 million in 2005, primarily as a result of an increase in maintenance costs for the Mocha Clubs because of the addition of new locations, an increase in salary expense from the addition of personnel for our general and administrative function as we expanded our business and an increase in professional services fees.

Selling and marketing. Our selling and marketing expenses were US$81,000 for the period from January 1, 2004 to June 8, 2004 and US$166,000 for the period from June 9, 2004 to December 31, 2004, compared to US$534,000 in 2005, primarily due to an increase in marketing and promotion expenses that we incurred in 2005 to grow the Mocha brand and to promote the new and existing Mocha Clubs.

Pre-opening costs

Our pre-opening costs were US$96,000 for the period from January 1, 2004 to June 8, 2004 and US$199,000 for the period from June 9, 2004 to December 31, 2004, compared to US$730,000 in 2005,

primarily as a result of pre-opening expenses, such as ground breaking ceremonies, and advertising and marketing, incurred in connection with the development of the Crown Macau and City of Dreams. We did not incur any pre-opening expenses in connection with those projects in 2004 and pre-opening expenses incurred in connection with Mocha remained relatively stable from 2004 to 2005.

Non-operating income (expenses)

Non-operating income (expenses) consist of interest income and expenses and net foreign exchange gain and loss as well as other non-operating income. We did not receive any interest income nor incur any interest expense for the period from January 1, 2004 to June 8, 2004 and for the period from June 9, 2004 to December 31, 2004. However, we received interest income of US$2.5 million in 2005, which was offset by the US$2.0 million interest expense we incurred. We also had a US$570,000 net foreign exchange loss in 2005 primarily as result of foreign exchange transaction losses on H.K. dollar payables. We incurred such losses due to differences in the H.K. dollar/U.S. dollar exchange rate on the date such payables were recorded and the date we exchanged U.S. dollars into H.K. dollars to pay such payables.

Income tax (expense) credit

Our income is subject to a Macau complementary tax at 12%. We had income tax expense of US$26,000 for the period from January 1, 2004 to June 8, 2004 and US$37,000 for the period from June 9, 2004 to December 31, 2004, as compared to a US$91,000 tax credit that we received in 2005, due to a greater deferred tax credit that we benefited from in 2005.

Minority interest

Our minority interests were nil for the period from January 1, 2004 to June 8, 2004 and US$91,000 for the period from June 9, 2004 to December 31, 2004, compared to US$308,000 in 2005, primarily as a result of the increase in Mocha's profits and the resulting increase in the share of Mocha's profits attributable to minority shareholders.

Net income (loss)

As a result primarily of the foregoing, we had a net income of US$494,000 for the period from January 1, 2004 to June 8, 2004, a net loss of US$1.0 million for the period from June 9, 2004 to December 31, 2004 and a net loss of US$3.3 million in 2005, respectively.

Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods indicated:

	Historical result for the period from January 1, 2004 to June 8, 2004 (predecessor)	Historical result for the period from June 9, 2004 to December 31, 2004 (successor)	Historical result for the year ended December 31, 2005 (successor)	Historical result for the nine months ended September 30, 2005 (successor)	Historical result the nine months ended September 30, 2006 (successor)
			(in thousands of US$)		
Net cash provided by (used in) operating activities	$ 557	$ 2,217	$ 4,284	$ 4,225	$ (4,606)
Net cash used in investing activities	(6,445)	(5,475)	(181,258)	(153,602)	(127,235)
Net cash provided by financing activities	8,267	8,795	191,206	159,399	119,372
Net increase (decrease) in cash and cash equivalents	2,379	5,537	14,232	10,022	(12,469)
Cash and cash equivalents at beginning of period	386	—	5,537	5,537	19,769
Cash and cash equivalents at end of period	$ 2,765	$ 5,537	$ 19,769	$ 15,559	$ 7,300

Operating activities

Our net cash provided by operating activities was US$4.2 million for the nine months ended September 30, 2005, compared to the US$4.6 million net cash used in operating activities for the nine months ended September 30, 2006, primarily due to a much smaller net loss of US$503,000 that we incurred in the nine months ended September 30, 2005 compared to the net loss of US$20.5 million that we incurred in the nine months ended September 30, 2006, and was offset by an increase in a major non-cash item, depreciation and amortization of US$5.2 million that we provided in the nine months ended September 30, 2005 compared to a depreciation and amortization of US$15.4 million that we incurred in the nine months ended September 30, 2006. Our net cash provided by operating activities totaled US$4.3 million in 2005, compared to US$2.2 million in the period from June 9, 2004 to December 31, 2004, and US$557,000 in the period from January 1, 2004 to June 8, 2004. The primary reason for the increase was the greater revenue generated from additional Mocha Clubs and gaming machines. For the period January 1, 2004 to June 8, 2004, we had an average of 125 gaming machines. For the period from June 9, 2004 to December 31, 2004 and 2005, the average number of gaming machines increased to 513 and 634, respectively. Cash provided by operating activities represented only a small amount of our cash flows in relation to our cash flows from investing and financing activities due to the size of our development projects.

Delays or cost overruns in the completion of any of our casino resort projects would adversely affect our ability to generate operating revenue at the times and in the amounts we anticipate, increase our financing and other costs for the project and increase the depreciation and amortization charges we incur due to increased construction costs and capitalized fees and finance costs. See “Risk Factors—Risks Relating to Our Early Stage of Development—We may require more debt or equity financing, which could require us to incur substantial additional indebtedness or sell equity securities. Our ability to obtain additional financing may be limited, which could delay or prevent the opening of one or more of our projects.”

Investing activities

Crown Macau. We have currently budgeted that the total cost of developing and constructing the Crown Macau to the point of opening will be approximately US$512.6 million, which includes the value of land for the project site contributed to us in kind, land premium costs and anticipated construction costs, FE&E, pre-opening expenses, capitalized fees and finance costs and initial working capital requirements. As of September 30, 2006, we had spent approximately US$260.3 million of the budgeted project costs, primarily for design and construction fees to Paul Y. Construction and for land premium, including costs attributable to the value of the land for the site that was contributed to us. Construction projects like ours commonly involve significantly larger

expenditures at the later stages of construction. Accordingly, we expect that our cash requirements for construction and other costs, including debt service on the substantial debt we expect to incur, will increase significantly as we approach completion of our Crown Macau project and other projects. We anticipate funding the remaining budgeted costs of construction and development from a combination of borrowings under the Great Wonders Project Facility described below and part of the net proceeds from this offering. For more information, see "Use of Proceeds" and "—Financing Activities".

We expect the funds provided from the Great Wonders Project Facility and from this offering to be sufficient to finance the remaining costs of construction and development of Crown Macau, assuming there are no significant delay costs or construction overruns. If we incur significant cost overruns at the Crown Macau project, we may need to arrange for additional financing to pay for these costs. Our ability to incur additional debt will be limited under the Great Wonders Project Facility and the anticipated City of Dreams Project Facility as well as the terms of MPBL Gaming's subconcession. As a result, we may not be able to incur additional debt to complete development of the Crown Macau without the consent of the lenders under the facility agreements or of the Macau government.

City of Dreams. We have currently budgeted that the total cost of constructing and developing the City of Dreams to the point of opening will be approximately US$2.1 billion, which includes anticipated land and construction costs, FF&E, pre-opening expenses, capitalized fees and finance costs and initial working capital requirements. As of September 30, 2006, we have spent approximately US$166.0 million of the budgeted project costs, primarily for the land costs and land premium, construction costs and design and consultation fees. We plan to fund the remaining budgeted costs of construction and development from a combination of the following sources:

- borrowings from the US$1.6 billion City of Dreams Project Facility, for which we have signed a commitment letter (subject to certain conditions) with certain banks as arrangers; and
- part of the net proceeds from this offering.

For more information, see "Use of Proceeds" and "—Financing Activities."

Macau Peninsula Site. We are in the process of acquiring the Macau Peninsula site, which is an approximately 6,480 square meter (1.6 acres) site on the shoreline of the Macau peninsula near the Macau Ferry Terminal. The acquisition price is HK$1.5 billion (US$192.3 million), of which we have paid a deposit of HK$100 million (US$12.9 million). We expect to pay a land premium of HK$150 million (US$19.2 million) to the Macau government. Our purchase of the Macau Peninsula site remains subject to important conditions which may not be met and some of which are in the control of third parties unrelated to us, including, among other conditions, governmental approvals such as an extension by the Macau government of the deadline for completion of development on the site. We are considering our development plans for the Macau Peninsula site and currently contemplate that we would develop it into a mixed-use casino and hotel facility targeted primarily at day-trip gaming patrons. Based on preliminary estimates and conceptual designs, the total project costs for the Macau Peninsula project is currently budgeted at a range of approximately US$650 million to US$700 million, which includes anticipated land and construction costs, land premium costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements.

Macau Gaming Subconcession. In September 2006, MPBL Gaming obtained a gaming subconcession from the Macau government under the concession granted to Wynn Macau. PBL signed an agreement with Wynn Macau under which US$900 million was payable to Wynn Macau upon the issuance by the Macau government of the subconcession to MPBL Gaming. Of this amount, US$100 million was initially placed on deposit with a third party escrow agent. Upon the successful granting of the subconcession to MPBL Gaming, MPBL Gaming released the US$100 million deposit and remitted the remaining payment to Wynn Macau. The US$500 million loan incurred by MPBL Gaming under the Subconcession Facility became part of our consolidated indebtedness when control of MPBL Gaming was transferred to us in October 2006. We expect to repay the entire US$500

million drawn under the Subconcession Facility and any fees and interest incurred in connection with this facility with the net proceeds of this offering. For more information, see "Use of Proceeds" and "—Financing Activities."

Mocha Clubs. We intend to expand the Mocha Clubs business by adding new Mocha Club locations and additional gaming machines to our existing locations during the next several years. Funding of this expansion is expected to be provided by operating cash flow to the extent available.

Financing Activities

Shareholder Loans and Contributions. As of the date of this prospectus, Melco and PBL have made equity contributions to us and our subsidiaries totaling approximately US$818 million in cash and non-cash, including funding indirectly provided to MPBL Gaming to provide US$400 million of the US$900 million paid to Wynn Macau upon the granting of the subconcession. Melco and PBL have also made contributions in the form of shareholder loans. As of the date of this prospectus, we have outstanding approximately US$186 million of shareholder loans from Melco and PBL.

No fees or proceeds will be payable to PBL and Melco in return for their contributions to us or our subsidiaries and their future economic interest in us is solely based on their share ownership in forming our company.

Great Wonders Project Facility. On February 13, 2006, our subsidiary, Great Wonders, entered into a two-tranche HK$1,280 million (US$164.1 million) term loan facility with lenders led by Bank of China Limited, Macau Branch, and Banco Nacional Ultramarino, S.A. to finance the construction of the Crown Macau. PBL and Melco are currently negotiating with the lenders under this facility regarding amendments that would take effect upon the corporate reorganization contemplated in connection with MPBL Gaming obtaining the subconcession. Our subsidiary MPBL (Greater China) currently guarantees all the obligations of Great Wonders arising under the Great Wonders Project Facility, and such guarantee will be replaced by our guarantee. As of October 31, 2006, we had not drawn down on the Great Wonders Project Facility.

The maturity date of the loans under this facility is February 13, 2013 and the applicable interest rate on the loans is the Hong Kong Interbank Offered Rate, or HIBOR, plus 2.2% per annum. As of September 30, 2006, no loans had been drawn and the full commitment amount is available for use by Great Wonders until the earlier of February 13, 2008 and the date falling three months after the issuance of the occupation permit of the Crown Macau by the Macau government. For more information, see "Description of Our Indebtedness—Great Wonders Project Facility".

Subconcession Facility and City of Dreams Project Facility. On September 4, 2006, MPBL Gaming entered into the US$500 million Subconcession Facility with lenders led by Australia and New Zealand Banking Group Limited, Banc of America Securities Asia Limited, Barclays Capital and Deutsche Bank AG, Hong Kong Branch, to pay a portion of the purchase price due to Wynn Macau upon the Macau government's approval of the issuance of a gaming subconcession to MPBL Gaming. MPBL Gaming along with Melco and PBL, has also entered a commitment letter (subject to certain conditions and finalization of certain material terms) with those same lenders as arrangers for the US$1.6 billion City of Dreams Project Facility to finance the development costs of the City of Dreams project and, if not already refinanced by the time of the first drawing under the City of Dreams Project Facility, to refinance any amounts still outstanding under the Subconcession Facility. The Subconcession Facility was drawn and used to pay US$500 million of the US$900 million due to Wynn Macau in September 2006 upon the issuance of the subconcession to MPBL Gaming. The US$500 million indebtedness from the Subconcession Facility became part of our consolidated debt upon the transfer of control of MPBL Gaming to us in October 2006 and will be repaid from part of the net proceeds of this offering. For more information, see "Description of Our Indebtedness— Subconcession Facility and City of Dreams Project Facility."

Macau Peninsula Site. We are negotiating with prospective lenders to arrange financing for the acquisition and development of the Macau Peninsula site.

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flow to fund the development of our projects.

Sources and Uses

Our current funding sources and uses are set forth in the table below:

Funding Uses	(US$m)	Funding Sources	(US$m)
Crown Macau Project	$ 252.3(1)	Great Wonders Project Facility	$ 164.1
City of Dreams Project	1,983.2(2)	City of Dreams Project Facility	1,600.0
Macau Peninsula Project	662.1(3)	Expected proceeds from this offering	834.4(4)
Mocha Clubs Expansion	24.0	Others	837.1(6)
Repayment of Subconcession Facility	514.0(5)		
TOTAL FUNDING USES	$ 3,435.6	TOTAL FUNDING SOURCES	$ 3,435.6

(1) Total project budget is US$512.6 million of which US$260.3 million had been spent as of September 30, 2006.
(2) Total project budget is US$2.1 billion of which US$166.0 million had been spent as of September 30, 2006.
(3) Based on preliminary estimates and conceptual designs using the midpoint of a total project budget of approximately US$650 million to US$700 million, of which US$12.9 million had been spent as of September 30, 2006, which is related to the deposit for the acquisition of the land.
(4) Assumes an initial public offering price of US$17.00 per ADS, the midpoint of the estimated range of the initial public offering price, after deducting the estimated underwriting discounts, commissions and estimated offering expenses payable by us. A US$1.00 increase (decrease) in the assumed initial public offering price of US$17.00 per ADS would increase (decrease) the net proceeds to us from this offering by US$49.6 million, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us.
(5) Represents the US$500 million loan drawn under the Subconcession Facility, including estimated tax, interest fees and other expenses that are expected to have accrued at the time of repayment.
(6) Others include funding sources from potential future issuances of debt or equity or future operating cash flow.

We have been able to meet our working capital needs, and we believe that we will be able to meet our working capital needs in the foreseeable future, with our operating cash flow, existing cash balances, proceeds from this offering and additional financings.

Indebtedness and Contractual Obligations

Our total long-term indebtedness and other known contractual obligations are summarized below as of December 31, 2005.

	Payments due by period				
	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years	Total
			(in millions of US$)		
Contractual obligations					
Long-term debt obligations:(1)	$ —	$ —	$ —	$ —	$ —
Capital (finance) lease obligations(2):	—	—	—	—	—
Operating lease obligations:					
Land premium, guarantee deposit and rent payable for Crown Macau land(3)	3.4	10.6	0.3	3.4	17.7
Land premium, guarantee deposit and rent payable for City of Dreams land(4)	0.6	38.9	24.0	21.7	85.2
Leases for office space as recruitment and training center in Macau and Mocha Clubs locations	1.6	3.1	0.8	—	5.5
Other contractual commitments(5):	150.2	30.0	—	—	180.2
Total	155.8	82.6	25.1	25.1	288.6

(1) Excludes the working capital loans provided by Melco and PBL, which had outstanding balances as of December 31, 2005 of US$94.6 million and nil, respectively.

(2) Capital lease obligations due within one year and after one year are US$3,000 and US$8,000, respectively, as of December 31, 2006.

(3) As of December 31, 2005, Great Wonders had accepted a formal offer from the Macau government to acquire the land for the Crown Macau site for US$18.6 million and the corresponding unpaid amount of US$12.4 amount is recognized in accrued expenses and other current liabilities and land use rights payable amounted to US$3.1 million and US$9.3 million, respectively.

(4) Melco Hotels was offered a grant of a medium-term lease of 25 years for the City of Dreams site for approximately MOP 509 million (US$63.2 million) by the Macau government in April 2005. Melco Hotels accepted the offer of grant in May 2005. The total payment obligation under this lease was US$63.2 million as of December 31, 2005.

(5) On November 24, 2004, Great Wonders entered into a construction contract with Paul Y. Construction for the design and construction of the Crown Macau project. The total remaining payment obligation under this contract was US$150.2 million as of December 31, 2005.

Our total long-term indebtedness and other known contractual obligations are summarized below as of September 30, 2006.

	Payments due by period				
	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years	Total
			(in millions of US$)		
Contractual obligations					
Long-term debt obligations:(1)	$ —	$ —	$ —	$ —	$ —
Capital (finance) lease obligations(2):	—	—	—	—	—
Operating lease obligations:					
Rent payable for Crown Macau land	0.1	0.3	0.3	3.4	4.1
Land premium, guarantee deposit and rent payable for City of Dreams land(3)	27.1	12.3	12.5	33.4	85.3
Leases for office space as recruitment and training center and Mocha Clubs locations	2.7	5.3	3.3	6.9	18.2
Other contractual commitments(4):	164.0	17.3	1.8	—	183.1
Total	193.9	35.2	17.9	43.7	290.7

(1) Excludes the working capital loans provided by Melco and PBL, which had outstanding balances of US$86.4 million and US$53.5 million, respectively, as of September 30, 2006. On November 14, 2006, we have repaid $25 million to Melco and PBL in equal proportions. Further, both Melco and PBL agreed to convert the remaining working capital loan of approximately $114 million into a term loan repayable in no earlier than 18 months carrying interest at a floating rate set in accordance with 3 months HIBOR.

(2) Capital lease obligations due within one year and after one year are US$7,000 and US$10,000, respectively, as of September 30, 2006.

(3) Melco Hotels was offered a grant of a medium-term lease of 25 years for the City of Dreams site for approximately MOP 509 million (US$63.2 million) by the Macau government in April 2005. Melco Hotels accepted the offer of grant in May 2005. The total payment obligation under this lease was US$63.2 million as of September 30, 2006.

(4) On November 24, 2004, Great Wonders entered into a construction contract with Paul Y. Construction for the design and construction of the Crown Macau project. The total remaining payment obligation under this contract was US$148.9 million as of September 30, 2006.

On February 13, 2006, we obtained the HK$1,280 million (US$164.1 million) Great Wonders Project Facility to finance the Crown Macau project. As of September 30, 2006, the Great Wonders Project Facility had not been drawn. See “Description of Our Indebtedness—Great Wonders Project Facility.”

The US$500 million Subconcession Facility was entered into and drawn to pay part of the US$900 million due to Wynn Macau in September 2006 upon the issuance of the subconcession to MPBL Gaming. The US$500 million indebtedness from the Subconcession Facility became part of our consolidated debt upon the transfer of control of MPBL Gaming to us in October 2006 and will be repaid from the net proceeds of this offering. See “Description of Our Indebtedness—Subconcession Facility and City of Dreams Project Facility.”

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Restrictions on Distributions

We are a holding company with no material operations of our own. Our assets consist, and will continue to consist, of our shareholdings in our subsidiaries. Our subsidiaries' current and future financing facilities will restrict our subsidiaries' ability to pay dividends to us and any financings we may enter into will likely restrict our ability to pay dividends to our shareholders. For example, our subsidiary MPBL Gaming and Melco Hotels will be subject to certain restrictions on paying dividends under the City of Dreams Project Facility. There is a blanket prohibition on paying dividends during the construction phase of the City of Dreams project. Upon completion of the construction of the City of Dreams, MPBL Gaming and Melco Hotels will only be able to pay dividends if they satisfy certain financial tests and conditions.

Distribution of Profits

All of our subsidiaries incorporated in Macau are required to set aside a minimum of 10% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the statement of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the financial statements in the year in which it is approved by the board of directors of the subsidiaries. As of June 8, 2004 (predecessor), December 31, 2004 and 2005, the balance of the reserve amounted to US$2,000 in each of those periods. As of September 30, 2006, the balance of the reserve amounted to US$2,000.

Inflation

We believe that inflation and changing prices have not had a material impact on our revenues or income from operations during the past year. Increased costs of labor, materials and energy in Macau may adversely affect the future costs of construction of our projects. We may not be able to protect ourselves from the risks of these increases through fixed or maximum price terms in our construction contracts or otherwise.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We believe our and our subsidiaries' primary exposure to market risk will be interest rate risk associated with our substantial future indebtedness.

Interest Rate Risk

We do not currently have significant debt outstanding and we have not entered into any derivatives or other transactions to hedge interest rate risk. Under our credit facilities to finance the development of our projects we will incur substantial indebtedness which will bear interest at floating rates based on HIBOR. Accordingly, we are subject to fluctuations in HIBOR. We expect our lenders under the credit facilities to require us to partly hedge our floating rate debt through interest rate swaps, caps or other derivatives transactions. We will also hedge our exposure to floating interest rates in a manner we deem prudent. Interests in security we provide to the lenders under our credit facilities, or other security or guarantees, may be required by the counterparties to our hedging transactions, which could increase our aggregate secured indebtedness. We do not intend to engage in transactions in derivatives or other financial instruments for trading or speculative purposes and we expect the provisions of our credit facilities to restrict or prohibit the use of derivatives and financial instruments for purposes other than hedging.

Foreign Exchange Risk

The Hong Kong dollar is the predominant currency used in gaming transactions in Macau and is often used interchangeably with the Pataca in Macau. The Hong Kong dollar is pegged to the U.S. dollar within a narrow

range and the Pataca is in turn pegged to the Hong Kong dollar. Although we will have certain expenses and revenues denominated in Patacas in Macau, our revenues and expenses will be denominated predominantly in Hong Kong dollars and in connection with most of our indebtedness and certain expenses, U.S. dollars. We cannot assure you that the current peg or linkages between the U.S. dollar, Hong Kong dollar and Pataca will not be broken or modified. See "Risk Factors—Any fluctuation in the value of the H.K. dollar, U.S. dollar or the Pataca may adversely affect our expenses and profitability." We and our subsidiaries do not engage in hedging transactions with respect to foreign exchange risk.

Construction Materials Risk

The development of our projects involves substantial capital expenditure and requires long periods of time to generate the necessary returns. Our business will continue to be subject to significant expenses before and after the commencement of commercial operation of our projects. Prior to the completion of our development projects, our cost will be primarily driven by expenses attributable to the construction contracts we have with Paul Y. Construction for the Crown Macau project and that we intend to enter into for the City of Dreams and Macau Peninsula projects. Although we have implemented measures to maintain the agreed development costs within budget, for example, by controlling all the sub-contractor costs for the Crown Macau and may have similar cost control arrangements in the construction contracts for the City of Dreams and Macau Peninsula projects, the actual expenses attributable to the construction contracts may increase. In addition, the cost of construction materials or equipment could increase prior to our entering into the construction contracts.

Credit Risk

We will conduct our table gaming activities at our casinos on a limited credit basis as well as a cash basis. It is a common practice in Macau for junket operators or promoters to bear the responsibility for issuing and subsequently collecting credit. While we expect that most of our gaming credit play will be via junket operators and promoters, who will therefore bear this credit risk, we may also grant gaming credit directly to certain customers. We may not be able to collect all of our gaming receivables from our credit customers. We expect that we will be able to enforce our gaming receivables only in a limited number of jurisdictions, including Macau. As most of our gaming customers are expected to be visitors from other jurisdictions, principally Hong Kong and the PRC, we may not have access to a forum in which we will be able to collect all of our gaming receivables. The collectibility of receivables from international customers could be negatively affected by future business or economic trends or by significant events in the countries in which these customers reside. We intend to conduct credit evaluations of customers and generally do not require collateral or other security from our customers. We intend to establish an allowance for doubtful receivables primarily based upon the age of the receivables and factors surrounding the credit risk of specific customers. In the event a customer has been extended credit and has lost back to us the amount borrowed and the receivable from that customer is still deemed uncollectible, Macau gaming tax will still be payable.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information is derived from our historical consolidated financial statements included elsewhere in this prospectus. It should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information included elsewhere in this prospectus.

The unaudited pro forma condensed consolidated statements of operations for the fiscal year ended December 31, 2005 and the nine months ended September 30, 2006 and the unaudited pro forma condensed consolidated balance sheet as of September 30, 2006 have been prepared by our management based on our historical consolidated balance sheet as of September 30, 2006 and our historical consolidated statement of operations for the fiscal year ended December 31, 2005 and the nine months ended September 30, 2006. These pro forma adjustments were made to give effect to events that are (1) directly attributable to the obtaining of the subconcession as described in "Related Party Transactions—Transfer of Control of MPBL Gaming," (2) expected to have a continuing impact on us, and (3) factually supportable. The pro forma consolidated statements of operations were prepared as if the obtaining of the subconcession had occurred on January 1, 2005 for the fiscal year ended December 31, 2005 and nine months ended September 30, 2006, and the pro forma consolidated balance sheet has been prepared as if that event had occurred on September 30, 2006.

The unaudited pro forma condensed consolidated financial information reflects pro forma adjustments that are described in the accompanying notes and is based on currently available information and assumptions that we believe provide a reasonable basis for presenting the significant effects of the obtaining of the subconcession. We have made, in our opinion, adjustments that are necessary to present fairly the pro forma condensed consolidated financial information. The unaudited pro forma condensed consolidated financial information is presented for informational purposes only and does not purport to represent what our actual results of operations or financial position would have been had the transaction been consummated on the dates indicated and does not purport to be indicative of our financial position as of any future data or our results of operations for any future period.

The following table shows our unaudited pro forma condensed consolidated balance sheet as of September 30, 2006.

	The Company (Consolidated)	Pro Forma Adjustment	Explanatory Notes	Pro Forma for the Transaction
	(In thousands of U.S. dollars)			
Assets				
Current assets	$ 37,424	$ —		$ 37,424
Property and equipment, net	177,094	—		177,094
Intangible assets, net	3,416	—		3,416
Goodwill	64,797	—		64,797
Gaming subconcession	—	900,000	(1)	900,000
Debt issuance costs	—	11,475	(3)	11,475
Deposit for acquisition of land interest	12,821	—		12,821
Land use rights, net	338,233	—		338,233
Other non-current assets	2,303	—		2,303
Total	$636,088	$ 911,475		$1,547,563
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable, accrued expenses and other current liabilities	63,158	—		63,158
Amounts due to shareholders	139,881	11,475	(3)	151,356
Total current liabilities	203,039	11,475		214,514
Deferred tax liabilities	13,538	—		13,538
Capital lease obligations, due after one year	10	—		10
Land use rights payable	37,449	—		37,449
Bank loan	—	500,000	(2)	500,000
Minority interests	13,846	(13,846)	(5)	—
Shareholders' equity	368,206	413,846	(4)(5)	782,052
Total	$636,088	$ 911,475		$1,547,563

(1) Consideration for the subconcession paid by MPBL Gaming.

(2) Consolidation of the indebtedness reflecting MPBL Gaming's Subconcession Facility used to finance part of the US$900 million payment made to Wynn Macau upon the issuance of the subconcession.

(3) Consolidation of the deferred issuing costs of US$11.5 million relating to the Subconcession Facility advanced by PBL and Melco.

(4) Capitalization of the subordinated debt of US$320 million advanced to MPBL Gaming by Melco and PBL as shareholders' equity, the subscription of shares of MPBL Gaming of US$80 million by PBL and the reduction of minority interest as a result of the transfer of the Mocha Club assets and business and the holding subsidiaries for Crown Macau and City of Dreams projects ("Macau Gaming Business") from MPBL (Greater China), which is 20% owned by Melco, to MPBL Gaming, amounted to US$13.8 million.

(5) Reduction of our minority interest as a result of the transfer to MPBL Gaming of the Macau Gaming Business previously held through MPBL (Greater China), which is 20% owned by Melco.

The following table shows our unaudited pro forma condensed consolidated statement of operations for the fiscal year ended December 31, 2005.

	The Company	Pro Forma Adjustment	Explanatory Notes	Pro Forma for the Transaction
	(In thousands of U.S. dollars, except per share data)			
Revenue				
Fees for services provided to gaming machine lounges of affiliated customer	$ 16,433	(16,433)	(1)	$ —
Fees for services provided to gaming machine lounges of external customers	136	—		136
Slot lounge gaming revenue	—	53,010	(1)	53,010
Food, beverage and others	759	—		759
Total revenue	17,328	36,577		53,905
Operating costs and expenses				
Provision of services to gaming machine lounges	(11,255)	1,029	(2)	(10,226)
Slot lounge operating expense	—	(20,674)	(1)	(20,674)
Food, beverage and others	(596)	—		(596)
Amortization of land use rights	(3,535)	—		(3,535)
Impairment loss recognized on slot lounges services agreement	—	(9,694)	(2)	(9,694)
Amortization of subconcession rights	—	(56,842)	(2)	(56,842)
General and administrative	(4,400)			(4,400)
Selling and marketing	(534)	—		(534)
Pre-opening costs	(730)	—		(730)
Total operating costs and expenses	(21,050)	(86,181)		(107,231)
Operating loss	(3,722)	(49,604)		(53,326)
Non-operating income (expenses)				
Interest income	2,516	—		2,516
Interest expenses	(2,028)	(44,953)	(3)	(46,981)
Foreign exchange gain, net	(570)	—		(570)
Other, net	146	—		146
Total non-operating (expenses) income	64	(44,953)		(44,889)
Loss before income tax	(3,658)	(94,557)		(98,215)
Income tax credit	91	—		91
Loss before minority interests	(3,567)	(94,557)		(98,124)
Minority interests	308	(987)	(4)	(679)
Net loss	$ (3,259)	$ (95,544)		$ (99,803)
Loss per share:				
Basic	$ (0.006)			$ (0.191)
Shares used in loss per share calculation:				
Basic	522,945,205			522,945,205

(1) The reduction of service fees from SJM of US$16.4 million and increase in gaming revenue and gaming taxes of US$53 million and US$20.7 million, respectively, for the year ended December 31, 2005, assuming we had operated the gaming business in Macau with the subconcession right and had terminated the service agreements with SJM on January 1, 2005. Prior to the termination of the service agreements with SJM, we recorded the service fees based on 31% of the gaming machine win. With the subconcession right, we are able to operate our gaming business in Macau and are entitled to retain all of the gaming machine win at the Mocha Clubs, but are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

(2) Assuming we had terminated the service agreements with SJM and had started operating our own gaming machines lounges as of January 1, 2005, an impairment loss on the intangibles relating to these service agreements of US$9.7 million and the amortization on the subconcession of US$56.8 million would have been recognized as operating costs for the year ended December 31, 2005. In addition, the amortization on the intangibles relating to the service agreements with SJM of US$1 million would not have been recognized for the year ended December 31, 2005.

(3) The increase in interest expenses of US$45 million resulted from the Subconcession Facility of US$500 million used by MPBL Gaming to obtain the subconcession from Wynn Macau, including amortization of deferred financing cost of US$3 million for the fiscal year ended December 31, 2005, assuming the Subconcession Facility of US$500 million had been fully drawn down as of January 1, 2005.

(4) The decrease in share of loss of the Macau Gaming Business held by Melco for the fiscal year ended December 31, 2005, assuming the transfer of the Macau Gaming Business from MPBL (Greater China) to MPBL Gaming had occurred on January 1, 2005.

The following table shows our unaudited pro forma condensed consolidated statement of operations for the nine months ended September 30, 2006

	The Company	Pro Forma Adjustment	Explanatory Notes	Pro Forma for the Transaction
	(In thousands of US dollars, except per share data)			
REVENUE				
Fees for services provided to gaming machine lounges of affiliated customer	$ 16,276	(16,276)	(1)	$ —
Slot lounge gaming revenue	1,273	52,503	(1)	53,776
Food, beverage and others	655	—		655
Total revenue	18,204	36,227		54,431
Operating costs and expenses				
Provision of services to gaming machine lounges	(16,289)	1,216	(2)	(15,073)
Slot lounge operating expense	(1,154)	(20,476)	(1)	(21,630)
Food, beverage and others	(499)	—		(499)
Amortization of land use rights	(8,081)	—		(8,081)
Amortization of gaming subconcession	—	(42,632)	(2)	(42,632)
Impairment loss recognized on slot lounges services agreement	(7,640)	7,640	(2)	—
General and administrative	(4,808)	—		(4,808)
Selling and marketing	(2,291)	—		(2,291)
Pre-opening costs	(4,370)	—		(4,370)
Total operating costs and expenses	(45,132)	(54,252)		(99,384)
Operating loss	(26,928)	(18,025)		(44,953)
Non-operating income (expenses)				
Interest income	326	—		326
Interest expenses	(824)	(33,689)	(3)	(34,513)
Foreign exchange gain, net	155	—		155
Other, net	168	—		168
Total non-operating expenses	(175)	(33,689)		(33,864)
Loss before income tax	(27,103)	(51,714)		(78,817)
Income tax credit	1,602	—		1,602
Loss before minority interest	(25,501)	(51,714)		(77,215)
Minority interests	5,015	(4,931)	(4)	84
Net loss	$ (20,486)	$(56,645)		$ (77,131)
Loss per share:				
Basic	$ (0.041)			$ (0.153)
Shares used in loss per share calculation:				
Basic	503,663,004			503,663,004

(1) The reduction of service fee from SJM of US$16.3 million and increase in gaming revenue and gaming taxes of US$52.5 million and US$20.5 million, respectively, for the nine months ended September 30, 2006, assuming we had operated the gaming business in Macau with the subconcession right and had terminated the service agreements with SJM on January 1, 2005. Prior to the termination of the service agreements with SJM, we recorded the service fees based on 31% of the gaming machine win. With the subconcession right, we are able to operate our gaming business in Macau and are entitled to retain all of the gaming machine win at the Mocha Clubs, but are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

(2) Assuming we had terminated the service agreements with SJM and had started operating our own gaming machines lounges as of January 1, 2005, an impairment loss on the intangibles relating to these service agreements would have been recorded in 2005 instead of 2006. In addition, the amortization on the subconcession of US$42.6 million would have been recognized as operating costs and the amortization on the intangibles relating to the service agreements with SJM of US$1.2 million would not have been recognized for the nine months ended September 30, 2006.

(3) The increase in interest expenses of US$33.7 million resulting from the Subconcession Facility of US$500 million used by MPBL Gaming to obtain the subconcession in Macau, including amortization of deferred financing costs of US$2.2 million for the nine months ended September 30, 2006, assuming the Subconcession Facility of US$500 million had been fully drawn down as of January 1, 2005.

(4) The decrease in share of loss of the Macau Gaming Business held by Melco for the nine months ended September 30, 2006, assuming Melco contributed its 20% interest in MPBL (Greater China) to us and the transfer of the Macau Gaming Business from MPBL (Greater China) to MPBL Gaming had occurred on January 1, 2005.

OUR INDUSTRY

Macau Gaming Market Overview

In 2005 and the nine months ended September 30, 2006, Macau generated approximately US$5.7 billion and US$4.9 billion of gaming revenue, respectively, compared to the US$5.9 billion and US$4.8 billion of gaming revenue (excluding sports book and race book), respectively generated on the Las Vegas Strip, and the US$5.0 billion and US$4.0 billion (excluding sports book and race book), respectively, generated in Atlantic City. Gaming revenue in Macau has increased at a five-year CAGR from 2000 to 2005 of 23.0% compared to CAGRs of 4.9% and 3.1% for the Las Vegas Strip and Atlantic City (excluding sports book and race book), according to the DICJ, the Nevada Gaming Control Board and the New Jersey Casino Control Commission. Macau benefits from its proximity to one of the world's largest pools of existing and potential gaming patrons and is currently the only market in Greater China, and one of only several in Asia, to offer legalized casino gaming. Macau is located in the Pearl River Delta region of China, and is approximately an hour away from approximately 6.9 million people in Hong Kong via a 24-hour hydrofoil ferry system. All of the main population centers of China, as well as Taiwan, Japan, Korea, Thailand, Malaysia, Singapore, Indonesia and the Philippines lie within an approximately 2,500 mile radius of Macau. According to the Economic Intelligence Unit, these countries had a total population of almost two billion people in 2005, with China alone representing approximately 1.3 billion people.

Visitation to Macau increased at a CAGR between 2000 and 2005 of 15.4% to 18.7 million visitors and at a growth rate of 15.4% from 13.8 million visitors for the nine months ended September 30, 2005 to 15.9 million for the nine months ended September 30, 2006 according to the Macau Statistics and Census Services. We believe that visitation and gaming revenue growth for the Macau market have been driven by and will continue to be driven by a combination of factors, including:

- proximity to major Asian population centers;
- liberalization of travel restrictions in China under China's "Facilitated Individual Travel Scheme," enabling greater numbers of Chinese citizens from more provinces to visit Macau individually without being in a tour group (as was required previously), and liberalization of currency restrictions to permit Chinese citizens to take significantly larger sums of foreign currency out of China when they travel;
- increasing regional wealth, leading to a large and growing middle class with more disposable income;
- planned infrastructure improvements such as an expanded and upgraded airport, new roads, tunnels and bridges and additional ferry access, which are expected to facilitate more convenient travel to and within Macau; and
- an increasing supply of better quality casino, hotel and entertainment offerings as evidenced by the strong reception to the opening of new casinos such as the Sands Macao and Wynn Macau.

In conjunction with these factors, we believe that Macau is undergoing a transition from a gaming-focused market into a leisure destination offering a greater breadth of gaming and non-gaming entertainment options and amenities. We believe that this development should help to drive further growth in consumer demand and visitation to Macau, particularly from the emerging mass market segment. Historically, Macau has catered primarily to high-end patrons who generally play at baccarat tables requiring large minimum bets. The development of Las Vegas style casinos, which offer a broader gaming and entertainment experience to mass market players, should enable additional revenue opportunities from a larger demographic base. We believe that the build-out of world-class facilities in Macau should help to make Macau a more attractive destination for longer multi-day stays for various customer segments, including families. At the same time, we believe that Macau will continue to support an active market for day-trip visitors from locations such as Hong Kong and Guangdong Province.

Market Growth

Proximity to Major Asian Population Centers. Macau is located in the Pearl River Delta region of China, close to Hong Kong and some of the most populous and prosperous areas in southern China, as well as Taiwan and other Asian markets. Gaming customers can reach Macau in a relatively short period of time using various means of transportation, for example, by car or bus from Guangdong province, by hydrofoil ferry and helicopter from Hong Kong and by air from elsewhere in China and other Asian countries. The relatively easy access from major population centers facilitates Macau's development as a popular gaming destination in Asia. Macau completed construction of an international airport in 1995 that provides regularly scheduled direct air service to many major cities in Asia, such as Shanghai, Beijing, Taipei, Singapore, Bangkok and Manila, and through those cities, links to numerous other Asian destinations.

(In millions)	2005
China	1,307.5
Hong Kong	6.9
Indonesia	242.0
Japan	127.5
Korea	48.3
Malaysia	25.9
Philipinnes	87.9
Singapore	4.4
Taiwan	22.6
Thailand	65.5

Source: Economic Intelligence Unit
Note: Mid-year population estimate.

Until 2002, the dominant feeder market to Macau was Hong Kong. Although the number of visitors from Hong Kong continued to exhibit steady growth between 2000 and 2005, the number of visitors from China increased at a CAGR of 35.7%, rising from 2.3 million in 2000 to 10.5 million in 2005. The number of visitors from China comprised approximately 55.9% of the 18.7 million visitors to Macau in 2005 according to the Macau Statistics and Census Service. The number of visitors from Taiwan and Japan realized steady growth rates between 2000 and 2005, while visitation from South Korea and other parts of East Asia increased significantly at CAGRs of 21.6% during the same period. The following table sets forth statistics on visitations from major Asian population centers to Macau for the periods indicated.

	2000		2001		2002		2003		2004		2005		
	Visitation	% Total	Visitation	% Total	Visitation	% Total	Visitation	% Total	Visitation	% Total	Visitation	% Total	5-Year CAGR
Visitation													
China	2,274,713	24.8%	3,005,722	29.2%	4,240,446	36.8%	5,742,036	48.3%	9,529,739	57.2%	10,462,966	55.9%	35.7%
Hong Kong	4,954,619	54.1	5,196,136	50.6	5,101,437	44.2	4,623,162	38.9	5,051,059	30.3	5,614,892	30.0	2.5
Taiwan	1,311,035	14.3	1,451,826	14.1	1,532,929	13.3	1,022,830	8.6	1,286,949	7.7	1,482,483	7.9	2.5
Japan	144,888	1.6	140,937	1.4	142,588	1.2	85,613	0.7	122,184	0.7	169,115	0.9	3.1
South Korea	45,365	0.5	48,274	0.5	50,447	0.4	38,281	0.3	65,631	0.4	120,739	0.6	21.6
East Asia—Others	1,992	0.0	1,891	0.0	2,705	0.0	2,667	0.0	3,555	0.0	5,301	0.0	21.6
East Asia Subtotal	8,732,612	95.3	9,844,786	95.8	11,070,552	96.0	11,514,589	96.9	16,059,117	96.3	17,855,496	95.4	15.4
Other	429,600	4.7	434,187	4.2	460,289	4.0	373,287	3.1	613,439	3.7	855,691	4.6	14.8
Total	9,162,212	100.0%	10,278,973	100.0%	11,530,841	100.0%	11,887,876	100.0%	16,672,556	100.0%	18,711,187	100.0%	15.4%

Source: Macau Statistics and Census Services

	Nine Months Ended September 30, 2005		Nine Months Ended September 30, 2006		Growth Rate between 9M 2005 and 9M 2006
	Visitation	% Total	Visitation	% Total	
Visitation					
China	7,641,105	55.9%	8,712,131	54.8%	14.0%
Hong Kong	4,184,067	30.4	4,996,776	31.4	19.4
Taiwan	1,142,042	8.3	1,073,263	6.8	-6.0
Japan	122,580	0.9	154,793	1.0	26.3
South Korea	85,796	0.6	118,958	0.7	38.7
East Asia—Others	3,500	0.0	2,916	0.0	-16.7
East Asia Subtotal	13,179,090	95.7	15,058,837	94.7	14.3
Other	595,365	4.3	836,957	5.3	40.6
Total	13,774,455	100.0%	15,895,794	100.0%	15.4%

Source: Macau Statistics and Census Services

Liberalization of Travel and Currency Restrictions in China. In the past, many mainland Chinese were prohibited from traveling to Macau unless they traveled in tour groups. Under China's "Facilitated Individual Travel Scheme", which took effect in 2003, mainland Chinese from 44 large urban centers and economically developed regions may obtain permits to travel to Macau individually without being in a tour group. Previously, Chinese citizens could travel only to select countries and only if they were part of tour groups. In addition, with effect from July 2005, Chinese traveling abroad for 6 months or less are allowed to take up to US$5,000 out of China, an increase from the previous limit of US$3,000. These travel policies have contributed significantly to Macau's development into a major entertainment and tourist destination for visitors from China. In 2005, Chinese tourists comprised 55.9% of total visitors to Macau, compared with 36.8% in 2002, the year prior to the introduction of the new travel scheme, according to Macau Statistics and Census Services. As China extends the relaxation of travel restrictions to more cities, Macau will be open to even greater numbers of Chinese visitors. With the continued liberalization of travel and currency restrictions, we believe that there is significant potential for further growth in visitor numbers from China to Macau.

Economic Growth. We believe that a wealthier Chinese middle class population will also lead to an increase in travel to Macau and will generate higher demand for gaming and other entertainment offerings. Between 1993 and 2005, China's gross domestic product increased at a CAGR of 11.6% and 9.1% on an actual and inflation-adjusted basis, respectively, to US$2.22 trillion.

Gaming Revenue

Gaming revenue generated by the Macau market increased from US$2.0 billion in 2000 to US$5.7 billion in 2005, representing a five-year CAGR of approximately 23.0% and from US$4.3 billion for the nine months ended September 30, 2005 to US$4.9 billion for the nine months ended September 30, 2006, representing a growth of approximately 15.7% over the same period of last year, according to the DICJ. In 2005 and the nine months ended September 30, 2006, the Las Vegas Strip generated gaming revenue of US$5.9 billion and US$4.8 billion (excluding sports book and race book), respectively. The Macau market was larger than the Atlantic City market, which generated gaming revenue of US$5.0 billion and US$4.0 billion (excluding sports book and race book), respectively. The following table sets forth information regarding gaming revenues generated in Macau, the Las Vegas Strip and Atlantic City for the periods indicated.

Gaming Revenue by Jurisdiction

	Gaming Revenue													
	2000		2001		2002		2003		2004		2005		5-Year CAGR	2004-2005
	HK$	US$	HK$	US$	HK$	US$	HK$	US$	HK$	US$	HK$	US$		
	($ in billions)													
Macau														
Gaming Machines	$ 0.2	$0.0	$ 0.2	$0.0	$ 0.2	$ 0.0	$ 0.2	$ 0.0	$ 0.6	$ 0.1	$ 1.2	$0.2	41.1%	95.2%
Table Games														
VIP Table Games(1)	$10.8	$ 1.4	$12.8	$ 1.6	$ 15.9	$ 2.0	$21.5	$ 2.8	$28.9	$ 3.7	$28.0	$ 3.6	21.0%	-3.1%
Mass Market Table Games	$ 4.9	$0.6	$ 5.1	$0.7	$ 5.5	$ 0.7	$ 6.1	$ 0.8	$ 10.6	$ 1.4	$15.5	$2.0	26.0%	45.4%
Total Revenue	$15.9	$2.0	$ 18.1	$2.3	$21.5	$2.8	$27.8	$ 3.6	$40.2	$5.2	$ 44.7	$5.7	23.0%	11.3%
Las Vegas Strip(2)	$35.9	$4.6	$35.3	$4.5	$34.8	$4.5	$35.8	$ 4.6	$40.5	$5.2	$45.7	$5.9	4.9%	12.9%
Atlantic City(3)	$33.5	$4.3	$ 33.6	$4.3	$34.2	$ 4.4	$ 34.9	$4.5	$37.5	$4.8	$ 39.1	$5.0	3.1%	4.4%

Sources: DICJ, Nevada Gaming Control Board, New Jersey Casino Control Commission
Note: US$/HK$ = 7.8; MOP/HK$ = 1.0
(1) Represents baccarat played in rooms operated by VIP operators
(2) Includes traditional table games, bingo, keno and gaming machines but excludes sports book and race book; excludes gaming revenue generated from other parts of Las Vegas and Clark County
(3) Includes traditional table games, keno and gaming machines but excludes sports book and race book

	Gaming Revenue				
	Nine Months Ended September 30, 2005		Nine Months Ended September 30, 2006		Growth Rate between 9M 2005 and 9M 2006
	HK$	US$	HK$	US$	
	($ in billions)				
Macau					
Gaming Machines	$ 0.9	$ 0.1	$ 1.4	$ 0.2	60.5%
Table Games					
VIP Table Games(1)	$21.4	$ 2.7	$22.0	$ 2.8	2.7%
Mass Market Table Games	$ 11.0	$ 1.4	$15.2	$ 1.9	37.3%
Total Revenue	$ 33.3	$ 4.3	$38.6	$ 4.9	15.7%
Las Vegas Strip(2)	$33.8	$ 4.3	$ 37.1	$ 4.8	9.8%
Atlantic City(3)	$29.7	$ 3.8	$ 31.1	$ 4.0	4.7%

Sources: DICJ, Nevada Gaming Control Board, New Jersey Casino Control Commission
Note: US$/HK$ = 7.8; MOP/HK$ = 1.0
(1) Represents baccarat played in rooms operated by VIP operators
(2) Includes traditional table games, bingo, keno and gaming machines but excludes sports book and race book; excludes gaming revenue generated from other parts of Las Vegas and Clark County
(3) Includes traditional table games, keno and gaming machines but excludes sports book and race book

Table games are currently the most popular form of casino gaming in Macau and the rest of Asia. Baccarat is typically the most popular game, followed by blackjack, "big and small", a traditional Chinese dice game, roulette and other games. Currently, a much larger percentage of revenue in Macau is from high stakes patrons, particularly VIP patrons who play baccarat at restricted tables in private VIP rooms, compared to Las Vegas and other markets. This has led to a significantly higher average daily net win per table in Macau for both VIP and mass market tables compared to in Las Vegas and Atlantic City. For example, in the nine months ended September 30, 2006, the average daily net win per table in Macau was US$8,630 as compared to US$2,714 on the Las Vegas Strip, according to the DICJ and the Nevada Gaming Control Board, respectively. Mass market table game revenue growth in Macau has increased at a CAGR of 26.0% since 2000, outpacing VIP table game revenue growth in Macau, which rose at a 21.0% CAGR over the same period. In 2005, mass market table game revenue growth accelerated by 45.4%, increasing from approximately US$1.4 billion in 2004 to US$2.0 billion. We believe mass market table game revenue will continue to grow in Macau as new casinos such as the City of Dreams that cater to the mass market open in coming years.

The gaming machine market in Macau has historically been relatively small, comprising approximately 3,400 gaming machines as of the fourth quarter of 2005. Many of these gaming machines are older machines that do not offer the latest technologies, games and themes and are located in "fill-in" and out-of-the-way locations. By contrast, in many other gaming venues, gaming machines represent a significantly more prominent part of the mix of gaming offerings and are in high demand and profitable. According to the Nevada Gaming Control Board and the Macau Gaming Inspection and Coordination Bureau, in 2005 Las Vegas generated more than 50% of its gaming revenues from gaming machines, as compared to less than 3% in Macau. While the total number of gaming machines in Macau has increased significantly since 2003, the number is relatively small when compared to the approximately 56,000 gaming machines located on the Las Vegas Strip in December 2005. Between 2000 and 2005, revenue generated by gaming machines in Macau increased at a CAGR of approximately 41.1% according to the Macau Gaming Inspection and Coordination Bureau. We believe this was due in large part to improved product offerings provided by facilities such as our Mocha Clubs and the Las Vegas-style Sands Macao casino. As visitation from mass market patrons from China and other areas in Asia increases, and as new Las Vegas-style casino operators place a greater emphasis on gaming machines, we believe gaming machines will become increasingly popular in Macau and contribute a larger portion of total gaming revenue.

Increasing Accessibility and Modernizing Infrastructure

We believe that improved accessibility to and within Macau will facilitate continued growth in visitation and revenue in Macau. In addition to existing methods of transportation, several major infrastructure developments are being planned in Macau that should further facilitate travel to and within Macau:

- *Second ferry terminal.* A second ferry terminal located on Taipa nearer to the Cotai Strip to provide expanded hydrofoil ferry service access between Hong Kong and Macau is expected to be operational by 2007 and to support traffic of up to 12,000 travelers per day.
- *Hong Kong—Macau—Zhuhai Bridge.* A bridge connecting Hong Kong, Macau and Zhuhai in China is expected to be completed by 2015, which would provide direct ground access between Hong Kong and Macau, and reduce the travel time to Macau to approximately 30 minutes from approximately one hour by hydrofoil ferry.
- *Airport expansion.* The Macau Airport Authority is planning further expansion of the Macau International Airport, which is expected to increase capacity to 10 million passengers per year up from its current capacity of 6 million passengers per year.
- *Macau tunnels*. Construction of two new tunnels linking the Macau peninsula and Taipa are expected to commence by the end of 2006 and be completed by mid-2009.
- *Light rail service.* Feasibility studies have been conducted by the Macau government are on-going for a light rail transit system encompassing the Macau peninsula, Taipa and the Cotai Strip with a network of

three rail lines of 16.8 miles in total length. In October 2006, the Macau government announced its plan to build a light rail transit system. According to media reports, the first phase of the light rail system will connect the Cotai Strip, the Macau International Airport and the Macau border with Zhuhai in China.

Enhanced Product Offerings and Potential Growth of Non-Gaming Leisure and Entertainment Options

From 2003 to 2004, gaming revenue and visitation increased by 44.3% and 40.2%, respectively, driven largely by the opening of The Sands Macao casino. We believe that the addition of enhanced, international standard product offerings in Macau will make Macau an increasingly attractive destination and will continue to be a principal driver of visitation and revenue growth in Macau.

Gaming operators in Macau have not historically placed significant emphasis on offering non-gaming leisure activities and facilities to their patrons, particularly in comparison with current Las Vegas style casino resorts. We believe this has resulted in a focus on day-trip and short-stay patrons who are interested predominantly in gaming during short visits to Macau. We believe that the improved experience of visitors at the new properties being developed in Macau is likely to lead to longer average stays and an increased number of return trips from existing feeder markets and the opening of new feeder markets.

There are currently three primary areas under development in Macau:

- the Macau peninsula, where many of the traditional gaming-focused casino operations in Macau are located;
- the Cotai Strip, an area of reclaimed land between the islands of Taipa and Coloane, which has been master planned to feature a series of major new developments in the style of the Las Vegas Strip; and
- Taipa Island, which is the first island off of the Macau peninsula.

In addition to the Crown Macau, which is currently scheduled to open in the second quarter of 2007, several properties are expected to open in late 2006 or early 2007 on the Macau peninsula and Taipa. On the Cotai Strip, several "mega" casino resort projects are scheduled for launch between 2007 and 2010. These developments are expected to include the City of Dreams, The Venetian Macao, and other casino hotels developed by major casino operators, international hotel chains and other sponsors. These casino hotel developments are anticipated to offer patrons higher quality amenities and more upscale ambiance than has been generally available in Macau in the past.

Current Gaming Concessions and Subconcessions

In 1937, six years after Nevada legalized gaming, the Macau government granted the first gaming concession in Macau. In 1962, the Macau government issued an exclusive casino gaming license to Dr. Stanley Ho and his company, Sociedade de Turismo e Diversões de Macau, or STDM, which retained a 40-year monopoly on casino gaming in Macau until 2002. After Macau's reversion to Chinese sovereignty at the end of 1999, the Macau government decided to open the gaming market to other gaming operators and in December 2001, the Macau government undertook a bidding process for three gaming concessions.

One gaming concession was issued to SJM, the successor to the incumbent operator STDM. Wynn Macau was issued the second concession and Galaxy was issued the third concession. SJM's concession expires in 2020 and the concessions of Wynn Macau and Galaxy expire in 2022. The existing concessions do not place any limit on the number of gaming facilities that may be operated under each concession. However, each additional casino must be approved by the Macau government prior to starting operations. The Macau government has agreed under the existing concession agreements that it will not grant any additional concessions until April 2009.

A subconcession under the Galaxy concession was granted by the Macau government in 2002 to Venetian Macau, setting the first precedent for the granting of a subconcession in Macau. In April 2005, the Macau government approved the granting of a subconcession under the SJM concession to MGM Grand Paradise Limited, a joint venture between MGM-Mirage and Pansy Ho, the daughter of Dr. Stanley Ho and the sister of Mr. Lawrence Ho. The Macau government has publicly stated that no more than one subconcession will be permitted under each concession. Wynn Macau held the last remaining right to grant a subconcession.

Pursuant to a memorandum of agreement between Melco and PBL, PBL entered into an agreement with Wynn Macau in March 2006. Under this agreement, as amended, subject to the approval of the Macau government, a subconcession would be granted to MPBL Gaming under Wynn Macau's concession. In September 2006, the Macau government issued the gaming subconcession to MPBL Gaming and in October 2006, with the approval of the Macau government, control of MPBL Gaming was transferred to us as contemplated under the memorandum of agreement. See— "Prospectus Summary —Corporate Structure." MPBL Gaming's subconcession is effective until June 2022.

OUR BUSINESS

Overview

We are a developer, owner and operator of casino gaming and entertainment resort facilities focused exclusively on the rapidly expanding Macau market. We, through our subsidiary MPBL Gaming, are one of six companies licensed, through concessions or subconcessions, to operate casinos in Macau. We are a 50/50 joint venture between Melco and PBL. We are the exclusive vehicle of Melco and PBL to carry on casino, gaming machines and casino hotel operations in Macau.

Through our existing operations and projects currently under development, we will cater to a broad spectrum of potential gaming patrons, including wealthy high-end patrons, who seek the excitement of high stakes gaming, as well as mass market patrons, who wager lower stakes and may be more casual gaming patrons seeking a broader entertainment experience. We will seek to attract these patrons from throughout Asia and in particular from Greater China.

Our existing operations and development projects consist of:

- *The Crown Macau*. We began construction of the Crown Macau in December 2004 and target its opening in the second quarter of 2007. We completed the topping out of the Crown Macau in November 2006. The Crown Macau is being developed to offer a luxurious premium hotel and casino resort experience by offering premium entertainment, elegant facilities, high quality service and rich décor, and is being designed with the aim of exceeding the average five-star hotel in Macau. Total project costs are currently budgeted at approximately US$512.6 million. Gaming venues traditionally available to high stakes patrons in Macau have not offered the luxurious accommodations and facilities we aim to offer at the Crown Macau, focusing primarily on intensive gaming during day trips and short visits to Macau. The property will feature a 36-story tower including approximately 183,000 square feet of gaming space with approximately 220 gaming tables and more than 500 gaming machines, and a luxury premium hotel with approximately 216 deluxe hotel rooms, including 24 suites and eight villas, designed with the aim of exceeding the average five-star hotel in Macau.
- *The City of Dreams.* We began site preparation of our City of Dreams project in the second quarter of 2006, had our ground-breaking ceremony in April 2006 and have commenced substantial piling work at the site. We currently target to open the initial phase of the complex in late 2008, which is currently targeted to include substantial completion of the casino, retail space, two of the four hotels currently planned for the City of Dreams, which are expected to be operated under the Crown Towers and Hard Rock brands, and the performance hall, which is targeted to be completed in the second half of 2008 and ready to host performances in the second quarter of 2009. The second phase is targeted to be completed in the second half of 2009, principally comprising the remaining two hotels, which are expected to be operated under the Grand Hyatt and Hyatt Regency brands. With total project costs currently budgeted at approximately US$2.1 billion, we are developing the City of Dreams to be a “must-see” integrated casino and entertainment resort primarily for mass market patrons. The City of Dreams will be located on the Cotai Strip, an area that has been master planned to feature a series of major new developments in the style of the Las Vegas Strip. The City of Dreams is planned to feature four hotels ranging from four-stars to luxurious ones designed with the aim of exceeding the average five-star hotel in Macau, with a total of approximately 1,600 hotel rooms, an underwater-themed casino with approximately 450 gaming tables and 2,500 gaming machines, a performance hall, an upscale shopping mall and a wide variety of mid- to high-end food and beverage outlets. We also plan to develop one block of luxury serviced apartment units, for both long and short-term occupancy in phase two of the project and, depending on the market conditions, may develop a second block thereafter. The development of the serviced apartment units may be subject to Macau government approval and the approval of our lenders under our debt facilities. The cost of a second block of apartments has not been included in the US$2.1 billion total budgeted project cost for development of the City of Dreams.

- *Mocha Clubs.* Our six Mocha Clubs feature a total of approximately 1,000 gaming machines, and comprise the largest non-casino-based operations of electronic gaming machines in Macau. By combining machine-based gaming with an upscale décor and cafe ambiance, we aim to improve on the Macau's historically limited service to mass market and casual gaming patrons outside the conventional casino setting and to capitalize on the significant growth opportunities for machine-based gaming in Macau.
- *Macau Peninsula Site.* We have entered into an agreement to acquire the Macau Peninsula site, which is located on the shoreline of the Macau peninsula near the current Macau Ferry Terminal, for HK$1.5 billion (US$192.3 million). We expect to pay a land premium of HK$150 million (US$19.2 million) to the Macau government. Completion of the purchase remains subject to significant conditions in the control of third parties unrelated to us and the seller. We are currently considering plans for the development of the Macau Peninsula site into a mixed-use casino and hotel facility targeted primarily at day-trip gaming patrons, and target its opening in the middle of 2009 if we are able to acquire the site. Based on preliminary estimates and conceptual designs, the total project costs for the Macau Peninsula project is currently budgeted at a range of approximately US$650 million to US$700 million.

Our Objective and Strategies

Our objective is to become a leading provider of gaming, leisure and entertainment services that will capitalize on the expected growth opportunities in Macau. To achieve our objective, we have developed the business strategies described below.

Develop a targeted product portfolio of well-recognized gaming brands

We believe that building strong, well-recognized gaming brands will be critical to our success, especially in the brand-conscious Asian market. We intend to develop each of the Crown Macau, City of Dreams and Mocha brands by:

- building higher quality properties than those that are generally available in Macau currently, and which we plan to rival other high-end resorts located throughout Asia; and
- providing a distinctive experience tailored to meet the cultural preferences and expectations of Asian customers.

Although we will strive to have all of our properties consistently adhere to the ideals above, we have incorporated design elements at our properties that cater to specific customer segments. By utilizing a more focused strategy, we believe we can better service specific segments of the Macau gaming market.

The Crown Macau—A Luxurious Casino and Hotel Offering to Attract High-End Patrons . The Crown Macau will primarily focus on the premium segment of the high-end gaming market in Macau. According to the DICJ, revenues generated from baccarat played in private rooms operated by VIP operators was approximately US$3.6 billion in Macau in 2005. We plan to build upon the Crown brand that PBL has fostered in Australia by creating an environment of elegance, sophistication and first class service in the Crown Macau. The casino areas of approximately 183,000 square feet with a total of approximately 220 gaming tables and more than 500 gaming machines, will be strategically located over multiple levels of the building to help us better service different market segments. The casino floors will be arranged so that generally the higher the floor, the higher-end customer we intend to service. The lower five floors of the podium level with general public access will be dedicated to mass market gaming. The top two floors of the podium level as well as some of the higher floors within the hotel tower will cater exclusively to high-end customers. These high-end facilities will feature private and discrete entrances and will house approximately 50 high-limit gaming tables within a mixture of larger private gaming rooms and smaller private salons. Each of these private rooms are designed to create a sense of comfort and exclusivity and will be richly decorated with high quality furnishings and fixtures, while a dedicated team of hosts will be available to cater to each customer's needs.

The Crown Macau is located in Taipa, away from the older Macau casinos that are typically located in the more congested areas of the Macau peninsula. We believe that high-end customers will enjoy this relative privacy away from the general gaming public. We believe that the quality and size of our hotel rooms will also help attract high-end customers to the Crown Macau. Each of our rooms will be elegantly decorated and furnished, while providing guests with sweeping views of the sea and the Macau peninsula. The Crown Macau plans to offer 216 deluxe hotel rooms, including 24 suites and eight villas for our most important customers. Guests will also be able to enjoy fine dining and a variety of international cuisines without having to leave the comforts of the Crown Macau. Other amenities at the Crown Macau will include a luxurious spa, and a sky terrace lounge, including an indoor swimming pool.

The City of Dreams—An Integrated "Must-See" Destination Resort to Appeal Primarily to the Mass Market. The City of Dreams is designed to cater primarily to the broader entertainment preferences of mass market customers. Mass market table gaming in Macau grew 45.4% to US$2.0 billion in 2005 according to the DICJ. We believe that this market will continue to expand rapidly with the development of properties such as the City of Dreams, that cater to this market on the Cotai Strip.

The City of Dreams will be strategically located at the northern tip of the Cotai Strip, which will make it one of the first properties that visitors will encounter when arriving from the Macau International Airport and the anticipated new Hong Kong/Macau Ferry Terminal. Additionally, the City of Dreams will be situated between the proposed sites of the Venetian Macao and a proposed Wynn project in Cotai. We believe that this concentration of properties will help attract mass market customers to this area, and that the City of Dreams will benefit from customer flows from its neighboring properties.

Situated on an approximately 28-acre parcel of land, the City of Dreams will feature an approximately 420,000-square-foot, underwater-themed casino. We intend to support the casino with four luxury premium hotels operating under the Crown Towers, Hard Rock, Grand Hyatt and Hyatt Regency brands. We expect to have approximately 1,600 hotel rooms in total, which will cater to a variety of leisure customer segments. We also intend to develop one block of luxury serviced apartment units, for both long and short-term occupancy in phase two of the project and, depending on the market conditions, may develop a second block thereafter. These developments may be subject to Macau government approval and approval of our lenders under our debt facilities. The cost of a second block of apartments has not been included in the US$2.1 billion total budgeted project cost for development of the City of Dreams. Through the combination of these units and hotel rooms, we hope to obtain a large on-site customer base.

The City of Dreams is expected to offer other amenities that are generally not available currently at casinos in Macau. We will offer an approximately 50,000-square-foot shopping mall that will feature a wide range of luxury retailers. In addition, we will also offer an approximately 2,000-seat performance hall that will offer performance created by Dragone. The property will also feature a wide range of food and beverage outlets offering a variety of cuisines and dining styles, which we plan to feature well-known international brands and signature chefs.

Mocha Clubs—A Casual and Convenient Gaming Experience Outside the Conventional Casino Setting. Macau has historically been a table game market. We believe that this is in part due to the lack of quality and accessibility of alternative gaming products in the market. Having identified a significant opportunity to service a largely untapped niche market, Mocha was created to introduce high-quality gaming machine products similar to those found in more established markets such as Las Vegas. Currently, we have six Mocha Clubs featuring a total of approximately 1,000 gaming machines and we intend to continue expanding and building the brand awareness of our Mocha Clubs by establishing new locations in the future.

Our Mocha Clubs offer on average approximately 166 gaming machines featuring video slot machine games and other electronic table games, such as roulette, sicbo and video baccarat. Our customers have the opportunity

to play these games in a comfortable cafe-like environment. We seek to train our staff to high standards of customer service and gaming product knowledge.

Macau Peninsula Site—We currently contemplate that the Macau Peninsula project will be a mixed-use casino and hotel facility targeted primarily at day-trip gaming patrons. The site is attractively located near the current Macau Ferry Terminal, providing easy access to customers traveling to Macau from Hong Kong and China on a frequent basis.

Leverage the experiences and resources of our founders

We believe one of our greatest strengths is the combined resources of our shareholders, Melco and PBL. We intend to leverage Melco's and PBL's experiences and resources in the gaming industry in Asia and particularly with Chinese and other Asian patrons.

Proven Operational Experience. PBL is one of the largest media, entertainment and gaming conglomerates in the Asia-Pacific region and is the largest casino operator in Australia in terms of gaming revenues. Through the successful operation of the Crown Casino Melbourne and the Burswood Casino in Australia, we believe that PBL has a proven track record in operating both high-end and mass market gaming operations as well as in providing a range of other leisure services and facilities. PBL successfully operates more than 400 high-end and mass market table games and more than 4,000 electronic gaming machines at the Crown Casino Melbourne and Burswood Casino. In addition to gaming, these properties feature a total of approximately 1,650 luxury hotel rooms, more than 100,000 square feet of conference and event facilities at the Burswood Conventions & Events Center and the Crown Conference Center, 50 dining facilities offering a variety of global cuisines, highly acclaimed entertainment venues with seating capacity for more than 26,000 and a host of resort and recreational facilities, including an exclusive championship 18-hole golf course. We intend to leverage PBL's operating skills, its international experience and its high standards and reputation to strengthen our operations in Macau. For example, we expect PBL will assist us in:

- implementing customer relationship management systems to facilitate our loyalty programs;
- adapting our gaming product analytics systems to maximize revenue potential;
- implementing management reporting practices and operating procedures to ensure accuracy and consistency in our internal control;
- training staff in high quality customer service; and
- adopting a community and government relations framework to promote efficient working relationships with government authorities and compliance with rules and regulations.

We expect PBL will do this by recommending candidates for employment by and seconding employees to us or our subsidiaries from time to time, providing management information systems and policy and procedure guidelines, facilitating of training and by appointing directors to our board of directors. PBL's expertise in the international gaming markets is complemented by Melco's local gaming market experience in Macau. Through the operation of the Mocha Clubs, Melco has developed a strong understanding of Macau gaming machine players' betting habits and preferences as to types of games and game titles and is well-positioned to assist us in meeting the expected demand from gaming machine players in Macau.

Network of Local Relationships. Among the listed companies in Hong Kong, Melco is one of the first to tap the rapidly growing leisure and entertainment market in Macau. In June 2004, Melco established Macau gaming as a principal activity with the acquisition of interests in Mocha and in September of the same year, Melco announced its participation in a hotel development project in Taipa, Macau which subsequently evolved to become our existing Crown Macau project. Through the leadership and reputation of Mr. Lawrence Ho, Melco

has a broad network of business relationships in Macau, Hong Kong and elsewhere in Greater China. We believe these relationships have been and will be important to the successful development and operation of our gaming business in Macau. For example, Melco's local relationships helped it to initially secure an interest in Mocha, the Crown Macau and the City of Dreams projects, and those interests were subsequently contributed or sold by Melco to us. In addition, Melco's relationships have helped us to identify and secure sites for the Mocha Club venues on attractive economic terms and helped expand the Mocha Clubs into the largest non-casino based operations of gaming machines in Macau with an approximate 34% market share by gross gaming machine revenue in 2005, based in part on DICJ figures.

Recognized Staff Training and Development Capabilities. Given the number of new properties anticipated to open in Macau in the coming years, we believe that training our staff to deliver attentive, personal and high-quality customer service will become increasingly important. PBL has developed substantial experience in identifying, training and developing staff to reach international standards in customer service and in meeting strict regulatory requirements. PBL provides on and off the job training for its employees, with a strong focus on operational, compliance, regulatory and supervisory development. PBL's achievements have earned Crown the Victorian State Training Awards for Employer of the Year in 2004, and, on a national level, the Australian National Training Authority Award for leading Employer of the Year for the Tourism and Hospitality Industry for 2002, 2003 and 2004. We intend to utilize PBL's experience and expertise to develop our own in-house training facilities in order to provide high-quality personalized customer service that will build customer loyalty and encourage repeat visits. In addition, we expect that some of our future management-level employees may come from PBL's current operations.

Develop a Comprehensive Marketing Program

We will seek to attract customers to our properties by leveraging the Crown and Mocha brands and utilizing the marketing resources of our founders. PBL has combined its brand recognition with sophisticated customer management techniques and programs to build a significant database of repeat customers and loyalty club members. With a large number of high-end patrons originating from Asia, PBL's existing customer network provides a natural and readily available customer base that we can leverage. In addition, PBL has nine sales offices in seven countries, including China, Hong Kong, Indonesia, Malaysia, Singapore, Thailand and in various locations in Australia, as well as a sales network of independent representatives across Asia. Through the Mocha Clubs' significant share of the Macau electronic gaming market, we have also developed a significant customer database and have developed a customer loyalty program, which we believe has successfully enhanced repeat play and further built the Mocha brand.

We will also seek to grow and maintain our customer bases through the following sales and marketing activities:

- creating a sales and marketing department to promote the Crown Macau, City of Dreams and Mocha brands to potential customers throughout Asia;
- utilizing special product offers, special events, tournaments and promotions to build and maintain relationships with our guests, increase repeat visits and help fill capacity during lower-demand periods;
- developing our own customer loyalty programs to build a significant database of repeat customers, which we expect to be closely modeled on Crown's successful "Crown Club" program; and
- implementing complimentary incentive programs and commission based programs with selected junket operators to attract high-end customers.

Focus on Building First-Class Facilities

With the assistance of PBL and Melco, we have assembled a dedicated design and project management team and hired contractors with significant experience in completing similar large scale, high quality projects on time

and within budget. Our eight-person senior project management team has an average of 28 years of experience in property development, construction project management and architecture and design. The members of our project management team have worked on some of the largest facilities in Asia, including the Tung Chung Development project (Hong Kong) and Crown Casino Melbourne project. PBL is recommending for employment by us or seconding key members of its management team from its subsidiary, Crown Limited, or Crown, who will leverage more than 15 years of expertise in the design, development and construction of casino and entertainment projects. The Crown team has worked on large scale casino and hotel projects such as Melbourne's temporary Galleria Casino, the Crown Casino, which is one of the largest entertainment facilities and casinos in the Southern Hemisphere, and most recently, the 465 room five-star Crown Promenade Hotel—an extension of the Crown Entertainment Complex.

We have hired Paul Y. Construction as the general contractor for the Crown Macau project. Paul Y Construction is a subsidiary of PYI, a leading construction conglomerate with operations in more than nine countries. PYI has extensive experience in building leading hotel and leisure complexes and office and commercial buildings, including HSBC Center (Hong Kong), Cheung Kong Center (Hong Kong), Shangri-la Hotel Garden Wing (Singapore), The Center (Hong Kong) and the Harbor Front (Hong Kong). We expect to hire The Jerde Partnership to design the non-hotel portions of the casino and entertainment complex for the City of Dreams. The Jerde Partnership is a leading architecture and has played a key role in the design of several leading casino resorts, including the Bellagio, Wynn Las Vegas, and the Palms Casino Resort. We have hired Arquitectonica to design the hotel towers for the City of Dreams. Arquitectonica's work experience includes resorts and casinos, hotels, luxury condominium towers, retail centers and office buildings. It is currently designing the Cosmopolitan Resort Casino in Las Vegas. We expect to engage Pei Partnership Architects to design the performance hall for the City of Dreams according to the specifications of Dragone.

We have entered into principles of understanding to appoint a joint venture between Leighton Contractors (Asia) Limited, or Leighton, China State Construction Engineering (Hong Kong) Limited, or China State Construction, and John Holland Pty Limited, or John Holland, as the general contractor for the City of Dreams project.

Utilize MPBL Gaming's Subconcession to Maximize Our Business and Revenue Potential

We intend to utilize MPBL Gaming's subconcession, which, like the other concessions and subconcessions, does not limit the number of casinos we can operate in Macau, to capitalize on the potential growth of the Macau gaming market provided by the greater independence, flexibility and economic benefits afforded by being a subconcessionaire. Possession of a subconcession gives us the ability to negotiate directly with the Macau government to develop and operate new projects without the need to partner with other concessionaires or subconcessionaires, as we did with the Mocha Clubs prior to MPBL Gaming's obtaining the subconcession in September 2006. Furthermore, concessionaires and subconcessionaires such as SJM and Galaxy have demonstrated that they can leverage their licensed status by entering into arrangements with developers and hotel operators that do not hold concessions or subconcessions to operate the gaming activities at their casinos under leasing or services arrangements and keep a percentage of the revenues. We may consider entering into similar arrangements, subject to the approval of the Macau government. For example, MPBL Gaming expects to enter into a services agreement with New Cotai Entertainment, LLC, under which MPBL Gaming will operate the casino portions of the Macau Studio City project, a large scale integrated gaming, retail and entertainment resort development that is targeted to open on the Cotai Strip during 2009. While the definitive terms of the services agreement remain subject to finalization, we anticipate that a percentage, to be agreed upon, of the gross gaming revenues from the casino operations of Macau Studio City will be retained by MPBL Gaming.

Our Properties

The Crown Macau

We began construction of the Crown Macau in December 2004. Our objective in building the Crown Macau is primarily to serve the high-end market by providing a luxurious casino and hotel experience, while tailoring the experience to meet the cultural preferences and expectations of Asian high-end customers. Recognizing that these discerning customers expect and demand luxury, the Crown Macau is designed to provide luxurious hotel suites and dining facilities, high-limit table offerings and private gaming rooms. We target to open the Crown Macau in the second quarter of 2007.

We currently estimate that the total cost of developing and constructing the Crown Macau to the point of opening will be approximately US$512.6 million, inclusive of land and construction costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements.

As of September 30, 2006, we had paid approximately US$260.3 million of our total US$512.6 million budgeted project costs to our contractors, primarily to Paul Y. Construction for design and construction fees, the land costs and land premium. The majority of development and construction costs are typically spent closer to the completion of a construction project and we expect that a large portion of our remaining US$252.3 million expenditures for the Crown Macau project costs to be spent in the months leading up to the targeted opening date of the Crown Macau. With equity contributions from Melco and PBL, part of the proceeds of this offering and the HK$1,280 million (US$164.1 million) Great Wonders Project Facility we have entered into to finance construction of the Crown Macau, we expect to have sufficient funding to complete construction of the Crown Macau. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Activities" for details of the Great Wonders Project Facility.

The Casino. A spacious casino with approximately 183,000 square feet of gaming space is planned, including the first seven floors and some of the higher VIP floors of the hotel. The casino will feature a general gaming area as well as high-limit private gaming rooms catering to high-end patrons. We expect the casino to feature a total of approximately 220 gaming tables and more than 500 gaming machines. Of the approximately 220 gaming tables, approximately 50 will be high-limit tables located on the top two floors of the main casino podium as well as in some of the upper level floors of the hotel tower, providing our high-end patrons with a premium gaming experience in an exclusive private environment. We plan that the table limits on our main casino floors will accommodate a full range of casino patrons while still focusing on the high-end market and premium end of the mass market.

The Hotel. We expect that upon completion, the 36-story Crown Macau will be positioned to become one of the leading hotel casinos in Macau catering to high-end patrons. The top floor of the hotel will serve as the hotel lobby and reception area, providing guests with sweeping views of the surrounding area. The hotel will feature approximately 216 oversized deluxe rooms, including 24 high-end suites and eight villas. Managed under PBL's Crown brand, the rooms will feature a luxurious interior design combining elegance and comfort with some of the latest in-room entertainment and communication facilities.

The Crown Macau will feature a range of high-quality non-gaming entertainment venues, including a spa, gymnasium, outdoor garden podium and a sky terrace lounge.

Food and Beverage. A number of restaurants and dining facilities will be available at the Crown Macau. We intend to have four fine dining restaurants, featuring a variety of international cuisines, that we intend to be among the best in Macau including a branch of Tenmasa, a renowned Japanese restaurant in Tokyo. The Crown Macau will also feature several Chinese and international restaurants, dining areas and restaurants focused around the gaming areas of the casino, a cigar lounge and a wine bar. We intend that the operators we select for the Crown Macau's restaurants will be renowned for the quality of their food, service and décor, which we believe will provide additional reasons for gaming patrons to visit and stay at the Crown Macau.

Design and Construction Team. We have engaged Paul Y. Construction as the general contractor for the Crown Macau project and have assembled a team of specialists to design and construct the Crown Macau.

- *Paul Y. Construction Company Limited*. Paul Y. Construction is a subsidiary of PYI, a Hong Kong listed company. PYI is a leading construction conglomerate with operations in more than nine countries and a workforce of approximately 10,000 employees. Its principal activities include building construction, infrastructure services and civil engineering. Over the past 50 years, PYI has completed numerous landmark projects and buildings, including hotels, commercial and residential buildings, airports, highways, bridges, tunnels and railways, in Greater China and the Asia Pacific region. PYI has also developed and constructed numerous leading hotel and leisure complexes and office and commercial buildings, including HSBC Centre (Hong Kong), Cheung Kong Center (Hong Kong), Shangri-la Hotel Garden Wing (Singapore), The Center (Hong Kong) and The Harbour Front (Hong Kong).
- *Maunsell Structural Consultants Ltd.* Maunsell Structural Consultants Ltd., or Maunsell, provides structural, geotechnical and mechanical, electrical and plumbing engineering in connection with the Crown Macau project. Maunsell has more than 35 years of regional and international experience in building structures and its employees have a range of specialized skills in structural design for various types of buildings using different construction methods. It is part of the Maunsell AECOM Group, a multi-disciplinary consultancy practice established in Hong Kong in 1970 with more than 2,000 full time employees in Hong Kong, Mainland China and Singapore. Maunsell's building engineering experience includes engineering services provided in connection with the Grand Lisboa Hotel (Macau), the Ritz Carlton Hotel (Hong Kong), the Centrium (Hong Kong), the Centre (Hong Kong) and the Harbourfront Landmark (Hong Kong).
- *Wong Tung & Partners Ltd.* Wong Tung & Partners Ltd., or Wong Tung, is the architect for the Crown Macau project. Established in Hong Kong in 1963, it has provided award-winning architectural services for projects throughout Hong Kong, Mainland China, South East Asia, the United States and the Middle East. Wong Tung's architectural designs include the Hyatt International Hotel (Macau), the Hong Kong Park, the Hong Kong Jockey Club Executive Housing and Recreation Club, the Parkview (Hong Kong) and the Jin Jiang Tower Hotel (Shanghai). Wong Tung has obtained ISO 9001 certification by the Hong Kong Quality Assurance Agency for the provision of architectural consultancy services in Hong Kong.

Property. In March 2006, the Macau government granted to Great Wonders, our wholly owned subsidiary through which the Crown Macau is being developed, a 25-year renewable lease for an approximately 6,200 square meter (66,736 square feet) plot of land for the Crown Macau. The Macau government has approved a developable site area of approximately 95,000 square meters (1,022,600 square feet). Under this lease, we are obligated to pay a land premium of approximately MOP 149.7 million (US$18.6 million), with MOP 50 million (US$6.2 million) due at signing of the lease, which was paid on November 25, 2005 and the balance due in four equal semi-annual installments bearing interest at 5% per annum. We paid the outstanding balance in July 2006. A guarantee deposit of approximately MOP 157,000 (US$20,000) was payable upon signing of the lease, subject to adjustments in accordance with the relevant amount of rent payable during the year. During construction, rent will be due at an annual rate of MOP 30 (US$4) per square meter of land, or an aggregate of MOP 157,000 (US$20,000). After construction, annual rent per square meter will be MOP 15 (US$2) for the hotel, MOP 10 (US$1) for the parking lot and MOP 10 (US$1) for the outdoor areas, or an aggregate of MOP 1,370,000 (US$171,000). The rent amounts may be adjusted every five years as agreed between the Macau government and us using applicable market rates in effect at the time of the rent adjustment.

Construction Contract. In November 2004, Great Wonders entered into a contract with Paul Y. Construction for the construction and design of the Crown Macau. Under the terms of the contract, Paul Y. Construction acts as the general contractor and oversees all aspects of the design and construction of this project. In addition, the parent company of Paul Y. Construction, PYI, is providing a contractor's guarantee of Paul Y. Construction's

full performance of this contract until final payment is made by Great Wonders. Other principal terms of the contract include the following:

- the general contractor's obligations including, without limitation, its obligation to coordinate and execute construction works of all third parties hired by Paul Y. Construction and us;
- the total contract price payable to Paul Y. Construction and mechanisms for adjusting the total contract price and extending the completion date in certain circumstances;
- the liquidated damages provision for any completion delays and non-conforming works caused by Paul Y. Construction until the completion certificate is signed and delivered by us; and
- the termination and dispute resolution provisions.

We are obligated to pay under the contract a prime cost incurred by Paul Y. Construction and all third parties retained by Paul Y. Construction to work on this project and a percentage fee of 6% of the prime cost, subject to reduction in the percentage fee for any completion delay caused by Paul Y. Construction. The prime cost represents all costs, other than Paul Y. Construction's head office overhead costs, for its project management team, labor, materials, goods, plant, site facilities, services (including design services), and sub-contracted works for the design and construction of the work Paul Y. Construction performs for us under the contract. However, cost increases that are due to causes that are not included in the total contract price will be borne by us and will require us to obtain additional funding from Melco and PBL or in the debt or equity markets. For example, as a result of changes and improvements in the designs for the Crown Macau project, our construction cost has increased and we have negotiated an amendment to increase the original total contract price from HK$1,448.0 million (US$185.6 million) to approximately HK$2.1 billion (US$267.9 million). The total contract price of HK$2.1 billion (US$267.9 million) consists of: (i) HK$1,386 million (US$177.7 million) fixed "lump sum" costs; (ii) HK$603 million (US$77.3 million) for provisional and contingency costs; and (iii) a HK$110 million (US$14.1 million) fee. We also revised the guaranteed date of practical completion for the casino and hotels to on or before April 2007.

The City of Dreams

We have entered into principles of understanding in August 2006 to engage a joint venture between Leighton, China State Construction and John Holland as the general contractor for the City of Dreams project and we are currently in the process of negotiating the definitive contract between the parties. As contemplated in the principles of understanding, it is expected that each of the parties forming the contractor joint venture will provide to us, to the extent that the relevant contractor is not the ultimate holding company of its group, a parent company guarantee securing the due performance of the relevant contractor's obligations under the definitive contract and in return, we are expected to provide a guarantee to the contractors guaranteeing the due performance of Melco Hotels' obligations under the definitive contract.

We began site preparation of the City of Dreams project in the second quarter of 2006. Our objective in building the City of Dreams is to offer a "must-see" integrated casino resort, entertainment, retail and food and beverage complex that will be attractive to a wide range of customers, with a particular focus on mass market individual and group customers, including families.

The City of Dreams will be located on the Cotai Strip, a newly reclaimed area of Macau between the islands of Taipa and Coloane, which has been master-planned for the development of a series of major Las Vegas Strip-style hotel casino resorts featuring large-scale casino floors and a range of supporting entertainment and hospitality facilities such as a performance hall, exhibition and conference facilities, showrooms, shopping malls, spas and other attractions. The City of Dreams will be well-positioned at the northern end of the Cotai Strip, which will make it one of the closest destination resorts on the Cotai Strip to the Macau International Airport and the newly planned Hong Kong/Macau Ferry Pier.

We currently target to complete the City of Dreams project in two phases, with the completion of the first phase targeted for late 2008 and the second phase targeted for the second half of 2009. We currently target the casino to be substantially completed during the first phase, along with two of the four hotels, most of the retail stores and food and beverage outlets and the performance hall, which we have targeted to be completed in the second half of 2008 and ready to host performances in the second quarter of 2009. We currently target to complete the third and fourth hotels and the serviced apartments during the second phase. We have currently budgeted that the total cost of constructing and developing both phases of the City of Dreams project to the point of opening will be approximately US$2.1 billion, inclusive of land and construction costs, FF&E, pre-opening expenses, capitalized fees and finance costs and initial working capital requirements. Although we have determined the overall scope and general design of the City of Dreams, we will continue to evaluate the City of Dreams project design in relation to its construction schedule and budget and the demands of the Macau tourism and gaming market. In addition, subject to obtaining Macau governmental approvals that may be required and approvals from the City of Dreams Project Facility lenders, finalizing plans and raising any additional financing that may be needed, we may construct one block of deluxe serviced apartments at the City of Dreams in phase two of the project and, depending on market conditions, a second block thereafter. The cost of a second block of apartments has not been included in the US$2.1 billion total budgeted project cost for development of the City of Dreams. All of the features of the City of Dreams described in this prospectus are based on our current plans for the project, and, therefore, the design of individual elements of the City of Dreams may be refined from this description. However, project changes will be limited in certain respects by the documents governing our indebtedness.

As of September 30, 2006, we had paid approximately US$166.0 million of our total US$2.1 billion budgeted project costs for the City of Dreams project, primarily for the land costs and land premium, construction costs and design and consultation fees. We expect to fund a portion of the project costs from equity contributions by PBL and Melco, proceeds of this offering and part of the US$1.6 billion City of Dreams Project Facility for which we have signed a commitment letter with certain banks as arrangers.

The Casino. We plan to offer an expansive underwater-themed casino of approximately 420,000 square feet housing approximately 450 gaming tables, including approximately 50 high-limit tables in exclusive VIP salons, and 2,500 gaming machines with potential for future expansion. We target the casino to be substantially completed as part of the first phase.

The Hotels. The City of Dreams is planned to include four full service luxurious hotels with a total of approximately 1,600 rooms, consisting of: (1) a luxury premium hotel designed with the aim of exceeding the average five-star hotels in Macau, to be operated under the Crown Towers brand by us with approximately 260 rooms, suites and villas; (2) two hotels to be operated under the Grand Hyatt and Hyatt Regency brands with approximately 970 rooms and suites; and (3) a themed hotel to be operated under the Hard Rock brand with approximately 380 rooms and suites. We intend the property to feature one of Asia's largest destination spas, featuring a health club, a beauty treatment center and several rejuvenation facilities, which will help to ensure that our guests enjoy a relaxing and luxurious stay. We expect that the Crown Towers and the Hard Rock hotels will be substantially completed as part of the first phase.

Performance Hall. A performance hall offering approximately 2,000-seats is included in the plan of the City of Dreams. The performance hall, which is expected to be designed by the award winning Pei Partnership Architects according to the specifications of Dragone, is expected to host performances that cater to the preferences of the Asian mass market. We currently expect to complete the performance hall in the second half of 2008 and have it ready to host performances in the second quarter of 2009. It is expected to offer a production created by Dragone, the co-producer and creator of Celine Dion's "A New Day" show. The artistic director and founder of Dragone was the director and creator of several Cirque du Soleil shows.

Retail Stores. Our plan includes a retail shopping mall of approximately 50,000-square feet. The shopping mall will feature a wide range of shops with a retail mix which is designed to cater to the needs of residential

guests and to attract other visitors to the complex. We currently expect to complete the majority of the retail stores during phase one, with the remainder to be completed in phase two.

Serviced Apartment Units. We also plan to develop one block of luxury serviced apartment units, for both long and short-term occupancy in phase two of the project and, depending on the market conditions, may develop a second block thereafter. These developments may be subject to Macau government's approval and approval of our lenders under our debt facilities. The cost of a second block of apartments has not been included in the US$2.1 billion total budgeted project cost for development of the City of Dreams.

Food and Beverage. We plan to position the City of Dreams as one of the leading destinations for food and beverage on the Cotai Strip by offering an extensive range of high-quality food and beverage facilities. We intend to approach some of the most well-known international food and beverage brands and celebrity chefs. The City of Dreams is planned to include approximately 20 mid- to high-end restaurants plus a range of other dining outlets offering a variety of cuisines and dining styles to service both our gaming customers as well as to attract other customers from nearby Hong Kong and Guangzhou, China. We currently expect to complete significant portions of the food and beverage outlets during phase one.

Entertainment Venues. The City of Dreams is planned to feature a variety of recreational facilities designed to attract customers to the complex. The complex is also planned to feature a range of concept bars, a karaoke lounge and a nightly live performance venue. For groups and families, the property will also feature a large non-gaming entertainment zone offering a range of entertainment and amusement activities. We currently expect to complete the entertainment venues throughout phases one and two.

Conference Rooms and Ballrooms. We plan to build approximately 88,000 square feet of high quality conference, banqueting and ballroom facilities, featuring some of the latest audio and visual equipment. We will aim to make these facilities the preferred venues of choice in Macau for high-end banqueting and corporate hospitality. These facilities will be located within the Grand Hyatt Hotel and are planned to be completed in phase two.

Construction Team. We have entered into principles of understanding to engage a joint venture between Leighton, China State Construction and John Holland as the general contractor for the City of Dreams project and we are currently in the process of negotiating the definitive contract between the parties. In Macau, a joint venture of Leighton and China State Construction recently completed construction of the Wynn Resort (Macau) and Leighton recently completed construction of the Macau Fisherman's Wharf:

- *Leighton.* Leighton is one of Asia's leading project developers and contractors. Established in Hong Kong in 1975, Leighton focuses on a number of specific market segments, including civil engineering and infrastructure, building, rail, mining, marine, oil and gas, water, environmental services, process, and telecommunications.
- *China State Construction.* China State Construction started its construction business in Hong Kong in 1979. It is a vertically integrated construction company, engaged in building construction and civil engineering operations as well as foundation work, site investigation, mechanical and electrical engineering, highway and bridge construction, concrete and pre-cast production. Since July 2005, China State Construction has been listed on the Main Board of the Hong Kong Stock Exchange.
- *John Holland.* John Holland is one of Australia's largest and most diverse specialist contractors. John Holland has significant expertise and experience delivering projects in the fields of building and engineering construction, tunnelling and underground mining, water, including wastewater treatment, telecommunications and rail communication systems, structural mechanical and process engineering, and power, including high voltage transmission projects.

Leighton and John Holland are both part of the Leighton Group, one of Australia's largest project development and contracting groups.

Design Team. In addition to the general contractor, we have also appointed the following design teams for the City of Dreams project:

- *Leigh & Orange Ltd..* Leigh & Orange Ltd. has been appointed as the lead architect for implementation of the City of Dreams project. Founded in 1874 and headquartered in Hong Kong with regional offices in Shanghai, Beijing, Fuzhou, Bangkok, Bahrain, Dubai and Riyadh, Leigh & Orange Ltd. is a full service, award-winning architectural and interior designing firm. Its designs encompass buildings and facilities for both private and public sectors. Leigh & Orange Ltd.'s works include the Ocean Park of Hong Kong, New World Centre Phase II in Beijing and the planned Shaqab Education City in Qatar.
- *The Jerde Partnership.* The Jerde Partnership will design the casino and entertainment complex for the City of Dreams. Founded in 1977, The Jerde Partnership has played a key role in the design of several leading casino resorts, including the Bellagio, Wynn Las Vegas and the Palms Casino Resort.
- *Arquitectonica*. Arquitectonica will design the hotel towers for the City of Dreams. Founded in 1977 and headquartered in Miami, Florida with regional offices in many parts of the world including New York, Los Angeles, Hong Kong, Shanghai and Manila, Arquitectonica is a full service award-winning architecture, interior designing and planning firm. Arquitectonica's work includes projects on several continents, from projects such as resorts and casinos, hotels, luxury condominium towers, retail centers and office buildings. Arquitectonica is currently designing the Cosmopolitan Resort Casino in Las Vegas.
- *Pei Partnership Architects.* Pei Partnership Architects will design the performance hall for the City of Dreams. Founded in 1992 and headquartered in New York with a representative office in Beijing, Pei Partnership is a full service, award-winning architectural firm with international scope, experience and reputation. Principals Chien Chung Pei and Li Chung Pei, sons of I.M. Pei and for many years key members of his firm, have more than forty years of combined architecture experience. Pei Partnership's architectural designs include the Palm Beach Opera House (West Palm Beach, Florida), the Macau Science Center (Macau), the Centrocultural Poliforum (Mexico) and the Opera of the Future Arts at the Massachusetts Institute of Technology.

Properties. The Macau government, in a letter dated April 21, 2005, offered to grant to our subsidiary, Melco Hotels, a 25-year renewable lease for the development rights in respect of two adjacent land parcels on the Cotai Strip in Macau with a combined area of 113,325 square meters (approximately 1.2 million square feet) for the City of Dreams, which offer was accepted by Melco Hotels on May 10, 2005. The Macau government has given approval for a developable gross floor area at the site of 403,692 square meters (approximately 4.3 million square feet). Melco Hotels intends to seek approval for development of 452,400 square meters (approximately 4,868,728 square feet), rather than the 403,692 square meters (approximately 4.3 million square feet) contemplated by the Macau government.

The proposed lease terms require us to pay a land premium of approximately MOP 509 million (US$63.2 million), with MOP 170 million (US$21.1 million) due at signing of the lease and the balance due in nine equal semi-annual installments bearing interests at 5% per annum. We must also provide a guarantee deposit of MOP 2,290,000 (US$285,000), subject to adjustments in accordance with the relevant amount of rent payable during the year. If the Macau government approves our request to increase the developable gross floor area at the site, we anticipate that the land premium will increase by approximately MOP 69 million (US$8.6 million) to MOP 110 million (US$13.7 million).

During the construction period, we will pay the Macau government rent at an annual rate of MOP 20 (US$3) per square meter of land, or an aggregate annual amount of MOP 2,290,000 (US$285,000). Following completion of construction, annual rent per square meter will vary depending on the use of the areas within the site. The rent amounts may be adjusted every five years.

Mocha Clubs Operations

The Mocha Clubs focus on mass market, casual gaming patrons, including local residents and day-trip customers. We intend that the Mocha Clubs will grow to form a network of small to medium-sized clubs that feature a friendly atmosphere, with an upscale décor and café ambiance to appeal to customers that historically have been overlooked in Macau by the casinos focused on high-end table game patrons. We believe that there are significant growth opportunities for gaming machines in Macau. The Las Vegas Strip gaming market generates more than 50% of its gaming revenues from gaming machines and electronic gaming, as compared to approximately 3% in Macau. While the total number of gaming machines in Macau has increased to approximately 5,100 at the end of September 2006 from approximately 3,400 at the end of 2005 from approximately 2,250 at the end of 2004 and approximately 800 at the end of 2003, the number remains small when compared to the approximately 56,000 gaming machines in Las Vegas Strip as of December 2005. In addition, many of the existing machines are older machines that do not employ the latest technology.

Our machines are the latest models from suppliers such as IGT, Aristocrat and Stargames. We offer both single player machines with a variety of games, including progressive jackpots and multi-player games where players on linked machines play against each other in electronic roulette, baccarat and sicbo, a traditional Chinese dice game.

We have implemented a Mocha loyalty program, where players earn points for frequent play that can be redeemed for complimentary prizes. We use the IGT Advantage player tracking system, which we believe is one of the most sophisticated systems used by any casino in the world. IGT Advantage system is able to present the player with interactive enhanced bonus, game and promotional events. The IGT Advantage system serves as a marketing and merchandising platform for casino amenities, and functions as a personal kiosk with a familiar “ATM” style interface. The IGT Advantage system also allows players to track their activity for more than a ten-year period. We intend to continue to use this system in connection with our marketing and advertising resources to enhance our ability to target repeat players.

Currently, the six Mocha Clubs feature a total of approximately 1,000 gaming machines. Our Mocha Clubs accounted for approximately 30% of the gross gaming machine revenue in Macau for the nine months ended September 30, 2006. Our average daily net win per machine is higher than the industry average in Macau.

The following table sets forth information on our Mocha Clubs for the nine months ended and as of September 30, 2006;

Mocha Club	Opening Date	Location	Gaming Area	Gaming machines	Average daily net win per machine(1)
			(in square feet)	(nine months ended September 30, 2006)	
Royal	September 2003	Lobby of Hotel Royal	2,100	82	US$ 239.4
Kingsway	April 2004	G/F, Kingsway Commercial Centre	6,100	208	276.4
Kampek(2)	June 2004	3/F, San Kin Yip, Commercial Centre	—	309	179.3
TP Square	March 2005	G/F and 1/F, Hotel Taipa Square	4,560	140	189.7
Sintra	November 2005	G/F and 1/F, Hotel Sintra	5,110	138	195.0
Hotel Taipa	January 2006	G/F of Hotel Taipa	6,100	162	107.5
Total(3)	—	—	23,970	986	199.8

(1) Average daily net win per machine for any period represents the total gaming machine win during such period divided by the weighted average number of gaming machines in service during such period. Gaming machine win is the excess of the amount of money deposited by players into the gaming machine over the amount of money paid out of the gaming machine to players. Prior to MPBL Gaming obtaining its subconcession in September 2006, Mocha Slot provided management services to the Mocha Clubs under service agreements with SJM. Mocha Slot received 31% of gaming machine win as its revenue from gaming at the Mocha Clubs, while SJM retained 31% of gaming machine win, and Macau taxes and other government dues accounted for the remaining 38%. After the subconcession was granted and these service agreements were terminated with effect from September 21, 2006, we now reflect all the gaming machine win as our revenue from gaming at the Mocha Clubs, but we are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

(2) Since MPBL Gaming obtained its subconcession, we are not allowed to operate any Mocha Clubs in buildings in which other concessionaires or subconcessionaires have gaming operations. This has required relocating the Kampek Mocha Club, which was located in facilities in which SJM conducts gaming operations under its concession, and which we closed on September 21, 2006. The weighted average number of gaming machines and average daily net win per machine at the Kampek Mocha Club were for the period from January 1, 2006 to September 20, 2006. We have moved the former Kampek Mocha Club to Marina Plaza, where approximately 290 gaming machines are available. For the period from January 1, 2006 to September 30, 2006, we have incurred approximately HK$8.7 million (US$1.1 million) in provision of services to gaming machine lounges attributable to the relocation of the facility.

(3) The total weighted average number of gaming machines and average daily net win per machine for the nine months ended September 30, 2006 for all of the Mocha Clubs as a whole were calculated with the inclusion of the Kampek Mocha Club's operating data for the period from January 1, 2006 to September 21, 2006.

We seek to locate the Mocha Clubs in convenient locations with strong pedestrian traffic, which are typically located within three-star hotels. The Mocha Clubs generally offer diverse machine gaming options with an average of approximately 166 gaming machines in each club, and range from approximately 2,100 square feet to 36,000 square feet. Some of the Mocha Clubs offer on-floor entertainment and show facilities, and each Mocha Club provides café style snacks and beverages to its guests. We are seeking additional sites for Mocha Clubs throughout Macau.

Macau Peninsula Project

We are in the process of acquiring a third development site, the Macau Peninsula site, which has a size of approximately 6,480 square meters (69,750 square feet), and is located on the shoreline of the Macau Peninsula near the current Macau Ferry Terminal. On May 17, 2006, our subsidiary, MPBL Peninsula, entered into a promissory agreement to purchase the site by acquiring all the outstanding shares of Sociedade de Fomento Predial Omar, Limitada, or Omar. Omar is the current owner of the site. Dr. Stanley Ho is one of the five directors of Omar but owns no shares of Omar. The acquisition price in the promissory agreement we have entered into is HK$1.5 billion (US$192.3 million), of which we have paid a deposit of HK$100 million (US$12.9 million). We also expect that the acquisition of the site will require payment of a land premium of HK$150 million (US$19.2 million) to the Macau government. Our purchase of the Macau Peninsula site remains subject to important conditions, some of which are not in our control, including approval of the Macau government of an extension of the deadline for completion of development on the site and other conditions in the control of other parties. We have begun preliminary conceptual and design work on the potential Macau Peninsula project and we currently contemplate that we would develop a mixed-use casino and apartment hotel facility on the site targeted primarily at day-trip gaming patrons. If obtained, we target completing the Macau Peninsula project in the middle of 2009. Based on preliminary estimates and conceptual designs, the total project costs for the Macau Peninsula project is currently budgeted at a range of approximately US$650 million to US$700 million, which includes anticipated land and construction costs, land premium costs, FF&E, pre-opening expenses, capitalized fees and finance costs, cage cash and initial working capital requirements.

Macau Studio City Project

MPBL Gaming expects to enter into a services agreement with New Cotai Entertainment, LLC, under which MPBL Gaming will operate the casino portions of the Macau Studio City project, a large scale integrated gaming, retail and entertainment resort development that is targeted to open on the Cotai Strip during 2009. The project is being developed by a joint venture between eSun Holdings Limited and New Cotai Holdings, LLC, which is primarily owned by investment funds and David Friedman, a former senior executive of Las Vegas Sands. While the definitive terms of the services agreement remain subject to finalization, we anticipate that a percentage, to be agreed upon, of the gross gaming revenues from the casino operations of Macau Studio City will be retained by MPBL Gaming. We will not be responsible for any of the project's capital development costs, and the operating expenses of the casino will be substantially borne by New Cotai Entertainment.

Project Management Team

The members of our senior project management team have an average of 28 years of experience in property development, construction project management and architecture and design. The project management team will oversee and manage the Crown Macau and the City of Dreams projects at each stage of the process from design, construction through to completion of the projects. Our project management team works closely with our contractors, architects and engineers and consists primarily of the following persons. In addition, we receive support from personnel at PBL and Melco to assist us and our subsidiaries in managing the development of our projects.

Mr. Charles R. Goodwin has served as our Project Director, Construction of the Project Team, since June 2006. He overlooks all construction matters relating to the Crown Macau and the City of Dreams projects. He graduated from the University of Wales in the U.K. with honors. Mr. Goodwin is a chartered engineer and a chartered builder, having more than 30 years of concept, design and construction experience in major building and infrastructure works. In the last 15 years prior to joining us, he has been involved in directing the implementation of residential, commercial, leisure and entertainment building projects from inception to completion. During the period between mid-1995 and early 2006, Mr. Goodwin worked with Newfoundworld Ltd. and directed the US$2 billion commercial, residential and leisure development project that forms the city center of Tung Chung, a satellite town neighboring the Hong Kong International Airport.

Mr. Anthony Rafaniello has served as our Project Director, Property Design, since May 2006. He is mainly responsible for all design matters relating to the development of the Crown Macau and City of Dreams. He graduated from Monash University in Australia, majoring in Engineering and earned his MBA from Melbourne University. He has more than 17 years of experience in property development, including gaming-based hospitality projects. He joined Crown Limited in 1994 and was responsible for the establishment and opening of the Crown Casino Melbourne, where he most recently served as Chief Operating Officer, Property Development and Services.

Mr. Stephen Tennat has served as our Technical Director—Contracts, since September 2006. He is responsible for contract, sub-contract and consultancy documentation and administration, commercial negotiations, cost control, budgeting and estimating, advise on programming, construction insurances and liaison with the legal departments of Melco and PBL. He is a chartered quantity surveyor with more than 30 years' experience. Having been involved in Hong Kong construction industry since 1980, his experience includes seventeen years with Nishimatsu Construction Company Limited, a large Japanese general contractor undertaking commercial functions on some of the landmark and complex infrastructure and construction projects in Hong Kong and the Asia Pacific region, such as the Western Harbour Crossing in Hong Kong, Standard Chartered Bank headquarters in Hong Kong, United Overseas Bank headquarters in Singapore and Exchange Square Three in Hong Kong. Since 2000, he has operated his own consultancy offering expert services in mediation, dispute resolution advice, expert reports, contract administration, project management and insurance procurement advice. During the period between August 2004 and July 2006, he was also the director of construction and infrastructure with Aon Hong Kong Limited. He is a fellow of the Royal Institute of Chartered Surveyors, fellow of the Institute of Civil Engineering Surveyors and a member of the Association for Project Management of the United Kingdom.

Mr. York Tohas served as our Deputy Project Director, Construction of the Project Team, since March 2006. He is responsible for assisting the Project Director on all construction matters relating to the Crown Macau and the City of Dreams projects. He graduated from the University of London with a bachelor's degree in civil engineering and obtained his MBA from York University in Canada, majoring in real property development. He has more than 18 years of experience in handling large-scaled mixed-use complex development projects. From February 2000 to March 2006, he worked with the Great Eagle Group in Hong Kong as an assistant general manager and was responsible for such landmark projects as Langham Place, a complex development which includes retail, office, hotel and government facilities, and Eaton Hotel, as well as Astor Plaza redevelopment projects.

Mr. Greg Wheat has served as our Technical Director—Services since August 2006. He is responsible for all matters relating to the design of services on the Crown Macau and the City of Dreams projects. Prior to joining us, he was the property operations manager at Conrad Jupiters Casino on the Gold Coast in Australia for the period between 1998 to June 2006, responsible for services operation and project management. He was also responsible for services design and operation of major facilities such as Shangri-la Hotel in Sydney during the period between 1990 and 1994, the Sydney Harbour Casino, a temporary facility to the Star City Casino and the Star City Casino complex during the period between 1994 and 1998.

Advertising and Marketing

We will seek to attract customers to our properties and to grow our customer base over time by implementing and undertaking the following marketing activities and plans:

Press and Public Relations. We believe that utilizing the local and regional media to publicize our projects and operations before our openings, and our continued daily operations is an effective, highly visible and low-cost tool to market our facilities to a large number of people across several market segments. We intend to build a public relations management team that will cultivate media relationships and directly liaise with

customers within target Asian countries in order to explore media opportunities in various markets. We also intend to leverage Melco's existing relationships with local and regional media.

Advertising. We intend to build an internal advertising department responsible for promoting our brands and projects and marketing preferred products to potential customers around Asia. Advertising will include magazine and print pieces, airport duratrans, roadway billboards, radio and television spots (as permitted by Macau laws), collateral and direct mail pieces and handouts.

Promotions. We intend to create a range of promotions that offer a tangible benefit for the customer as a result of the customer's interaction with the casinos and hotels. Promotions may include discounts, match play offers, free credits, bonuses, competitions and special draws. Promotions will be targeted at different market segments and may be used to market the casinos and hotels as well as their individual amenities, such as, restaurants and special guests clubs.

Special Events. We will host different types of entertainment and exclusive functions designed to bring customers to the property. We will target various market segments with customer-specific events, which will be designed to cater to our customers' needs and expectations, with the objective of cultivating repeat customer visitation and developing long-term customer relationships.

Casino Marketing. To the extent permitted by the applicable laws in different jurisdictions, we plan to engage in extensive marketing to casino patrons in order to attract them to our casinos. We intend to develop player lists and client databases in order to attract new and repeat high-limit casino patrons as well as develop marketing strategies to attract mass market clientele, including the use of direct mail and telemarketing to draw casino patrons. We will seek to utilize the marketing resources of our founders, including PBL's existing gaming office network, to assist in sourcing customers for our properties. Marketing to Asian high-end customers requires specialist skills. The PBL gaming office network is well experienced in this regard, and has developed close and long standing relationships with customers that we intend to leverage.

Loyalty Programs. We expect to implement a customer relationship management program to foster and closely monitor our customer base to develop customer loyalty. This is expected to be closely modeled on Crown's successful "Crown Club" program. Utilizing PBL's gaming experience with customer analytics, we will build a database of customer profiles, which will enable us to target customers in various segments. We will provide Club Cards to casino patrons in order to track their individual activity, enabling the creation of customer profiles from both a gaming and non-gaming perspective. In addition, hotel management software will interface with casino management software, allowing us to effectively market an overall gaming and entertainment product to these guests.

Entertainment. We intend to research the market's entertainment demands in order to identify and then offer attractive options to our clientele, whether to the high-end or mass market. Our casino lounges and main live performance venues will allow us to offer a variety of entertainment options for multiple market segments, provide continuous entertainment daily between settings, and use these offerings as an effective tool to build brand identity, generate repeat visitations and attract new guests. These exclusive events are expected to be programmed into the operating calendar regularly to maintain certain customer volumes and to fill capacity during lower-demand periods.

Networking Junket Operators. We plan to build a network of selected junket operators to help source and assist in managing high-end customers for our properties. We will develop a series of commission and other incentive-based programs to offer to junket operators and individuals alike, to be competitive in the Macau gaming environment.

Competition

We believe that the gaming market in Macau is and will continue to be intensely competitive. Our competitors in Macau and elsewhere in Asia include all the current concession and subconcession holders and many of the largest gaming, hospitality, leisure and property development companies in the world. Many of these current and future competitors are significantly larger than us and have significantly greater capital, financing capability and other resources as well as a longer track record of operation of major hotel casino resort properties. We cannot assure you that we will be able to compete successfully in the Macau market or, if we are able to achieve such success, that we will be able to maintain it.

Gaming in Macau is administered through government-sanctioned concessions awarded to three different concessionaires—SJM, the incumbent gaming operator in Macau, which is controlled by Dr. Stanley Ho, the father of Mr. Lawrence Ho, our Co-Chairman and Chief Executive Officer, Wynn Macau, a subsidiary of Wynn Resorts Ltd., and Galaxy, a consortium of Hong Kong and Macau businessmen. SJM has granted a subconcession to MGM Grand Paradise Limited, a joint venture formed by MGM-Mirage and Pansy Ho, Dr. Stanley Ho's daughter and the sister of Mr. Lawrence Ho. Galaxy has granted a subconcession to Venetian Macau, the developer of the Sands Macao and the Venetian Macao. MPBL Gaming obtained its subconcession under the concession of Wynn Macau.

The existing concessions and subconcessions do not place any limit on the number of gaming facilities that may be operated. In addition to facing competition from existing operations of these concessionaires and subconcessionaires, we will face increased competition when any of them constructs new, or renovates pre-existing, casinos in Macau or enters into leasing, services or other arrangements with hotel owners, developers or other parties for the operation of casinos and gaming activities in new or renovated properties, as SJM and Galaxy have done. The Macau government has agreed under the existing concessions that it will not grant any additional gaming concessions until April 2009 and has publicly stated that each concessionaire will only be permitted to grant one subconcession. However, the laws and policies of the Macau government could change and permit the Macau government to grant additional gaming concessions or subconcessions before 2009. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, we would face additional competition.

SJM. SJM, the incumbent operator, holds one of the three gaming concessions in Macau and currently operates 16 casinos throughout Macau. SJM has invested in projects such as the new Grand Lisboa and the Fisherman's Wharf entertainment complex. SJM has also announced the construction of Oceanus, a new casino complex near the current Macau Ferry Terminal. As the incumbent operator controlled by Dr. Stanley Ho, SJM has extensive experience in operating in the Macau market and long-established relationships in Macau.

Wynn Macau. Wynn Macau holds a gaming concession and opened the Wynn Resorts (Macau) hotel casino in September 2006 on the Macau peninsula. Wynn Macau has also announced that it plans to develop several projects on the Cotai Strip.

Galaxy. Galaxy, the third concessionaire in Macau, currently operates five casinos which principally target high-limit gaming customers from China, primarily through relationships with junket operators in Macau. In October 2006, Galaxy opened the Galaxy StarWorld, a hotel and casino resort in Macau's central business and tourism district. Galaxy has also announced plans to develop the Galaxy Cotai Mega Resort on the Cotai Strip, with several hotels and four casinos.

Las Vegas Sands. With a subconcession under Galaxy's concession, Venetian Macao, a subsidiary of the U.S.-based Las Vegas Sands Corp., operates the Sands Macao hotel and casino. In addition to the Sands Macao, Las Vegas Sands Corp. is building the Venetian Macao, hotel, casino, shopping and convention center on the Cotai Strip. Venetian Macao has also submitted to the Macau government a development plan to develop

additional hotel developments in Cotai, in partnership with some of the world's leading hotel brands and operators, which would include additional casinos and other amenities.

MGM Grand Paradise Limited. MGM-Mirage has entered into a joint venture agreement with Pansy Ho, the daughter of Dr. Stanley Ho and the sister of Mr. Lawrence Ho, our Co-Chairman and Chief Executive Officer, to develop, build and operate a major hotel-casino resort in Macau. MGM Grand Paradise Limited, the joint venture, has been granted a subconcession under SJM's concession. MGM Grand Paradise Limited has announced the development of the MGM Grand Macau, which will be located next to the Wynn Resorts (Macau) on the Macau peninsula and is expected to be opened in 2007.

Cruise Ships. Star Cruises (Hong Kong) Ltd., or Star Cruises, is a leading cruise line in the Asia Pacific and is one of the largest cruise line operators in the world. Worldwide, Star Cruises presently operates a combined fleet of approximately 20 ships with more than 26,000 lower berths. Star Cruises vessels in Asia Pacific offer extensive gaming to their passengers. These cruise vessels will compete for Asian-based patrons with our gaming operations in Macau.

Other Asian Destinations. We may also face competition from casinos and gaming resorts in Malaysia, South Korea, the Philippines, Cambodia, Australia and New Zealand. Genting Highlands is a popular international gaming resort in Malaysia approximately a one-hour drive from Kuala Lumpur. Although successful, we believe that the Genting Highlands caters to a different market than Macau, in large part because of the distance and travel times from the Greater China population centers from which Macau is expected to draw its principal traffic. South Korea has allowed gaming for some time but these offerings are available primarily to foreign visitors. However, the Kangwon Land Casino recently opened in an old mining area of Korea that allows Korean nationals to gamble. There are also casinos in the Philippines, although they are relatively small compared to those contemplated for Macau. There are a number of casino complexes in certain tourist destinations in Cambodia such as Dailin, Bavet, Poipet, Sihanoukville and Koh Kong. We believe Australia currently offers the closest gaming facilities in Asia comparable to Las Vegas casinos. The major gaming markets in Australia are located in Sydney, Melbourne, the Gold Coast and Perth.

Singapore recently legalized casino gaming and awarded one casino license to Las Vegas Sands. The second casino license is expected to be granted in Singapore in December 2006 and another joint venture entity of Melco and PBL (in which we do not have any interest) is participating in a consortium that recently submitted a bid for the second license. If the consortium were to be awarded the second license, we could face competition with any casino that the consortium may operate in Singapore, as well as competition for management time and resources. In addition, several other Asian countries are considering, or are in the process of legalizing gambling and establishing casino-based entertainment complexes.

Our regional competitors will also include PBL's Crown Casino Melbourne and Burswood Casino in Australia and other casino resorts that Melco and PBL may develop elsewhere in Asia outside Macau, including in Singapore. Melco and PBL may have different interests and strategies for developments across Asia which conflict with the interests of our business in Macau or otherwise compete with our operations in Macau for Asian gaming and leisure customers.

Insurance

For the operations of the Crown Macau and the City of Dreams, we intend to obtain the types and amounts of insurance coverage that we consider appropriate for companies in similar businesses. We currently maintain certain insurance policies, including public liability, property all risks, money in transit and employees compensation, for each of our Mocha Clubs. While we believe that our insurance coverage is consistent with industry and regional practice, if we were held liable for amounts exceeding the limits of our insurance coverage or for claims outside of the scope of our insurance coverage, our business, financial condition and results of operations could be materially and adversely affected.

For the construction of the Crown Macau, Paul Y. Construction, the main contractor for the Crown Macau project, has obtained coverage under a contractors' all risks and third party liability insurance policy with China Insurance (Macau) Company Limited for which we are named as a co-insured. The period of insurance is from November 10, 2004 to July 9, 2007, plus three months free extension following a twelve months defects liability period. Under this policy, we are insured up to HK$1,448 million (US$185.6 million) for material damage to the contract works and are negotiating an increase in the insurance amount to approximately HK$2.1 billion (US$269.1 million) to match the increase we recently negotiated for the total contract price of the Crown Macau construction contract and up to MOP 30 million (US$3.7 million) for third party liability for any one occurrence with the number of occurrences generally unlimited. The general and special exclusions from the coverage under this insurance policy include our loss, damage or liability directly or indirectly resulting from war, act of terrorism and total or partial cessation of work. In addition, we are responsible for certain scheduled amounts as our deductible payments if the loss or damage results from or in, among others, fire, water damage to works other than natural disasters, third party property, underground services or employer's property. Our rights and benefits under this insurance policy have been assigned to the lenders of the Crown Macau Project Facility to secure Great Wonders' obligations under the Crown Macau Project Facility.

For the construction of the City of Dreams, we intend to secure a construction insurance policy and employees' compensation insurance policy that we expect to be similar, in terms of the types of material damage, third party liability and employee compensation covered, to the policy we have secured for the Crown Macau project.

We maintain property damage, third party liability and money-in-transit insurance policies with insurance carriers in respect of the Mocha Clubs. These policies cover accidental destruction or damage to the Mocha Club premises, equipment and cash that is either at the Mocha Club premises or is being transported within Macau (subject to certain specific exclusions). In 2006, we procured liability insurance for certain officers and employees operating at the Mocha Club premises. We do not have insurance for business interruption in relation to our operations at the Mocha Clubs. We believe that our insurance coverage is commensurate with the nature of and the risks associated with our operations at the Mocha Clubs.

Properties

Apart from the property sites for the Crown Macau, the City of Dreams and the Macau Peninsula projects, we currently maintain offices in Taipa, Macau, primarily for use as our recruitment and training center, which has an approximate gross area of 4,459 square meters (48,000 square feet). The 10-year lease we entered into in connection with this property is renewable upon expiration and contemplates annual increments to the monthly rental during the term of the lease. In addition, we maintain leases or subleases, which are renewable on an annual basis, for the properties at which the Mocha Clubs are located, with a total floor area of approximately 36,070 square feet.

Intellectual Property

We have registered the trademarks "Mocha Club" and "City of Dreams" in Macau. We are currently examining the registration in Macau of certain trademarks and other service marks to be used in connection with the operations of our hotel casino projects in Macau. We have entered into a license agreement with Crown Limited and obtained an exclusive and non-transferable license to use the Crown brand in Macau. Our hotel management agreements provide us the right to use the Grand Hyatt and Hyatt Regency trademarks on a non-exclusive and non-transferable basis. We also purchase gaming tables and gaming machines and enter into licensing agreements for the use of certain tradenames and, in the case of the gaming machines, the right to use software in connection therewith. These include a license to use a jackpot system for the gaming machines.

Employees

We had 412 and 521 employees as of December 31, 2005 and September 30, 2006, respectively. The following table sets forth the number of employees categorized by the areas of operations and as a percentage of our workforce as of December 31, 2005 and September 30, 2006.

	As of December 31, 2005		As of September 30, 2006	
	Number of employees	Percentage of Total	Number of employees	Percentage of Total
Mocha				
Food and beverage	93	22.6%	70	12.7
Floor	255	61.9	345	62.4
General and administrative	53	12.9	77	13.9
Subtotal	401	97.4	492	89.0
Crown Macau and City of Dreams(1)	11	2.6	61	11.0
Total	412	100%	553	100%

(1) Includes project management and marketing staff for the two projects.

None of our employees are members of any labor union and we are not party to any collective bargaining or similar agreement with our employees. We believe that our relationship with our employees is good. We anticipate that the Crown Macau and the City of Dreams will require a total of more than 10,000 employees upon completion of their construction. See "Risk Factors—Risks Relating to the Completion and Operations of Our Projects—We will need to recruit a substantial number of new employees before each of our projects can open and competition may limit our ability to attract qualified management and personnel and new employees may seek unionization, which may make it difficult for us to successfully run our operations or may significantly increase the cost of doing so."

Legal and Administrative Proceedings

We are currently not a party to any material legal or administrative proceedings and we are not aware of any material legal or administrative proceedings pending or threatened against us. We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business.

GAMING REGULATIONS

The ownership and operation of casino gaming facilities in Macau are subject to the general laws (e.g., Civil Code, Commercial Code) and to specific gaming laws, in particular, Law No. 16/2001, and various regulations govern the different aspects of the gaming activity. Macau's gaming operations are subject to the grant of a concession or subconcession by and regulatory control of the Macau government ("Dispatch" of the Chief Executive).

The laws, regulations and supervisory procedures of the Macau gaming authorities are based upon declarations of public policy that are concerned with, among other things:

- the prevention of unsavory or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;
- the adequate operation and exploitation of games of fortune and chance;
- the fair and honest operation and exploitation of games of fortune and chance free of criminal influence;
- the protection of the Macau SAR interest in receiving the taxes resulting from the gaming operation; and
- the development of the tourism industry, social stability and economic development of the Macau SAR.

If we violate the Macau gaming laws, MPBL Gaming's subconcession could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, we, and the persons involved, could be subject to substantial fines for each separate violation of Macau gaming laws or of the subconcession contract at the discretion of the Macau government. Further, if we terminate or suspend the operation of all or a part of the conceded business without permission, which is not caused by force majeure or the occurrence of serious chaos in our overall organization and operation, or in the event of insufficiency of our facilities and equipment which may affect the normal operation of the conceded business, the Macau government would be entitled to replace MPBL Gaming directly or through a third party during the aforesaid termination or suspension or subsistence of the aforesaid chaos and insufficiency and to ensure the operation of the conceded business and cause the adoption of necessary measures to protect the subject matter of the subconcession contract. Under such circumstances, the expenses required for maintaining the normal operation of the conceded business would be borne by us. Limitation, conditioning or suspension of any gaming registration or license or the appointment of a supervisor could, and revocation of MPBL Gaming's subconcession would, materially adversely affect our gaming operations.

Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macau government may be found unsuitable. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of the common stock of a registered corporation beyond the period of time prescribed by the Macau government may lose his rights to the shares. We are subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us, we:

- pay that person any dividend or interest upon our shares;
- allow that person to exercise, directly or indirectly, any voting right conferred through shares held by that person;
- pay remuneration in any form to that person for services rendered or otherwise; or
- fail to pursue all lawful efforts to require that unsuitable person to relinquish its shares.

Additionally, the Macau government, pursuant to its regulatory and supervisory control of suitability, has the authority to reject any person owning or controlling the stock of any corporation holding a subconcession.

The Macau government also requires prior approval for the creation of a lien over real property, shares, gaming equipment and utensils of a concession or subconcession holder and restrictions on its stock in connection with any financing. In addition, the creation of a lien over real property, shares, gaming equipment and utensils of a concession or subconcession holder and restrictions on its stock in respect of any public offering also requires the approval of the Macau government to be effective.

The Macau government must give its prior approval to changes in control through a merger, consolidation, stock or asset acquisition, or any act or conduct by any person whereby he or she obtains such control. Entities seeking to acquire control of a corporation must satisfy the Macau government concerning a variety of stringent standards prior to assuming control. The Macau government may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated for suitability as part of the approval process of the transaction.

The Macau government also has the power to supervise subconcessionaires in order to assure the financial stability and capacity.

The subconcession premiums and taxes, computed in various ways depending upon the type of gaming or activity involved, are payable to the Macau government. The method for computing these fees and taxes may be changed from time to time by the Macau government. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly or annually and are based upon either:

- a percentage of the gross revenues received; or
- the number and type of gaming devices operated.

In addition to special gaming taxes, we are also required to contribute to the Macau government an amount equivalent to 1.6% of the gross revenue of our gaming business. Such contribution must be delivered to a public foundation designated by the Macau government whose goal is to promote, develop or study culture, society, economy, education and science and engage in academic and charity activities.

Furthermore, we are also obligated to contribute to Macau an amount equivalent to 2.4% of the gross revenue of the gaming business for urban development, tourism promotion and the social security to Macau.

We are required to collect and pay, through withholding, statutory taxes on junket commissions or other remunerations paid to gaming intermediaries.

We are also required to collect and pay employment taxes in connection with our staff through withholding and all payable and non-exemptible taxes, levies, expenses and handling fees provided by the laws and regulations of Macau.

Non-compliance with these obligations could lead to the revocation of MPBL Gaming's subconcession and could materially adversely affect our gaming operations.

Anti Money Laundering Regulations in Macau

In conjunction with current gaming laws and regulations, we will be required to comply with the newly adopted laws and regulations relating to anti-money laundering activities in Macau. Law 2/2006 of April 3, 2006 which came into effect on April 4, 2006, the Administrative Regulation (AR) 7/2006 of May 15, 2006, which came into effect on November 12, 2006 and the DICJ Instruction 2/2006 of November 13, 2006 govern our compliance requirements with respect to identifying, reporting and preventing anti-money laundering and terrorism financing crimes at our casinos.

Under these laws and regulations, we are required to:

- identify any customer or transaction where there is a sign of money laundering or financing of terrorism or which involves significant sums of money in the context of the transaction, even if any sign of money laundering is absent;
- refuse to deal with any of our customers who fail to provide any information requested by us;
- keep records following the identification of a customer for a period of five years;
- notify the Finance Information Bureau if there is any sign of money laundering or financing of terrorism; and
- cooperate with the Macau government by providing all required information and documentation requested in relation to anti-money laundering activities.

Under Article 2 of AR 7/2006 and the DICJ Instruction 2/2006, effective from November 13, 2006, we are required to track and mandatorily report cash transaction and granting of credit with the minimum amount of MOP 500,000 (US$62,000). Pursuant to the legal requirements above, if the customer provides all required information, and after submitting the reports, we may continue to deal with those customers that we reported to the DICJ and, in case of suspicious transactions, to the Finance Information Bureau.

We intend to use an integrated IT system to track and automatically generate significant cash transaction reports and, if permitted by the DICJ and the Finance Information Bureau, to submit those reports electronically. We also intend to train our staff on identifying and following correct procedures for reporting "suspicious transactions" and to make available for our employees our Guidelines and training modules in our intranet and on-line sites.

Subconcession Contract

A summary of the key terms of MPBL Gaming's subconcession contract follows:

Subconcession Term. The subconcession contract will expire in June 2022, the current expiration date of Wynn Macau's concession, or, if the Macau government exercises its redemption right, in 2017. Based on information from the Macau government, proposed amendments to the relevant legislation are being considered. We expect that after such amendments take effect, on the expiration date of MPBL Gaming's subconcession, unless the subconcession term is extended, the portion of casino premises within our developments to be designated with the approval of the Macau government, including all equipment, would automatically revert to the Macau government without compensation to us. The Macau government may exercise its redemption right by providing us one year's prior notice and paying fair compensation or indemnity to us. The amount of such compensation or indemnity will be determined based on the amount of gaming revenue generated by the City of Dreams during the tax year prior to the redemption. It would not reimburse us for any portion of the US$900 million paid to Wynn Macau for the subconcession.

Development of Gaming Projects/Financial Obligations. The subconcession contract requires us to make a minimum investment in Macau of MOP 4.0 billion (US$497.9 million) by December 2010. We expect to satisfy this requirement through our development of the Crown Macau and the City of Dreams. However, if we were unable to meet the required deadline for completing this minimum investment due, for example, to delays in construction or inability to finance the completion of the City of Dreams project, we may lose the right to continue operating our properties developed under the subconcession or suffer the termination of the subconcession by the Macau government.

Payments. In addition to the initial US$900 million that we paid to Wynn Macau when we obtained the subconcession, we are required to make certain payments to the Macau government, including a fixed annual premium per year of MOP30 million (US$3.7 million) and a variable premium depending on the number and

type of gaming tables and gaming machines that we operate. The variable premium will be calculated as follows:
(1) MOP 300,000 (US$37,341 per year for each gaming table (subject to a minimum of 100 tables) located in special gaming halls or areas reserved exclusively for certain kind of games or to certain players; (2) MOP 150,000 (US$18,671 per year for each gaming table (subject to a minimum of 100 tables) not reserved exclusively for certain kind of games or to certain players; and (3) MOP 1,000 (US$124 per year for each electrical or mechanical gaming machine, including slot machines).

Termination Rights. The Macau government has the right, after notifying Wynn Macau, to unilaterally terminate MPBL Gaming's subconcession in the event of non-compliance by us with our basic obligations under the subconcession and applicable Macau laws. The Macau government may be able to unilaterally rescind the subconcession contract upon the following termination events:

- the operation of gaming without permission or operation of business which does not fall within the business scope of the subconcession;
- abandonment of approved business or suspension of operations of our gaming business in Macau without reasonable grounds for more than seven consecutive days or more than 14 non-consecutive days within one calendar year;
- transfer of all or part of MPBL Gaming's operation in Macau in violation of the relevant laws and administrative regulations governing the operation of games of fortune or chance and other casino games in the Macau SAR and without Macau government approval;
- failure to pay taxes, premiums, levies or other amounts payable to the Macau government;
- refusal or failure to resume operations following the temporary assumption of operations by the Macau government;
- repeated opposition to the supervision and inspection by the Macau government and failure to comply with decisions and recommendations of the Macau government, especially those of the DICJ, applicable to us;
- failure to provide or supplement the guarantee deposit or the guarantees specified in the subconcession within the prescribed period;
- bankruptcy or insolvency of MPBL Gaming;
- fraudulent activity harming the public interest;
- serious and repeated violation of the applicable rules for carrying out casino games of chance or games of other forms or damage to the fairness of casino games of chance or games of other forms;
- systematic non-compliance with the Macau Gaming Law's basic obligations;
- the grant to any other person of any managing power over the gaming business of MPBL Gaming or the grant of a subconcession or entering into any agreement to the same effect; or
- failure by a controlling shareholder in MPBL Gaming to dispose of its interest in MPBL Gaming, within 90 days, following notice from the gaming authorities of another jurisdiction in which such controlling shareholder is licensed to operate casino games of chance to the effect that such controlling shareholder no longer wishes to own shares in MPBL Gaming.

These events could lead to the termination of MPBL Gaming's subconcession without compensation to us regardless of whether any such event occurred with respect to us or with respect to our subsidiaries which will operate our Macau projects. Upon such termination, the designated casino gaming premises and related equipment in Macau would automatically revert to the Macau government without compensation to us and we would cease to generate any revenues from these operations. In many of these instances, the subconcession contract does not provide a specific cure period within which any such events may be cured and, instead, we may

be dependent on consultations and negotiations with the Macau government to give us an opportunity to remedy any such default.

Ownership and Capitalization. (1) Any person who directly acquires voting rights in Gaming Macau will be subject to authorization from the Macau government, (2) MPBL Gaming will be required to take the necessary measures to ensure that any person who directly or indirectly acquires more than 5% of the shares in MPBL Gaming would be subject to authorization from the Macau government, except when such acquisition is wholly made through the shares of public listed companies, (3) any person who directly or indirectly acquires more than 5% of the shares in MPBL Gaming will be required to report the acquisition to the Macau government (except when such acquisition is wholly made through shares tradable on a stock exchange as a publicly listed company after this offering), (4) the Macau government's prior approval would be required for any recapitalization plan of MPBL Gaming, and (5) the Chief Executive of Macau could require the increase of MPBL Gaming's share capital if he deemed it necessary.

Others. In addition, the subconcession contract contains various general covenants and obligations and other provisions, with respect to which the determination as to compliance is subjective. For example, compliance with general and special duties of cooperation, special duties of information, and with obligations foreseen for the execution of our investment plan may be subjective. We cannot assure you that we will perform such covenants in a way that satisfies the requirements of the Macau government and, accordingly, we will be dependent on our continuing communications and good faith negotiations with the Macau government to ensure that we are performing our obligations under the subconcession in a manner that would satisfy such requirement.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus. [1]

Name	Age	Position/Title
Lawrence (Yau Lung) Ho	29	Co-Chairman and Chief Executive Officer
James D. Packer	39	Co-Chairman
John Wang	46	Director
Clarence Chung	43	Director
John H. Alexander	55	Director
Rowen B. Craigie	51	Director
Thomas Jefferson Wu	34	Independent Director Appointee*
Alec Tsui	57	Independent Director Appointee*
David E. Elmslie	50	Independent Director Appointee*
Robert Mactier	42	Independent Director Appointee*
Simon Dewhurst	37	Executive Vice President and Chief Financial Officer
Ted (Ying Tat) Chan	34	Chief Executive Officer of Mocha
Greg Hawkins	43	Chief Executive Officer of Crown Macau
Stephanie Cheung	44	General Counsel

We also currently intend to appoint a Chief Operating Officer.

* Messrs. Wu, Tsui, Elmslie and Mactier have accepted our appointment to be independent directors of our company, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

Directors

Mr. Lawrence (Yau Lung) Ho has served as our co-chairman and chief executive officer since the inception of our company. Since November 2001, Mr. Ho has also served as the managing director and, since March 2006, the chairman and chief executive officer of Melco. As chairman and chief executive officer of Melco, Mr. Ho oversees and is responsible for the overall strategic development, management and operations of Melco. Before heading Melco, Mr. Ho worked at Jardine Fleming from September 1999 to October 2000 and iAsia Technology Limited (the predecessor of Value Convergence Holdings Limited) from October 2000 to November 2001. Mr. Ho graduated with a bachelor of arts degree in commerce from the University of Toronto, Canada.

Mr. James D. Packer has served as our co-chairman since the inception of our company. Mr. Packer has also been the executive chairman since May 1998 and the chief executive officer from March 1996 to May 1998 of PBL. He is a member of PBL's Investment Committee. He is also a director of both Crown Limited and Burswood Limited, subsidiaries of PBL. Mr. Packer is the executive chairman of Consolidated Press Holdings Limited, the largest shareholder of PBL, and a director of various listed companies in Australia, including Challenger Financial Services Group Limited and Qantas Airways Limited, as well as the chairman of Seek Limited, an Australian- listed online job search company.

Mr. John Wang has served as our director since November 2006. Mr. Wang is currently the chief financial officer of Melco. Prior to joining Melco in 2004, Mr. Wang had over 18 years of professional experience in the securities and investment banking industry. He was the managing director of JS Cresvale Securities International Limited (HK) from 1998 to 2004 and had previously worked for Deutsche Morgan Grenfell (HK), CLSA (HK), Barclays (Singapore), SG Warburgs (London), Salomon Brothers (London), the London Stock Exchange and Deloitte Haskins & Sells (London). Mr. Wang qualified as a chartered accountant with the Institute of Chartered Accountants in England and Wales in 1985.

Mr. Clarence (Yuk Man) Chung has served as our director since November 2006. Mr. Chung has also been the executive director since May 2006 and the chief operating officer since July 2006 of Melco. Mr Chung joined Melco in December 2003 and assumed the role of the chief financial officer. Prior to joining Melco, he was the chief financial officer and director with the Megavillage Group, an Internet-based trading company, from 2000 to 2003, an investment banker at Lazard Asia managing an Asian buy-out fund from 1998 to 2000, and a vice-president at Pacific Century Regional Development Limited, a Singapore listed company with businesses in infrastructure financial services and technology, from 1994 to 1998. Mr. Chung is an accountant by profession and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and a member of the Society of Management Accountants of Canada.

Mr. John H. Alexander has served as our director since the inception of our company. Since June 2004, Mr. Alexander has also been the chief executive officer and managing director of PBL, a shareholder owning 50% of our company prior to this offering. He is also a director of Crown Limited and Burswood Limited. Mr. Alexander joined the magazine division of PBL as the group publisher in 1998 and was appointed the chief executive officer of that division in March 1999 and the chief executive officer of PBL Media in January 2002, straddling PBL's television and magazine divisions. Prior to joining the PBL Group, Mr. Alexander was the editor-in-chief and publisher from 1997 to 1998, and editor-in-chief for various periods of *The Sydney Morning Herald*. He was editor-in-chief of *The Australian Financial Review* from 1992 to 1995. In Australia, Mr. Alexander is a director of the Sydney Theatre Company Foundation Committee, a board member of The International Federation of the Periodical Press Limited and a council member of the Sydney Symphony Orchestra.

Mr. Rowen B. Craigie has served as our director since the inception of our company. Since January 2002, Mr Craigie has also served as the chief executive officer and a director of Crown Limited and a director of PBL, a shareholder owning 50% of our company prior to this offering. He is also the head of PBL Gaming, which oversees all of PBL's Australian and international operations. He is also a director of Burswood Limited. Mr. Craigie joined Crown Limited in 1993 and was appointed as its executive general manager of its gaming machines department in 1996, and was promoted to chief operating officer in 2000. Prior to joining Crown Limited, Mr. Craigie was the group general manager for gaming at the TAB in Victoria, Australia from 1990 to 1993, and had held senior economic policy positions in Treasury and Department of Industry in Australia from 1984 to 1990. He holds a bachelor of economics (Hon.) degree from Monash University, Melbourne, Australia.

Mr. Thomas Jefferson Wu will serve as our independent director, commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Wu has been the deputy managing director of Hopewell Holdings Ltd., a Hong Kong Stock Exchange-listed business conglomerate, since August 2003 and has served in various roles with the Hopewell Holdings group since 1999, including group controller, executive director and chief operating officer. He is also the managing director of Hopwell Highway Infrastructure Limited and is a director of various Hopewell group companies. He is a member of the Chinese People's Political Consultative Conference in Huadu District in Guangzhou, China and the honorary president of Association of Property Agents and Realty Developers of Macau. He holds a master of business administration degree from Stanford University and a bachelor's degree in mechanical and aerospace engineering from Princeton University.

Mr. Alec Tsui will serve as our independent director, commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management, having served at various international companies. He held key positions at the Securities and Futures Commission of Hong Kong prior to joining the Hong Kong Stock Exchange in 1994 as an executive director of the finance and operations services division and becoming the chief executive in 1997. He was the chairman of the Hong Kong Securities Institute from 2001 to 2004. He was an advisor and a council member of the Shenzhen Stock Exchange from July 2001 to June 2002. Mr. Tsui is currently an independent non-executive director of a number of listed companies in Hong Kong, including Industrial and Commercial Bank of China (Asia) Limited, China Chengtong Development Group Ltd., a cement manufacturer and property development

company, COSCO International Holdings , a conglomerate engaging in various businesses including ship trading, property development and investment, China Power International Development Limited, Synergis Holdings Ltd., a property management company, Greentown China Holdings, a developer of residential properties, China Blue Chemical Limited, a fertilizer manufacturer, and Vertex Communications & Technology Group, a communications and technology services provider. Mr. Tsui graduated from the University of Tennessee with a bachelor of science degree and a master of engineering degree in industrial engineering. He completed a program for senior managers in government at the John F. Kennedy School of Government of Harvard University.

Mr. David E. Elmslie will serve as our independent director, commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Elmslie has extensive experience in gaming, wagering and casino management, finance and administration, corporate and strategic planning, taxation, risk and external and internal audit. From 1995 to 2006 Mr. Elmslie was employed by Tabcorp Holdings Limited, a major Australian publicly listed company which owns and operates casinos including Star City casino in Sydney, Jupiters casino on the Gold Coast and Treasury casino in Brisbane, as well as electronic gaming machines installed in hotels and clubs throughout the state of Victoria and on and off course parimutuel wagering and fixed odds sports betting in Victoria and New South Wales. While at Tabcorp, Mr. Elmslie successively held the positions of executive general manager of development, executive general manager of the Victorian gaming division and chief financial officer. Prior to joining Tabcorp, he ran his own consulting practice, which involved assignments with Australian Wool Textiles Limited, Country Road Australia Limited, an Australian publicly listed company in fashion and homeware retailing, and working on the privatization of the Victorian Totalisator Agency Board. He has also worked for Elders Resources NZFP Limited, then a conglomerate with various businesses, where he was responsible for the group's management accounting and financial accounting functions and prior to that was a senior manager at Coopers and Lybrand Chartered Accountants. Mr. Elmslie is a qualified chartered accountant in Australia and completed degrees in law and commerce at the University of Melbourne.

Mr. Robert W. Mactier will serve as our independent director, commencing from the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is part. From March 1997 to January 2006, Mr. Mactier worked with Citigroup Global Markets Australia Holdings Pty Limited and its predecessor firms. During this time, he gained broad advisory and capital markets transaction experience and specific industry experience in the telecommunications, media, gaming, entertainment and technology sectors having led Citigroup's investment banking team in this area. In addition to this role, he also held leadership roles in Citigroup's investment banking teams responsible for private equity and initial public offerings. Prior to that, he worked in the Australian investment banking and securities markets, initially with Ord Minnett Securities Limited from May 1990 to October 1994 and E.L.&C. Baillieu Limited from November 1994 to February 1997. Mr. Mactier, qualified as a chartered accountant, working with KPMG from January 1986 to April 1990 across their audit, management consulting and corporate finance practices. He holds a bachelor's degree in economics from the University of Sydney, Australia.

Executive Officers

Mr. Simon Dewhurst has served as our executive vice president and chief financial officer since November 2006. Prior to joining us, Mr. Dewhurst was the Head of Media & Entertainment Investment Banking at CLSA Asia Pacific Markets from May 2001 to November 2006. Before joining CLSA, Mr. Dewhurst spent six years as a senior executive at News Corporation based in Hong Kong. Prior to joining News Corporation, Mr. Dewhurst was an Experienced Senior in the Audit and Business Advisory Division at Arthur Andersen & Co. between May 1991 and June 1995. Mr. Dewhurst holds a bachelor of sciences degree from Reading University. He qualified as an Associate of the Institute of Chartered Accountants in England & Wales in 1994. Mr Dewhurst is licensed as an investment advisor's representative in Hong Kong.

Mr. Ted (Ying Tat) Chan has served as the chief executive officer of Mocha Clubs, our gaming machine business unit in Macau, since November 2006. Mr. Chan has worked with Melco since June 2002. He reports directly to Mr. Lawrence Ho in the areas of overall strategic development and management of Melco. Concurrently, he is also a director and the chief executive officer of Mocha Slot Management Limited, our 100%-owned subsidiary, which has become dormant since MPBL Gaming obtained the subconcession in

September 2006. Before joining Melco, Mr. Chan served as a director of development at First Shanghai Financial Holding Limited from 1998 to May 2002, specializing in internet trading solutions and China business development. Mr. Chan graduated with a bachelor's degree in business administration from the Chinese University of Hong Kong and with a master's degree in financial management from the University of London, the U.K.

Mr. Greg Hawkins is an employee of PBL on secondment to us and has served as the chief executive officer of Great Wonders, our subsidiary that owns the Crown Macau, since January 2006 and has been supervising the pre-opening and business planning activities of the project. Prior to joining PBL in January 2006, he was general manager for gaming at SKYCITY Entertainment Group, or SKYCITY, a diversified gaming and entertainment enterprise listed in Australia and New Zealand. At SKYCITY, he managed the gaming operations and strategies across multiple casino businesses in New Zealand. He also served as a director of SKYCITY Australia during the period between 2001 and 2004, overseeing the operations of the SKYCITY's casino in Adelaide, Australia, as well as gaming machine and food and beverage businesses of SKYCITY in Auckland, New Zealand from 1998 to 2001. Before joining SKYCITY, he was with Crown Limited beginning in 1994 as an initial member of the executive team that launched the Crown Casino Melbourne. Having extensive experience in the hospitality industry, he held senior management positions with the Victoria TAB (Tabcorp) gaming division, during the period between 1990 and 1994. Mr. Hawkins graduated with a bachelor's degree in applied science, majoring in mathematics and general science from Monash University.

Ms. Stephanie Cheung has served as our general counsel since November 2006. She also acts as the secretary to our board of directors. Ms. Cheung has more than fifteen years of professional experience. Prior to joining us, Ms. Cheung was of counsel at Troutman Sanders from February 2004 to October 2006, consultant at Stikeman Elliott from February 2002 to January 2004 and associate at Freshfields Bruckhaus Deringer from September 1997 to February 2002. Ms. Cheung holds a bachelor of laws degree from Osgood Hall Law School, Ontario, Canada and a master of business administration degree from York University, Ontario, Canada.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Terms of Directors and Executive Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office and hold office until such time as they are removed from office by special resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among

other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) dies or is found by our company to be or becomes of unsound mind.

Committees of the Board of Directors

Our board of directors will establish an audit committee, a compensation committee and a corporate governance and nominating committee immediately after the closing of this offering.

Audit Committee

Our audit committee will initially consist of Messrs. Thomas Jefferson Wu, Alec Tsui and David Elmslie, and will be chaired by Mr. Elmslie. All of them satisfy the "independence" requirements of the Nasdaq corporate governance rules. We believe that Mr. Elmslie qualifies as an "audit committee financial expert". The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- selecting our independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- reviewing with our independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately and periodically with management and our internal and independent auditors; and
- reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee will initially consist of Messrs. Thomas Jefferson Wu, Alec Tsui and Robert Mactier, and will be chaired by Mr. Wu. All of them satisfy the "independent" requirements of the Nasdaq corporate governance rules. Our compensation committee assists the board in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. Members of the compensation committee are not prohibited from direct involvement in determining their own compensation. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- approving and overseeing the compensation package for our executive officers;
- reviewing and making recommendations to the board with respect to the compensation of our directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and setting the compensation level of our chief executive officer based on this evaluation; and

- reviewing periodically and making recommendations to the board regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee

Upon completion of this offering, our corporate governance and nominating committee will consist of Messrs. Thomas Jefferson Wu, Alec Tsui and Robert Mactier, and will be chaired by Mr. Tsui. All of them satisfy the "independence" requirements of the Nasdaq Marketplace Rules. The corporate governance and nominating committee will assist the board of directors in identifying individuals qualified to become our directors and in determining the composition of the board and its committees. The corporate governance and nominating committee will be responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy;
- reviewing annually with the board the current composition of the board in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to the board the directors to serve as members of the board's committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Interested Transactions

A director may vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

Remuneration and Borrowing

The directors may determine remuneration to be paid to the directors. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors. The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of our company or of any third party.

Qualification

There is no shareholding qualification for directors.

Employment Agreements

We have entered into an employment agreement with each of our executive officers. The terms of the employment agreements are substantially similar for each executive officer, except as noted below. We may terminate an executive officer's employment for cause, at any time, without notice or remuneration, for certain acts of the officer, including, but not limited to, a serious criminal act, willful misconduct to our detriment or a failure to perform agreed duties. Furthermore, either we or an executive officer may terminate employment at

any time without cause upon advance written notice to the other party. Except in the case of Lawrence Ho, upon notice to terminate employment from either the executive officer or our company, our company may limit the executive officer's services for a period until the termination of employment. Each executive officer is entitled to unpaid compensation upon termination due to disability or death. We will indemnify an executive officer for his or her losses based on or related to his or her acts and decisions made in the course of his or her performance of duties within the scope of his or her employment.

Each executive officer has agreed to hold, both during and after the termination of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or as compelled by law, any of our or our customers' confidential information or trade secrets. Each executive officer also agrees to comply with all material applicable laws and regulations related to his or her responsibilities at our company as well as all material written corporate and business policies and procedures of our company.

Each executive officer is prohibited from gambling at any of our company's facilities during the term of his or her employment and six months following the termination of such employment agreement.

Each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and six months following the termination of such employment agreement. Specifically, each executive officer has agreed not to (i) assume employment with or provide services as a director for any of our competitors who operate in a restricted area; (ii) solicit or seek any business orders from our customers; or (iii) seek directly or indirectly, to solicit the services of any of our employees. The restricted area is defined as Macau, Australia or any other country or region in which our company operates, except for Lawrence Ho, for whom the restricted area is defined as Macau, Australia and Hong Kong.

Mr. Ted (Ying Tat) Chan has entered into an employment agreement with MPBL Gaming with substantially similar terms as those of our other executive officers as described above.

Compensation of Directors and Executive Officers

In 2005 and the nine months ended September 30, 2006, we did not pay any cash or provide any other compensation to directors or executive officers.

2006 Share Incentive Plan

We have adopted a a share incentive plan, or 2006 Plan, to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentives to employees, directors and consultants and promote the success of our business. The maximum aggregate number of shares which may be issued pursuant to all awards (including shares issuable upon exercise of options) is 100,000,000 over 10 years, with a maximum of 50,000,000 over the first five years.

Our board of directors has approved the grant of restricted shares to the following persons. The total number of restricted shares that will be granted to these persons at the time of the listing of the ADSs will equal US$10,290,000 divided by the initial public offering price (as adjusted for the three ordinary shares to one ADS ratio). The expected date of grant will be the date the ADSs are listed on the Nasdaq Global Market.

Name	Restricted shares granted
Lawrence (Yau Lung) Ho	*(1)
John Wang	*(2)(3)
Clarence Chung	*(2)(3)
John Alexander	*(3)
Rowen B. Craigie	*(3)
Thomas Jefferson Wu	*(3)
Alec Tsui	*(3)
David E. Elmslie	*(3)
Robert Mactier	*(3)
Simon Dewhurst	*(1)
Ted (Ying Tat) Chan	*(1)
Greg Hawkins	*(1)
Stephanie Cheung	*(1)
Other 44 individuals as a group	*(1)(2)(3)

* Upon exercise of all restricted shares, would beneficially own less than 1% of our ordinary shares.
(1) Include restricted shares that vest upon three years after the date of grant.
(2) Include restricted shares that vest upon six months after the date of grant.
(3) Include restricted shares that vest over a three year period on a straight-line basis.

The following paragraphs describe the principal terms that we currently expect to include in our 2006 plan.

Types of Awards. The awards we may grant under our 2006 plan include:

- options to purchase our common shares; and
- restricted shares.

Plan Administration. The compensation committee will administer the plan and will determine the provisions and terms and conditions of each award grant.

Award Agreement. Awards granted will be evidenced by an award agreement that sets forth the terms, conditions and limitations for each award.

Eligibility. We may grant awards to employees, directors and consultants of our company or any of our related entities, including Melco, PBL and Melco's and PBL's other joint venture entities, which include our subsidiaries or any entities in which we hold a substantial ownership interest. However, we may grant options that are intended to qualify as incentive share options only to our employees.

Exercise Price and Term of Awards. In general, the plan administrator will determine the exercise price of an option and set forth the price in the award agreement. The exercise price may be a fixed or variable price related to the fair market value of our common shares. If we grant an incentive share option to an employee who, at the time of that grant, owns shares representing more than 10% of the voting power of all classes of our share capital, the exercise price cannot be less than 110% of the fair market value of our common shares on the date of that grant.

The term of each award shall be stated in the award agreement. The term of an award shall not exceed 10 years from the date of the grant.

Vesting Schedule. In general, the plan administrator determines, or the award agreement will specify, the vesting schedule.

PRINCIPAL SHAREHOLDERS

Prior to this offering, we have been owned 50/50 by Melco and PBL. For further information regarding the joint venture between Melco and PBL, see "—Melco PBL Joint Venture."

The following table sets forth the beneficial ownership of our ordinary shares as of the date of this prospectus.

	Ordinary shares beneficially owned prior to this Offering(1)		Ordinary shares beneficially owned after this Offering.(1)(2)	
Name	Number	%	Number	%
Melco Leisure and Entertainment Group Limited(3)(4)(5)	500,000,000	50.0%	500,000,000	43.14
PBL Asia Investments Limited(6)	500,000,000	50.0%	500,000,000	43.14

(1) Beneficial ownership is determined in accordance with Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, and includes voting or investment power with respect to the securities. We expect that after the completion of this offering, Melco and PBL will continue to have a shareholders' agreement relating to certain aspects of the voting and disposition of our ordinary shares held by them, and may accordingly constitute a "group" within the meaning of Rule 13d-3. See "—Melco PBL Joint Venture." However, Melco and PBL each disclaim beneficial ownership of the shares of our company owned by the other.

(2) Assumes no exercise of the underwriters' over-allotment option and no change to the number of ordinary shares offered by us as set forth on the cover page of this prospectus.

(3) Melco Leisure and Entertainment Group Limited is incorporated in the British Virgin Islands and is a wholly owned subsidiary of Melco. The address of Melco and Melco Leisure and Entertainment Group Limited is c/o The Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Melco is listed on the Main Board of the Hong Kong Stock Exchange.

(4) Mr. Lawrence Ho, our Chairman and Chief Executive Officer and the chairman, chief executive officer and managing director of Melco, personally holds 7,232,612 ordinary shares of Melco, representing approximately 0.6% of Melco's ordinary shares outstanding as of November 30, 2006. In addition, 115,509,024 shares are held by Lasting Legend Ltd., a company wholly owned by Mr. Ho, and 288,532,606 shares are held by Better Joy Overseas Ltd., a company controlled by Mr. Ho as its sole director which is owned 65% by Mr. Ho, 12% by the Sharen Lo Trust, a trust formed for the benefit of Ms. Sharen Lo, the wife of Mr. Ho, and her offspring, and 23% by a discretionary trust for the benefit of members of the Ho family (including Mr. Ho and Dr. Ho). Therefore, we believe that for purposes of Rule 13d-3, Mr. Ho beneficially owns 411,274,242 ordinary shares of Melco, representing approximately 33.5% of Melco's ordinary shares outstanding as of November 30, 2006. This does not include 117,912,694 shares into which convertible notes held by Great Respect Limited, a company controlled by a discretionary trust formed for the benefit of members of the Ho family (including Mr. Ho and Dr. Ho), may be converted upon the issuance of the land certificate for the City of Dreams site. None of the beneficiaries of the trust control the voting or disposition of shares held by the trust or Great Respect Limited.

(5) As of November 30, 2006, Dr. Ho personally held 1,734 ordinary shares of Melco. For purposes of Rule 13d-3, Dr. Ho may be deemed to beneficially own 78,166,294 ordinary shares representing approximately 6.37% of Melco's outstanding shares, which are held by Shun Tak Shipping Company, Limited, in which Dr. Ho holds an interest of approximately 27.8% and sits on the board of directors. However, subject to the approval of its shareholders, after December 8, 2006, Shun Tak Shipping Company, Limited has announced plans to distribute the 78,166,294 shares in kind on a pro rata basis to its shareholders. Dr. Ho's beneficial ownership immediately after the pro rata distribution (assuming no other changes in his beneficial ownership of ordinary shares of Melco) will be approximately 1.77% of Melco's outstanding shares. Dr. Ho's beneficial ownership does not include 117,912,694 shares into which convertible notes held by Great Respect Limited may be converted upon the issuance of the land certificate

for the City of Dreams site. Dr. Ho's beneficial ownership also does not include 63,658,536 shares into which convertible notes held by STDM would be convertible beginning after November 9, 2007 as to 50,000,000 shares and February 8, 2008 as to 13,658,536 shares because such convertible notes are not convertible within 60 days of the date of this prospectus. Melco has the right to redeem the convertible notes before they become convertible.

(6) PBL Asia Investments Limited is incorporated in the Cayman Islands and is 100% indirectly owned by PBL. The address of PBL is c/o Level 2, 54 Park Street, Sydney NSW 2000, Australia. The address of PBL Asia Investments Limited is c/o Walkers SPV Limited, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands. PBL is listed on the Australian Stock Exchange. As of September 30, 2006, PBL was approximately 38.1% owned by Consolidated Press Holdings Group, which is a group of companies owned by the Packer family.

None of our directors or executive officers owned any of our shares as of the date of this prospectus.

As of the date of this prospectus, none of our outstanding ordinary shares are held by record holders in the United States.

None of our shareholders will have different voting rights from other shareholders after the closing of this offering. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Melco Hong Kong Stock Exchange Matters

Approval of Melco's Shareholders

Under Practice Note 15 under the listing rules of the Hong Kong Stock Exchange, this offering is deemed a "spin-off" transaction by Melco for which Melco requires approval by the Hong Kong Stock Exchange and Melco's shareholders. Melco obtained the requisite approval for this offering from the Hong Kong Stock Exchange in October 2006 and intends to hold an extraordinary meeting of Melco's shareholders on or about December 18, 2006 to seek its shareholders' approval for this offering. Melco believes that it is likely to obtain such shareholders' approval. We will not complete this offering until after such shareholders' approval has been obtained.

Assured Entitlement Distribution

Pursuant to Practice Note 15, in connection with this offering Melco must also make available to its shareholders an "assured entitlement" to a certain portion of our shares. Melco currently intends to provide an assured entitlement with an aggregate value of approximately HK$27.0 million (US$3.5 million), calculated based on an initial offering price of US$17.00 per ADS the midpoint of the estimated range of the initial offering price. The assured entitlement distribution will only be made if this offering is completed.

Melco intends to effect the assured entitlement distribution by providing to its shareholders a "distribution in specie," or distribution of our ADSs in kind, or assured entitlement ADSs, at a ratio expected to be one assured entitlement ADS for every whole multiple of 4,000 ordinary shares of Melco held at the applicable record date for the distribution. The distribution will be made without consideration from Melco shareholders. Melco shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the United States, are U.S. persons or who are affiliates of us or are otherwise ineligible holders will only receive cash in the assured entitlement distribution. Melco intends to purchase from us the new ordinary shares needed for the distribution in specie at the public offering price after this offering has been completed (adjusted on a three ordinary shares to one ADS basis). Mr. Lawrence Ho has informed Melco that he will waive the right to receive the assured entitlement in respect of shares beneficially owned by him. The purchase of ordinary shares and distribution in specie of ADS by Melco are not part of this offering. After confirming the shareholders eligible to receive ADSs in the assured entitlement distribution, Melco will purchase at the initial public offering price only that number of ordinary shares necessary to satisfy the distribution. Accordingly, the assured

entitlement distribution will not cause Melco and PBL to hold different numbers of shares immediately after this offering and the assured entitlement distribution are completed. The purchase of ordinary shares and distribution in specie of ADSs by Melco are not part of this offering.

Melco PBL Joint Venture

In November 2004, Melco and PBL agreed to form an exclusive new joint venture in Asia to develop and operate casino, gaming machines and casino hotel businesses and properties in a territory defined to include Greater China (comprising Macau, China, Hong Kong and Taiwan), Singapore, Thailand, Vietnam, Japan, the Philippines, Indonesia, Malaysia and other countries that may be agreed (but not including Australia and New Zealand).

In March 2005, Melco and PBL concluded the joint venture arrangements resulting in our company becoming a 50/50 owned holding company and entered into a shareholders' deed that governed their joint venture relationship in our company and our subsidiaries. We will act as the exclusive vehicle of Melco and PBL to carry on casino, gaming machines and casino hotel operations in Macau, while activities in other parts of the territory will be carried out under other entities formed by PBL and Melco. See "Related Party Transactions—Non-competition Agreement."

Original and Amended Shareholders' Deed

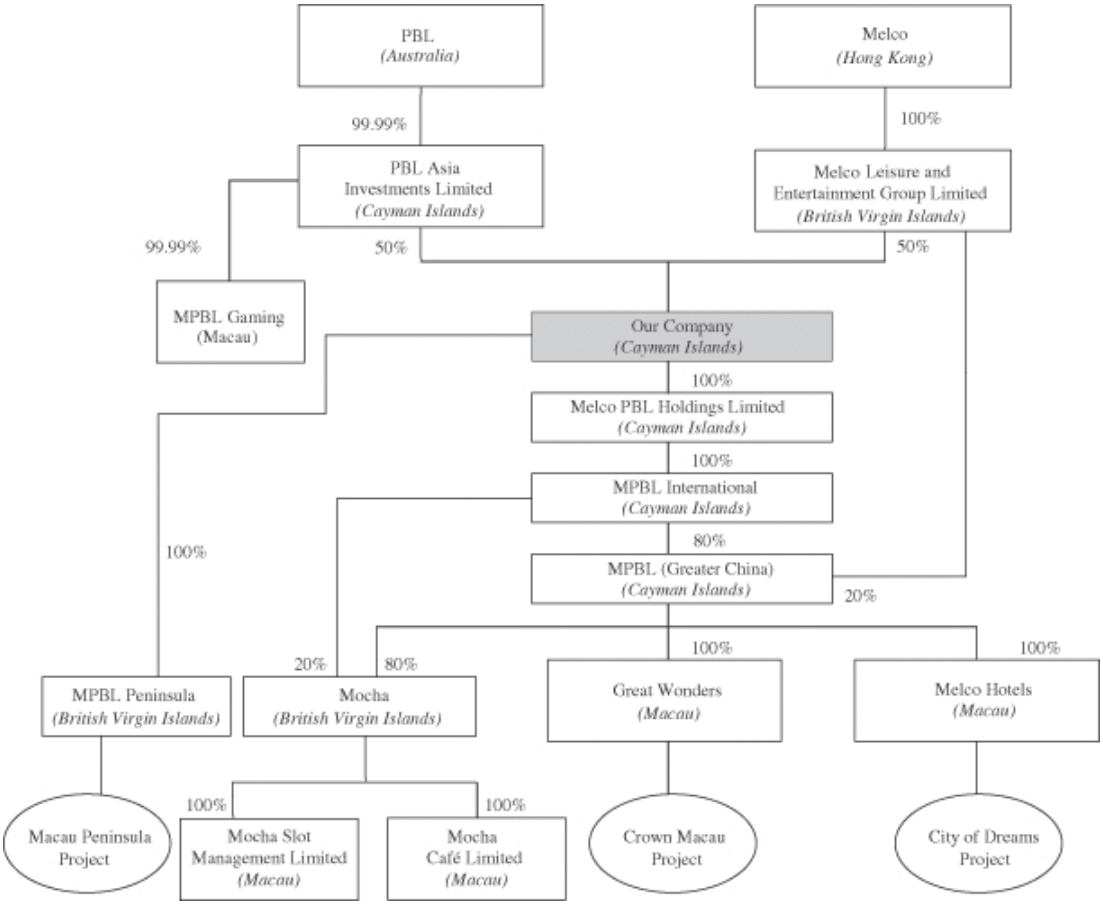
Under the original shareholders' deed, projects and activities of the joint venture in Greater China were to be undertaken by MPBL (Greater China), which is effectively owned 60% by Melco and 40% by PBL, with projects in the Territory outside Greater China to be undertaken by one or more other of our subsidiaries which are effectively owned 60% by PBL and 40% by Melco.

Pre-reorganization Corporate Structure

Before MPBL Gaming was issued a subconcession and the Macau government approved the transfer of control of MPBL Gaming to us, we held our interests in the subsidiaries that own the Crown Macau and the City of Dreams projects through MPBL (Greater China) and held our interests in the Mocha Clubs through Mocha and its subsidiaries.

Under the original agreement between Melco and PBL regarding their joint venture through MPBL Entertainment, it was contemplated that MPBL (Greater China) would hold and operate the interests of the joint venture in Greater China on the basis that Melco's effective interest would be 60% and PBL's effective interest would be 40%. For that reason, MPBL (Greater China) was held 80% by us and 20% directly by Melco, and all of the Mocha operations and the Crown Macau and City of Dreams projects were held through MPBL (Greater China). Under amendments to the joint venture relationship in connection with the obtaining of the subconcession in Macau, Melco and PBL have agreed that their interests throughout their agreed territory, including in Macau, will be held in equal proportions by each of them. As a result, the Mocha Clubs assets and business and the holding subsidiaries for the Crown Macau and City of Dreams projects have been transferred to MPBL Gaming to be operated under the new subconcession and held indirectly in equal parts by Melco and PBL. None of the joint venture's interests in Macau are now held through MPBL (Greater China). The 20% interest in MPBL (Greater China) held by Melco has been reclassified as non-voting shares and recently has been transferred to our wholly-owned subsidiary MPBL International for a nominal amount.

The following chart sets forth our corporate structure prior to reorganization:



Memorandum Agreement

Simultaneously with PBL entering into an agreement with Wynn Macau to obtain a subconcession on March 4, 2006, Melco and PBL executed a memorandum of agreement on March 5, 2006, relating to the amendment of certain provisions of the shareholders' deed and other commercial agreements between Melco and PBL in connection with their joint venture. Melco and PBL supplemented the memorandum of agreement by entering into a supplemental agreement to the memorandum of agreement on May 26, 2006. Under the memorandum of agreement, as amended, Melco and PBL agreed in principle to share on a 50/50 basis the risks, liabilities, commitments, capital contributions and economic value and benefits with respect to gaming projects in the Territory, including in Macau, subject to PBL obtaining the subconcession and the transfer of control of MPBL Gaming to us. The principal terms and conditions of the shareholders' deed, as amended by the memorandum of agreement and the supplemental agreement to the memorandum of agreement, are:

- Melco and PBL are to share on a 50/50 basis all the economic value and benefits with respect to all gaming projects in the Territory;
- Melco and PBL are to appoint an equal number of members to our board of directors, with no casting vote in the event of a deadlock or other deadlock resolution provisions;

- All of the Class A shares of MPBL Gaming, representing 28% of all the outstanding capital stock of MPBL Gaming, are to be owned by PBL Asia Limited (as to 18%) and the Managing Director of MPBL Macau (as to 10%), respectively. Manuela António of Manuela António Law Office, our Macau counsel, has been appointed to serve as the initial Managing Director of MPBL Gaming. Subject to the Macau government's approval, MPBL Gaming plans to name Mr. Lawrence Ho to replace Ms. Manuela António as its Managing Director and holder of the 10% interest in Class A shares of MPBL Gaming. The holders of the Class A shares, as a class, will have the right to one vote per share, receive an aggregate annual dividend of MOP 1 and return of capital of an aggregate amount of MOP 1 on a wind up or liquidation, but will have no right to participate in the winding up or liquidation assets;
- All of the Class B shares of MPBL Gaming, representing 72% of all the outstanding capital stock of MPBL Gaming are to be owned by MPBL Investments, our wholly owned subsidiary. As the holder of Class B shares, we will have the right to one vote per share, receive the remaining distributable profits of MPBL Gaming after payment of dividends on the Class A shares, to return of capital after payment on the Class A shares on a winding up or liquidation of MPBL Gaming, and to participate in the winding up and liquidation assets of MPBL Gaming;
- The shares of Great Wonders and Melco Hotels and the operating assets of Mocha would be transferred to MPBL Gaming;
- MPBL (Greater China) and Mocha are to be liquidated or remain dormant; and
- The provisions of the shareholders' deed relating to the operation of our company are to apply to MPBL Gaming.

Post-offering shareholders' deed

Melco and PBL intend to enter into a new shareholders' deed with us, which will become effective upon the completion of this offering. The new shareholders' deed includes the following principal terms:

Exclusivity. Melco and PBL must not (and must ensure that their respective Affiliates and major shareholders do not), other than through us, directly or indirectly own, operate or manage a casino, a gaming slots business or a casino hotel, or acquire or hold an interest in an entity that owns, operates or manages such businesses, except that Melco and PBL may acquire and hold up to 5% of the voting securities in a public company engaged in such businesses.

Directors. Melco and PBL may each nominate up to three directors and shall vote in favor of the three directors nominated by the other and will not vote to remove directors nominated by the other. Melco and PBL will procure that the number of directors appointed to our board shall not be less than ten. However, if the number of directors on our board is increased, each of Melco and PBL will agree to increase the number of directors that they will nominate so that not less than 60% of our board will be directors nominated by Melco and PBL and voted in favor of by the other.

Transfer of Shares. Without the approval of the other party, Melco and PBL may not create any security interest or agree to create any security interest in our shares. In addition, without approval from the other, Melco and PBL may not transfer or otherwise dispose of our shares, except for: (1) permitted transfers to their wholly owned subsidiaries; (2) transfers of up to 1% of our issued and outstanding shares over any three month period up to a total cap of 5% of our issued and outstanding shares; (3) transfers subject to customary rights of first refusal and tag-along rights in favor of PBL or Melco (as the case may be) with respect to their transfers of our shares; and (4) in the case of Melco, the assured entitlement distribution by Melco to its shareholders of the assured entitlement ADSs.

Disposal of MPBL Gaming Shares. PBL may not dispose of its direct interest in PBL Asia Limited or its indirect interest in the Class A shares of MPBL Gaming unless we approve the transfer or the shares are

otherwise transferred to us or one of our subsidiaries subject to regulatory requirements and approvals. If PBL transfers all of our shares then, subject to regulatory requirements and approvals, Melco can require PBL to sell all of its interest (direct or indirect) in MPBL Gaming to us.

Events of Default. If there is an event of default, which is defined as a material breach of the shareholders' deed, an insolvency event of Melco or PBL or their subsidiaries which hold our shares, or a change in control of the Melco or PBL subsidiaries which hold our shares, and it is not cured within the prescribed time period, then the non-defaulting shareholder may exercise: (1) a call option to purchase our shares owned by the defaulting shareholder at a purchase price equal to 90% of the fair market value of the shares; or (2) a put option to sell all of the shares it owns in us to the defaulting shareholder at a purchase price equal to 110% of the fair market value of the shares.

Notice from a Regulatory Authority. If a regulatory authority directs either Melco or PBL to end its relationship with the other, or makes a decision that would have a material adverse effect on its rights or benefits in us, then Melco and PBL may serve a notice of proposed sale to the other and, if the other shareholder does not want to purchase those shares, may sell the shares to a third party.

Term. The shareholders' deed will continue unless agreed in writing by all of the parties or if a shareholder ceases to hold any of our shares in accordance with the shareholders' deed.

RELATED PARTY TRANSACTIONS

We have, from time to time, engaged in various transactions with related parties.

Transfer of Control of MPBL Gaming

After MPBL Gaming obtained the subconcession and we obtained Macau governmental approval for our taking control of MPBL Gaming, effective control of MPBL Gaming was transferred to us through a series of steps involving the restructuring of the capital stock and conversion of subordinated debt of MPBL Gaming.

Pursuant to a memorandum of agreement dated March 5, 2006 and a supplemental agreement dated May 26, 2006, entered into between PBL and Melco, Melco and PBL agreed to contribute US$320 million to us to subscribe for Class B shares of MPBL Gaming representing 72% voting control of MPBL Gaming and the rights to virtually all the profits of MPBL Gaming and virtually all the proceeds of any winding up or liquidation of MPBL Gaming. This US$320 million was used to repay the US$320 million of loans earlier made by PBL and Melco to MPBL Gaming to fund part of the payment for the subconcession. The existing shares of MPBL Gaming held by PBL Asia Limited were converted into Class A shares representing 18% of the voting power of the outstanding shares of MPBL Gaming. Class A shares representing 10% of the voting power of the outstanding shares of MPBL Gaming were also issued to the Managing Director of MPBL Gaming, who is a Macau resident as required under Macau law, upon the subconcession being issued. The Class A shares are entitled to an aggregate of MOP 1 in dividends and MOP 1 in proceeds of any winding up or liquidation of MPBL Gaming. A shareholders agreement was entered into on November 22, 2006 among our subsidiary, MPBL Investments, which holds the Class B shares, PBL Asia Limited, the Managing Director and MPBL Gaming under which, among other things, PBL Asia Limited agrees to vote its Class A shares along with the Class B shares in all matters submitted to a vote of shareholders of MPBL Gaming.

Mocha Clubs

Through a sequence of transactions, our wholly-owned subsidiary MPBL International and our 80%-owned subsidiary MPBL (Greater China) obtained 20% and 80%, respectively, of Mocha, largely through Melco's acquisition of a controlling interest in Mocha and contribution of the shares of Mocha to MPBL (Greater China) as part of the formation of Melco's joint venture with PBL.

In June 2004, Melco acquired (1) 65% of the issued capital of Mocha from Better Joy Overseas Ltd., or Better Joy, a company 77%-owned by Mr. Lawrence Ho and the Sharen Lo Trust, a trust for the benefit of Ms. Sharen Lo, the wife of Lawrence Ho, and her offspring, and formerly 23%-owned by Dr. Stanley Ho, who subsequently transferred all of this 23% interest to a discretionary trust formed for the benefit of members of the Ho family (including Mr. Ho and Dr. Ho) on November 17, 2006, and (2) 15% of the issued capital of Mocha from third party individuals. In July 2004, the remaining 20% interest in Mocha was owned by Dr. Stanley Ho. At that time, Dr. Stanley Ho was the Chairman of Melco and Mr. Lawrence Ho was the Managing Director of Melco. As part of the payment for the 65% interest in Mocha, Melco issued 124,701,087 shares of Melco to Better Joy. Melco also acquired a shareholder loan of US$5.8 million advanced by Better Joy to Mocha through the issuance of a note to Better Joy convertible into shares of Melco. Compensation expense of US$1.4 million was recognised relating to the acquisition of this shareholder loan. See notes 1 and 4 to our financial statements.

After acquiring a controlling interest in Mocha in June 2004, which then was operating two Mocha Clubs, Melco launched its first Mocha Club at Kampek, which is adjacent to the Hotel Lisboa, and subsequently opened three additional Mocha Clubs in Macau. Since prior to September 2006, we were not a concessionaire or subconcessionaire, Mocha also entered into five-year services agreements with SJM, a company controlled by Dr. Stanley Ho. Pursuant to the services agreements, Mocha provided all of the gaming machines at the Mocha Clubs and auxiliary services to SJM. Mocha's service fees comprised 31% of gaming machine win from the Mocha Clubs. During the period between January 1, 2004 and June 8, 2004, the period between June 9, 2004 and

December 31, 2004, the year ended December 31, 2005 and the nine months ended September 30, 2006, the service fees received and receivable from SJM were US$1.8 million, US$5.6 million, US$16.4 million and US$16.3 million, respectively. In 2005 and the nine months ended September 30, 2006, we paid SJM US$1.0 million and US$2.2 million for electrical and mechanical equipment and related wiring and cabling work for the operation of the Mocha Clubs.

In March 2005, Mocha became one of our subsidiaries when Melco contributed the 80% interest it then owned in Mocha to our subsidiary MPBL (Greater China) in connection with forming the joint venture between Melco and PBL. Dr. Stanley Ho resigned as a director and the chairman of Melco in March 2006, and in May 2006, MPBL International, our wholly-owned subsidiary, acquired the remaining 20% interest in Mocha and a shareholders' loan from Dr. Stanley Ho to Mocha of HK$45.7 million (US$5.9 million).

In March 2006, when the agreement between PBL and Wynn Macau for the subconcession was entered into, Mocha entered into an agreement with SJM for the conditional termination of all the existing services agreements for the Mocha Clubs. The agreement was terminated in September 2006 after MPBL Gaming obtained the subconcession. Shortly thereafter, we injected all the business assets of Mocha into MPBL Gaming.

Crown Macau

In a sequence of transactions, MPBL (Greater China), through Melco, obtained the site and development rights for the Crown Macau and all the shares of Great Wonders (except for the nominal shares held by other group companies as required by Macau law), our holding subsidiary for the Crown Macau project.

The Crown Macau project started in September 2004, when Melco entered into an agreement with STDM, the parent of SJM, to jointly develop and own a high-end casino hotel project on land located at Baixa da Taipa, Macau. Great Wonders, then a subsidiary of STDM, held the concession rights to the land for the development of the casino hotel project. After entering into that agreement, Melco acquired a 100% interest in Great Wonders from STDM in a series of transactions between 2004 and 2005 by issuing to STDM shares currently representing an interest of approximately 1.8% in Melco and convertible bonds that will become convertible into 50,000,000 ordinary shares of Melco after November 9, 2007, and 13,658,536 ordinary shares of Melco after February 8, 2008. Such shares would currently represent an interest of approximately 5.2% of Melco's outstanding ordinary shares.

In connection with the formation of its joint venture with PBL, in March 2005, Melco transferred 70% of its interest in Great Wonders to one of our subsidiaries, MPBL (Greater China). MPBL (Greater China) subsequently obtained the remaining 30% in July 2005. In March 2006, the Macau government officially granted to Great Wonders the land concession for the Crown Macau site.

City of Dreams

In a series of transactions, MPBL (Greater China), through Melco acquired the site and development rights for the City of Dreams and all the shares of Melco Hotels, our current holding subsidiary for the City of Dreams project.

The City of Dreams project started when Melco Leisure and Entertainment Group Limited, or Melco Leisure, a subsidiary of Melco, and Great Respect Limited, or Great Respect, a company controlled by a discretionary trust formed for the benefit of members of the Ho family, formed a joint venture for the purpose of developing and operating an integrated destination resort in Macau. The Great Respect/Melco Leisure joint venture applied to the Macau government for the grant of a land concession for development of the City of Dreams on the Cotai Strip through Melco Hotels, then a subsidiary of Melco, which submitted the application to the Macau government. As part of the formation of their joint venture, Melco and PBL agreed in March 2005 that Melco Leisure would transfer to us its 50.8% interest in the City of Dreams project and Melco Hotels would

purchase from Great Respect the remaining 49.2% interest in the City of Dreams project. Melco Hotels also accepted in principle an offer from the Macau government to grant to Melco Hotels a long term lease of land parcels on the Cotai Strip with an aggregate area of approximately 113,325 square meters (28 acres) for the development of the City of Dreams. Although there can be no certainty, we expect to finalize our negotiations with the Macau government and obtain a land concession for the sites of the City of Dreams as soon as we finalize and submit to the Macau government our development plans for the entire site. See "Risk Factors—We are developing the City of Dreams project on land for which we have not yet been granted a formal concession by the Macau government on terms acceptable to us. If we do not obtain a land concession on terms acceptable to us, we could forfeit all or a part of our investment in the site and the design and construction of the City of Dreams and would not be able to open and operate that facility as planned."

Melco Hotels is the entity through which we will own, develop and operate the City of Dreams.

Other Transactions with Melco and PBL

Working Capital Loans for the Crown Macau and the City of Dreams

In 2004 and 2005, Melco provided loans to us for working capital purposes and the acquisition of the Crown Macau and the City of Dreams sites and for construction of the Crown Macau. The outstanding balances of working capital loans as of December 31, 2004 and 2005 and September 30, 2006 were US$11.9 million, US$94.6 million and US$86.4 million, respectively. The loans were unsecured and repayable on demand. As of December 31, 2004 and 2005, the outstanding balances of these loans included amounts of US$11.7 million and US$67.1 million, respectively, which bore interest at 4% and 9% per annum, respectively, and the remaining balance was non-interest bearing. As of September 30, 2006, the loans from Melco became non-interest bearing. Interest of US$198,000, US$2.0 million and US$1.8 million was paid or payable for the period from June 9, 2004 to December 31, 2004, the year ended December 31, 2005 and the nine months ended September 30, 2006, respectively. In the nine months ended September 30, 2006, PBL provided loans to us as working capital loans. As of September 30, 2006, the outstanding balance due to PBL was US$53.5 million which is interest-free and repayable on demand. Effective on September 30, 2006, Melco and PBL forgave a total of US$150 million in equal proportions and such amounts were converted into equity. On November 14, 2006, we repaid US$25 million to Melco and PBL in equal proportions. Further, after the US$25 million repayment, both Melco and PBL agreed to convert the remaining working capital loan of approximately US$114 million into a term loan repayable in no earlier than 18 months carrying interest at a floating rate based on three-month Hong Kong Interbank Offered Rate, or HIBOR.

Support Arrangements

PBL and Melco currently provide us with administrative support and technical expertise in connection with the development of the Crown Macau, City of Dreams and Macau Peninsula projects and the operation of the Mocha Clubs business. In addition, PBL has seconded to our subsidiaries several of their key project development personnel to form our core interim project management team to oversee the development and completion of the Crown Macau, the City of Dreams and the Macau Peninsula projects. We reimburse PBL and Melco for reasonable out-of-pocket costs and expenses they incur in connection with the services they provide and these secondment arrangements, however, we do not have contractual rights to have Melco and PBL provide this support to us.

Service Fee paid to Melco Services Limited

In 2005 and the nine months ended September 30, 2006, MPBL (Greater China), our subsidiary, paid service fees of US$197,000 and US$144,000, respectively, to Melco Services Limited, a wholly owned

subsidiary of Melco, for the provision of general administrative services to our projects. MPBL (Greater China) also received an advance from Melco Services Limited for working capital purposes. The amounts, which were repayable on demand were unsecured bearing interest at 9% per annum in 2005 and became non-interest bearing as of September 30, 2006. In connection with this advance, the total interest paid and payable in 2005 and the nine months ended September 30, 2006 was US$694,000 and US$333,000, respectively.

In 2005 and the nine months ended September 30, 2006, project management fees of US$1,077,000 and US$839,000, which were based on actual costs incurred, were paid for services provided by Melco Services Limited in connection with our projects.

Service Fee paid to Publishing and Broadcasting (Finance) Limited

In 2005 and the nine months ended September 30, 2006, MPBL (Greater China) paid service fees of US$538,000 and US$1,638,000, respectively, to Publishing and Broadcasting (Finance) Limited, a subsidiary of PBL, for the provision of general administrative services to our projects.

Transactions with Elixir

In connection with the services agreements between Mocha and SJM, each of Mocha and SJM, on the one hand, and Elixir Group (Macau) Limited, a wholly owned subsidiary of Melco, on the other, entered into service agreements for the system integration and related maintenance services, in April 2005 and December 2005, respectively. In 2005 and for the nine months ended September 30, 2006, Mocha purchased US$14.6 million and US$6.9 million of equipment for operation of the Mocha Clubs from Elixir, pursuant to these service agreements. Great Wonders also entered into service agreements with Elixir for the system integration and related maintenance services in 2005. In 2005 and the nine months ended September 30, 2006, we paid approximately US$92,000 and US$78,000, respectively to Elixir for these services.

Guarantees and Support

Under the proposed terms of the City of Dreams Project Facility, in order to meet conditions to drawing loans, Melco and PBL may be required to provide additional equity contributions to cover cost overruns or to maintain certain debt to equity ratios. The proposed terms of the City of Dreams Project Facility contemplate that it will be a condition to drawing loans that Melco and PBL provide corporate or bank guarantees for an agreed portion of such potential equity contributions. In connection with the Subconcession Facility, Melco and PBL agreed to provide corporate and bank guarantees to support our payment obligations. PBL has guaranteed US$500 million of the loan under the Subconcession Facility. See “Description of Our Indebtedness.” In September 2006, we paid a guarantee fee of US$5.0 million to PBL in consideration for the guarantee provided by PBL under the Subconcession Facility.

Rental of Mocha Club

In August 2005, a wholly owned subsidiary of Melco Investment Holdings Limited purchased the property at which the Mocha Club at Kingsway operates, from a third party seller. In 2005 and for the nine months ended September 30, 2006, Mocha paid US$135,000 and US$208,000, respectively to this subsidiary of Melco for lease of this property. In addition, we paid US$373,000 to Lisboa Holdings, a related company for leasing of and service provided to Mocha Club at Sintra.

Transactions with Melco Services Ltd. and VC Capital Limited

In 2005 and the nine months ended September 30, 2006, we paid US$11,000 and US$48,000 to Melco Services Ltd., a wholly owned subsidiary of Melco, and US$48,000 and nil to VC Capital Limited, a subsidiary of Melco, as traveling expenses and financial advisory fees, respectively.

Licensing Agreement

We have entered into a license agreement with Crown Limited and obtained an exclusive and non-transferable license to use the Crown brand in Macau. Such license should permit us and our subsidiaries to use certain trademarks and logos associated with the Crown brand name in connection with our sales, promotion, marketing and operations of the Crown Macau.

Registration Rights

We intend to enter into a registration rights agreement with Melco and PBL prior to this offering, pursuant to which we expect to grant Melco and PBL customary registration rights following six-months after the completion of this offering, including a certain number of demand registration rights, piggyback registration rights, and form F-3 registration rights.

Other transactions with SJM and STDM

Mocha received loans from Dr. Stanley Ho in the amount of US$3.0 million, US$2.8 million and nil for working capital purposes in 2004, 2005 and the nine months ended September 30, 2006, respectively. The loans were unsecured, bearing interest at 4% per annum, and were repayable on demand. The outstanding balance as of December 31, 2004 and 2005 and September 30, 2006 was US$3.0 million, US$5.8 million and nil, respectively. In connection with these loans, the total interest paid and payable were US$3,000 and US$138,000 and US$80,000 as of December 31, 2004 and 2005 and September 30, 2006. These loans were acquired by MPBL International together with the remaining 20% interest in Mocha on May 9, 2006.

We paid traveling expenses to STDM of US$34,000 in 2004, approximately US$113,000 in 2005 and US$182,000 in the nine months ended September 30, 2006. These traveling expenses were incurred as reimbursements to STDM, which made the accommodation and transport arrangements for Mocha employees traveling between Hong Kong and Macau. The outstanding balances due to STDM as of December 31, 2004 and 2005 were US$34,480 and US$26,000, respectively, and the balance due from STDM as of September 30, 2006 was US$49,000. The outstanding balance with STDM were unsecured, non-interest bearing and repayable on demand.

Letters of Confirmation

In November 2004, we entered into letters of confirmation with SJM, with the intention of entering into definitive lease and service contracts under which SJM was to lease the casino areas and VIP rooms in the Crown Macau upon completion of the Crown Macau project and operate the casino, paying us lease rentals based on the gaming revenues from the casino operations remaining after deducting Macau taxes, fees and premium on gaming revenues and a portion of the gaming revenues retained by SJM. When PBL entered into the subconcession contract with Wynn Macau to obtain the subconcession in March 2006, we terminated the letters of confirmation.

Employment Agreements

We expect to enter into employment agreements with key management and personnel of our company and our subsidiaries. See “Management —Employment Agreements.”

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Law (as amended) of the Cayman Islands, which is referred to as the Companies Law below.

As of the date hereof, our authorised share capital consists of 1,500,000,000 ordinary shares, with a par value of US$0.01 each. As of the date hereof, the issued 200 Class A Shares, the issued 200 Class B Shares and all unissued Class A Shares and Class B Shares were re-designated and re-classified as ordinary shares and an aggregate of 999,999,600 ordinary shares were issued to our shareholders. As of the date hereof, there are 1,000,000,000 ordinary shares issued and outstanding.

Our shareholders have approved an amended and restated memorandum and articles of association of our company, which will become effective immediately upon the SEC's declaration of the effectiveness of our registration statement on form F-1, of which this prospectus is a part. The following are summaries of material provisions of our amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

Ordinary Shares

General

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law.

Voting Rights

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of our board of directors or by any shareholder present in person or by proxy.

A quorum required for a meeting of shareholders consists of shareholders who hold at least one-third of our ordinary shares at the meeting present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders' meetings are held annually and may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate at least ten percent of our ordinary shares. Advance notice of at least seven days is required for the convening of our annual general meeting and other shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association.

Transfer of Ordinary Shares

Subject to the restrictions of our articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any ordinary share unless

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; or
- the ordinary shares transferred are free of any lien in favor of us.

If our directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The ordinary shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption of Ordinary Shares

Subject to the provisions of the Companies Law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by our second amended and restated memorandum and articles of association.

Prohibitions on the Receipt of Dividends, the Exercise of Voting or Other Rights or the Receipt of Other Remuneration

Our amended and restated memorandum and articles of association prohibit anyone who is an unsuitable person or an affiliate of an unsuitable person from:

- receiving dividends or interest with regard to our shares;
- exercising voting or other rights conferred by our shares; and
- receiving any remuneration in any form from us or an affiliated company for services rendered or otherwise.

These prohibitions commence on the date that a gaming authority serves notice of a determination of unsuitability or the board of directors determines that a person or its affiliate is unsuitable and continue until the securities are owned or controlled by persons found suitable by a gaming authority and/or the board of directors to own them. An "unsuitable person" is any person who is determined by a gaming authority to be unsuitable to own or control any of our shares or who causes us or any affiliated company to lose or to be threatened with the loss of any gaming license, or who, in the sole discretion of our board of directors, is deemed likely to jeopardize our or any of our affiliates' application for, receipt of approval for right to the use of, or entitlement to, any gaming license.

"Gaming authorities" include all international, foreign, federal state, local and other regulatory and licensing bodies and agencies with authority over gaming (the conduct of gaming and gambling activities, or the use of gaming devices, equipment and supplies in the operation of a casino or other enterprise). "Affiliated companies" are those companies indirectly affiliated or under common ownership or control with us, including without limitation, subsidiaries, holding companies and intermediary companies (as those terms are defined in gaming laws of applicable gaming jurisdictions) that are registered or licensed under applicable gaming laws. The amended and restated memorandum and articles of association define "ownership" or "control" to mean ownership of record, beneficial ownership as defined in Rule 13d-3 of the Securities and Exchange Commission or the power to direct and manage, by agreement, contract, agency or other manner, the management or policies of a person or the disposition of our capital stock.

Redemption of Securities Owned or Controlled by an Unsuitable Person or an Affiliate

Our amended and restated memorandum and articles of association provide that shares owned or controlled by an unsuitable person or an affiliate of an unsuitable person are redeemable by us, out of funds legally available for that redemption, by appropriate action of the board of directors to the extent required by the gaming authorities making the determination of unsuitability or to the extent deemed necessary or advisable. From and after the redemption date, the securities will not be considered outstanding and all rights of the unsuitable person or affiliate will cease, other than the right to receive the redemption price. The redemption price will be the price, if any, required to be paid by the gaming authority making the finding of unsuitability or if the gaming authority does not require a price to be paid, the sum deemed to be the fair value of the securities by the board of directors. If determined by us, the price for the shares will not exceed the closing price per share of the shares on the principal national securities exchange on which the shares are then listed on the trading date on the day before the redemption notice is given. If the shares are not then listed, the redemption price will not exceed the closing sales price of the shares as quoted on an automated quotation system, or if the closing price is not then reported, the mean between the bid and asked prices, as quoted by any other generally recognized reporting system. Our right of redemption is not exclusive of any other rights that we may have or later acquire under any agreement, its bylaws or otherwise. The redemption price may be paid in cash, by promissory note, or both, as required by the applicable gaming authority and, if not, as we elect.

Our amended and restated memorandum and articles of association require any unsuitable person and any affiliate of an unsuitable person to indemnify us and our affiliated companies for any and all costs, including attorneys' fees, incurred by us and our affiliated companies as a result of the unsuitable person's or affiliates ownership or control or failure to promptly divest itself of any shares, securities of or interests in us.

Variations of Rights of Shares

All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied either with the unanimous written consent of the holders of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

Changes in Capital

We may from time to time by ordinary resolutions:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- convert all or any of our paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- sub-divide our existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

We may by special resolution reduce our share capital and any capital redemption reserve in any manner authorized by law.

Differences in Corporate Law

The Companies Law is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements

Cayman Islands law does not provide for mergers as that expression is understood under United States corporate law. However, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the due majority vote have been met;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such that a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a take-over offer is made and accepted by holders of 90.0% of the shares (within four months), the offerer may, within a two month period after the expiration of the said four months, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

We are not aware of any reported class action or derivative action having been brought in a Cayman Islands court. In principle, we will normally be the proper plaintiff and a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, required a special resolution, which was not obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime, Our second amended and restated memorandum and articles of association, which will be adopted upon the closing of this offering, will permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty, fraud or default of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law to a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our second amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

The following table summarizes significant differences in shareholder rights between the provisions of the Companies Law of Cayman Islands applicable to our company and the Delaware General Corporation Law applicable to most companies incorporated in Delaware and their shareholders. Please note that this is only a general summary of provisions applicable to companies in Delaware. Certain Delaware companies may be permitted to exclude certain of the provisions summarized below in their charter documents.

Delaware corporate law	Cayman Islands law
Mergers and similar arrangements	
Under the Delaware General Corporation Law, with certain exceptions, a merger, consolidation, exchange or sale of all or substantially all the assets of a corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon. A shareholder of a Delaware corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights pursuant to which such shareholder may receive cash in the amount of the fair value of the shares held by such shareholder (as determined by a court) in lieu of the consideration such shareholder would otherwise receive in the transaction. The Delaware General Corporation Law also provides that a parent corporation, by resolution of its board of directors, may merge with any subsidiary, of which it owns at least 90% of each class of capital stock without a vote by stockholders of such subsidiary. Upon any such merger, dissenting shareholders of the subsidiary would have appraisal rights.	Cayman Islands law does not provide for mergers as that expression is understood under United States corporate law. However, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number representing seventy-five per cent in value of each class of shareholders and creditors with whom the arrangement is to be made, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that: • the statutory provisions as to the dual majority vote have been met; • the shareholders have been fairly represented at the meeting in question; • the arrangement is such that a businessman would reasonably approve; and • the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law. When a takeover offer is made and accepted (within four months after the making of the offer) by holders of ninety per cent in value of the shares affected, the offerer may, within a two month period after the expiration of the said four months, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion. If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting

Delaware corporate law	Cayman Islands law
Shareholders' suits	shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.
Class actions and derivative actions generally are available to shareholders of a Delaware corporation for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court generally has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.	We are not aware of any reported class action or derivative action having been brought in a Cayman Islands court. In principle, the company itself will normally be the proper plaintiff in actions against directors, and derivative actions may only be brought by a minority shareholder with the leave of the court. Based on English authorities, which would in all likelihood be of persuasive (but not technically binding) authority in the Cayman Islands, leave may be granted, for example, when: • a company acts or proposes to act illegally or ultra vires and not capable for ratification by the majority; • the act complained of, although not ultra vires, required a special resolution, which was not obtained; • those who control the company are perpetrating a "fraud on the minority"; and • the company has not complied with provisions requiring that the relevant act be approved by a special or extraordinary majority of the shareholders. However, a company may be wound up by the court on the petition of a shareholder if the court is of the opinion that it is "just and equitable" that the company should be wound up. In addition, a shareholder may bring a personal action in his own name and on his own behalf in respect of a wrong done to him as a shareholder by the company. For example, he may bring a personal action against the company for being prevented from exercising his voting rights or deprived of the benefit of a pre-emption clause.

Delaware corporate law	Cayman Islands law
Indemnification of directors and executive officers and limitation of liability	
The Delaware General Corporation Law provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of directors to the corporation or its stockholders for monetary damages for breach of a fiduciary duty as a director, except no provision in the certificate of incorporation may eliminate or limit the liability of a director: • for any breach of a director's duty of loyalty to the corporation or its shareholders; • for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; • statutory liability for unlawful payment of dividends or unlawful stock purchase or redemption; or • for any transaction from which the director derived an improper personal benefit. A Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any proceeding, other than an action by or on behalf of the corporation, because the person is or was a director or officer, against liability incurred in connection with the proceeding if • the director or officer acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation; and • the director or officer, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Unless ordered by a court, any foregoing indemnification is subject to a determination that the director or officer has met the applicable standard of conduct: • by a majority vote of the directors who are not parties to the proceeding, even though less than a quorum; • by a committee of directors designated by a majority vote of the eligible directors, even though less than a quorum;	Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against the consequences of committing a crime. Our articles of association permits indemnification of officers and directors for losses, damages, costs charges, liabilities, and expenses incurred in their capacities as such unless such losses or damages arise from wilful neglect or default of such directors or officers. In addition, we will enter into indemnification agreements with our directors and senior executive officers that provide such persons with additional indemnification beyond that provided in our articles of association.

Delaware corporate law	Cayman Islands law
• by independent legal counsel in a written opinion if there are no eligible directors, or if the eligible directors so direct; or • by the stockholders. Moreover, a Delaware corporation may not indemnify a director or officer in connection with any proceeding in which the director or officer has been adjudged to be liable to the corporation unless and only to the extent that the court determines that, despite the adjudication of liability but in view of all the circumstances of the case, the director or officer is fairly and reasonably entitled to indemnity for those expenses which the court deems proper.	
Directors' fiduciary duties A director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: • the duty of care; and • the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.	A director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company: • a duty to act bona fide in the best interests of the company, • a duty not to act illegally or beyond the scope of his powers; and • a duty not to put himself in a position where there is an actual or potential conflict between his personal interest and his duty to the company. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Delaware corporate law	Cayman Islands law
Shareholder action by written consent	
A Delaware corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation.	Cayman Islands law and our articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.
Shareholder proposals	
A shareholder of a Delaware corporation has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.	Our articles of association allow our shareholders holding not less than 10% of the paid up voting share capital of the Company to requisition a shareholders' meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings. However, our articles of association require us to hold a general meeting as our annual meeting in each year.
Cumulative voting	
Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.	Cumulative voting is not prohibited under Cayman Islands law. However, our articles of association will not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.
Removal of directors	
A Delaware corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.	Under our articles of association, our directors can be removed by a resolution passed by a majority of not less than two-thirds of our shareholders entitled to vote or vote in person or by proxy, cast at a general meeting, or the unanimous written resolution of all shareholders entitled to vote at a general meeting, or upon written notice by the shareholder who nominated such director any time.
Transactions with interested shareholders	
The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an	Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and

Delaware corporate law	Cayman Islands law
interested shareholder. An interested shareholder generally is a person or group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.	not with the effect of constituting a fraud on the minority shareholders.
Dissolution; Winding up	
Unless the board of directors of a Delaware corporation approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.	Under the Companies Law of the Cayman Islands and our articles of association, our company may be wound up only by a resolution passed by a majority of not less than two-thirds of our shareholders entitled to vote and vote in person or by proxy at a meeting or the unanimous written resolution of all shareholders.
Variation of rights of shares	
A Delaware corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides the otherwise.	Under our articles of association, if our share capital is divided into more than one class of shares, we may vary or abrogate the rights attached to any class only with the consent in writing of the holders of a majority of the issued shares of that class, or with the sanction of a resolution passed by at least a majority of the holders of the shares of the class present in person or by proxy at a separate general meeting of the holders of the shares of that class.
Amendment of governing documents	
A Delaware corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides the otherwise.	As permitted by Cayman Islands law, our articles of association may only be amended with a resolution passed by a majority of not less than two-thirds of our shareholders entitled to vote and vote in person or by proxy at a meeting or the unanimous written resolution of all shareholders.

Delaware corporate law	Cayman Islands law
Inspection of Books and Records	
Shareholders of a Delaware corporation have the right during the usual hours for business to inspect for any proper purpose, and to obtain copies of list(s) of stockholders and other books and records of the corporation and its subsidiaries, if any, to the extent the books and records of such subsidiaries are available to the corporation.	Under the Companies Law of the Cayman Islands, holders of our shares will have no general right to inspect or obtain copies of our list of shareholders or our corporate records. However, our Articles of Association provide that we will provide our shareholders with audited financial statements at annual general meetings.

History of Securities Issuances

The following is a summary of our securities issuances since our inception.

In December 2004, we issued one Class A share to Melco. In January 2005, Melco transferred its Class A share and we issued 99 additional shares in March 2005, to Melco Leisure and Entertainment Group, a wholly-owned subsidiary of Melco. In March 2005, we issued 100 Class B shares, all of which are outstanding, to PBL Asia, a company wholly-owned by PBL. In September 2006, we issued an additional 100 Class A shares and 100 Class B shares to Melco Leisure and Entertainment Group and PBL Asia, respectively.

As of the date hereof, the issued 200 Class A Shares, the issued 200 Class B Shares and all unissued Class A Shares and Class B Shares were re-designated and re-classified as ordinary shares and an aggregate of 999,999,600 ordinary shares were issued to our shareholders. As of the date hereof, there are 1,000,000,000 ordinary shares issued and outstanding.

Registration Rights

See “Related Party Transactions—Registration Rights.”

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Receipts

Deutsche Bank Trust Company Americas, as depositary, will issue the ADSs representing our ordinary shares. Each ADS will represent an ownership interest in three ordinary shares which we will deposit with the custodian under the deposit agreement among ourselves, the depositary and yourself as an ADS holder. In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which it has not distributed directly to you. Your ADSs will be evidenced by what are known as American depositary receipts, or ADRs, in the same way a share is evidenced by a share certificate.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549, United States of America. You may obtain information on the operation of the Public Reference Room by calling the SEC at +1-800-732-0330. Copies of the deposit agreement and the form of ADR are also available for inspection at the corporate trust office of Deutsche Bank Trust Company Americas, currently located at 60 Wall Street, New York, New York 10005, United States of America, and at the principal office of Deutsche Bank AG, Hong Kong Branch, as the custodian, currently located at 52/F Cheung Kong Center, 2 Queens Road, Central, Hong Kong S.A.R., People's Republic of China. Deutsche Bank Trust Company Americas' principal executive office is located at 60 Wall Street, New York, New York 10005, United States of America. The depositary will keep books at its corporate trust office for the registration of ADRs and transfers of ADRs which, at all reasonable times, shall be open for inspection by ADS holders, provided that inspection shall not be for the purpose of communicating with ADS holders in the interest of a business or object other than our business or a matter related to the deposit agreement or the ADSs.

Holding the ADSs

How will I hold my ADSs?

ADSs shall be held electronically in book-entry form through The Depository Trust Company in your name or indirectly through your broker or other financial institution. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADR holders described in this section. You should consult with your broker or financial institution to find out what those procedures are. This description assumes that you hold your ADSs directly solely for the purposes of summarizing the deposit agreement.

We will not treat an ADR holder as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a holder of ADRs, you will have ADR holder rights. A deposit agreement among us, the depositary and you, as an ADR holder, and the beneficial owners of ADRs sets out ADR holder rights, representations and warranties as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADRs.

If you become a holder of ADSs, you will become a party to the deposit agreement and therefore will be bound by its terms and by the terms of the ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as a holder of ADSs and those of the depositary bank. As an ADS holder, you appoint the depositary bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by Cayman Islands law, which may be different from the laws in the United States.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees, charges and expenses and any taxes withheld, duties or other governmental charges. You will receive these distributions in proportion to the number of shares your ADSs represent as of the record date (which will be as close as practicable to the record date for our ordinary shares) set by the depositary with respect to the ADSs.

- ***Cash.*** The depositary will convert any cash dividend or other cash distribution we pay on the shares or any proceeds from the sale of any shares, rights, securities or other entitlements into U.S. dollars, if it can do so in its judgment on a practicable basis and can transfer the U.S. dollars to the United States. If that is not practicable or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADR holders to whom it is practicable to do so. The depositary will hold the foreign currency it cannot convert for the account of the ADR holders who have not been paid. The depositary will not invest the foreign currency and it will not be liable for any interest.

  Before making a distribution, the depositary will deduct any withholding taxes that must be paid. See "Taxation." It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution

- ***Shares.*** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution to the extent permissible by law. The depositary will only distribute whole ADSs. It will try to sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares.

- ***Elective Distributions in Cash or Shares.*** If we offer holders of our ordinary shares the option to receive dividends in either cash or ordinary shares, the depositary, after consultation with us and having received timely notice of such elective distribution by us, has discretion to determine to what extent such elective distribution will be made available to you as a holder of the ADSs. We must first instruct the depositary to make such elective distribution available to you and furnish it with satisfactory evidence that it is legal to do so. The depositary could decide it is not legal or reasonably practical to make such elective distribution available to you, or it could decide that it is only legal or reasonably practical to make such elective distribution available to some but not all holders of the ADSs. In such case, the depositary shall, on the basis of the same determination as is made in respect of the ordinary shares for which no election is made, distribute either cash in the same way as it does in a cash distribution, or additional ADSs representing ordinary shares in the same way as it does in a share distribution. The depositary is not obligated to make available to you a method to receive the elective dividend in ordinary shares rather than in ADSs. There can be no assurance that you will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of ordinary shares.

- ***Rights to Receive Additional Shares.*** If we offer holders of our securities any rights to subscribe for additional ordinary shares or any other rights, the depositary, after consultation with us and having received timely notice of such distribution by us, has discretion to determine how these rights become available to you as a holder of ADSs. We must first instruct the depositary to do so and furnish it with satisfactory evidence that it is legal to do so. The depositary could decide it is not legal or reasonably practical to make the rights available to you, or it could decide that it is only legal or reasonably practical to make the rights available to some but not all holders of the ADSs. The depositary may decide to sell the rights and distribute the proceeds in the same way as it does with cash. If the depositary decides that it is not legal or reasonably practical to make the rights available to you or to sell

the rights, the rights that are not distributed or sold could lapse. In that case, you will receive no value for them. The depositary is not responsible for a failure in determining whether or not it is legal or reasonably practical to distribute the rights. The depositary is liable for damages, however, if it acts with gross negligence or bad faith, in accordance with the provisions of the deposit agreement.

If the depositary makes rights available to you, it will exercise the rights and purchase the ordinary shares on your behalf. The depositary will then deposit the ordinary shares and issue ADSs to you. It will only exercise rights if you pay it the exercise price and any other fees and charges of, and expenses incurred by, the depositary and any taxes and other governmental charges the rights require you to pay.

U.S. securities laws or laws of the Cayman Islands may restrict the sale, deposit, cancellation, and transfer of the ADSs issued after an exercise of rights. For example, you may not be able to trade the new ADSs freely in the United States. In this case, the depositary may issue the new ADSs under a separate restricted deposit agreement which will contain the same provisions as the deposit agreement, except for changes needed to put the restrictions in place.

- ***Other Distributions.*** Subject to receipt of timely notice from us with the request to make any such distribution available to you, and provided the depositary has determined such distribution is lawful and reasonably practicable and feasible and in accordance with the terms of the deposit agreement, the depositary will send to you anything else we distribute on deposited securities by any means it deems practical in proportion to the number of ADSs held by you, upon receipt of applicable fees and charges of, and expenses incurred by, the depositary and net of any taxes and other governmental charges withheld. If it cannot make the distribution in that way, or has not received a timely request for distribution from us, the depositary has a choice. It may decide to sell by public or private sale, net of fees and charges of, and expenses incurred by, the depositary and any taxes and other governmental charges, what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to dispose of such property in any way it deems reasonably practicable for nominal or no consideration. However, the depositary is not required to distribute any securities (other than ADSs) to you unless it receives satisfactory evidence from us that it is legal to make that distribution.

  The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADRs, shares, rights or anything else to ADR holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal, impractical or infeasible for us or the depositary to make them available to you.

Deposit and Withdrawal

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares with the custodian. Shares deposited in the future with the custodian must be accompanied by documents, including instruments showing that those shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made.

The custodian will hold all deposited shares, including those being deposited by or on behalf of the company in connection with this offering to which this prospectus relates, for the account of the depositary. You thus have no direct ownership interest in the shares and only have the rights that are set out in the deposit agreement. The custodian also will hold any additional securities, property and cash received on, or in substitution for, the deposited shares. The deposited shares and any such additional items are all referred to as “deposited securities.”

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of, and expenses incurred by,

the depositary and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, the depositary will issue an ADR or ADRs in the name of the person entitled thereto evidencing the number of ADSs to which that person is entitled.

Except for shares deposited by us in connection with this offering, no shares will be accepted for deposit during a period of 180 days after the date of this prospectus. The 180-day lock-up period is subject to adjustment under certain circumstances as described in the deposit agreement.

How do ADS holders cancel an ADR and obtain shares?

You may surrender your ADRs through instructions provided to your broker. Upon payment of its fees and charges of, and expenses incurred by, it and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADR to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its principal New York office or any other location that it may designate as its transfer office, if feasible.

You have the right to cancel your ADSs and withdraw the underlying ordinary shares at any time subject only to:

- temporary delays caused by closing our or the depositary's transfer books or the deposit of our ordinary shares in connection with voting at a shareholders' meeting or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of the deposited securities.

U.S. securities laws provide that this right of withdrawal may not be limited by any other provision of the deposit agreement.

Transfer

Are there any restrictions on the right to transfer ADSs?

The deposit agreement contains restrictions on the depositing of shares into the ADR facility if they are restricted securities or are being deposited within the 180 day-lock-up period. The deposit agreement also provides that to be transferred the ADRs will need to be properly endorsed but are otherwise transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of the state of New York but that it may be necessary for signatures to be guaranteed and if any stamp duty or transfer tax is required on any instrument of transfer, or there are any applicable fees and charges of the depositary, these must be paid, before the depositary will execute a new ADR or ADRs to or upon the order of the transferee. Transfers must also be in compliance with any laws or governmental regulations relating to the execution and delivery of ADRs or ADSs and such reasonable regulations as the depositary may establish consistent with the provisions of the deposit agreement and applicable law. Further, transfers of ADRs may be refused during any period when the transfer books of the depositary are closed or if any such action is deemed necessary or advisable by the depositary or us from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the ADRs or shares are listed, as provided in the deposit agreement.

Redemption

Whenever we decide to redeem any of the shares on deposit with the custodian in accordance with our memorandum and articles of association, we will notify the depositary as soon as practicable prior to the intended date of redemption which notice will set forth the particulars of the proposed redemption.

Upon receipt of (i) such notice and (ii) satisfactory documentation given by us to the depositary, the depositary will mail to each holder subject to the redemption a notice setting forth our intention to exercise our redemption rights as well as any other particulars set forth in our notice to the depositary.

The depositary will instruct the custodian to present us the shares on deposit with the custodian in respect of which redemption rights are being exercised against payment of the applicable redemption price as set forth in our memorandum and articles of association.

Upon receipt of confirmation from the custodian that the redemption has taken place and that funds representing the redemption price have been received, the holders of ADSs representing the shares subject to redemption will be required to return their ADSs to the depositary and the depositary will convert, transfer, and distribute the proceeds (net of applicable (i) fees and charges of, and the expenses incurred by, the depositary and (ii) taxes), retire ADSs and cancel ADRs upon delivery of such ADSs.

The redemption price per ADS will be the per share amount received by the depositary upon the redemption of the shares represented by ADSs (subject to the terms of the deposit agreement on conversion of foreign currency and the applicable fees and charges of, and expenses incurred by, the depositary, and taxes) multiplied by the number of the shares represented by each ADS redeemed.

You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be redeemed will be selected by lot or on a pro rata basis, as the depositary bank may determine.

Transmission of Notices to Shareholders

We will promptly transmit to the depositary those communications that we make generally available to our shareholders together with annual and other reports prepared in accordance with applicable requirements of U.S. securities laws in English. If those communications were not originally in English, we will translate them. Upon our request, and at our expense, subject to the distribution of any such communications being lawful and not in contravention of any regulatory restrictions or requirements if so distributed and made available to holders, the depositary will arrange for the timely mailing of copies of such communications to all ADS holders and will make a copy of such communications available for inspection at the depositary's corporate trust office, the office of the custodian or any other designated transfer office of the depositary.

Voting Rights

How do you vote?

You may instruct the depositary to vote the shares underlying your ADSs. You could exercise your right to vote directly if you withdraw the ordinary shares. However, you may not know about the meeting sufficiently in advance to withdraw the ordinary shares. The voting rights of holders of ordinary shares are described in "Description of Share Capital—Ordinary Shares —Voting Rights."

Upon receipt of timely notice from us, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will describe the matters to be voted on and explain how you, if you hold the ADSs on a date specified by the depositary, may instruct the depositary to vote the ordinary shares or other deposited securities underlying your ADSs as you direct. For your instructions to be valid, the depositary must receive them in writing on or before a date specified by the depositary. The depositary will try, as far as practical, subject to any applicable law and the provisions of our memorandum and articles of association, to vote or to have its agents vote the ordinary shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct and will not vote any shares where no instructions have been received. Furthermore, under the deposit agreement, if we do not timely procure the demand for a vote by poll with respect to any given resolution, and no other relevant party has made such a demand, the depositary shall refrain from voting and any voting instructions received from any ADS holders shall lapse.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and if your ordinary shares are not voted as you requested, you may have no recourse.

Fees and Expenses

Persons depositing shares will be charged a fee for each issuance of ADSs, including issuances resulting from distributions of shares, share dividends, share splits, bonus and rights distributions and other property, and for each surrender of ADSs in exchange for deposited securities. The fee in each case is up to $5.00 for each 100 ADSs, or any portion thereof, issued or surrendered. The depositary will also charge a fee of up to $2.00 per 100 ADSs for distribution of cash proceeds pursuant to a cash distribution (so long as the charging of such fee is not

prohibited by any exchange upon which the ADSs are listed), sale of rights and other entitlements or otherwise. The depositary may also charge an annual fee of up to US$0.02 per ADS for the operation and maintenance costs in administering the facility. You or persons depositing shares also may be charged the following expenses:

- Taxes and other governmental charges incurred by the depositary or the custodian on any ADR or share underlying an ADR, including any applicable interest and penalties thereon, and any share transfer or other taxes and other governmental charges;
- Cable, telex and facsimile transmission and delivery charges;
- Transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities including those of a central depository for securities (where applicable);
- Expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars;
- Fees and expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to the shares, deposited securities and ADSs and
- Any other fees, charges, costs or expenses that may be incurred by the depositary from time to time.

We will pay all other charges and expenses of the depositary and any agent of the depositary, except the custodian, pursuant to agreements from time to time between us and the depositary. We and the depositary may amend the fees described above from time to time.

Deutsche Bank Trust Company Americas, as depositary bank, has agreed with us to reimburse us for a portion of certain expenses incurred in connection with this offering and the establishment and maintenance of the ADR program and to provide us with assistance in relation to our investor relations program, the training of staff and certain other matters. Further, the depositary has agreed to share with us certain fees payable to the depositary by holders of ADSs.

Neither the depositary bank nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of service fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the program are not known at this time.

Depositary fees payable upon the issuance and cancellation of ADSs are generally paid to the depositary by the brokers receiving the newly issued ADSs from the depositary and by the brokers delivering the ADSs to the depositary for cancellation. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary service fee are charged by the depositary to the holders of record of ADSs as of the applicable ADS record date.

In the case of cash distributions, service fees are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividends, rights, etc), the depositary charges the applicable ADS record date holder concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or in DRS), the depositary sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary generally collects the fees through the settlement systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the service fees paid to the depositary.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities underlying your ADRs. The custodian may refuse to deposit shares and the depositary may

refuse to issue ADSs, deliver ADRs, register the transfer, split-up or combination of ADRs, or allow you to withdraw the deposited securities underlying your ADSs until such payment is made including any applicable interest and penalty thereon. We, the custodian or the depositary may withhold or deduct the amount of taxes owed from any distributions to you or may sell deposited securities, by public or private sale, to pay any taxes and any applicable interest and penalties owed. You will remain liable if the proceeds of the sale are not enough to pay the taxes. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

If we take actions that affect the deposited securities, including any change in par value, split-up, cancellation, consolidation or other reclassification of deposited securities to the extent permitted by any applicable law; any distribution on the shares that is not distributed to you; and any recapitalization, reorganization, merger, consolidation, liquidation or sale of our assets affecting us or to which we are a party, then the cash, shares or other securities received by the depositary will become deposited securities and ADRs will, be subject to the deposit agreement and any applicable law, evidence the right to receive such additional deposited securities, and the depositary may choose to:

- distribute additional ADRs;
- call for surrender of outstanding ADRs to be exchanged for new ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell any securities or property received at public or private sale on an averaged or other practicable basis without regard to any distinctions among holders and distribute the net proceeds as cash; or
- treat the cash, securities or other property it receives as part of the deposited securities, and each ADS will then represent a proportionate interest in that property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason deemed necessary or desirable. You will be given at least 30 days' notice of any amendment that imposes or increases any fees or charges, except for taxes, governmental charges, delivery expenses or expenses incurred in connection with foreign exchange control regulations and other charges specifically payable by ADS holders under the deposit agreement, or which otherwise materially prejudices any substantial existing right of holders or beneficial owners of ADSs. If an ADS holder continues to hold ADSs after being so notified of these changes, that ADS holder is deemed to agree to that amendment and be bound by the ADRs and the agreement as amended. An amendment can become effective before notice is given if necessary to ensure compliance with a new law, rule or regulation.

How may the deposit agreement be terminated?

At any time, we may instruct the depositary to terminate the deposit agreement, in which case the depositary will give notice to you at least 90 days prior to termination. The depositary may also terminate the agreement if it has told us that it would like to resign or we have removed the depositary and we have not appointed a new depositary bank within 90 days; in such instances, the depositary will give notice to you at least 30 days prior to termination. After termination, the depositary's only responsibility will be to deliver deposited securities to ADS holders who surrender their ADSs upon payment of any fees, charges, taxes or other governmental charges, and to hold or sell distributions received on deposited securities. After the expiration of one year from the termination date, the depositary may sell the deposited securities which remain and hold the net proceeds of such sales, uninvested and without liability for interest, for the pro rata benefit of ADS holders who have not yet surrendered

their ADSs. After selling the deposited securities, the depositary has no obligations except to account for those net proceeds and other cash. Upon termination of the deposit agreement, we will be discharged from all obligations except for our obligations to the depositary.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADRs

The deposit agreement expressly limits our and the depositary's obligations and liability.

We and the depositary, including its agents:

- are only obligated to take the actions specifically set forth in the deposit agreement without gross negligence or bad faith;
- are not liable if either of us is prevented or delayed in performing any obligation by law or circumstances beyond our control from performing our obligations under the deposit agreement, including, without limitation, requirements of any present or future law, regulation, governmental or regulatory authority or stock exchange of any applicable jurisdiction, any present or future provision of our memorandum and articles of association, on account of possible civil or criminal penalties or restraint, any provisions of or governing the deposited securities, any act of God, war or other circumstances beyond each of our control as set forth in the deposit agreement;
- are not liable if either of us exercises or fails to exercise the discretion permitted under the deposit agreement, the provisions of or governing the deposited securities or our memorandum and articles of association;
- disclaim any liability for any action/inaction on the advice or information of legal counsel, accountants, any person presenting shares for deposit, holders and beneficial owners (or authorized representatives) of ADRs, or any person believed in good faith to be competent to give such advice or information;
- disclaim any liability for the inability of any holder to benefit from any distribution, offering, right or other benefit made available to holders of deposited securities but is not made available to holders of ADSs;
- have no obligation to become involved in a lawsuit or other proceeding related to any deposited securities or the ADSs or the deposit agreement on your behalf or on behalf of any other party;
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party; and
- disclaim any liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

The depositary and any of its agents also disclaim any liability for any failure to carry out any instructions to vote, the manner in which any vote is cast or the effect of any vote or failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the deposit agreement, the failure or timeliness of any notice from us, the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, any investment risk associated with the acquisition of an interest in the deposited securities, the validity or worth of the deposited securities or for any tax consequences that may result from ownership of ADSs, shares or deposited securities and for any indirect, special, punitive or consequential damage.

We have agreed to indemnify the depositary under certain circumstances. The depositary may own and deal in any class of our securities and in ADSs.

Requirements for Depositary Actions

Before the depositary will issue, deliver or register a transfer of an ADR, make a distribution on an ADR, or permit withdrawal of shares or other property, the depositary may require:

- payment of share transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities;
- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary also may suspend the issuance of ADSs, the deposit of shares, the registration, transfer, split-up or combination of ADRs or the withdrawal of deposited securities, unless the deposit agreement provides otherwise, if the register for ADRs is closed or if we or the depositary decide any such action is necessary or advisable.

Deutsche Bank Trust Company Americas will keep books for the registration and transfer of ADRs at its offices. You may reasonably inspect such books, except if you have a purpose other than our business or a matter related to the deposit agreement or the ADRs.

Pre-Release of ADSs

Subject to the provisions of the deposit agreement, the depositary may issue ADSs before deposit of the underlying ordinary shares. This is called a pre-release of the ADS. The depositary may also deliver ordinary shares upon cancellation of pre-released ADSs, even if the ADSs are cancelled before the pre-release transaction has been closed out. A pre-release is closed out as soon as the underlying ordinary shares are delivered to the depositary. The depositary may receive ADSs instead of ordinary shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions:

- each pre-release transaction will be accompanied by or subject to a written agreement whereby the person to whom the pre-release is being made must represent that it or its customer owns the ordinary shares to be deposited, assign all beneficial right, title and interest in such shares to the depositary for the benefit of the holders of ADSs, indicate the depositary as owner of such shares in its records, not take any action with respect to such shares that is inconsistent with the transfer of beneficial ownership (including without the consent of the depositary, disposing of such shares other than in satisfaction of such pre-release) and unconditionally guarantee to deliver such shares or ADSs to the depositary or the custodian as the case may be;
- the pre-release must be fully collateralized with cash or other collateral that the depositary considers appropriate;
- the depositary must be able to close out the pre-release on not more than five business days' notice; and
- each pre-release is subject to such further indemnities and credit regulations as the depositary deems appropriate.

In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time as it deems appropriate, including (i) due to a decrease in the aggregate number of ADSs outstanding that causes existing pre-release transactions to temporarily exceed the limit stated above or (ii) where otherwise required by market conditions.

The Depositary

Who is the depositary?

The depositary is Deutsche Bank Trust Company Americas. The depositary is a state chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The depositary was incorporated on March 5, 1903 in the State of New York. The registered office of the depositary is located at 60 Wall Street, New York, NY 10005, United States of America and the registered number is BR1026. The principal executive office of the depositary is located at 60 Wall Street, New York NY 10005, United States of America. The depositary operates under the laws and jurisdiction of the State of New York.

DESCRIPTION OF OUR INDEBTEDNESS

This description is only a summary and does not purport to be complete.

Great Wonders Project Facility

On February 13, 2006, our subsidiary, Great Wonders, entered into a term loan facility agreement, the Great Wonders Project Facility, which is a two-tranche HK$1,280 million (US$164.1 million) term loan facility with certain lenders to finance the construction of the Crown Macau. PBL and Melco are currently negotiating with the lenders under this facility regarding amendments that are required in connection with the corporate reorganization that occurred after MPBL Gaming obtained the subconcession. Our subsidiary MPBL (Greater China), currently guarantees all payment obligations of Great Wonders arising under the Great Wonders Project Facility. It is expected that this guarantee will be replaced by a guarantee to be given by us.

The maturity date of the loans under this facility is February 13, 2013 and the applicable interest rate on the loans is HIBOR plus 2.2% per annum. As of September 30, 2006, no loans had been drawn and the full commitment amount is available for use by Great Wonders until the earlier of February 13, 2008 and the date falling three months after the issuance of the occupation permit of the Crown Macau by the Macau government.

Under the terms of the facility agreement, Great Wonders:

- must use the Tranche A and Tranche B loans to finance the construction of the hotel and casino, respectively;
- is responsible for the payment of cost overruns incurred for the construction of the Crown Macau and cannot make any further drawdown of loans if cost overruns exceed HK$50 million until such cost overruns have been paid or the borrower demonstrates to the facility agent that it has sufficient financial resources to pay such cost overruns;
- must repay the loans in 20 consecutive equal quarterly installments commencing three months after the end of the availability period;
- must pay a default interest rate equal to the applicable interest rate plus 3% per annum if Great Wonders fails to repay the amounts due under the facility agreement;
- can cancel the undrawn commitment or make voluntary prepayments without penalty, except for any prepayment being made using the proceeds of refinancing from lenders other than the lenders of the Great Wonders Project Facility;
- except in limited circumstances, must make mandatory prepayments from the net cash proceeds of all loans to Great Wonders from other lenders, any equity issuance, any asset sale, any liquidated damages received under any construction contract, the lease agreement, the hotel management agreement or the land concession agreement for the Crown Macau and any proceeds from the insurance policy issued for the Crown Macau project; and
- undertakes to comply with the affirmative, negative and information covenants in the credit facility, including, without limitation, the covenants to complete the casino and later the hotel by November 30, 2006 and September 30, 2007, respectively (but the completion date for the casino is currently being negotiated to be revised to April 30, 2007), comply with the financial covenants after the date falling 12 months from the completion date of the Crown Macau project and not incur other indebtedness or permit other liens on its assets.

Great Wonders will draw on the Great Wonders Project Facility from time to time when there are certain construction milestones and projects for which we need to make payments. Drawdowns will be subject to certain conditions, including providing a certificate of the quantity surveyor certifying the amount paid or payable for the construction cost and confirming that the proposed drawdown is in line with the construction progress and

schedule stated in the construction contract and Great Wonders' affirmation that there are no cost overruns exceeding HK$50 million.

The loans are secured by liens on all present and future assets of Great Wonders. The security package consists of amongst others, a mortgage on the site and the building and fixtures, a power of attorney, a payment guarantee by MPBL (Greater China), a completion guarantee by MPBL (Greater China) that the hotel will be completed by September 30, 2007 and the casino will be completed by November 30, 2006, which is currently being negotiated to be revised to April 30, 2007, a cost overrun funding guarantee by MPBL (Greater China), a subordination agreement by MPBL (Greater China), a pledge or assignment of, the bank account relating to Great Wonders' revenues, the shares of Great Wonders, insurance policies, building contracts, any hotel management agreement, and all other assets of Great Wonders.

The following is a general summary of the events of default under the facility agreement:

(1) any failure of Great Wonders or MPBL (Greater China) to make any payment when due;

(2) any failure of Great Wonders or MPBL (Greater China) to perform its obligations under any finance document with respect to the Great Wonders Project Facility;

(3) a representation made under any finance document by Great Wonders proves to have been incorrect or misleading in any material respect;

(4) an occurrence of a cross-default;

(5) a material breach by Great Wonders under the land concession agreement or any reentry or threatened reentry by the Macau government onto the land on which the Crown Macau project is being built;

(6) any termination of any construction contract due to a default of Great Wonders or MPBL (Greater China) or the main contractor ceases to perform its essential obligations;

(7) any seizure or expropriation or a total loss of the Crown Macau property;

(8) any major construction work stoppage for at least 60 consecutive days;

(9) any undertaking or obligation under any finance document becomes impossible or illegal for Great Wonders or MPBL Gaming to perform, resulting in a material adverse effect;

(10) any action of Great Wonders or MPBL (Greater China) which materially and adversely jeopardizes the security created under any security document;

(11) any occurrence of a material adverse change in the financial condition of Great Wonders or MPBL (Greater China) which materially and adversely affects its ability to perform its obligations under any finance document to which it is a party;

(12) the commencement of any legal proceeding against Great Wonders or MPBL (Greater China) which materially and adversely affects its ability to perform its financial obligations under the facility agreement;

(13) any order is made for the winding-up, insolvency or liquidation of Great Wonders or MPBL (Greater China); or

(14) any failure of Great Wonders to register the security for the credit facility within a prescribed time period.

If an event of default exists and is continuing, then the facility agent will, if so instructed by the lenders representing 66% of the total commitment amount, give notice of acceleration to Great Wonders and MPBL (Greater China) and demand immediate repayment of all amounts due under the facility agreement.

Subconcession Facility

On September 4, 2006, MPBL Gaming entered into a US$500 million term loan facility with certain lenders to pay the remaining purchase price due to Wynn Macau upon the Macau government's approval of the issuance of a gaming subconcession to MPBL Gaming. MPBL Gaming, along with Melco and PBL, has also entered into a commitment letter with those same banks as arrangers for a US$1.6 billion secured credit facility to refinance the Subconcession Facility and finance the development costs of the City of Dreams project.

The US$500 million Subconcession Facility was drawn and used to pay part of the US$900 million due to Wynn Macau in September 2006 upon the issuance of the subconcession to MPBL Gaming. The US$500 million indebtedness from the Subconcession Facility became part of our consolidated debt upon the transfer of control of MPBL Gaming to us in October 2006.

The Subconcession Facility contains terms and conditions similar to the terms that are set forth in the commitment letter for the City of Dreams Project Facility. The Subconcession Facility releases MPBL Gaming from the general obligation not to incur additional debt or create liens over the capital stock and assets of our operating subsidiaries only to the extent required for in the City of Dreams and the Crown Macau financing documentation. The Subconcession Facility is to be repaid in quarterly installments commencing on December 31, 2007 and will mature on September 30, 2012. We expect, however, to repay the entire US$500 million under the Subconcession Facility with the net proceeds of this offering. Under the Subconcession Facility, each of Melco and PBL has agreed severally to grant (or procure from a bank or other financial institution) a guarantee that is rated at least A- by S&P (or equivalent rating by Moody's) to support 50% of the payment obligations of MPBL Gaming.

As a condition precedent to the drawdown of the Subconcession Facility, PBL was required to provide (or procure a financial institution to provide) a guarantee for MPBL Gaming's payment obligations. After the grant of the subconcession to MPBL Gaming and the transfer of control of MPBL Gaming to us, each of Melco and PBL is to severally provide (or procure from a financial institution to provide) a guarantee for 50% of MPBL Gaming's payment obligations under the Subconcession Facility. In order for the guarantees to be acceptable to the lenders, each of PBL, Melco and the financial institutions providing such guarantee must have a rating of at least A- by S&P (or equivalent rating by Moody's) with respect to their long-term senior unsecured debt obligations, in the case of PBL and Melco, or longer-term unsecured and unsubordinated foreign currency debt, in the case of a financial institution providing such guarantee. PBL has guaranteed US$500 million of the loan under the Subconcession Facility.

City of Dreams Project Facility

As set forth in the commitment letter ANZ Investment Bank, Banc of America Securities Asia Limited, Barclays Capital and Deutsche Bank will act as coordinating lead arrangers in arranging and financing the US$1.6 billion City of Dreams Project Facility for MPBL Gaming and Melco Hotels. The granting of the City of Dreams Project Facility is subject to conditions set forth in the commitment letter and the finalization of the negotiation of certain material terms. Such conditions include: (1) completion of definitive loan agreements, intercreditor agreement, guarantee, security and associated legal documents for the facilities; (2) the receipt of due diligence reports from various independent consultants, (3) obtaining required government and other approvals for entering into the City of Dreams Project Facility; and (4) receipt of credit ratings in respect of MPBL Gaming and its subsidiaries. The coordinating lead arrangers must use their reasonable efforts to complete the syndication and until such time MPBL Gaming and its subsidiaries are bound by specified clear market provisions. The arranging and underwriting commitment will terminate if facility documents are not executed by June 30, 2007 (unless otherwise extended by agreement among all the partiers thereto).

Under the term sheet set forth in the commitment letter, the City of Dreams Project Facility will consist of:

- a US$500 million term loan facility, which will be available to repay in full the existing Subconcession Facility; and
- a non-gaming facility and general project facility in an aggregate amount of not less than US$1.1 billion.

The non-gaming facility will be used to finance the construction of the non-gaming portions of the City of Dreams such as the hotels, the retail and food and beverage outlets and the leisure and entertainment facilities. The general project facility will be used to finance the construction of the City of Dreams, including, if necessary, the non-gaming portions and other pre-opening costs in relation to the City of Dreams. If the outstanding amount of the Subconcession Facility is less than US$500 million upon utilisation of the non-gaming facility and general project facility, the remaining amount of the non-gaming facility and general project facility shall be increased by the shortfall.

Drawdown

The final maturity date of the subconcession facility, non-gaming facility and general project facility is generally 84 months after the date we execute the definitive City of Dreams Project Facility documents. However, if the initial utilisation under the non-gaming facility and general project facility is not made, the final maturity date will be 60 months from September 4, 2006, the date of the agreement relating to the Subconcession Facility .

The non-gaming facility and general project facility portions are, subject to satisfaction of conditions precedent and on not less than five business days written notice to the intercreditor agent, available for drawdown in minimum amounts of US$5 million (or HK$ equivalent) from the date of the City of Dreams Project Facility to the earlier of: (1) 90 days after the construction completion date for stage one of the project, which includes at least two of the hotels, all of the gaming area and at least 50% of the retail and food and beverage space; and (2) a yet to be agreed long stop date. If, at the end of this availability period, the remainder of the City of Dreams project has not been completed, then, to the extent that it is required to fund the remainder of the project (and is certified by a technical adviser), the balance of the City of Dreams Facility may be drawn and, pending application, deposited in a separate interest bearing account secured in favor of the lenders. Proceeds of the drawings will be available for disbursement from the account upon satisfaction of conditions precedent and the relevant notice requirements.

Except for the first utilization of the City of Dreams Facility, which, if the Subconcession Facility is still outstanding, must be to refinance amounts drawn under the Subconcession Facility, all drawings under the City of Dreams Facility will be paid into a disbursement account that will be subject to security. Conditions precedent to the first drawdown of the City of Dreams Facility other than that to refinance amounts drawn under the Subconcession Facility, include among other things: (1) delivery of a project feasibility study, plans, budgets timetable, projected results and an audited financial model; (2) obtaining a land concession for the City of Dreams; (3) obtaining relevant government and other authority approvals; and (4) the injection of equity such that the debt to equity ratio will be no greater than 70:30. Subsequent drawdowns under the City of Dreams Facility are also subject to the maintenance of financial ratios and provision of certificates from technical consultants certifying the amount paid or payable for the construction cost. MPBL Gaming and its subsidiaries will also be required to undertake a program to hedge exposures to interest rate fluctuations under the City of Dreams Facility in addition to this offering. These hedging agreements will be secured on a pari passu basis with the lenders.

Repayment

The City of Dreams Facility will be repaid in quarterly installments commencing from the earlier of: (1) six months after the construction completion date for stage one of the project; and (2) 36 months from the City of Dreams Facility agreement date (in the case of the non-gaming and general project facilities).

MPBL Gaming and Melco Hotels may make voluntary prepayments in respect of the non-gaming facility and general project facility, subject to certain conditions and providing not less than 30 days' prior written notice to the intercreditor agent, on any interest payment date without premium or penalty. Voluntary prepayments will be applied to the principal outstanding on the City of Dreams Facility and to maturities on a pro-rata basis and amounts prepaid will not be available for redrawing.

We must make mandatory prepayments with, among other sources, all of (1) the net proceeds of any permitted equity or debt issuance (or, in the case of any public offering subsequent to and other than a permitted public offering, in which event the amount will be 75% of such proceeds); (2) the net proceeds of any asset sale, subject to reinvestment rights and certain exceptions; (3) net termination proceeds paid under MPBL Gaming's subconcession, any lease agreement, the hotel management agreements, or any other material contracts or agreements (subject to certain exceptions); (4) the net proceeds or liquidated damages paid pursuant to obligation, default or breach under the certain documents relating to the City of Dreams project; (5) the insurance proceeds net of expenses to obtain such proceeds, subject to reinvestment rights and certain exceptions; and (6) excess cashflow (as defined under various financial ratio tests).

Accounts

The terms set forth in the termsheet attached to the commitment letter contemplate that all of the revenues of the gaming business operated by MPBL Gaming, including the Crown Macau and the City of Dreams, be paid into a bank account established by MPBL Gaming, which will be divided further into sub-accounts, secured in favor of the security agent for the benefit of the lenders. Subject to such security, such revenues will be paid out in order of priority, in accordance with the cash waterfall arrangements.

Interest and Fees

U.S. dollar and H.K. dollar denominated drawdowns will bear an initial interest rate of LIBOR and HIBOR, respectively, plus a margin, and the interest rate margin will be adjusted in accordance with the total debt to EBITDA ratio on a consolidated basis after the completion of the construction of the City of Dreams project. We will pay a commitment fee quarterly in arrears from the date of the relevant facility agreement through the availability period. A commitment fee is payable on the daily undrawn amount under the relevant Subconcession Facility, non-gaming facility and general project facility, which percentage will be reduced when more than 50% of the total commitment has been utilized.

PBL and Melco Support

PBL and Melco, as sponsors of the City of Dreams Facility, have undertaken to commit equity such that the debt to equity ratio would not exceed 70:30. In addition, PBL and Melco will also provide, on a 50:50 several basis, corporate or bank guarantees with a rating of A- or above by S&P (or equivalent rating by Moody's) to cover as yet to be agreed amounts of contingent and deferred equity.

Security

Security for the City of Dreams Project Facility and hedging agreements include:

- a first priority mortgage over all land and all present and future buildings on and fixtures to such land, and an assignment of land use rights under land concession agreements or equivalent held by MPBL

Gaming, MPBL Investments, Melco Hotels and the managing director (provided that recourse against the managing director is limited to the value of her shares) (the "Primary Obligors");

- the corporate and bank guarantees described above in "—PBL and Melco Support";
- charges over the MPBL Gaming account and sub-accounts, subject to certain exceptions including the capital contribution account for the holding or payment of equity for the Crown Macau and cash deposits of Melco Hotels set aside as guarantee money in favor of the Macau government;
- assignment of the Primary Obligors' rights under all insurance policies;
- first priority security over the Primary Obligors' chattels, receivables and other assets (other than shares in Great Wonders) which are not subject to any security under any other security documentation;
- pledge over equipment and tools used in the gaming business by MPBL Gaming; and
- first priority charges over the issued share capital of the Primary Obligors (other than shares held in MPBL Gaming by PBL Asia) and assignment of MPBL Investments' rights and interests arising under its call option over PBL Asia's shareholding in MPBL Gaming granted to it by PBL Asia, exercisable at a price of US$1.00 following the continuation of an event of default.

Covenants

The Primary Obligors must comply with negative and affirmative covenants. These covenants include that, without obtaining consent from the majority lenders (as defined in the termsheet), they may not:

- create or permit to subsist further charge or any form of encumbrance over its assets, property or revenues except as permitted under the documentation;
- sell, transfer or dispose of any of its assets unless such sale is conducted on an arm's length basis at a fair market value and the proceeds from the sale shall be credited to the relevant accounts over which the lenders have a first priority charge on;
- make any payment of fees under any agreement with Melco or PBL (or their affiliates) other than fees approved by the majority lenders or, after a certain date, in accordance with the waterfall, or enter into agreements with Melco or PBL or their affiliates except in certain limited circumstances;
- make any loan or guarantee indebtedness except for certain identified indebtedness and guarantees permitted;
- create any subsidiaries except as permitted under the termsheet, such as for carrying out all or any part of the City of Dreams; or
- make investments other than within agreed upon limitations.

In addition, the relevant Primary Obligors will be required to comply with certain financial ratios and financial covenants such as a maximum total debt to earnings before interest, taxes, depreciation and amortization ratio, a minimum debt service coverage ratio and a minimum interest coverage ratio.

Events of Default

The City of Dreams Project Facility is expected to contain customary events of default including: (1) failure to make any payment when due; (2) breach of financial covenants; (3) cross default triggered by any other event of default in the facility agreements or other documents forming the indebtedness of the borrowers and/or guarantors; (4) breach of support by PBL and Melco; (5) breach of the credit facility documents, land agreements, lease agreements for the provision of gaming services or hotel management agreements; (6) insolvency or bankruptcy events; (7) misrepresentations on the part of the borrowers and guarantors in statements

made in the loan documents delivered to the lenders; (8) failure to commence or complete the construction by certain specified dates; and (9) various change of control events involving us (excluding the corporate reorganization resulting in MPBL Gaming becoming our subsidiary).

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have 53,000,000 outstanding ADSs representing approximately 13.72% of our ordinary shares in issue. All of the ADSs sold in this offering and the ordinary shares they represent will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Sales or perceived sales of substantial numbers of our ADSs in the public market could adversely affect prevailing market prices of our ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and while application has been made for the ADSs to be quoted on the Nasdaq Global Market, we cannot assure you that such application will be approved or that a regular trading market for our ADSs will develop. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs. See "Risk Factors—Substantial future sales or perceived sales of our ADSs in the public market could cause the price of our ADSs to decline."

Lock-up Agreements

Each of Melco, PBL, our officers and directors will enter into the lock-up agreements described in "Underwriting."

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned "restricted securities" for at least one year would be entitled to sell in the United States, within any three-month period, a number of shares that is not more than the greater of:

- 1.0% of the number of our ordinary shares then outstanding which will equal approximately 11,590,000 ordinary shares immediately after this offering; or
- the average weekly reported trading volume of our ADSs on the Nasdaq Global Market during the four calendar weeks preceeding the date on which a notice of the sale on Form 144 is filed with the SEC by such person.

Sales under Rule 144 are also subject to manner-of-sale provisions, notice requirements and the availability of current public information about us. However, these shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires. Persons who are not our affiliates may be exempt from these restrictions under Rule 144(k) discussed below.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the three months preceding a sale, and who has beneficially owned the ordinary shares proposed to be sold for at least two years from the later of the date these shares were acquired from us or from our affiliate, including the holding period of any prior owner other than an affiliate, is entitled to sell those shares in the United States immediately following this offering without complying with the manner-of-sale, public information, volume limitation or notice provisions of Rule 144. However, these shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Rule 701

Beginning 90 days after the date of this prospectus, persons other than affiliates who purchased ordinary shares under a written compensatory plan or contract may be entitled to sell such shares in the United States in reliance on Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 subject only to its manner-of-sale requirements. However, the Rule 701 shares would remain subject to lock-up arrangements and would (subject to certain exceptions) only become eligible for sale when the lock-up period expires.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares, in the form of ADSs or otherwise, or their transferees will be entitled to request that we register their shares under the Securities Act, following the date six months after completion of the offering. See "Related Party Transactions —Registration Rights." Following registration, such shares, in the form of ADSs or otherwise will be freely transferable. See "Risk Factors—Substantial future sales or perceived sales of our ADSs in the public market could cause the price of our ADSs to decline."

TAXATION

The following summary of the material Cayman Islands and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S., state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Walkers, our Cayman Islands counsel. To the extent that the discussion relates to matters of Macau law, it represents the opinion of Manuela António Law Offices, our Macau counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

United States Federal Income Taxation

The following discussion, to the extent that it states legal conclusions and subject to the qualifications herein, represents the opinion of Latham & Watkins LLP, our United States counsel, on the material United States federal income tax consequences of the ownership of our ADSs or ordinary shares as of the date hereof. This discussion applies only to investors that hold the ADSs or ordinary shares as capital assets and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States as in effect on the date of this Prospectus and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this Prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- broker dealers;
- U.S. expatriates;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10.0% or more of our voting stock;
- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding ADSs or ordinary shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR ORDINARY SHARES.

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply if you are a beneficial owner of ADSs or ordinary shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) organized under the laws of the United States, any State or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are a partner in partnership or other entity taxable as a partnership that holds ADSs or ordinary shares, your tax treatment generally will depend on your status and the activities of the partnership.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

The U.S. Treasury has expressed concerns that parties to whom ADSs are pre-released may be taking actions that are inconsistent with the claiming, by U.S. Holders of ADSs, of foreign tax credits for U.S. federal income tax purposes. Such actions would also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate U.S. Holders, as described below. Accordingly, the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders could be affected by future actions that may be taken by the U.S. Treasury or parties to whom ADSs are pre-released.

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of all our distributions to you with respect to the ADSs or ordinary shares generally will be included in your gross income as foreign source ordinary dividend income on the date of receipt by the depositary, in the case of ADSs, or by you, in the case of ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution generally will be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders including individual U.S. Holders, for taxable years beginning before January 1, 2011, dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) the ADSs or ordinary shares, as applicable, are readily tradable on an established securities market in the United States, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend was paid or the preceding taxable year, and

(3) certain holding period requirements are met. Under Internal Revenue Service authority, ordinary shares, or ADSs representing such shares, are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq National Market, as our ADSs are expected to be. You should consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

Taxation of Disposition of ADSs or Ordinary Shares

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference between the amount realized for the ADS or ordinary share and your tax basis in the ADS or ordinary share. The gain or loss generally will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the ADS or ordinary share for more than one year, you will be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Passive Foreign Investment Company

We do not expect to be a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes for our current taxable year ending December 31, 2006. Our expectation for our current taxable year is based in part on our estimates of the value of our assets as determined based on the price of the ADSs and our ordinary shares in this offering and the expected price of the ADSs and our ordinary shares following the offering. Our actual PFIC status for the current taxable year will not be determinable until the close of such year, and, accordingly, there is no guarantee that we will not be a PFIC for the current taxable year. A non-U.S. corporation is considered to be a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income (the "income test"), or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the "asset test").

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

We must make a separate determination each year as to whether we are a PFIC. As a result, our PFIC status may change. In particular, because the total value of our assets for purposes of the asset test generally will be calculated using the market price of our ADSs and ordinary shares, our PFIC status will depend in large part on the market price of our ADSs and ordinary shares, which may fluctuate considerably. Accordingly, fluctuations in the market price of the ADSs and ordinary shares may result in our being a PFIC for any year. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in this offering. If we are a PFIC for any year during which you hold ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which you hold ADSs or ordinary shares. However, if we cease to be a PFIC, you may avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to the ADSs or ordinary shares, as applicable.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares,

- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

We do not intend to prepare or provide the information that would enable you to make a qualified electing fund election.

Alternatively, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the tax treatment discussed above. If you make a valid mark-to-market election for the ADSs or ordinary shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate discussed above under "—Taxation of Dividends and Other Distributions on the ADSs and Ordinary Shares" would not apply.

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. The Nasdaq Global Market is a qualified exchange. We expect that the ADSs will be listed on the Nasdaq Global Market and, consequently, if you are a holder of ADSs and the ADSs are regularly traded, the mark-to-market election would be available to you were we to be a PFIC.

If you hold ADSs or ordinary shares in any year in which we are a PFIC, you will be required to file Internal Revenue Service Form 8621 regarding distributions received on the ADSs or ordinary shares and any gain realized on the disposition of the ADSs or ordinary shares.

You are urged to consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or ordinary shares.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or redemption of ADSs or ordinary shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding at a current rate of 28%. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or

who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

Macau Taxation

Neither our ADSs nor our ordinary shares are expected to be subject to tax in Macau.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated , 2006 we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc and UBS Securities LLC are acting as representatives and the joint bookrunners of this offering, the following respective numbers of our ADSs:

Underwriter	Number of ADSs
Credit Suisse Securities (USA) LLC	
Citigroup Global Markets Inc	
UBS Securities LLC	
CLSA Limited	
J.P. Morgan Securities Inc.	
CIBC World Markets Corp.	
Deutsche Bank Securities Inc.	
Total	53,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all of the ADSs in the offering if any are purchased, other than those ADSs covered by the over-allotment option described below.

All sales of the ADSs in the United States will be made by U.S. registered broker/dealers.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to an aggregate of 7,950,000 additional ADSs at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of ADSs.

The underwriters propose to offer the ADSs initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of US$ per share. The underwriters and selling group members may allow a discount of US$ per ADS on sales to other broker/dealers. After the initial public offering, the underwriters may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

	Per ADS		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting Discounts and Commissions paid by us	US$	US$	US$	US$
Expenses payable by us	US$	US$	US$	US$

The underwriters have informed us that they do not expect sales to accounts over which the underwriters have discretionary authority to exceed 5% of the ADSs being offered. The underwriters will not confirm sales to any accounts over which they exercise discretionary authority without first receiving a written consent from those accounts.

We intend to use more than 10% of the net proceeds from the sale of the ADSs to repay indebtedness owed by us to Deutsche Bank AG, Hong Kong branch, an affiliate of one of the underwriters and a lender under the US$500 million subconcession loan facility provided to MPBL Gaming, one of our subsidiaries. Accordingly, the offering is being made in compliance with the requirements of Rule 2710(h) of the National Association of Securities Dealers, Inc. Conduct Rules. This rule provides generally that if more than 10% of the net proceeds from the sale of securities, including ADSs, not including underwriting compensation, is paid to the underwriters or their affiliates, the initial public offering price of the ADSs may not be higher than that recommended by a “qualified independent underwriter” meeting certain standards. Accordingly, Credit Suisse Securities (USA) LLC is assuming the responsibilities of acting as the qualified independent underwriter in pricing the offering and conducting due diligence. The initial public offering price of the ADSs is no higher than the price recommended by Credit Suisse Securities (USA) LLC.

We have agreed that we will not (among others) offer, sell, issue, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 (the "Securities Act") relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus, except the issuance and sale to Melco of such number of shares that Melco is required to distribute to its shareholders (in the form of ADSs) as part of the assured entitlements distribution. However, in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the 'lock-up' period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 'lock-up' period, then in either case the expiration of the 'lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the representatives waive, in writing, such an extension.

Our existing shareholders, officers and directors have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus, except for the assured entitlement distribution by Melco to its shareholders of the assured entitlement ADSs. However, in the event that either (1) during the last 17 days of the 'lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then in either case the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the representatives waive, in writing, such an extension.

We have applied to have the ADSs listed on The NASDAQ Global Market under the symbol "MPEL".

Prior to the offering, there has been no public market for our ADSs or shares of common stock. The initial public offering price of the ADSs will be determined by agreement between us and the representatives. Among the factors to be considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934 (the "Exchange Act").

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of ADSs in excess of the number of ADSs the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of ADSs over-allotted by the underwriters is not greater than the number of ADSs that they may purchase in the over-allotment option. In a naked short position, the number of ADSs involved is greater than the number of ADSs in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing ADSs in the open market.

- Syndicate covering transactions involve purchases of the ADSs in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of ADSs
  available for purchase in the open market as compared to the price at which they may purchase ADSs through the over-allotment option. If the underwriters sell more ADSs than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the ADSs originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our ADSs or preventing or retarding a decline in the market price of the ADSs. As a result the price of our ADSs may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The NASDAQ Global Market or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format will be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of ADSs to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

We expect that delivery of our ADSs will be made against payment therefor on or about , 2006, which will be the fifth business day following the date of pricing of the ADSs (this settlement cycle being referred to as "T + 5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the ADSs on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the ADSs initially will settle in T + 5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

Shortly after the completion of this offering, we expect to issue and sell to Melco at the initial public offering price (adjusted for the three ordinary shares to one ADS ratio) up to approximately 615,000 ordinary shares, calculated based on an initial offering price of HK$17.00 per ADS, the midpoint of the estimated range of the initial offering price. These Shares will be distributed to eligible Melco shareholders in the form of ADSs without consideration as an assured entitlement. Neither this purchase of ordinary shares by Melco nor Melco's assured entitlement distribution will form part of this offering and the distribution of assured entitlement ADSs will not reduce the number of ADSs available for sale to the public in this offering. Melco will effect the assured entitlement distribution shortly after the completion of this offering. See "Principal Shareholders—Melco Hong Kong Stock Exchange Matters—Assured Entitlement Distribution."

The ADSs to be sold outside of the United States have not been registered under the Securities Act for their offer and sale as part of the initial distribution in the offering, and the assured entitlement ADSs have not been registered under the Securities Act for the assured entitlement distribution to shareholders of Melco. These ADSs initially will be offered outside the United States in compliance with Regulation S under the Securities Act. These ADSs have, however, been registered under the Securities Act solely for purposes of their resale in the United States in transactions that require registration under the Securities Act. This prospectus may be used in connection with resales of such ADSs in the United States to the extent such transactions would not be exempt from registration under the Securities Act.

No action has been taken in any jurisdiction by us or by any underwriter that would permit a public offering of the ADSs or the possession, circulation or distribution of this offering circular or any other material relating to us or the ADSs, in any jurisdiction where action for that purpose is required, other than in the United States. Accordingly,
the ADSs may not be offered or sold, directly or indirectly, and neither this offering circular nor any other offering material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons who receive this offering circular are advised by us and the underwriters to inform themselves about, and to observe any restrictions as to, the offering and the ADSs and the distribution of this offering circular.

Japan. The ADSs have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any person for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (1) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Securities and Exchange Law of Japan and (2) in compliance with any other relevant law and regulations of Japan.

Hong Kong. Each underwriter has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any ADSs other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the ADSs, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore. This Prospectus has not been registered as a prospective with the Monetary Authority of Singapore. Accordingly, the ADSs may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus be circulated or distributed, nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(A) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are

acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange or securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Australia. No prospectus or other disclosure document in relation to the ADSs has been lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange Limited. Each underwriter has represented and agreed that it:

(a) has not made or invited, and will not make or invite, an offer of the ADSs for issue or sale in Australia, including an offer or invitation which is received by a person in Australia; and

(b) has not distributed or published, and will not distribute or publish, the prospectus supplement or prospectus or any other offering material or advertisement relating to the ADSs in Australia,

unless, in either case (a) or (b):

(c) the minimum aggregate consideration payable by each offeree is at least A$500,000, disregarding moneys lent by the offeror or its associates, or the offer otherwise does not required disclosure to investors in accordance with Part 6D.2 of the Australian Corporations Act; and

(d) such action complies with all applicable laws and regulations.

European Economic Area. Any ADSs that are offered in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") shall, in order to comply with the Prospectus Directive that has been implemented in that Relevant Member State (the "Relevant Implementation Date"), only be offered to the public in that Relevant Member State following the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to purchase the ADSs may, with effect from and including the Relevant Implementation Date, be made in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of ADSs to the public" in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

This prospectus may be used by the underwriters and other dealers in connection with offers and sales of the ADSs, including the ADSs initially sold by the underwriters in the offering being made outside of the United States, to persons located in the United States.

Some of the underwriters and their affiliates have provided, and may in the future provide, investment banking and other services to us, our affiliates, officers and directors, for which such underwriters and their affiliates have received customary fees and commissions. In particular, Credit Suisse (Hong Kong) Limited, an affiliate of Credit Suisse Securities (USA) LLC, acted as the private placement agent in the private placement and subscription of shares in Melco, in which Better Joy sold certain shares of Melco to a group of institutional investors and immediately thereafter subscribed for the same amount of Melco shares at the price sold to the institutional investors. Credit Suisse (Hong Kong) Limited received customary fees for this transaction. A portion of the proceeds of such private placement are expected to be used as Melco's contribution to us.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with the offer and sale of the ADSs by us and the selling shareholders. With the exception of the SEC registration fee and the National Association of Securities Dealers, Inc. filing fee, all amounts are estimates.

SEC registration fee	US$117,785
Nasdaq Global Market listing fee	150,000
National Association of Securities Dealers, Inc. filing fee	75,500
Printing and engraving expenses	350,000
Legal fees and expenses	3,500,000
Accounting fees and expenses	1,500,000
Miscellaneous	2,306,715
Total	US$8,000,000

LEGAL MATTERS

The validity of the ADSs and certain other legal matters as to the United States federal and New York law in connection with this offering will be passed upon for us by Latham & Watkins LLP. Certain legal matters as to the United States federal and New York law in connection with this offering will be passed upon for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP. The validity of the ordinary shares represented by the ADSs offered in this offering and certain other legal matters as to Cayman Islands law will be passed upon for us by Walkers. Legal matters as to Macau law will be passed upon for us by Manuela António Law Office and for the underwriters by Henrique Saldanha, Advogados & Notarios. Manuela António of Manuela António Law Office has been appointed by us to serve as the initial Managing Director of MPBL Gaming. Latham & Watkins LLP may rely upon Walkers with respect to matters governed by Cayman Islands law and Manuela António Law Office with respect to matters governed by Macau law. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Walkers with respect to matters governed by Cayman Islands law and Henrique Saldanha, Advogados & Notarios, with respect to matters governed by Macau law.

EXPERTS

Our consolidated financial statements as of June 8, 2004 (predecessor company—Mocha Slot Group Limited), December 31, 2004 and December 31, 2005, and for the period from January 1, 2004 to June 8, 2004 (predecessor company—Mocha Slot Group Limited), the period from June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, included in this prospectus have been audited by Deloitte Touche Tohmatsu, an independent registered public accounting firm, as stated in their report appearing herein and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The offices of Deloitte Touche Tohmatsu are located at 35th Floor, One Pacific Place, 88 Queensway, Hong Kong.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and schedules under the Securities Act with respect to underlying ordinary shares represented by the ADSs, to be sold in this offering. A related registration statement on F-6 has been filed with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement and its exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon completion of this offering, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Additional information may also be obtained over the Internet at the SEC's website at www.sec.gov.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2004 TO JUNE 8, 2004 (PREDECESSOR),
JUNE 9, 2004 TO DECEMBER 31, 2004 (SUCCESSOR)
AND THE YEAR ENDED DECEMBER 31, 2005 (SUCCESSOR)

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco PBL Entertainment (Macau) Limited (successor company) and Mocha Slot Group Limited (predecessor company):

We have audited the accompanying consolidated balance sheets of Melco PBL Entertainment (Macau) Limited and subsidiaries (the "Company") as of December 31, 2004 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for the period from June 9, 2004 to December 31, 2004 and the year ended December 31, 2005. We have also audited the consolidated statements of operations, shareholders' equity and cash flows of Mocha Slot Group Limited and subsidiaries (predecessor company) for the period from January 1, 2004 to June 8, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of the successor company referred to above present fairly, in all material respects, the financial position of Melco PBL Entertainment (Macau) Limited and subsidiaries at December 31, 2004 and 2005, and the results of their operations and their cash flows for the period from June 9, 2004 to December 31, 2004 and the year ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. Further, in our opinion, the predecessor company's financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Mocha Slot Group Limited and subsidiaries for the period from January 1, 2004 to June 8, 2004 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
July 21, 2006, except for Note 18 which is as of November 14, 2006 and Note 19 which is as of December 1, 2006

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

	December 31,	
	2004 (Successor)	2005 (Successor)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,537	$ 19,769
Accounts receivable	45	37
Amount due from an affiliated company (Note 17(a))	1,085	1,398
Inventories (Note 5)	15	87
Prepaid expenses and other current assets (Note 6)	94	641
Total current assets	6,776	21,932
PROPERTY AND EQUIPMENT, NET (Note 7)	10,613	67,794
INTANGIBLE ASSETS, NET (Note 8)	12,118	11,089
GOODWILL	34,417	34,417
OTHER ASSETS (Note 17(e))	—	150,641
LAND USE RIGHT, NET (Note 17(f))	40,493	132,424
RENTAL DEPOSITS	231	528
DEPOSITS FOR ACQUISITION OF PROPERTY AND EQUIPMENT	1,464	2,383
TOTAL	$106,112	$ 421,208
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 568	$ 149
Accrued expenses and other current liabilities (Note 9)	626	11,879
Income tax payable	170	615
Capital lease obligations, due within one year (Note 10)	105	3
Amounts due to affiliated companies/person (Note 17(b))	4,125	31,518
Amounts due to shareholders (Note 17(c))	11,930	94,577
Total current liabilities	17,524	138,741
DEFERRED TAX LIABILITIES (Note 12)	6,321	14,997
CAPITAL LEASE OBLIGATIONS, DUE AFTER ONE YEAR (Note 10)	—	8
LAND USE RIGHT PAYABLE	—	9,278
MINORITY INTERESTS	35	19,492
COMMITMENTS AND CONTINGENCIES (Note 16)		
SHAREHOLDERS' EQUITY		
Ordinary shares at US$0.01 par value per share (Successor: Authorized—1,500,000,000 shares and issued—625,000,000 and 500,000,000 shares as of December 31, 2004 and 2005 (Note 11))	6,250	5,000
Additional paid-in capital	76,989	237,779
Accumulated losses	(1,007)	(4,087)
Total shareholders' equity	82,232	238,692
TOTAL	$106,112	$ 421,208

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data)

	1.1.2004 to 6.8.2004 (Predecessor)	6.9.2004 to 12.31.2004 (Successor)	1.1.2005 to 12.31.2005 (Successor)
REVENUE			
Fees for services provided to gaming machine lounges			
- Affiliated customer (Note 17(a))	$ 1,764	$ 5,619	$ 16,433
- External customers	103	135	136
Sub-total	1,867	5,754	16,569
Food, beverage and others	29	317	759
Total revenue	1,896	6,071	17,328
OPERATING COSTS AND EXPENSES			
Provision of services to gaming machine lounges	(864)	(4,286)	(11,255)
Food, beverage and others	(48)	(250)	(596)
Amortization of land use rights	—	(130)	(3,535)
General and administrative	(197)	(1,970)	(4,400)
Selling and marketing	(81)	(166)	(534)
Pre-opening costs	(96)	(199)	(730)
Total operating costs and expenses	(1,286)	(7,001)	(21,050)
OPERATING INCOME (LOSS)	610	(930)	(3,722)
NON-OPERATING INCOME (EXPENSES)			
Interest income	—	—	2,516
Interest expenses	(97)	(217)	(2,028)
Foreign exchange gain (loss), net	5	32	(570)
Other, net	2	54	146
Total non-operating (expenses) income	(90)	(131)	64
INCOME (LOSS) BEFORE INCOME TAX	520	(1,061)	(3,658)
INCOME TAX (EXPENSE) CREDIT (Note 12)	(26)	(37)	91
INCOME (LOSS) BEFORE MINORITY INTERESTS	494	(1,098)	(3,567)
MINORITY INTERESTS	—	91	308
NET INCOME (LOSS)	$ 494	$ (1,007)	$ (3,259)
LOSS PER SHARE (Note 13):			
Basic		$ (0.002)	$ (0.006)
SHARES USED IN LOSS PER SHARE CALCULATION:			
Basic		625,000,000	522,945,205

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars, except share and per share data)

	Common shares		Additional paid-in capital	Retained earnings (accumulated losses)	Total Shareholders' Equity
	Shares	Amount			
Predecessor—Mocha Slot Group Limited:					
BALANCE AT JANUARY 1, 2004	100	$ —	$ —	$ 137	$ 137
Net income for the period	—	—	—	494	494
BALANCE AT JUNE 8, 2004	100	$ —	$ —	$ 631	$ 631
Successor—Melco PBL Entertainment (Macau) Limited:					
Contribution of Mocha from Melco on June 9, 2004	625,000,000	$ 6,250	$ 39,864	$ —	$ 46,114
Contribution from Melco in connection with the compensation paid to the management of Mocha Slot	—	—	1,374	—	1,374
Contribution of Great Wonders and Melco Hotels from Melco	—	—	35,751	—	35,751
Net loss for the period	—	—	—	(1,007)	(1,007)
BALANCE AT DECEMBER 31, 2004	625,000,000	6,250	76,989	(1,007)	82,232
Contribution from PBL during the year	—	—	163,000	—	163,000
Contribution of Great Wonders from Melco	—	—	16,484	—	16,484
Effect of reorganization on minority interests	(125,000,000)	(1,250)	(18,694)	179	(19,765)
Net loss for the year	—	—	—	(3,259)	(3,259)
BALANCE AT DECEMBER 31, 2005	500,000,000	$ 5,000	$237,779	$ (4,087)	$238,692

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

	1.1.2004 to 6.8.2004 (Predecessor)	6.9.2004 to 12.31.2004 (Successor)	1.1.2005 to 12.31.2005 (Successor)
OPERATING ACTIVITIES			
Net income (loss)	$ 494	$ (1,007)	$ (3,259)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Compensation expense paid to the management of Mocha Slot	—	1,374	—
Depreciation and amortization	154	1,872	8,503
Gain on disposal of property and equipment	—	—	(35)
Minority interests	—	(91)	(308)
Changes in operating assets and liabilities:			
Accounts receivable	(61)	21	8
Amount due from an affiliated company	(479)	(389)	(313)
Inventories	—	(15)	(72)
Prepaid expenses and other current assets	(25)	(64)	(547)
Rental deposits	(57)	(128)	(297)
Accounts payable	26	542	(419)
Accrued expenses and other current liabilities	479	61	719
Income tax payable	26	124	445
Amounts due to affiliated companies	—	5	407
Deferred tax liabilities	—	(88)	(548)
Net cash provided by operating activities	557	2,217	4,284
INVESTING ACTIVITIES			
Acquisition of other assets	—	—	(102,564)
Acquisition of property and equipment	(6,151)	(4,305)	(46,088)
Payment for land use right	—	—	(31,870)
Deposits for acquisition of property and equipment	(294)	(1,170)	(919)
Proceeds from disposal of property and equipment	—	—	183
Net cash used in investing activities	(6,445)	(5,475)	(181,258)
FINANCING ACTIVITIES			
Amounts due to shareholders	7,503	2,934	8,088
Amounts due to affiliated companies/person	817	3,142	20,225
Cash contribution from PBL	—	—	163,000
Net proceeds from acquisition of Mocha	—	2,765	—
Payment of principal of capital leases	(53)	(46)	(107)
Net cash provided by financing activities	8,267	8,795	191,206
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,379	5,537	14,232
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	386	—	5,537
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	$ 2,765	$ 5,537	$ 19,769
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS			
Cash paid for interest (net of capitalized interest)	$ (3)	$ (7)	$ (495)
Cash paid for tax	$ —	$ (1)	$ (12)
NON-CASH INVESTING ACTIVITIES			
Construction costs funded through accrued expenses and other current liabilities	$ —	$ —	$ 7,441
Inception of capital leases on property and equipment	$ —	$ —	$ 13
Land use right cost funded through land use right payable, accrued expenses and other current liabilities and amounts due to shareholders	$ —	$ —	$ 38,012
Other assets cost funded through amounts due to shareholders	$ —	$ —	$ 48,077
Costs of property and equipment funded through amount due to an affiliated company	$ 990	$ —	$ 6,885

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except share and per share data)

1. COMPANY INFORMATION

Melco PBL Entertainment (Macau) Limited (the "Company") was incorporated under the laws of the Cayman Islands on December 17, 2004. The Company and its consolidated subsidiaries (collectively the "Group") are principally engaged in the gaming and hospitality business. Mocha Slot Group Limited and its subsidiaries ("Mocha Slot") are principally engaged in the provision of services to a series of electronic gaming machine lounges in Macau. Great Wonders, Investments, Limited ("Great Wonders") and Melco Hotels and Resorts (Macau) Limited ("Melco Hotels") hold early stage projects for the construction of a hotel and casino and integrated entertainment resort complex, respectively, in Macau.

Mocha Slot

On September 26, 2003, Better Joy Overseas Limited ("Better Joy"), which was 77% owned by Mr. Lawrence Ho, the Managing Director of Melco International Development Limited ("Melco") and 23% owned by Dr. Stanley Ho, the father of Mr. Lawrence Ho and the Chairman of Melco until he resigned this position in March 2006, acquired 65% of the outstanding shares of Mocha Slot from an independent third party. Dr. Stanley Ho and Mr. Lawrence Ho both hold beneficial interests in Melco.

On March 19, 2004, Melco agreed to acquire 80% of the shares of Mocha Slot, of which shares representing 65% were acquired from Better Joy and 15% were acquired from independent third parties for total consideration of $46,114. The transaction was completed on June 9, 2004 and was accounted for as a purchase by Melco. Around the same time, the remaining 20% interest in Mocha Slot was acquired by Dr. Stanley Ho from an independent third party. Melco's basis in its shares of Mocha Slot has been reflected in Mocha Slot's financial statements and the minority interest, then owned by Dr. Stanley Ho, is presented at historical cost (see note 4).

Great Wonders

On September 8, 2004, Melco entered into an agreement (the "First Sale Agreement") with Sociedade de Turismo e Diversoes de Macau, S.A.R.L. ("STDM"), a company in which Dr. Stanley Ho has a beneficial interest, to establish Great Wonders. The principal activity of Great Wonders was to apply to the Macau government for the concession of a site located at Taipa, Macau (the "Taipa Land") and to develop the Taipa Land into a luxury hotel casino (the "Crown Macau Project"). Pursuant to this First Sale Agreement, Melco purchased 50% of Great Wonders from STDM (see note 17(f)) for consideration of $35,748 in the form of notes convertible into ordinary shares of Melco. Melco acquired an additional 20% interest in Great Wonders on February 8, 2005 for consideration of $16,360 in the form of notes convertible into common shares of Melco and the Company acquired the remaining 30% interest in Great Wonders on July 28, 2005 for consideration of $51,282, of which $25,641 was financed by an advance from Melco (see note 17(f)). On the dates that Melco and the Company acquired such interests, Great Wonders did not meet the definition of a business. Great Wonders had begun the construction of the hotel and casino by December 31, 2004.

Melco Hotels

On October 28, 2004, Melco Leisure and Entertainment Group Limited ("Melco Leisure"), an entity wholly owned by Melco, entered into an agreement with Great Respect Limited ("Great Respect"), a company controlled by a discretionary family trust of Dr. Stanley Ho, the beneficiaries of which are members of Dr. Stanley Ho's family including Mr. Lawrence Ho, to establish a project to develop a site in Cotai, Macau (the "Cotai Land"), into an integrated entertainment resort (the "City of Dreams Project"). Pursuant to the agreement, Melco owned a 50.8% interest in the City of Dreams Project through its wholly-owned subsidiary, Melco Hotels, and Great Respect owned the remaining 49.2% interest in this project. On May 11, 2005, the Company signed an agreement

with Great Respect to acquire the remaining 49.2% interest in the City of Dreams Project for consideration of $150,641, which was financed by a loan from Melco (see note 17(e)). The transaction was completed on September 5, 2005. Melco Hotels had no operations but was applying for the license for the development of the City of Dream Project at December 31, 2005.

Melco PBL Entertainment (Macau) Limited

Pursuant to the Subscription Agreement entered into on December 23, 2004 as part of the formation of the Company by Melco and PBL, Melco, in exchange for its 50% interest in the Company, contributed its 80% interest in Mocha Slot and its 70% interest in Great Wonders to Melco PBL Entertainment (Greater China) Limited ("MPBL (Greater China)"), a company 80% indirectly owned by the Company and 20% indirectly owned by Melco. In addition, pursuant to a concurrent shareholder agreement, Melco also contributed Melco Hotels to the Company. Concurrently, PBL contributed $163,000 in cash to MPBL (Greater China) in exchange for its 50% interest in the Company. The contributions by Melco and by PBL (collectively, "the Transactions") were completed on March 8, 2005.

From June 9, 2004 for Mocha Slot, July 20, 2004 for Melco Hotels and November 9, 2004 for Great Wonders through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha Slot, Melco Hotels and Great Wonders since they were under common control for this period. The Transactions on March 8, 2005 were accounted for as the formation of a joint venture for which carryover basis of accounting is adopted.

As of December 31, 2005, the Company held an 80% interest in MPBL (Greater China) and Melco held the 20% minority interest in MPBL (Greater China). Great Wonders and Melco Hotels are wholly-owned by MPBL (Greater China); and MPBL (Greater China) held an 80% interest in Mocha Slot. As of December 31, 2004, Melco owned 80% of Mocha Slot, 50% of Great Wonders and 100% of Melco Hotels.

The consolidated financial statements of Mocha Slot for the period from January 1, 2004 to June 8, 2004 are prepared for the purpose of presenting the financial information of the predecessor of the Company. Mocha Slot is considered to be a predecessor of the Company as the Company succeeded to substantially all of the business of Mocha Slot and the Company's own operations prior to the succession were insignificant relative to the operations assumed or acquired. As of June 8, 2004, Mocha Slot had two wholly owned subsidiaries, Mocha Slot Management Limited and Mocha Cafe Limited.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

Particulars regarding the Company's subsidiaries as of December 31, 2005 are as follows:

Name of subsidiary	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Attributable equity interest to the Group	Voting Interest
Melco PBL Entertainment (Greater China) Limited (formerly named Melco Entertainment Limited)(2)	Cayman Islands	Investment holding in Macau	40 Class A shares and 160 Class B shares of US$0.01 each	80%	80%
Melco PBL International Limited(1)	Cayman Islands	Investment holding in Macau	200 ordinary shares of US$0.01 each	100%	100%
Mocha Slot Group Limited(2)	British Virgin Islands	Provision of services to gaming machine lounges in Macau	100 ordinary shares of US$1 each	64%	80%
Mocha Slot Management Limited(2)	Macau	Provision of consultancy service for entertainment business and system management in Macau	2 quota shares of Macau Pataca ("MOP") 24,000 and MOP1,000 each	64%	80%
Mocha Café Limited(2)	Macau	Provision of catering services in Macau	2 quota shares of MOP24,000 and MOP1,000 each	64%	80%
Melco Hotels(2)	Macau	Integrated entertainment resort development in Macau	2 quota shares of MOP24,000 and MOP1,000 each	80%	100%
Great Wonders(2)	Macau	Hotel development in Macau	10,000 ordinary shares of MOP100 each	80%	100%

(1) Shares held directly by the Company
(2) Shares held indirectly by the Company

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

2. BASIS OF PREPARATION

The Group had net current liabilities of approximately $10,748 and $116,809 as of December 31, 2004 and 2005, respectively. Notwithstanding, the directors of the Company are of opinion that the preparation of these financial statements under a going concern basis is appropriate due to the following considerations:

(a) New bank facility

In February 2006, the Group has signed an agreement with a syndicate of banks for a $164,103 term loan facility to finance the development of its hotels and casino projects; and

(b) Additional funding

The Company actively seeks to identify potential sources of additional fund to finance its hotel and casino projects, including the offering of shares of the Company. If the Company is unable to sell its shares, the directors of the Company are confident that the Company will be able to obtain additional bank loan facilities and Melco and PBL will provide adequate funds to enable the Company to meet in full its financial obligations as and when they arise and to continue its operations in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated on consolidation.

(b) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(c) Concentration of Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and amount due from an affiliated company. The Company places its cash and cash equivalents with financial institutions with high-credit ratings and quality.

The Company conducts credit evaluations of customers and generally does not require collateral or other security from its customers. The Company establishes an allowance for doubtful receivables primarily based upon the age of the receivables and factors surrounding the credit risk of specific customers.

The Group's concentration of credit risk is mainly related to Sociedade Jogos de Macau, S.A. ("SJM"), a company in which Dr. Stanley Ho has a beneficial interest, for providing services to certain electronic gaming lounges. The majority of the Company's revenue is received or receivable from SJM.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

(d) Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, amounts due from (to) affiliated companies/person, accounts payable, accrued expenses and other current liabilities, amount due to holding company and a shareholder which approximate their fair values.

(e) Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, demand deposits and highly liquid investments which are unrestricted as to withdrawal and use, and which have maturities of three months or less when purchased.

(f) Inventories

Inventory is stated at the lower of cost or market value. Cost is calculated using the first-in, first-out method. Write downs of potentially obsolete or slow-moving inventory are recorded based on management's specific analysis of inventory.

(g) Goodwill and Intangible assets

The excess of the purchase price over the fair value of net assets acquired is recorded on the consolidated balance sheet as goodwill.

Goodwill and trademark are not amortized, but are tested for impairment at the reporting unit level at least on an annual basis at the balance sheet date.

Intangible assets with finite useful lives represent slot lounges services agreements and are amortized over their estimated useful lives of 10 years.

The evaluation of goodwill and trademark for impairment involves two steps: (1) the identification of potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill and (2) the measurement of the amount of goodwill impaired by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill and recognizing a loss by the excess of the latter over the former. For the assessment of impairment loss, the Company will measure fair value based either on internal models or independent valuations. No impairment loss was identified in 2004 and 2005.

(h) Land use right, net

Land use right is recorded at cost less accumulated amortization. Amortization is provided over the term of the land use right agreement on a straight-line basis over the relevant lease term.

(i) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

Depreciation is provided on the straight-line method over estimated service lives:

Classification	Years
Furniture, fixtures and equipment	3 to 10 years
Gaming machines	5 years
Leasehold improvements	5 years or over the lease term, whichever is shorter
Machinery	10 years
Motor vehicles	5 years

The Company is constructing its casino and hotel and integrated entertainment resort. In addition to costs under the construction contracts, external costs directly related to the construction of such facilities, including duties and tariffs, equipment installation and shipping costs, are capitalized. Depreciation is recorded at the time assets are placed in service.

Assets recorded under capital leases and leasehold improvements are amortized using the straight-line method over the lesser of their useful lives or the related lease term.

Depreciation expense recognized in statement of operations for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005 were $154, $1,142 and $3,939, respectively. The depreciation expense includes $152, $1,132 and $3,875 which are recorded in the operating costs for the provision of services to gaming machine lounges, respectively, for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005 and $2, $10 and $64 which are recorded in general and administrative expenses, respectively, for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005.

(j) Slot club awards

The Company provides slot patrons with incentives based on the dollar amount of play on slot machines. A liability has been established based on an estimate of the value of these outstanding incentives, utilizing the age and prior history of redemptions.

(k) Impairment of long-lived assets (other than goodwill)

The Company evaluates the recoverability of long-lived assets with finite lives whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(l) Revenue recognition

The Company recognizes revenue at the time persuasive evidence of an arrangement exists, the service is provided or the retail goods are sold, prices are fixed or determinable and collection is reasonably assured.

Revenue from fees for provision of services to electronic gaming machine lounges is recognized on an accrual basis in accordance with the contractual terms of the respective service agreements. Such revenue was calculated based on a pre-determined rate, as stipulated in the respective service agreement, of the gaming revenue from the gaming machines, which is the difference between gaming wins and losses less the accruals for the anticipated payouts of progressive slot jackpots.

Revenue from the provision of food and beverage is recognized when the services are provided.

Revenues are recognized net of certain discounts and points earned in customer loyalty programs, such as the player's club loyalty program.

(m) Total revenue

The retail value of food, beverage and other services furnished to guests without charge ("promotional allowances") of nil, $71 and $599 during the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, respectively, was not included in total revenue.

During the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, the cost of providing such promotional allowances of nil, $61 and $470, respectively, was included in the cost of provision of services to gaming machine lounges.

(n) Operating cost

Operating cost includes direct costs associated with the provision of services to electronic gaming machine lounges and provision of catering services, including salaries, employee benefits and overhead costs associated with employees providing the related services.

(o) Capitalization of interest

Interest incurred on funds used to construct the hotels and casinos during the active construction period is capitalized. The interest capitalized is determined by applying the borrowing interest rate to the average amount of accumulated capital expenditures for assets under construction during the period/year. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful life of the assets. Capitalized interest during the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year December 31, 2005 of nil, nil and $841, respectively, has been added to the cost of the underlying assets during the period/year and is amortized over the respective useful life of the assets.

(p) Advertising expenses

The Company expenses all advertising costs as incurred. These costs were $66, $145 and $471 for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, respectively.

(q) Income tax

The Company and its subsidiary Melco PBL International Limited are not subject to income or other taxes in the Cayman Islands. However, other subsidiaries are subject to taxes of the jurisdictions where they are located. Deferred income taxes are recognized for temporary differences between the tax basis of assets

and liabilities and their reported amounts in the financial statements, net operating loss carryforwards and credits applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on the characteristics of the underlying assets and liabilities.

(r) Pre-opening costs

Pre-opening costs, consisting primarily of marketing expenses and other expenses related to new or start-up operations, are expensed as incurred.

(s) Comprehensive loss

Comprehensive loss is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. During the period/year presented, the Company's comprehensive loss represents its net loss.

(t) Foreign currency transactions and translations

All transactions in currencies other than functional currencies during the period/year are remeasured at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the consolidated statements of operations.

The financial records of certain of the Company's subsidiaries are maintained in local currencies other than the U.S. dollar, which are their functional currencies. All assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date and all income and expense items are translated at the average rates of exchange over the year. All exchange differences arising from the translation of subsidiaries' financial statements are recorded as a component of comprehensive income (loss).

4. ACQUISITION OF MOCHA SLOT

On June 9, 2004, Melco issued 124,701,086, 13,429,347, and 15,347,825 shares valued in total at $46,114 to Better Joy, Mr. Chang Wang and Mr. Chang Tan, respectively in exchange for their respective 65%, 7%, and 8% interests in Mocha Slot. Both Mr. Chang Wan and Mr. Chang Tan are independent third parties of Melco. Melco also acquired a shareholder loan of $5,769 advanced by Better Joy to Mocha Slot through the issuance of a convertible note. The difference between the fair value of the convertible note and the shareholder loan acquired is recognized as a compensation expense paid to the management of Mocha Slot and amounted to $1,374 which is recorded in general and administrative expenses.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

As discussed in Note 1, the acquisition was recorded as a purchase of Mocha Slot by Melco and, accordingly, 80% of the acquired assets and liabilities were recorded at their fair market values at the date of acquisition. The minority interest, which is owned by Dr. Stanley Ho, is presented at historical cost. The aggregate purchase price of $46,114 is allocated as follows:

Net tangible assets acquired	$ 631
Intangible assets:	
Goodwill	34,417
Trademark	2,424
Slot lounges services agreements	10,294
Deferred tax liabilities	(1,526)
Minority interests	(126)
Total	$46,114

The estimated fair value of intangible assets was derived from a valuation performed by an independent third party. Amortization period of the intangible asset for the slot lounge services agreements is estimated based on the estimated useful life of 10 years.

The following unaudited pro forma information summarizes the results of operations for the year ended December 31, 2004 of the Company and Mocha Slot. It has been prepared on assumption that the acquisition of Mocha Slot occurred as of January 1, 2004. The following pro forma financial information is not necessarily indicative of the results that would have occurred had the acquisition been completed at the beginning of the periods indicated, nor is it indicative of future operating results:

REVENUE	
Fees for services provided to gaming machine lounges	
- Affiliated customer	$ 7,383
- External customers	238
Sub-total	7,621
Food, beverage and others	346
Total revenue	7,967
OPERATING COSTS AND EXPENSES	
Provision of services to gaming machine lounges	(5,579)
Food, beverage and others	(298)
Amortization of land use right	(130)
General and administrative	(2,167)
Selling and marketing	(247)
Pre-opening costs	(295)
Total operating costs and expenses	(8,716)
OPERATING LOSS	(749)
NON-OPERATING EXPENSES	(221)
LOSS BEFORE INCOME TAX	(970)
INCOME TAX EXPENSE	(11)
LOSS BEFORE MINORITY INTERESTS	(981)
MINORITY INTERESTS	(8)
NET LOSS	$ (989)

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

The pro forma results of operations give effect to certain adjustments, including amortization of acquired intangible assets with definite lives, associated with the acquisition and related deferred tax liabilities on acquired intangible assets.

5. INVENTORIES

	December 31,	
	2004 (Successor)	2005 (Successor)
Inventories consist of the following:		
Food and beverages	$ 15	$ 22
Club redemption inventories	—	65
	$ 15	$ 87

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31,	
	2004 (Successor)	2005 (Successor)
Deferred charges, net	$ 93	$ 78
Refundable deposits	1	558
Others	—	5
	$ 94	$ 641

7. PROPERTY AND EQUIPMENT, NET

	December 31,	
	2004 (Successor)	2005 (Successor)
Cost		
Furniture, fixtures and equipment	$ 1,450	$ 3,430
Gaming machines	7,830	21,932
Leasehold improvements	1,178	3,739
Machinery	1,264	3,214
Motor vehicles	33	49
Sub-total	$11,755	$ 32,364
Less: Accumulated depreciation	(1,142)	(4,991)
Sub-total	$ 10,613	$ 27,373
Construction in progress	—	40,421
Property and equipment, net	$ 10,613	$67,794

As of December 31, 2005, construction in progress included interest on amounts advanced from a shareholder and other direct incidental costs capitalized amounted to $841 (December 31, 2004: nil) and $1,877 (December 31, 2004: nil), respectively, in connection with the Crown Macau Project and City of Dreams Project. Other direct incidental costs represented salaries and wages and certain professional charges incurred for the Crown Macau Project and City of Dreams Project.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

8. INTANGIBLE ASSETS, NET

It consists of the following:

	December 31,	
	2004 (Successor)	2005 (Successor)
Trademark	$ 2,424	$ 2,424
Slot lounges services agreements	10,294	10,294
	$12,718	$12,718
Less: Accumulated amortization	(600)	(1,629)
Intangible assets, net	$12,118	$11,089

Trademark is not amortized.

The slot lounges services agreement is amortized over its estimated useful life of 10 years. Amortization expenses charged to the statements of operations for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005 were nil, $600, and $1,029, respectively. At December 31, 2005, amortization expenses on intangible assets for each of the next five years and the years after are as follows:

Year ending December 31,	
- 2006	$ 1,029
- 2007	1,029
- 2008	1,029
- 2009	1,029
- 2010	1,029
- After 2010	3,520
Total	$8,665

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31,	
	2004 (Successor)	2005 (Successor)
Construction costs payable	$ —	$ 7,441
Rental payables	249	342
Land use right payable	—	3,093
Operating expenses accruals	377	1,003
	$ 626	$11,879

10. CAPITAL LEASE OBLIGATIONS

The Company leases certain equipment under capital leases. The capital lease obligations outstanding as of December 31, 2004 (successor) and December 31, 2005 (successor) related to certain equipment amounted to

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

$105 and $11, respectively. Future minimum lease payments under capital lease obligations as of December 31, 2005 are as follows:

Year ended December 31, 2005:	
2006	$ 3
2007	3
2008	3
2009	3
2010	3
Total minimum lease payments	$15
Less: amounts representing interest	(4)
Present value of minimum lease payments	$ 11
Current portion	(3)
Non-current portion	$ 8

11. CAPITAL STRUCTURE

On March 8, 2005, in connection with the completion of the Subscription Agreement as disclosed in note 1, all share and per share amounts have been retrospectively adjusted to reflect the recapitalization. As of December 31, 2004 and 2005, the Company had 625,000,000 and 500,000,000 ordinary shares issued and outstanding, respectively.

12. INCOME TAX EXPENSE (CREDIT)

The Company, Melco PBL International Limited and MPBL (Greater China) are tax exempt in the Cayman Islands, where they are incorporated. Mocha Slot is exempted from tax in the British Virgin Islands, where it incorporated, but is subject to Macau complementary tax on its activity conducted in Macau. The Company's remaining subsidiaries are all incorporated in Macau and are subject to Macau complementary tax on their activities conducted in Macau.

The provision for income tax consisted of:

	1.1.2004 to 6.8.2004 (Predecessor)	6.9.2004 to 12.31.2004 (Successor)	1.1.2005 to 12.31.2005 (Successor)
Macau complementary tax:			
Current period/year	26	125	458
Overprovision in prior years	—	—	(1)
	26	125	457
Deferred tax credit	—	(88)	(548)
	26	37	(91)

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
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A reconciliation of the income tax expense (credit) to income (loss) before income tax per the consolidated statements of operations is as follows:

	1.1.2004 to 6.8.2004 (Predecessor)	6.9.2004 to 12.31.2004 (Successor)	1.1.2005 to 12.31.2005 (Successor)
Income (loss) before income tax	$ 520	$(1,061)	$(3,658)
Macau complementary tax rate	12%	12%	12%
Income tax expenses at Macau complementary tax rate	62	(127)	(439)
Overprovision in prior year	—	—	(1)
Effect of income for which no income tax expense is payable	(36)	(16)	(89)
Effect of expense for which no income tax benefit is receivable	—	180	361
Increase in valuation allowance	—	—	77
	$ 26	$ 37	$ (91)

The deferred income tax assets and liabilities as of December 31, 2004 and 2005, consisted of the following:

	December 31,	
	2004 (Successor)	2005 (Successor)
Deferred income tax assets		
Net operating loss carryforwards	$ —	$ 72
Depreciation and amortization	—	5
	—	77
Valuation allowance	—	(77)
Total net deferred income tax assets	—	—
Deferred income tax liabilities		
Land use right	(4,859)	(13,659)
Intangible assets	(1,454)	(1,330)
Unrealized capital allowance	(8)	(8)
Net deferred income tax liabilities	$ (6,321)	$ (14,997)

A full valuation allowance was provided as management does not believe that its is more than likely that all of the deferred tax assets will be realised. As of December 31, 2005, operating loss carry forward amounting to $602 will expire in 2008.

Macau complementary tax has been provided at 12% on the estimated taxable income earned in or derived from Macau during the relevant period/year, if applicable.

Deferred tax, where applicable, is provided under the liability method at the enacted Macau statutory income tax rate applicable to the respective financial years, on the difference between the financial statement carrying amounts and income tax base of assets and liabilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

13. LOSS PER SHARE

Basic loss per share is calculated by dividing net loss by the weighted average number of ordinary shares outstanding during the period/year. No diluted loss per share is calculated as there is no potential dilutive securities.

14. DISTRIBUTION OF PROFITS

All subsidiaries incorporated in Macau are required to set aside a minimum of 10% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the statement of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the financial statements in the year in which it is approved by the board of the relevant subsidiary. As of December 31, 2004 and 2005, the balance of the legal reserve amounted to $2 and $2, respectively.

15. MAJOR NON-CASH TRANSACTIONS

(a) As disclosed in note 1, Melco acquired 80% of the shares of Mocha and 70% of the shares of Great Wonders, which were subsequently contributed to the Company upon the completion of the Subscription Agreement.

(b) As disclosed in note 17(e), out of the consideration of $150,641 for the acquisition of the remaining 49.2% interest in the City of Dreams, $48,077 was financed by a loan from Melco, which remained outstanding as of December 31, 2005.

(c) As disclosed in note 17(f), out of the consideration of $51,282 for the acquisition of the additional 30% equity interest in Great Wonders, $25,641 was financed by an advance from Melco, which remained outstanding as of December 31, 2005.

16. COMMITMENTS

a. *Capital Commitments*

At December 31, 2005, the Company had capital commitments contracted for but not provided in respect of construction of the Crown Macau Project and the City of Dreams Project and acquisition of property and equipment totalling to $180,233.

In addition, Melco Hotels has accepted in principle an offer from the Macau government to acquire the Cotai Land in Macau at a consideration of approximately $63,249, with $21,119 due at signing of the government lease and the remaining balance of approximately $42,130 due in nine equal half-yearly installments bearing interest at 5% per annum. The first installment will be payable within six months from the date of publication of the grant of the concession for the Cotai Land in the Macau government gazette. A guarantee deposit of approximately $285 will be payable upon signing of the government lease, subject to adjustments based on the relevant amount of rent payable during the year. During the construction period, a rent in an aggregate amount of $285 per annum will be payable to the Macau government. Following the completion of construction, rent in an aggregate amount of $508 per annum will be payable to the Macau government. The rent amounts may be adjusted every five years as agreed between the Macau government and the Company using the applicable market rates in effect at the time of the rent adjustment. No payment has been made by Melco Hotels in respect of this offer as of December 31, 2005.

(In thousands of U.S. dollars, except share and per share data)

At December 31, 2005, Great Wonders had accepted a formal offer from the Macau government to acquire the Taipa Land for $18,600. The corresponding unpaid amount of $12,371 is recognized in accrued expenses and other current liabilities and land use right payable amounted to $3,093 and $9,278, respectively. A guarantee deposit of approximately $20 will be payable upon signing of the lease in 2006, subject to adjustments in accordance with the relevant amount of rent payable during the year. During the construction period, rent will be due at an annual amount of $20. The annual rent will be $171 after the completion of construction. The rent amounts may be adjusted every five years as agreed between the Macau government and Great Wonders using the applicable market rates in effect at the time of the rent adjustment.

b. *Lease Commitments*

The Group leases office space, slot lounge and certain equipment under non-cancelable operating lease agreements that expire at various dates through December 2010. The Group's office lease and slot lounge provides for periodic rental increases based on the general inflation rate. During the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, the Group made rental payments amounting to $401, $619 and $1,156, respectively.

As of December 31, 2005, minimum lease payments under all non cancelable leases were as follows:

Operating Leases

Year	2005
2006	$1,586
2007	1,607
2008	1,527
2009	579
2010	236
Total minimum lease payments	$5,535

In addition, as of December 31, 2005, there were certain minimum lease payments under the land lease of the Taipa Land and Cotai Land (see note 16(a)).

17. RELATED PARTY TRANSACTIONS

(a) *Amount due from an affiliated company*

The Group provided services to certain electronic gaming lounges of SJM. The services fee is calculated based on a pre-determined rate stipulated in the respective agreement of the gaming revenue from the gaming machines. During the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, the service fees received or receivable from SJM were $1,764, $5,619 and $16,433, respectively. In addition, the Group purchased property and equipment from SJM during the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, amounting to nil, nil and $1,023, respectively.

The outstanding balances of the amount due from SJM as at December 31, 2004 and 2005 were $1,085 and $1,398, respectively, and were unsecured, non-interest bearing and repayable on demand.

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(b) *Amounts due to affiliated companies/person*

(i) The Group paid traveling expenses to STDM, which made the accommodation and transport arrangements for Mocha Slot employees traveling between Hong Kong and Macau amounted to nil, $34 and $113 for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, respectively. The outstanding balances as at December 31, 2004 and 2005 were $34 and $26, respectively, and were unsecured, non-interest bearing and repayable on demand.

(ii) In addition, the Group entered into the following transactions with certain wholly owned subsidiaries of Melco during the year:

	1.1.2004 to 6.8.2004 (Predecessor)	6.9.2004 to 12.31.2004 (Successor)	1.1.2005 to 12.31.2005 (Successor)
Purchase of property and equipment	$ 5,599	$1,158	$14,620
Management fee paid/payable	—	—	197
Project management fee paid/payable	—	—	1,077
Network support fee paid/payable	—	28	92
Rental expenses paid/payable	—	—	135
Traveling expenses paid/payable	—	—	11
Financial advisory fee paid/payable	—	—	48

The management fee was paid for general administrative services provided by a wholly-owned subsidiary of Melco, which was based on a pre-determined fixed monthly amount. The project management fee was paid for services provided by a wholly-owned subsidiary of Melco in connection with the Crown Macau Project and City of Dreams Projects and was capitalized in construction in progress, which was based on the actual cost incurred. For other expenses, amounts were determined on an individual basis with reference to market prices.

The outstanding balances due to affiliated companies as of December 31, 2004 and 2005, were $1,122 and $25,443, respectively, and were unsecured and repayable on demand. As of December 31, 2004, the balances were non-interest bearing. As at December 31, 2005, the balances included an amount of $16,857 which bore interest at 9% per annum and the remaining balances were non-interest bearing. During the year ended December 31, 2005, the interest paid/payable in respect of the balances was $694.

(iii) The Group received funds from Dr. Stanley Ho for working capital purposes. The amount was unsecured, bore interest at 4% per annum and was repayable on demand. The outstanding balances as of December 31, 2004 and 2005 were $2,969 and $5,780, respectively. During the periods from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, the interest paid/payable to Dr. Stanley Ho was nil, $3 and $138, respectively.

During the period from June 9, 2004 to December 31, 2004, the Group also received funds from Mr. Chang Wang. The amounts bore interest at 4% per annum. During the period from June 9, 2004 to December 31, 2004, the interest paid/payable to Mr. Chang Wang was $12.

(iv) The Group paid service fees to Publishing and Broadcasting (Finance) Limited, a subsidiary of PBL, for the period from June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, amounting to nil and $538, respectively. The service fee was paid for general administrative services

provided and was based on a pre-determined fixed monthly amount. The outstanding balances as of December 31, 2004 and 2005 were nil and $269, respectively, and were unsecured, non-interest bearing and repayable on demand.

(c) *Amounts due to shareholders*

The Group received funds from Melco, for working capital purposes and acquisition of interests in the Taipa Land and Cotai Land. The outstanding balances as of December 31, 2004 and 2005 were $11,930 and $94,577, respectively. The balances were unsecured and repayable on demand. At December 31, 2004 and 2005, the balances included amounts of $11,733 and $67,138, respectively, which were interest bearing at 4% and 9% per annum, respectively, and the remaining balance was non-interest bearing. Interest of $198 and $2,031 was paid/payable for the period from June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, respectively.

At June 8, 2004, Mocha Slot received a loan from Mr. Chang Wang for working capital purposes. The loan was interest bearing at 4% per annum and interest of $31 was paid/payable for the period from January 1, 2004 to June 8, 2004 (predecessor).

At June 8, 2004, Mocha Slot also received a loan from Better Joy for working capital purposes. The loan is interest bearing at 4% per annum and interest of $63 was paid/payable for the period from January 1, 2004 to June 8, 2004 (predecessor).

(d) On March 19, 2004, Melco entered into an agreement with Better Joy to acquire a 65% interest in Mocha Slot. The transaction was completed on June 9, 2004. Details of the transaction are described in notes 1 and 4. Upon the completion of this acquisition, a compensation expense of $1,374 was recognized in respect of a shareholder loan advanced by Better Joy to Mocha Slot. This loan was also acquired by Melco through the issuance of a convertible note.

(e) As discussed in Note 1, Melco contributed its interest in Melco Hotels to the Company pursuant to a shareholders agreement. Pursuant to an agreement signed on May 11, 2005, Melco Leisure acquired from Great Respect the remaining 49.2% interest in the City of Dreams Project for $150,641 and contributed it to MPBL (Greater China), subject to certain conditions precedent. The acquisition was completed on September 5, 2005 and $48,077 out of $150,641 was financed by a loan from Melco (see note 15(b)). On April 21, 2005, a consent was issued by the Macau government to the Company pursuant to which the Macau government offered to the Company the right to be granted a medium term lease of Cotai Land, to construct and develop the City of Dreams Project.

(f) On November 9, 2004, Melco completed the acquisition of a 50% interest in Great Wonders from STDM for $35,748 in convertible notes of Melco. Upon the acquisition date, Great Wonders was in a development stage and had no significant assets, liabilities or operations.

On February 8, 2005, Melco completed the acquisition of an additional 20% equity interest in Great Wonders from STDM for $16,360 in convertible notes of Melco. Melco then transferred this 20% equity interest to the Company together with the 50% interest in Great Wonders purchased in the year ended December 31, 2004. On July 28, 2005, the Group completed the acquisition of the remaining 30% interest in Great Wonders from STDM for $51,282, of which $25,641 was financed by an advance from Melco (also see Note 15(c)). Details of the transaction are also disclosed in note 1.

(In thousands of U.S. dollars, except share and per share data)

The principal activity of Great Wonders was to apply to the Macau government for the concession for the Taipa Land and to develop the Crown Macau Project. Land use right recognized represented the consideration paid to STDM for acquisition of the interest in Great Wonders and the consideration payable by the Company to the Macau government for the right to develop the Taipa Land into the Crown Macau Project. The construction work commenced in December 2004.

On June 24, 2005, Great Wonders accepted a formal offer from the Macau government to acquire the Taipa Land for $18,600, which is included in the amount of land use rights as of December 31, 2005. As at December 31, 2005, Great Wonders had paid $6,229 for the Taipa Land. The remaining balance of approximately $12,371 was interest-bearing at 5% per annum and will be payable in 4 half-yearly equal installments. The first installment will be payable within six months from the date of publication of the grant of concession of the Taipa Land in the Macau government gazette.

The expected expiry date of the lease will be March 2031. The Company amortizes the land use right from the commencement date of the construction work relating to the Crown Macau Project to March 2031 and amortization charges of nil, $130 and $3,535 were recognized during the periods from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, respectively.

As at December 31, 2005, the Company was in the process of obtaining the official title to this land use right, which was subsequently obtained in March 2006.

Since Great Wonders did not meet the definition of a business, the acquisitions of interests in Great Wonders have been accounted for as purchases of additional interests in assets as follows:

	Acquisition of 50% equity interest	Acquisition of 20% equity interest	Acquisition of 30% equity interest
Land use right	$40,623	$18,591	$58,275
Deferred tax liabilities	(4,875)	(2,231)	(6,993)
	$35,748	$16,360	$51,282

(g) On November 11, 2004, Great Wonders entered into letters of confirmation with SJM pursuant to which SJM would lease the casino premises at and operate the casino gaming activities at the Crown Macau Project pursuant to an arrangement under which Great Wonders would receive fees and rentals based on a percentage of the revenues from such gaming operations. The letters of confirmation were terminated subsequently in March 2006 when PBL entered into an agreement with Wynn Macau to seek a Subconcession under Wynn Macau's concession (see note 19 (c)).

18. SEGMENT INFORMATION

The Company is principally engaged in the gaming and hospitality business. In 2004 and 2005, the Company had only one reportable unit as the sole activity of the Company was provision of services to gaming machines lounges and started up the development of Crown Macau Project and City of Dreams Project. Starting from 2006, the Company's chief operating decision makers monitor its operations and evaluate earnings by reviewing the assets and operations of Mocha Slot, Crown Macau Project and the City of Dreams Project and determine that the Company has three reportable units. Currently, Mocha Slot is the sole business of the Company. Crown Macau Project and City of Dreams Project are currently in the development and construction phase and no revenues were generated.

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Since the Company's chief operating decision makers have changed their evaluation and resources allocation measurements starting from 2006, the amounts disclosed for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and year ended December 31, 2005 financial statements relating to the reportable units have been changed to conform to the 2006 reportable units. There was no impact on either the financial results or financial position on the Company in 2004 and 2005.

As of December 31, 2004 and 2005, the Company's total assets by segments are as follows:

	December 31,	
	2004	2005
	(Successor)	(Successor)
Mocha Slot	$ 65,619	$ 85,429
Crown Macau	40,493	171,102
City of Dreams	—	152,593
Others	—	12,084
Total consolidated assets	$ 106,112	$ 421,208

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For the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the year ended December 31, 2005, one customer, SJM, accounted for 93%, 93% and 95%, respectively, of total revenues.

The Company's segment information on its results of operations for the following period is as follows:

	1.1.2004 to 6.8.2004 (Predecessor)	6.9.2004 to 12.31.2004 (Successor)	1.1.2005 to 12.31.2005 (Successor)
REVENUE			
Fees for services provided to gaming machine lounges	$ 1,867	$ 5,754	$16,569
Slot lounge gaming revenue	—	—	—
Sub-total	1,867	5,754	16,569
Food, beverage and others	29	317	759
Total revenue	1,896	6,071	17,328
OTHER OPERATING COSTS AND EXPENSES			
Operating EBITDA (Mocha) (Note)	771	1,119	7,430
Depreciation of property and equipment:			
Mocha Slot	(154)	(1,142)	(3,928)
Crown Macau	—	—	—
City of Dreams	—	—	—
Corporate and other	—	—	(11)
Amortization of slot lounges services agreements: Mocha Slot	—	(600)	(1,029)
Amortization of land use right:			
Crown Macau	—	(130)	(3,535)
City of Dreams	—	—	—
Impairment loss recognized on slot lounges services agreement: Mocha Slot	—	—	—
Other expenses incurred other than Mocha Slot:			
Crown Macau	—	—	(318)
City of Dreams	—	—	(238)
Corporate and other	—	—	(2,753)
Other non-operating income of Mocha Slot included in Operating EBITDA	(7)	(86)	(302)
Minority interest of Mocha Slot included in Operating EBITDA	—	(91)	962
Total	(161)	(2,049)	(11,152)
Operating income (loss)	610	(930)	(3,722)
Other non-operating income and expenses			
Interest income	—	—	2,516
Interest expenses	(97)	(217)	(2,028)
Foreign exchange gain (loss), net	5	32	(570)
Other, net	2	54	146
Total	(90)	(131)	64
INCOME (LOSS) BEFORE INCOME TAX	520	(1,061)	(3,658)
INCOME TAX (EXPENSE) CREDIT	(26)	(37)	91
INCOME (LOSS) BEFORE MINORITY INTERESTS	494	(1,098)	(3,567)
MINORITY INTERESTS	—	91	308
NET INCOME (LOSS)	$ 494	$ (1,007)	$ (3,259)

Note: (1) Since Crown Macau and City of Dreams Projects are still under development stage, total revenue is solely contributed by Mocha Slot for the relevant periods.

(2) "Operating EBITDA (Mocha)" is earnings before interest, taxes, depreciation, amortization, other expenses (including pre-opening costs, general and administrative, selling and marketing and non-operating income (expenses) relating to subsidiaries other than Mocha Slot) and impairment loss recognized on slot lounges services agreement. The Operating EBITDA (Mocha) is presented for results of Mocha Slot only. The management of the Company will not use the Operating EBITDA on the Crown Macau and City of Dreams Projects to measure its operating performance since they are still under development stage.

19. POST BALANCE SHEET EVENTS

(a) On February 13, 2006, the Group signed an agreement with syndicate banks for a $164,103 loan facility to finance its hotels and entertainment complex under development.

(b) The Taipa Land was officially granted by the Macau government to Great Wonders on March 1, 2006.

(c) Pursuant to a Memorandum of Agreement dated March 5, 2006 and a Supplemental Agreement dated May 26, 2006, entered into between Melco and PBL, Melco and PBL agreed to provide a total of $320,000 subordinated loan to Melco PBL Gaming (Macau) Limited (formerly named as PBL Entertainment (Macau) Limited and known as "MPBL Gaming" thereafter), which was a wholly-owned subsidiary of PBL, as interest-free subordinated loans and PBL agreed to subscribe or cause its subsidiary to subscribe $80,000 of equity of MPBL Gaming. Such funds will be used for the payment of the amount due to Wynn Resorts (Macau) S.A. ("Wynn Macau") upon the granting of the subconcession to operate gaming operations in Macau under the Subconcession Contract entered into between Wynn Resorts Limited, Wynn Macau and PBL at a consideration of $900,000. As of September 30, 2006 together with the $80,000 contribution, PBL has contributed additional equity of $5,000 to MPBL Gaming by way of service provided in obtaining the credit facility for financing the payment of the subconcession.

In addition, conditional upon the Macau government granting the Subconcession to MPBL Gaming and giving its consent for Melco and its affiliates to take up an interest in MPBL Gaming through the Company, the capital of MPBL Gaming will be increased to MOP 1,000,000,000 divided into 2,800,000 "A" shares and 7,200,000 "B" shares. "A" shares shall carry a right to vote but shall only participate in a right to dividends of MPBL Gaming up to MOP 1 in aggregate and shall only participate in a return of capital of MPBL Gaming or on a liquidation of MPBL Gaming up to MOP 1 in aggregate and shall otherwise not enjoy any other right of return or economic benefit or rights while "B" shares enjoying a right to vote and full participation in any dividends and capital distribution and to participate in a liquidation and will enjoy all other economic benefits or rights derived from MPBL Gaming. As part of the reorganization of the share capital of MPBL Gaming, MPBL Gaming shall repay the $320,000 subordinated interest-free loans to Melco and PBL who will be in turn, contribute these funds as further capital injection into the Company, with the intent that it would then further capitalize a wholly owned subsidiary of the Company, Melco PBL Investments Limited, to acquire the 7,200,000 "B" shares of MPBL Gaming. In addition, all of the 2,800,000 "A" shares would be owned by a subsidiary of PBL (as to 1,800,000 "A" shares) and the Managing Director of MPBL Gaming (as to 1,000,000 "A" shares). Subject to Melco PBL Investments Limited a wholly-owned subsidiary of the Company which was incorporated in June 2006 acquiring the

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7,200,000 "B" shares of MPBL Gaming, MPBL (Greater China)'s interest in Great Wonders and Melco Hotels shall be transferred to MPBL Gaming and the business of Mocha slot shall be transferred to MPBL Gaming.

Afterwards, the 20% shares of MPBL (Greater China) which is currently held by the minority shareholder of the Company will be reclassified as non-voting deferred shares which will not be entitled to vote at general meetings of shareholders of MPBL (Greater China), will not participate in dividends or other distributions and also will not receive a distribution on a winding-up or liquidation of MPBL (Greater China).

After the completion of all these restructuring of MPBL Gaming and the shareholding of MPBL (Greater China) both PBL and Melco will have 50% effective economic interest in MPBL Gaming.

(d) On March 15, 2006, in contemplation of the potential grant of the Subconcession to MPBL Gaming, as mentioned in (c) above, and the continuation of the slot lounges services provision business through the Subconcession of MPBL Gaming, Melco, Mocha Slot, Mocha Management and SJM have entered into an agreement for the conditional termination of all existing services agreements of Mocha Slot. The termination will become effective, subject to the grant of a waiver of six month's notice by the Macau government, on the date the Subconcession has been issued to MPBL Gaming, except that, Mocha Slot may postpone the effectiveness of the termination until the Macau government's approval for the transfer of control of MPBL Gaming to the Group. As a result of the potential termination of the slot lounges services agreement, an impairment loss of $7,640 was recognized subsequent to the balance sheet date. (see note 8).

(e) On May 9, 2006, the Company entered into a sale and purchase agreement ("Sale and Purchase Agreement") with Dr. Stanley Ho in relation to the sale of 20% of the issued share capital of Mocha Slot (" Shares Sale"), by Dr. Stanley Ho to Melco PBL Holdings together with a shareholder loan advanced by Dr. Stanley Ho to Mocha Slot ("Loan Sale") for an aggregate consideration of approximately $37,910, with $32,051 being the consideration for the Shares Sale and approximately $5,859 being the consideration for the Loan Sale. The consideration for the Shares Sale are determined with reference to Mocha Slot's estimated cash inflow in future years while the consideration for the Loan Sale was determined with reference to its fair value. The transaction was completed on the same date on which the Sale and Purchase Agreement was signed.

(f) On May 17, 2006, the Group entered into an agreement to purchase the entire issued share capital of a company of which Dr. Stanley Ho is one of the directors but in which he holds no shares. Such company held the rights to a land lease in respect of a plot of land with an area of 6,480 square meters located at Zona dos Novos Aterros do Porto Exterior, on the Macau peninsula. The aggregate consideration is $192,300, which is payable in cash and the acquisition is expected to be completed in the first quarter of 2007. An amount of $12,800 was paid as a downpayment on signing of the sale and purchase agreement. The balance is payable on completion of the acquisition.

(g) In September 2006, MPBL Gaming obtained a gaming subconcession from the Macau government under the concession granted to Wynn Macau as mentioned in note 19(c) above.

In October 2006, the Company obtained Macau government approval for transferring the control of MPBL Gaming to the Group. The Company reorganized its corporate structure so that MPBL Gaming became the subsidiary of the Company.

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Upon the approval of the transfer of MPBL Gaming to the Group, Melco and PBL entered into an amended shareholders' deed. Under the amended shareholders' deed, the shares of Great Wonders and Melco Hotels and the operating assets of Mocha Slot were transferred to MPBL Gaming and Melco and PBL will each hold equal indirect interests in the Group's properties and operations in Macau through the Group. The principal terms and conditions of the amended shareholders' deed were as follows:

- Melco and PBL are to share on a 50/50 basis all the economic value and benefits with respect to all gaming projects in the Territory;
- Melco and PBL are to appoint an equal number of members to the Company's board of directors, with no casting vote in the event of a deadlock or other deadlock resolution provisions;
- All of the Class A shares of MPBL Gaming, representing 28% of all the outstanding capital stock of MPBL Gaming, are to be owned by PBL Asia Limited (as to 18%) and the Managing Director of MPBL Gaming (as to 10%), respectively, the Company's Macau counsel, was appointed to serve as the initial Managing Director of MPBL Gaming. The holders of the Class A shares, as a class, have the right to one vote per share, receive an aggregate annual dividend of MOP 1 and return of capital of an aggregate amount of MOP 1 on a wind up or liquidation, but have no right to participate in the winding up or liquidation assets;
- All of the Class B shares of MPBL Gaming, representing 72% of all the outstanding capital stock of MPBL Gaming are owned by Melco PBL Investments Limited. As the holder of Class B shares, the Group have the right to one vote per share, receive the remaining distributable profits of MPBL Gaming after payment of dividends on the Class A shares, return of capital after payment on the Class A shares on a winding up or liquidation of MPBL Gaming, and participate in the winding up and liquidation assets of MPBL Gaming;
- Afterwards, the 20% shares of MPBL (Greater China) which were held by the minority shareholder of the Company were reclassified as non-voting deferred shares which are not entitled to vote at general meetings of shareholders of MPBL (Greater China), participate in dividends or other distributions and also do not receive a distribution on a winding-up or liquidation of MPBL (Greater China); and
- The provisions of the shareholders' deed relating to the operation of the Company are to apply to MPBL Gaming.

MPBL Gaming entered into a $500 million credit facility with certain lenders to pay the remaining purchase price due to Wynn Macau upon the Macau government's approval of the issuance of a gaming subconcession to MPBL Gaming ("Subconcession Credit Facility"). Such subconcession credit facility was drawn and used to pay part of the $900 million due to Wynn Macau in September 2006 upon the issuance of the subconcession to MPBL Gaming. The $500 million indebtedness from the subconcession credit facility became part of the consolidated debt upon the transfer of control of MPBL Gaming to the Company. MPBL Gaming, along with Melco and PBL, has also entered into a commitment letter with those same lenders for a $1.6 billion secured credit facility to refinance the subconcession credit facility and finance the development costs of the City of Dreams Project. In connection with the Subconcession Credit Facility, Melco and PBL have agreed to provide corporate and bank guarantees to support the payment obligations.

Under the subconcession contract, MPBL Gaming are required to make a minimum investment in Macau of $497.9 million by December 2010. In addition, MPBL Gaming will make certain payments to the

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
(In thousands of U.S. dollars, except share and per share data)

Macau government, which includes a fixed annual premium per year and a variable portion depending on the number and type of gaming tables and gaming machines that the Group operates.

(h) On November 14, 2006, $25 million was repaid to Melco and PBL in equal proportions. Further, both Melco and PBL agreed to convert amounts due to shareholders of approximately $114 million into a term loan repayable in no earlier than 18 months carrying interest at a floating rate set in accordance with 3 months HIBOR.

(i) On November 28, 2006, the Company approved to grant restricted shares with a value of $10,290 (such valuation to be determined by multiplying the number of shares by the offering price of the ordinary shares in the public offering), to certain management members, employees, executives, and external consultants.

(j) On December 1, 2006, the Company approved the resolution to increase the authorized share capital from 5,000,000 ordinary shares of a nominal or par value of US$0.01 each to 1,500,000,000 ordinary shares of a nominal or par value of US$0.01 each. In addition, the Company has approved and capitalized a sum of US$9,999,996 of additional paid-in capital as full payment of the 999,999,600 ordinary shares (the "Capitalization Shares") for allotment and issuance to the shareholders of the Company. All shares, per share data and additional paid in capital have been retroactively restated in the accompanying consolidated financial statements and notes to the consolidated financial statements for all periods presented to reflect the impact of the Capitalization Shares.

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MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 and 2005

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In thousands of U.S. dollars, except share and per share data)

	September 30, 2006
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 7,300
Accounts receivable	5
Amounts due from affiliated companies (Note 18(a))	26,392
Inventories (Note 5)	103
Prepaid expenses and other current assets (Note 6)	3,624
Total current assets	37,424
PROPERTY AND EQUIPMENT, NET (Note 7)	177,094
INTANGIBLE ASSETS, NET (Note 8)	3,416
GOODWILL	64,797
DEPOSIT FOR ACQUISITION OF LAND INTEREST (Note 9)	12,821
LAND USE RIGHTS, NET (Note 18(d)&(e))	338,233
RENTAL DEPOSITS	771
DEPOSITS FOR ACQUISITION OF PROPERTY AND EQUIPMENT	1,532
TOTAL	$636,088
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	$ 886
Accrued expenses and other current liabilities (Note 10)	56,201
Income tax payable	356
Capital lease obligations, due within one year (Note 11)	7
Amounts due to affiliated companies (Note 18(b))	5,708
Amounts due to shareholders (Note 18(c))	139,881
Total current liabilities	203,039
DEFERRED TAX LIABILITIES (Note 13)	13,538
CAPITAL LEASE OBLIGATIONS, DUE AFTER ONE YEAR (Note 11)	10
LAND USE RIGHT PAYABLE (Note 17)	37,449
MINORITY INTERESTS	13,846
COMMITMENTS AND CONTINGENCIES (Note 17)	
SHAREHOLDERS' EQUITY	
Ordinary shares at $0.01 par value per share (Authorized—1,500,000,000 shares and issued—1,000,000,000 shares as of September 30, 2006 (Note 12))	10,000
Additional paid-in capital (Net of subscription receivable of $320,000 as of September 30, 2006 (Note 12)	382,779
Accumulated losses	(24,573)
Total shareholders' equity	368,206
TOTAL	$636,088

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands of U.S. dollars, except share and per share data)

	Nine months ended September 30,	
	2005	2006
REVENUE		
Fees for services provided to gaming machine lounges		
- Affiliated customer (Note 18(a))	$ 11,804	$ 16,276
- External customers	136	—
Slot lounge gaming revenue	—	1,273
Sub-total	11,940	17,549
Food, beverage and others	529	655
Total revenue	12,469	18,204
OPERATING COSTS AND EXPENSES		
Provision of services to gaming machine lounges	(7,243)	(16,289)
Slot lounge operating expenses	—	(1,154)
Food, beverage and others	(453)	(499)
Amortization of land use rights	(2,212)	(8,081)
Impairment loss recognized on slot lounges services agreement (Note 8)	—	(7,640)
General and administrative	(2,564)	(4,808)
Selling and marketing	(357)	(2,291)
Pre-opening costs	(453)	(4,370)
Total operating costs and expenses	(13,282)	(45,132)
OPERATING LOSS	(813)	(26,928)
NON-OPERATING INCOME (EXPENSES)		
Interest income	2,197	326
Interest expenses	(627)	(824)
Foreign exchange (loss) gain, net	(620)	155
Other, net	42	168
Total non-operating income (expenses)	992	(175)
INCOME (LOSS) BEFORE INCOME TAX	179	(27,103)
INCOME TAX (EXPENSE) CREDIT (Note 13)	(406)	1,602
LOSS BEFORE MINORITY INTERESTS	(227)	(25,501)
MINORITY INTERESTS	(276)	5,015
NET LOSS	$ (503)	$ (20,486)
LOSS PER SHARE (Note 14):		
Basic	$ (0.001)	$ (0.041)
SHARES USED IN LOSS PER SHARE CALCULATION:		
Basic	530,677,656	503,663,004

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
(In thousands of U.S. dollars, except share and per share data)

	Common shares		Additional paid-in capital	Subscription receivable from shareholder	Accumulated losses	Total Shareholders' Equity
	Shares	Amount				
BALANCE AT JANUARY 1, 2006	500,000,000	$ 5,000	$ 237,779	$ —	$ (4,087)	$ 238,692
Shares net loss for the period	—	—	—	—	(20,486)	(20,486)
Shares issued during the period	500,000,000	5,000	315,000	(320,000)	—	—
Capital contributions from shareholders (note18(c))	—	—	150,000	—	—	150,000
BALANCE AT SEPTEMBER 30, 2006	1,000,000,000	$ 10,000	$ 702,779	$ (320,000)	$ (24,573)	$ 368,206

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands of U.S. dollars)

	Nine months ended September 30,	
	2005	2006
OPERATING ACTIVITIES		
Net loss	$ (503)	$ (20,486)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Impairment loss recognized on slot lounges services agreement	—	7,640
Depreciation and amortization	5,156	15,402
Loss on disposal of property and equipment	—	1,140
Deferred tax liabilities	(359)	(1,602)
Minority interests	276	(5,015)
Changes in operating assets and liabilities:		
Accounts receivable	22	32
Amount due from affiliated company	(689)	(100)
Inventories	(66)	(16)
Prepaid expenses and other current assets	8	(2,983)
Rental deposits	(96)	(243)
Accounts payable	(529)	737
Accrued expenses and other current liabilities	246	1,147
Income tax payable	759	(259)
Net cash provided by (used in) operating activities	4,225	(4,606)
INVESTING ACTIVITIES		
Acquisition of other assets	(102,564)	—
Payment for land use rights	(25,641)	(12,371)
Acquisition of property and equipment	(25,109)	(88,483)
Deposits for acquisition of property and equipment	(288)	(1,511)
Proceeds from disposal of property and equipment	—	24
Advance to an affiliated company	—	(24,894)
Net cash used in investing activities	(153,602)	(127,235)
FINANCING ACTIVITIES		
Cash contribution from PBL	163,000	—
Amounts due to affiliated companies/person	7,964	(23,785)
Amounts due to shareholders	(11,485)	143,161
Payment of principal of capital leases	(80)	(4)
Net cash provided by financing activities	159,399	119,372
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,022	(12,469)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,537	19,769
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 15,559	$ 7,300
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
Cash paid for interest (net of capitalized interest)	$ (2)	$ (88)
Cash paid for tax	$ (6)	$ (259)
NON-CASH INVESTING ACTIVITIES		
Construction costs funded through accrued expenses and other current liabilities	$ —	$ 27,909
Inception of capital leases on property and equipment	$ 13	$ 10
Land use right cost funded through land use right payable and accrued expenses and other current liabilities	$ 44,241	$ 63,249
Other assets cost funded through amounts due to shareholders	$ 48,077	$ —
Costs of property and equipment funded through amount due to an affiliated company	$ 2,119	$ 3,834
Acquisition of additional 20% shares of Mocha Slot funded through advances from shareholders	$ —	$ 32,051
Acquisition of shareholder loan advanced by Dr. Stanley Ho funded through advances from shareholders	$ —	$ 5,859
Deposit for acquisition of land interest funded through advances from shareholders	$ —	$ 12,821

The accompanying notes are an integral part of the consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(In thousands of U.S. dollars, except share and per share data)

1. COMPANY INFORMATION

Melco PBL Entertainment (Macau) Limited (formerly named Melco PBL Holdings Limited and known as the "Company" thereafter) was incorporated under the laws of the Cayman Islands on December 17, 2004. The Company and its consolidated subsidiaries (collectively the "Group") are principally engaged in the gaming and hospitality business. Mocha Slot Group Limited and its subsidiaries ("Mocha Slot") are principally engaged in the operation of a series of electronic gaming machine lounges in Macau. Great Wonders, Investments, Limited ("Great Wonders") and Melco Hotels and Resorts (Macau) Limited ("Melco Hotels") hold early stage projects for the construction of a hotel and casino and integrated entertainment resort complex, respectively, in Macau. Melco PBL (Macau Peninsula) Limited (formerly named Swift Profit Investment Limited and known as "MPBL Peninsula" thereafter) is in the process to obtain the third piece of land in Macau for further development.

Mocha Slot

On September 26, 2003, Better Joy Overseas Limited ("Better Joy"), which was 77% owned by Mr. Lawrence Ho, the Managing Director of Melco International Development Limited ("Melco"), and 23% owned by Dr. Stanley Ho, the father of Mr. Lawrence Ho and the Chairman of Melco until he resigned this position in March 2006, acquired 65% of the outstanding shares of Mocha Slot from an independent third party. Dr. Stanley Ho and Mr. Lawrence Ho both hold beneficial interests in Melco.

On March 19, 2004, Melco agreed to acquire 80% of the shares of Mocha Slot, of which shares representing 65% were acquired from Better Joy and 15% were acquired from independent third parties for total consideration of $46,114. The transaction was completed on June 9, 2004 and was accounted for as a purchase by Melco. Around the same time, the remaining 20% interest in Mocha Slot was acquired by Dr. Stanley Ho from an independent third party. Melco's basis in its shares of Mocha Slot has been reflected in Mocha Slot's financial statements and the minority interest, then owned by Dr. Stanley Ho, is presented at historical cost.

On May 9, 2006, Melco PBL International Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement ("Sale and Purchase Agreement") with Dr. Stanley Ho to acquire the remaining 20% of Mocha Slot ("Shares Sale") held by Dr. Stanley Ho and repaid the shareholder loan from Dr. Stanley Ho to Mocha Slot ("Loan Sale") for an aggregate consideration of approximately $37,910, with $32,051 being the consideration for the Shares Sale and approximately $5,859 being the consideration for the Loan Sale. The consideration for the Shares Sale was determined with reference to Mocha Slot's estimated cash inflow in future years while the consideration for the Loan Sale was determined with reference to its fair value. The sale and purchase of the Shares Sale and the assignment of the Loan Sale under the Sale and Purchase Agreement were completed on the same date on which the Sale and Purchase Agreement was signed.

Great Wonders

On September 8, 2004, Melco entered into an agreement (the "First Sale Agreement") with Sociedade de Turismo e Diversoes de Macau, S.A.R.L. ("STDM"), a company in which Dr. Stanley Ho has a beneficial interest, to establish Great Wonders. The principal activity of Great Wonders was to apply to the Macau government for the concession of a site located at Taipa, Macau (the "Taipa Land") and to develop the Taipa Land into a luxury hotel casino (the "Crown Macau Project"). Pursuant to this First Sale Agreement, Melco purchased 50% of Great Wonders from STDM (see note 18(e)) for consideration of $35,748 in the form of notes convertible into ordinary shares of Melco. Melco acquired an additional 20% interest in Great Wonders on February 8, 2005 for consideration of $16,360 in the form of notes convertible into common shares of Melco and the Company acquired the remaining 30% interest in Great Wonders on July 28, 2005 for consideration of $51,282, of which $25,641 was financed by an advance from Melco and Publishing and Broadcasting Limited ("PBL") (see note 18(e)). On the dates that Melco and the Company acquired such interests, Great Wonders did not meet the definition of a business. Great Wonders had begun the construction of the hotel and casino by December 31, 2004.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

Melco Hotels

On October 28, 2004, Melco Leisure and Entertainment Group Limited ("Melco Leisure"), an entity wholly owned by Melco, entered into an agreement with Great Respect Limited ("Great Respect"), a company controlled by a discretionary family trust of Dr. Stanley Ho, the beneficiaries of which are members of Dr. Stanley Ho's family including Mr. Lawrence Ho, to establish a project to develop a site in Cotai, Macau (the "Cotai Land"), into an integrated entertainment resort (the "City of Dreams Project"). Pursuant to the agreement, Melco owned a 50.8% interest in the City of Dreams Project through its wholly-owned subsidiary, Melco Hotels, and Great Respect owned the remaining 49.2% interest in this project. On May 11, 2005, the Company signed an agreement with Great Respect to acquire the remaining 49.2% interest in the City of Dreams Project for consideration of $150,641, of which $48,077 was financed by a loan from Melco and PBL (see note 18(d)). The transaction was completed on September 5, 2005. Melco Hotels had no operations but was applying for the license for the development of the City of Dreams Project at December 31, 2005. Melco Hotels had begun the construction of the integrated entertainment resort by September 30, 2006.

MPBL Peninsula

On May 17, 2006, MPBL Peninsula, a wholly owned subsidiary of the Company, entered into an agreement to purchase the entire issued share capital of a company of which Dr. Stanley Ho is one of the directors but in which he holds no shares. Such company will hold the rights to a land lease in respect of a plot of land with an area of 6,480 square meters located at Zona dos Novos Aterros do Porto Exterior, on the Macau peninsula. The aggregate consideration is $192,300, which is payable in cash and the acquisition is expected to be completed in the first quarter of 2007 (see note 9).

Melco PBL Entertainment (Macau) Limited

Pursuant to the Subscription Agreement entered into on December 23, 2004 as part of the formation of the Company by Melco and PBL, Melco, in exchange for its 50% interest in the Company, contributed its 80% interest in Mocha Slot and its 70% interest in Great Wonders to Melco PBL Entertainment (Greater China) Limited ("MPBL (Greater China)"), a company 80% indirectly owned by the Company and 20% indirectly owned by Melco. In addition, pursuant to a concurrent shareholder agreement, Melco also contributed Melco Hotels to the Company. Concurrently, PBL contributed $163,000 in cash to MPBL (Greater China) in exchange for its 50% interest in the Company. The contributions by Melco and by PBL (collectively, "the Transactions") were completed on March 8, 2005.

From June 9, 2004 for Mocha Slot, July 20, 2004 for Melco Hotels and November 9, 2004 for Great Wonders through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha Slot, Melco Hotels and Great Wonders since they were under common control for this period. The Transactions on March 8, 2005 were accounted for as the formation of a joint venture for which carryover basis of accounting is adopted.

As of September 30, 2006, the Company held an 80% interest in MPBL (Greater China) and Melco held the 20% minority interest in MPBL (Greater China). Great Wonders and Melco Hotels are wholly-owned by MPBL (Greater China). Mocha Slot is held by MPBL (Greater China) and Melco PBL International Limited as to 80% and 20%, respectively. MPBL Peninsula is wholly-owned by the Company.

Mocha Slot is considered to be a predecessor of the Company as the Company succeeded to substantially all of the business of Mocha Slot and the Company's own operations prior to the succession were insignificant relative to the operations assumed or acquired.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

Particulars regarding the Company's subsidiaries as of September 30, 2006 are as follows:

Name of subsidiary	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Attributable equity interest to the Group	Voting Interest
Melco PBL Entertainment (Greater China) Limited (formerly named Melco Entertainment Limited)(2)	Cayman Islands	Investment holding in Macau	40 Class A shares and 160 Class B shares of US$0.01 each	80%	80%
Melco PBL International Limited(2)	Cayman Islands	Investment holding in Macau	400 ordinary shares of US$0.01 each	100%	100%
Melco PBL Holdings Limited(1)	Cayman Islands	Investment holding in Macau	1,202 ordinary share of US$0.01 each	100%	100%
Melco PBL Investments Limited(2)	Cayman Islands	Investment holding in Macau	202 ordinary share of US$0.01 each	100%	100%
Always Prosper Investments Limited(1)	British Virgin Islands	Inactive	1 ordinary share of US$1 each	100%	100%
Mocha Slot Group Limited(3)	British Virgin Islands	Provision of services to gaming machine lounges in Macau	100 ordinary shares of US$1 each	84%	100%
MPBL Peninsula(1)	British Virgin Islands	Investment in land interest in Macau	1 ordinary share of US$1 each	100%	100%
Mocha Slot Management Limited(2)	Macau	Provision of consultancy service for entertainment business and system management in Macau	2 quota shares of Macau Pataca ("MOP") 24,000 and MOP1,000 each	84%	100%
Mocha Café Limited(2)	Macau	Provision of catering services in Macau	2 quota shares of MOP24,000 and MOP1,000 each	84%	100%
Melco Hotels(2)	Macau	Integrated entertainment resort development in Macau	2 quota shares of MOP24,000 and MOP1,000 each	80%	100%
Melco PBL Hotel (Crown Macau) Limited(2)	Macau	Hotel related businesses	2 quota shares of MOP24,000 and MOP1,000 each	80%	100%
Great Wonders(2)	Macau	Casino and hotel development in Macau	10,000 ordinary shares of MOP100 each	80%	100%

(1) Share held directly by the Company
(2) Share held indirectly by the Company
(3) 20% of share held directly by the Company and 80% of the share held indirectly by the Company

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

2. BASIS OF PREPARATION

The Group had net current liabilities of approximately $165,615 as of September 30, 2006. Notwithstanding, the directors of the Company are of opinion that the preparation of these financial statements under a going concern basis is appropriate due to the following considerations:

(a) New bank facility

In February 2006, the Group has signed an agreement with a syndicate of banks for a $164,103 term loan facility (the "Facility") to finance the development of its hotels and casino projects. In addition, in September 2006 Melco PBL Gaming (Macau) Limited ("MPBL Gaming"), which will be transferred to the Group (see note 21 for details), along with Melco and PBL entered into a commitment letter for a $1.6 billion secured loan facility ("Commitment Letter") to refinance the Subconcession credit facility and finance the City of Dreams Project; and

(b) Additional funding

The Company actively seeks to identify potential sources of additional fund to finance its hotel and casino projects, including the offering of shares of the Company. If the Company is unable to sell its shares, the directors of the Company are confident that the Company will be able to obtain additional bank loan facilities and Melco and PBL will provide adequate funds to enable the Company to meet in full its financial obligations as and when they arise and to continue its operations in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated on consolidation.

(b) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(c) Concentration of Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and amounts due from affiliated companies. The Company places its cash and cash equivalents with financial institutions with high-credit ratings and quality.

The Company conducts credit evaluations of customers and generally does not require collateral or other security from its customers. The Company establishes an allowance for doubtful receivables primarily based upon the age of the receivables and factors surrounding the credit risk of specific customers.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

The Group's concentration of credit risk before the termination of the service agreement is mainly related to Sociedade Jogos de Macau, S.A. ("SJM"), a company in which Dr. Stanley Ho has a beneficial interest, for providing services to certain electronic gaming lounges. The majority of the Company's revenue is received or receivable from SJM.

(d) Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, amounts due from (to) affiliated companies, accounts payable, accrued expenses and other current liabilities and amounts due to shareholders, approximate their fair values.

(e) Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, demand deposits and highly liquid investments which are unrestricted as to withdrawal and use, and which have maturities of three months or less when purchased.

(f) Inventories

Inventory is stated at the lower of cost or market value. Cost is calculated using the first-in, first-out method. Write downs of potentially obsolete or slow-moving inventory are recorded based on management's specific analysis of inventory.

(g) Goodwill and Intangible assets

The excess of the purchase price over the fair value of net assets acquired is recorded on the consolidated balance sheet as goodwill.

Goodwill and trademark are not amortized, but are tested for impairment at the reporting unit level at least on an annual basis at the balance sheet date.

Intangible assets with finite useful lives represent slot lounges services agreements and are amortized over their estimated useful lives.

The evaluation of goodwill and trademark for impairment involves two steps: (1) the identification of potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill and (2) the measurement of the amount of goodwill impaired by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill and recognizing a loss by the excess of the latter over the former. For assessment of impairment loss, the Company will measure fair value based either on internal models or independent valuations.

(h) Land use right, net

Land use right is recorded at cost less accumulated amortization. Amortization is provided over the term of the land use right agreement on a straight-line basis over the relevant lease term.

(i) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

Depreciation is provided on the straight-line method over estimated service lives:

Classification	Years
Furniture, fixtures and equipment	3 to 10 years
Gaming machines	5 years
Leasehold improvements	5 years or over the lease term, whichever is shorter
Machinery	10 years
Motor vehicles	5 years

The Company is constructing its casino and hotel and integrated entertainment resort. In addition to costs under the construction contracts, external costs directly related to the construction of such facilities, including duties and tariffs, equipment installation and shipping costs, are capitalized. Depreciation is recorded at the time assets are placed in service.

Assets recorded under capital leases and leasehold improvements are amortized using the straight-line method over the lesser of their useful lives or the related lease term.

Depreciation expense recognized in statement of operations for the nine months ended September 30, 2005 and 2006 were $2,172 and $6,105, respectively. The depreciation expense includes $2,145 and $5,531 which are recorded in the operating costs for the provision of services to gaming machine lounges, respectively, for the nine months ended September 30, 2005 and 2006, nil and $239 which are recorded in slot lounge operating expenses, respectively, for the nine months ended September 30, 2005 and 2006 and $27 and $335 which are recorded in general and administrative expenses, respectively, for the nine months ended September 30, 2005 and 2006.

(j) Slot club awards

The Company provides slot patrons with incentives based on the dollar amount of play on slot machines. A liability has been established based on an estimate of the value of these outstanding incentives, utilizing the age and prior history of redemptions.

(k) Impairment of long-lived assets (other than goodwill)

The Company evaluates the recoverability of long-lived assets with finite lives whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. An impairment loss amounting to $7,640 is recognized on the slot lounges services agreement for the nine months ended September 30, 2006 (see note 8). In addition, an impairment loss of $1,116 is recognized because of the relocation of a slot lounge during the nine months ended September 30, 2006, which is determined as the net book values of those property and equipment involved.

(l) Revenue recognition

The Company recognizes revenue at the time persuasive evidence of an arrangement exists, the service is provided or the retail goods are sold, prices are fixed or determinable and collection is reasonably assured.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

Prior to the termination of SJM service agreements, revenue from fees for provision of services to electronic gaming machine lounges is recognized on an accrual basis in accordance with the contractual terms of the respective service agreements. Such revenue was calculated based on a pre-determined rate, as stipulated in the respective service agreement, of the gaming revenue from the gaming machines, which is the difference between gaming wins and losses less the accruals for the anticipated payouts of progressive slot jackpots.

Upon the termination of the SJM agreement, the Company has generated slot lounge gaming revenues through the use of MPBL Gaming's subconcession. The slot lounge gaming revenues are measured by the aggregate net difference between gaming wins and losses less the accruals for anticipated payouts of progressive slot jackpots.

Revenue from the provision of food and beverage is recognized when the services are provided.

Revenues are recognized net of certain discounts and points earned in customer loyalty programs, such as the player's club loyalty program.

(m) Total revenue

The retail value of food, beverage and other services furnished to guests without charge ("promotional allowances") of $393 and $592 during the nine months ended September 30, 2005 and 2006, respectively, was not included in total revenue.

The cost of providing such promotional allowances of $336 and $420 during the nine months ended September 30, 2005 and 2006, respectively, was included in the cost of provision of services to gaming machine lounges and the cost of providing such promotional allowances of nil and $31 for the nine months ended September 30, 2005 and 2006, respectively, was included in the slot lounge operating expenses.

(n) Operating cost

Operating cost includes direct costs associated with the provision of services to electronic gaming machine lounges and provision of catering services including salaries, employee benefits and overhead costs associated with employees providing the related services and gaming tax payable to the Macau government.

(o) Capitalization of interest

Interest incurred on funds used to construct the hotels and casinos during the active construction period is capitalized. The interest capitalized is determined by applying the borrowing interest rate to the average amount of accumulated capital expenditures for assets under construction during the period. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful life of the assets. Capitalized interest during the nine months ended September 30, 2005 and 2006 of $543 and $1,685, respectively, has been added to the cost of the underlying assets during the period and is amortized over the respective useful life of the assets.

(p) Advertising expenses

The Company expenses all advertising costs as incurred. These costs were $368 and $611 for the nine months ended September 30, 2005 and 2006, respectively.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

(q) Income tax

The Company, Melco PBL International Limited, MPBL (Greater China), Melco PBL Holdings Limited and Melco PBL Investments Limited are tax exempt in the Cayman Islands, where they are incorporated. Always Prosper Investments Limited and MPBL Peninsula are tax exempt in the British Virgin Islands, where they incorporated. Mocha Slot is exempted from tax in the British Virgin Islands, where it incorporated, but is subject to Macau complementary tax on its activity conducted in Macau. The Company's remaining subsidiaries are all incorporated in Macau and are subject to Macau complementary tax on their activities conducted in Macau. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net operating loss carryforwards and credits applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on the characteristics of the underlying assets and liabilities.

(r) Pre-opening costs

Pre-opening costs, consisting primarily of marketing expenses and other expenses related to new or start-up operations, are expensed as incurred.

(s) Comprehensive loss

Comprehensive loss is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. During the period presented, the Company's comprehensive loss represents its net loss.

(t) Foreign currency transactions and translations

All transactions in currencies other than functional currencies during the period are remeasured at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the consolidated statements of operations.

The financial records of certain of the Company's subsidiaries are maintained in local currencies other than the U.S. dollar, which are their functional currencies. All assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date and all income and expense items are translated at the average rates of exchange over the year. All exchange differences arising from the translation of subsidiaries' financial statements are recorded as a component of comprehensive loss.

(u) Unaudited interim financial information

The financial information with respect to the nine-month periods ended September 30, 2005 and 2006 is unaudited and has been prepared on the same basis as the audited financial statements. In the opinion of management, such unaudited financial information contains all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results of such periods. The results of operations for the nine-month period ended September 30, 2006 are not necessarily indicative of results to be expected for the full year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

(v) Recent changes in accounting standard

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109", or FIN 48. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes", or SFAS 109. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides accounting guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt the provisions of FIN 48 on January 1, 2007. The Company is currently in the process of assessing the impact of FIN 48 on its results of operations and financial condition.

4. ACQUISITION OF ADDITIONAL 20% INTEREST IN MOCHA SLOT

On May 9, 2006, Melco PBL International Limited acquired additional 20% interest in Mocha Slot for a total cash consideration of $32,051, which was financed by advances from Melco and PBL, equally, which is allocated as follows:

Net tangible assets acquired	$ 631
Intangible assets:	
Goodwill	30,380
Trademark	992
Slot lounges services agreements	191
Deferred tax liabilities	(143)
Total	$32,051

The estimated fair value of intangible assets was derived from a valuation performed by an independent third party. Amortization period of the intangible assets for the slot lounges services agreements is estimated based on the estimated useful life.

5. INVENTORIES

	September 30, 2006
Inventories consist of the following:	
Food and beverages	$ 51
Club redemption inventories	52
	$ 103

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	September 30, 2006
Deferred charges, net	$ 1,336
Refundable deposits	367
Deferred financing cost	1,721
Others	200
	$ 3,624

Note: The deferred financing cost will be deferred and amortized to interest expense over the term of the related debt.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

7. PROPERTY AND EQUIPMENT, NET

	September 30, 2006
Cost	
Furniture, fixtures and equipment	$ 5,637
Gaming machines	27,448
Leasehold improvements	7,522
Machinery	4,855
Motor vehicles	151
Sub-total	$ 45,613
Less: Accumulated depreciation	(10,480)
Sub-total	$ 35,133
Construction in progress	141,961
Property and equipment, net	$ 177,094

As of September 30, 2006, construction in progress included interest on amount advanced from a shareholder and other direct incidental costs capitalized amounted to $2,526 and $4,877, respectively, in connection with the Crown Macau Project and City of Dreams Project. Other direct incidental costs represented salaries and wages and certain professional charges incurred for the Crown Macau Project and City of Dreams Project.

8. INTANGIBLE ASSETS, NET

It consists of the following:

	September 30, 2006
Trademark	$ 3,416
Slot lounges services agreements	10,485
	$ 13,901
Less: Accumulated amortization	(2,845)
Impairment loss recognized	(7,640)
Intangible assets, net	$ 3,416

Trademark is not amortized.

During the period ended September 30, 2006, Mocha Slot has entered into an agreement with SJM (“Termination Agreement”) to terminate the slot lounges services agreement, subject to certain condition precedents, in contemplation of the potential grant of a subconcession (see note 18(h)). As a result of the potential termination of the slot lounges services agreement, an impairment loss of $7,640 is recognized on the slot lounges services agreement with reference to a valuation performed by an independent third party. Before the entering of the Termination Agreement, the slot lounges services agreement is amortized over its estimated useful life of 10 years. Subsequent to the entering of the Termination Agreement, the remaining carrying value of the service lounges agreement is amortized until the estimated termination date of the slot lounges services agreement. Amortization expenses charged to the statements of operations for nine months ended September 30, 2005 and 2006 were $772 and $1,216, respectively.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

9. DEPOSIT FOR ACQUISITION OF LAND INTEREST

On May 17, 2006, MPBL Peninsula entered into an agreement to purchase the entire issued share capital of a company of which Dr. Stanley Ho is one of the directors but in which he holds no shares. Such company will hold the rights to a land lease in respect of a plot of land with an area of 6,480 square meters located at Zona dos Novos Aterros do Porto Exterior, on the Macau peninsula. The aggregate consideration is $192,300, which is payable in cash and the acquisition is expected to be completed in the first quarter of 2007. An amount of $12,821 was paid as a downpayment upon signing of the sale and purchase agreement, which was financed from Melco and PBL, equally, and is included in deposit for acquisition of land interest. The balance is payable on completion of the acquisition.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	September 30, 2006
Construction costs payable	$ 27,909
Land use right payable	25,800
Rental payables	442
Operating expenses accruals	2,050
	$ 56,201

11. CAPITAL LEASE OBLIGATIONS

The Company leases certain equipment under capital leases. The capital lease obligations outstanding as of September 30, 2006 related to certain equipment amounted to $17. Future minimum lease payments under capital lease obligations as of September 30, 2006 are as follows:

Twelve months ending September 30:	
2007	$ 7
2008	8
2009	6
2010	1
Total minimum lease payments	$22
Less: amounts representing interest	(5)
Present value of minimum lease payments	$17
Current portion	(7)
Non-current portion	$ 10

12. CAPITAL STRUCTURE

On March 8, 2005, in connection with the completion of Subscription Agreement as disclosed in note 1, all share and per share amounts have been retrospectively adjusted to reflect the recapitalization. On September 28, 2006, the Company issued 500,000,000 ordinary shares at par value of US$0.01 per share for a total consideration of $320,000, which was not settled as of September 30, 2006. As of September 30, 2006, the Company had 1,000,000,000 ordinary shares issued and outstanding.

13. INCOME TAX EXPENSE (CREDIT)

The Company, Melco PBL International Limited, MPBL (Greater China), Melco PBL Holdings Limited and Melco PBL Investments Limited are tax exempt in the Cayman Islands, where they are incorporated. Always

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

Prosper Investments Limited and MPBL Peninsula are tax exempt in British Virgin Islands, where they incorporated. Mocha Slot is exempted from tax in the British Virgin Islands, where it incorporated, but is subject to Macau complementary tax on its activity conducted in Macau. The Company's remaining subsidiaries are all incorporated in Macau and are subject to Macau complementary tax on their activities conducted in Macau.

The provision for income tax consisted of:

	Nine months ended September 30,	
	2005	2006
Macau complementary tax—Current period	$ 765	$ —
Deferred tax credit	(359)	(1,602)
	$ 406	$(1,602)

A reconciliation of the income tax expense (credit) to income (loss) before income tax per the consolidated statements of operations is as follows:

	Nine months ended September 30,	
	2005	2006
Income (loss) before income tax	$ 179	$(27,103)
Macau complementary tax rate	12%	12%
Income tax expense (credit) at Macau complementary tax rate	21	(3,252)
Effect of income for which no income tax expense is payable	(313)	(205)
Effect of expense for which no income tax benefit is receivable	311	431
Increase in valuation allowance	387	1,424
	$ 406	$ (1,602)

The deferred income tax assets and liabilities as of September 30, 2006, consisted of the following:

	September 30, 2006
Deferred income tax assets	
Net operating loss carryforwards	$ 1,088
Depreciation and amortization	413
	1,501
Valuation allowance	(1,501)
Total net deferred income tax assets	—
Deferred income tax liabilities	
Land use right	(13,121)
Intangible assets	(409)
Unrealized capital allowance	(8)
Net deferred income tax liabilities	$ (13,538)

A valuation allowance was provided as management does not believe that it is more likely than not that all of the deferred tax assets will be realized. As of September 30, 2006, operating loss carry forward amounting to $602 and $8,469 will expire in 2008 and 2009, respectively.

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(In thousands of U.S. dollars, except share and per share data)

Macau complementary tax has been provided at 12% on the estimated taxable income earned in or derived from Macau during the relevant period, if applicable.

Deferred tax, where applicable, is provided under the liability method at the enacted Macau statutory income tax rate applicable to the respective financial years, on the difference between the financial statement carrying amounts and income tax base of assets and liabilities.

14. LOSS PER SHARE

Basic loss per share is calculated by dividing net loss by the weighted average number of ordinary shares outstanding during the period. No diluted loss per share is calculated as there is no potential dilutive securities.

15. DISTRIBUTION OF PROFITS

All subsidiaries incorporated in Macau are required to set aside a minimum of 10% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the statement of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the financial statements in the year in which it is approved by the board of the relevant subsidiary. As of September 30, 2006, the balance of the legal reserve amounted to $2.

16. MAJOR NON CASH TRANSACTIONS

(a) During the period ended September 30, 2005, Melco's additional 20% interest in Great Wonders were contributed to the Company upon the completion of Subscription Agreement (see note 1).

(b) As disclosed in note 18(d), out of the consideration of $150,641 for acquisition of the remaining 49.2% interest in the City of Dreams, $48,077 was financed by a loan from Melco and PBL, which remained outstanding as of September 30, 2006.

(c) As disclosed in note 18(e), out of the consideration of $51,282 for acquisition of the additional 30% equity interest in Great Wonders, $25,641 was financed by an advance from Melco and PBL, which was remained outstanding as of September 30, 2006.

(d) As disclosed in notes 1 & 4, the consideration of $32,051 and $5,859 for acquisition of additional 20% interest in Mocha Slot and the Loan Sale was financed by advances from Melco and PBL, equally, which remained outstanding as of September 30, 2006.

(e) As disclosed in note 9, the payment of deposit for acquisition of land interest of HK$12,821 was financed by advances from Melco and PBL, equally, which remained outstanding as of September 30, 2006.

17. COMMITMENTS

a. *Capital Commitments*

At September 30, 2006, the Company had capital commitments contracted for but not provided in respect of construction of the Crown Macau Project and City of Dreams Project and acquisition of property and equipment totaling to $183,052.

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In addition, Melco Hotels has accepted in principle an offer from the Macau government to acquire the Cotai Land in Macau at a consideration of approximately $63,249, with $21,119 of the land use right payable will be due at signing of the government lease and the remaining balance of approximately $42,130 due in nine equal half-yearly installments bearing interest at 5% per annum. The first installment will be payable within six months from the date of publication of the grant of the concession for the Cotai Land in the Macau government gazette. No payment has been made by Melco Hotels in respect of this offer as of September 30, 2006. A guarantee deposit of approximately $285 will be payable upon signing of the government lease, subject to adjustments based on the relevant amount of rent payable during the year. During the construction period, a rent in an aggregate amount of $285 per annum will be payable to the Macau government. Following the completion of construction, rent in an aggregate amount of $508 per annum will be payable to the Macau government. The rent amounts may be adjusted every five years as agreed between the Macau government and the Company using the applicable market rates in effect at the time of the rent adjustment. The construction work for City of Dreams Project commenced in April 2006, the land use right of $63,249 has been included in the land use right and the related payable to the Macau government has been included in accrued expenses and other current liabilities of $25,800 and land use right payable of $37,449 as of September 30, 2006, respectively.

At of September 30, 2006, the Macau government had officially granted the Taipa Land to Great Wonders for $18,600 and the Group has paid an amount of $6,229 as of December 31, 2005. The remaining balance of $12,371 was originally interest-bearing at 5% per annum and payable in 4 half-yearly equal installments of which the first installment would be payable within six months from the date of publication of the grant of concession of the Taipa Land in the Macau government gazette. This remaining consideration has been fully settled during the period ended September 30, 2006. A guarantee deposit of approximately $20 was paid upon signing of the lease in 2006, subject to adjustments in accordance with the relevant amount of rent payable during the year. During the construction period, rent will be due at an annual amount of $20. The annual rent will be $171 after the completion of construction. The rent amounts may be adjusted every five years as agreed between the Macau government and Great Wonders using the applicable market rates in effect at the time of the rent adjustment.

As discussed in note 9, MPBL Peninsula entered into an agreement to purchase the entire issued share capital of a company. Such company held the rights to a land lease in respect of a plot of land on the Macau peninsula. The aggregate consideration is $192,300, which is payable in cash and the acquisition is expected to be completed in the first quarter of 2007. An amount of $12,821 was paid as a downpayment upon signing of the sale and purchase agreement and is included in deposit for acquisition of land interest. The balance is payable on completion of the acquisition.

b. *Lease Commitments*

The Group leases office space, slot lounge and certain equipment under non-cancelable operating lease agreements that expire at various dates through December 2016. The Group's office lease and slot lounge provides for periodic rental increases based on the general inflation rate. During the nine months ended September 30, 2005 and 2006, the Group made rental payments amounting to $909 and $2,303, respectively.

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As of September 30, 2006, minimum lease payments under all non cancelable leases were as follows:

Operating Leases

Twelve months ending September 30:

2007	$ 2,694
2008	2,827
2009	2,471
2010	1,840
2011	1,469
Over 2011	6,927
Total minimum lease payments	$18,228

In addition, as of September 30, 2006, there were certain minimum lease payments under the land lease of the Taipai Land and Cotai Land (see note 17(a)).

18. RELATED PARTY TRANSACTIONS

(a) *Amounts due from affiliated companies*

(i) The Group provided services to certain electronic gaming lounges of SJM. The services fee is calculated based on a pre-determined rate stipulated in the respective agreement of the gaming revenue from the gaming machines. During the nine months ended September 30, 2005 and 2006, the service fees received or receivable from SJM were $11,804 and $16,276, respectively. In addition, the Group purchased property and equipment from SJM during the nine months ended September 30, 2005 and 2006, amounting to $629 and $2,188, respectively.

The outstanding balance of the amount due from SJM as at September 30, 2006 was $1,492 and unsecured, non-interest bearing and repayable on demand.

(ii) The Group paid traveling expenses to STDM, which made the accommodation and transport arrangements for Mocha Slot employees traveling between Hong Kong and Macau, amounted to $70 and $182 for the nine months ended September 30, 2005 and 2006, respectively. The outstanding balance as at September 30, 2006 was $49 and unsecured, non-interest bearing and repayable on demand.

(iii) The Group advanced funds to Melco PBL Gaming (Macau) Limited (formerly named as PBL Entertainment (Macau) Limited and known as “MPBL Gaming” thereafter) for working capital purpose during the period ended September 30, 2006 and the outstanding balance as of September 30, 2006 was $24,851 and was unsecured, non-interest bearing and repayable on demand.

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(In thousands of U.S. dollars, except share and per share data)

(b) *Amounts due to affiliated companies*

(i) The Group entered into the following transactions with certain wholly owned subsidiaries of Melco:

	nine months ended September 30	
	2005	2006
	Unaudited	
Purchase of property and equipment	$ 2,146	$ 6,874
Management fee paid/payable	826	144
Project management fee paid/payable	41	839
Network support fee paid/payable	37	78
Rental expenses paid/payable	21	208
Traveling expenses paid/payable	—	48
Financial advisory fee paid/payable	10	—

The management fee was paid for general administrative services provided by a wholly-owned subsidiary of Melco, which was based on a pre-determined fixed monthly amount during the nine months ended September 30, 2005 and was based on actual cost incurred during the nine months ended September 30, 2006. The project management fee was paid for services provided by a wholly-owned subsidiary of Melco in connection with the Crown Macau Project and City of Dreams Project and was capitalized in construction in progress, which was based on the actual cost incurred. For other expenses, amounts were determined on an individual basis with reference to market prices.

The outstanding balance due to affiliated companies as of September 30, 2006 was $5,295 and was unsecured and repayable on demand. As at September 30, 2006, the balances were non-interest bearing. During the period ended September 30, 2005 and 2006, the interest paid/payable in respect of the balances was $362 and $333, respectively.

(ii) The Group received funds from Dr. Stanley Ho for working capital purposes. The amount was unsecured, bore interest at 4% per annum and was repayable on demand. The full balance was completely repaid during this period. The outstanding balance was nil as of September 30, 2006. During the nine months ended September 30, 2005 and 2006, the interest paid/payable to Dr. Stanley Ho was $93 and $80, respectively.

(iii) The Group paid service fees to Publishing and Broadcasting (Finance) Limited, a subsidiary of PBL, for the nine months ended September 30, 2005 and 2006, amounting to $404 and $1,638, respectively. The service fee was paid for general administrative services provided. The service fee was based on a pre-determined fixed monthly amount for the period ended September 30, 2005 and was based on actual cost incurred for the period ended September 30, 2006.

(iv) The Group paid rental expenses of $23 and service fee of $350 to Lisboa Holdings Limited, a company in which a relative of Lawrence Ho has beneficial interest, for the nine months ended September 30, 2006 for Mocha slot gaming lounge. The outstanding balance due to Lisboa Holdings Limited of $413 was unsecured, non-interest bearing and repayable on demand.

(c) *Amounts due to shareholders*

The Group received funds from Melco, for working capital purposes, acquisition of interests in the Taipa Land and Cotai Land, construction of Crown Macau Project and City of Dreams Project, acquisition of additional 20% interest in Mocha Slot and Loan Sale and payment of the deposit for acquisition of land interest.

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The balance was unsecured and repayable on demand. Interest at 9% had been charged up to June 2006 from which date onwards the amounts due ceased to be interest bearing. Interest of $713 and $1,814 was paid/payable for the nine months ended September 30, 2005 and 2006, respectively.

The Group also received funds from PBL, for working capital purposes, acquisition of interests in the Taipa Land and Cotai Land, construction of Crown Macau Project and City of Dreams Project, acquisition of additional 20% interest in Mocha Slot and Loan Sale and payment of the deposit for acquisition of land interest. The balances were unsecured, non-interest bearing and repayable on demand.

Effective on September 30, 2006, Melco and PBL agreed to convert the working capital loan of a total of $150 million in equal proportions into equity. The remaining outstanding balance due to Melco and PBL amounted to $86,431 and $53,450, respectively as of September 30, 2006.

(d) As discussed in Note 1, Melco contributed its interest in Melco Hotels to the Company pursuant to a shareholders agreement. Pursuant to an agreement signed on May 11, 2005, Melco Leisure acquired from Great Respect the remaining 49.2% interest in the City of Dreams Project for $150,641 and contributed it to MPBL (Greater China), subject to certain conditions precedent. The acquisition was completed on September 5, 2005 and $48,077 out of $150,641 was financed by a loan from Melco and PBL. The price paid to acquire the additional interest was previously classified as other assets. Since the construction work for the City of Dreams Project commences in April 2006, the amount was thus reclassified to the land use right as of September 30, 2006.

On April 21, 2005, a consent was issued by the Macau government to the Company pursuant to which the Macau government offered to the Company the right to be granted a medium term lease of Cotai Land, to construct and develop the City of Dreams Project. The construction work for City of Dreams Project commenced in April 2006, the land use right and related payable to the Macau government of $63,249 has been included in the land use right and land use right payable as of September 30, 2006, respectively.

As of September 30, 2006, the Company was in the process of obtaining the official title of this land use right.

(e) On February 8, 2005, Melco completed the acquisition of an additional 20% equity interest in Great Wonders from STDM for $16,360 in convertible notes of Melco. Melco then transferred this 20% equity interest to the Company together with the 50% interest in Great Wonders purchased for $35,748 in convertible notes of Melco in the year ended December 31, 2004. On July 28, 2005, the Group completed the acquisition of the remaining 30% interest in Great Wonders from STDM for $51,282, of which $25,641 was financed by an advance from Melco and PBL. Details of the transaction are also disclosed in note 1.

The principal activity of Great Wonders was to apply to the Macau government for the concession for the Taipa Land and to develop the Crown Macau Project. Land use right recognized represented the consideration paid to STDM for acquisition of the interest in Great Wonders and the consideration payable by the Company to the Macau government for the right to develop the Taipa Land into the Crown Macau Project. The construction work commenced in December 2004.

On June 24, 2005, Great Wonders accepted a formal offer from the Macau government to acquire the Taipa Land for $18,600, which is included in the amount of land use rights as of September 30, 2005 and fully settled as of September 30, 2006.

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The expiry dates of the Taipa Land and Cotai Land are March 2031 and March 2032, respectively. The Company amortizes the land use rights from the commencement date of the construction work relating to their estimated expiry dates. Total amortization charges of $2,212 and $8,081 were recognized during the nine months ended September 30, 2005 and 2006, respectively.

Since Great Wonders did not meet the definition of a business, the acquisitions of interests in Great Wonders have been accounted for as purchases of additional interests in assets as follows:

	Acquisition of 20% equity interest	Acquisition of 30% equity interest
Land use right	$18,591	$58,275
Deferred tax liabilities	(2,231)	(6,993)
	$ 16,360	$ 51,282

(f) On November 11, 2004, Great Wonders entered into letters of confirmation with SJM pursuant to which SJM would lease the casino premises at and operate the casino gaming activities at the Crown Macau Project pursuant to an arrangement under which Great Wonders would receive fees and rentals based on a percentage of the revenues from such gaming operations. The letters of confirmation were terminated subsequently in March 2006 when PBL entered into an agreement with Wynn Macau to seek a subconcession under Wynn Macau's concession.

(g) Pursuant to a Memorandum of Agreement dated March 5, 2006 and a Supplemental Agreement dated May 26, 2006, entered into between Melco and PBL, Melco and PBL agreed to provide a total of $320,000 subordinated loan to MPBL Gaming, which was a wholly-owned subsidiary of PBL, as interest-free subordinated loans and PBL agreed to subscribe or cause its subsidiary to subscribe $80,000 of equity of MPBL Gaming. Such funds was used for the payment of the amount due to Wynn Macau upon the granting of the subconcession to operate gaming operations in Macau under the Subconcession Contract entered into between Wynn Macau and PBL at a consideration of $900,000. As of September 30, 2006, together with the $80,000 contribution, PBL has contributed additional equity of $5,000 to MPBL Gaming by way of service provided in obtaining the credit facility for financial the payment of the subconcession.

In addition, upon the granting of the subconcession to MPBL Gaming and approval of the transfer of the control of MPBL Gaming to the Company, the capital of MPBL Gaming was increased to MOP 1,000,000,000 divided into 2,800,000 "A" shares and 7,200,000 "B" shares. "A" shares carries a right to vote but only participate in a right to dividends of MPBL Gaming up to MOP1 in aggregate and only participate in a return of capital of MPBL Gaming or on a liquidation of MPBL Gaming up to MOP1 in aggregate and otherwise not enjoy any other right of return or economic benefit or rights while "B" shares enjoying a right to vote and full participation in any dividends and capital distribution and to participate in a liquidation and enjoy all other economic benefits or rights derived from MPBL Gaming. As part of the reorganization of the share capital of MPBL Gaming, MPBL Gaming repay the $320,000 subordinated interest-free loans to Melco and PBL who in turn, contributed these funds as further capital injection into the Company, with the intent that it would then further capitalize an indirect wholly owned subsidiary of the Company, Melco PBL Investments Limited, to acquire the 7,200,000 "B" shares of MPBL Gaming. In addition, all of the 2,800,000 "A" shares are owned by a subsidiary of PBL (as to 1,800,000 "A" shares) and the Managing Director of MPBL Gaming (as to 1,000,000 "A" shares). After Melco PBL Investments Limited acquired the 7,200,000 "B" shares of MPBL Gaming, MPBL (Greater China)'s interest in Great Wonders and Melco Hotels shall be transferred to MPBL Gaming and the business of Mocha Slot shall be transferred to MPBL Gaming.

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(g) Afterwards, MPBL (Greater China) and Mocha Slot and its subsidiaries are to liquidate or remain dormant.

After the completion of all these restructuring of MPBL Gaming and the shareholding of MPBL (Greater China), PBL and Melco have a 50% effective economic interest in MPBL Gaming.

(h) On March 15, 2006, in contemplation of the potential grant of the subconcession to MPBL Gaming, as mentioned in (g) above, and the continuation of the slot lounges services provision business through the subconcession of MPBL Gaming, Melco, Mocha Slot, Mocha Management and SJM have entered into an agreement for the conditional termination of all existing services agreements of Mocha Slot. The termination has become effective subsequent to the grant of subconcession to MPBL Gaming in September 2006.

(i) On May 9, 2006, Melco PBL International Limited entered into a sale and purchase agreement ("Sale and Purchase Agreement") to acquire the remaining 20% of Mocha Slot held by Dr. Ho and repaid the shareholder loan from Dr. Stanley Ho to Mocha Slot for an aggregate consideration of approximately $37,910. The Sale and Purchase Agreement were completed on the same date on which the Sale and Purchase Agreement was signed.

(j) As discussed in (i) above, Mocha Slot has terminated the service agreement with SJM in September 2006 after MPBL Gaming has obtained the subconcession. In contemplation of the transfer of MPBL Gaming to the Group (see note 21 for details of the transfer), Mocha Slot has made use of the subconcession of MPBL Gaming at nil consideration to operate the slot lounge business, in accordance to an arrangement letter signed.

(k) On May 17, 2006, MPBL Peninsula entered into an agreement to purchase the entire issued share capital of a company, of which Dr. Stanley Ho is one of the directors but in which he holds no shares. Such company will hold the rights to a land lease in respect of a plot of land with an area of 6,480 square meters located at Zona dos Novos Aterros do Porto Exterior, on the Macau peninsula. The aggregate consideration is $192,300, which is payable in cash and the acquisition is expected to be completed in the first quarter of 2007. An amount of $12,821 was paid as a downpayment upon signing of the sale and purchase agreement and is included in deposit for acquisition of land interest. The balance is payable on completion of the acquisition.

19. SEGMENT INFORMATION

The Company is principally engaged in the gaming and hospitality business. In 2004 and 2005, the Company had only one reporting unit as the sole activity of the Company was provision of services to gaming machines lounges and started up the development of Crown Macau Project and City of Dreams Project. Starting from 2006, the Company's chief operating decision makers monitor its operations and evaluate earnings by reviewing the assets and operations of Mocha Slot, Crown Macau Project and the City of Dreams Project and determine that the Company has three reporting units. Currently, Mocha Slot is the sole business of the Company. Crown Macau Project and City of Dreams Project are currently in the development and construction phase and no revenues were generated.

Since the Company's chief operating decision makers have changed their evaluation and resources allocation measurements starting from 2006, the amounts disclosed for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and year ended December 31, 2005 financial statements relating to the reporting units have been changed to conform to the 2006 reporting units. There was no impact on either the financial results or financial position on the Company in 2004 and 2005.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

As of September 30, 2006, the Company's total assets by segments are as follows:

	September 30, 2006
Mocha Slot	$ 111,638
Crown Macau	260,797
City of Dreams	223,664
Others	39,989
Total consolidated assets	$ 636,088

For the nine months ended September 30, 2005 and 2006, one customer, SJM, accounted for 95% and 89%, respectively, of total revenues.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

The Company's segment information on its results of operations for the following period is as follows:

	1.1.2005 to 9.30.2005 (Successor)	1.1.2006 to 9.30.2006 (Successor)
REVENUE		
Fees for services provided to gaming machine lounges	$ 11,940	$ 16,276
Slot lounge gaming revenue	—	1,273
Sub-total	11,940	17,549
Food, beverage and others	529	655
Total revenue	12,469	18,204
OTHER OPERATING COSTS AND EXPENSES		
Operating EBITDA (Mocha) (Note)	5,428	6,614
Depreciation of property and equipment:		
Mocha Slot	(2,172)	(5,876)
Crown Macau	—	(218)
City of Dreams	—	(3)
Corporate and other	—	(8)
Amortization of slot lounges services agreements: Mocha Slot	(772)	(1,216)
Amortization of land use right:		
Crown Macau	(2,212)	(3,968)
City of Dreams	—	(4,113)
Impairment loss recognized on slot lounges services agreement: Mocha Slot	—	(7,640)
Other expenses incurred other than Mocha Slot:		
Crown Macau	(132)	(4,934)
City of Dreams	(203)	(1,887)
Corporate and other	(1,416)	(1,402)
Other non-operating income of Mocha Slot included in Operating EBITDA	(148)	(326)
Minority interest of Mocha Slot included in Operating EBITDA	814	(1,951)
Total	(6,241)	(33,542)
Operating income (loss)	(813)	(26,928)
Other non-operating income and expenses		
Interest income	2,197	326
Interest expenses	(627)	(824)
Foreign exchange gain (loss), net	(620)	155
Other, net	42	168
Total	992	(175)
INCOME (LOSS) BEFORE INCOME TAX	179	(27,103)
INCOME TAX (EXPENSE) CREDIT	(406)	1,602
INCOME (LOSS) BEFORE MINORITY INTERESTS	(227)	(25,501)
MINORITY INTERESTS	(276)	5,015
NET INCOME (LOSS)	$ (503)	$ (20,486)

Note: (1) Since Crown Macau and City of Dreams Projects are still under development stage, total revenue is solely contributed by Mocha Slot for the relevant periods.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

(2) "Operating EBITDA (Mocha)" is earnings before interest, taxes, depreciation, amortization, other expenses (including pre-opening costs, general and administrative, selling and marketing and non-operating income (expenses) relating to subsidiaries other than Mocha Slot) and impairment loss recognized on slot lounges services agreement. The Operating EBITDA (Mocha) is presented for results of Mocha Slot only. The management of the Company will not use the Operating EBITDA on the Crown Macau and City of Dreams Projects to measure its operating performance since they are still under development stage.

20. FINANCING ARRANGEMENT

On February 13, 2006, Great Wonders entered into a term loan facility agreement for a two-tranche $164,103 Facility with certain lenders to finance the construction of the Crown Macau Project. PBL and Melco are currently negotiating with the lenders under this facility regarding amendments that would take effect upon the corporate reorganization contemplated in connection with the acquisition of the subconcession. MPBL (Greater China), currently guarantees all payment obligations of Great Wonders arising under the Facility.

The maturity date of the loans under this facility is February 13, 2013 and the applicable interest rate on the loans is the Hong Kong Interbank Offered Rate, or HIBOR, plus 2.2% per annum. As of September 30, 2006, no loans had been drawn and the full commitment amount is available for use until the earlier of February 13, 2008 and the date falling three months after the issuance of the occupation permit of the Crown Macau Project by the Macau government.

Under the terms of the Facility, Great Wonders:

- must use the loans to finance the construction of the hotel and casino, respectively;
- is responsible for the payment of cost overruns incurred for the construction of the Crown Macau Project and cannot make any further drawdown of loans if cost overruns exceed $6,400 until such cost overruns have been paid or the borrower demonstrates to the facility agent that it has sufficient financial resources to pay such cost overruns;
- must repay the loans in 20 consecutive quarterly installments commencing three months after the end of the availability period;
- must pay a default interest rate equal to the applicable interest rate plus 3% per annum if Great Wonders fails to repay the amounts due under the facility agreement;
- can cancel the undrawn commitment or make voluntary prepayments without penalty, except for any prepayment being made using the proceeds of refinancing from lenders other than the lenders of the Facility;
- except in limited circumstances, must make mandatory prepayments from the net cash proceeds of all loans to Great Wonders from other lenders, any equity issuance, any asset sale, any liquidated damages received under any construction contract, the lease agreement, the hotel management agreement or the land concession agreement, for the Crown Macau Project and any proceeds from the insurance policy issued for the Crown Macau Project; and
- undertakes to comply with the affirmative, negative and information covenants in the credit facility, including, without limitation, the covenants to complete the casino by specified time, comply with the financial covenants after the date falling 12 months from the completion date of the Crown Macau Project and not incur other indebtedness or permit other liens on its assets.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

The loans are secured by liens on all present and future assets of Great Wonders. The security package consists of a mortgage on the site and the building and fixtures, a power of attorney, a payment guarantee by MPBL (Greater China), a cost overrun funding guarantee by MPBL (Greater China), a subordination agreement by MPBL (Greater China), a pledge or assignment of cash receipts, bank accounts, the shares of Great Wonders, insurance policies, building contracts, any hotel management agreement, and all other assets of Great Wonders and other securities.

The Facility includes convenants and event of default. If an event of default exists, then the facility agent will, if so instructed by the lenders representing 66% of the total commitment amount, give notice of acceleration to Great Wonders and MPBL (Greater China) and demand immediate repayment of all amounts due under the facility agreement.

21. POST BALANCE SHEET EVENTS

(a) In September 2006, MPBL Gaming obtained a gaming subconcession from the Macau government under the concession granted to Wynn Macau as mentioned in note 18(g) above.

In October 2006, the Company obtained Macau government approval for transferring the control of MPBL Gaming to the Group. The Company reorganized its corporate structure so that MPBL Gaming became the subsidiary of the Company.

Upon the approval of the transfer of MPBL Gaming to the Group, Melco and PBL entered into an amended shareholders' deed. Under the amended shareholders' deed, the shares of Great Wonders and Melco Hotels and the operating assets of Mocha Slot were transferred to MPBL Gaming and Melco and PBL will each hold equal indirect interests in the Group's properties and operations in Macau through the Group. The principal terms and conditions of the amended shareholders' deed were as follows:

- Melco and PBL are to share on a 50/50 basis all the economic value and benefits with respect to all gaming projects in the Territory;
- Melco and PBL are to appoint an equal number of members to the Company's board of directors, with no casting vote in the event of a deadlock or other deadlock resolution provisions;
- All of the Class A shares of MPBL Gaming, representing 28% of all the outstanding capital stock of MPBL Gaming, are to be owned by PBL Asia Limited (as to 18%) and the Managing Director of MPBL Gaming (as to 10%), respectively, the Company's Macau counsel, was appointed to serve as the initial Managing Director of MPBL Gaming. The holders of the Class A shares, as a class, have the right to one vote per share, receive an aggregate annual dividend of MOP 1 and return of capital of an aggregate amount of MOP 1 on a wind up or liquidation, but have no right to participate in the winding up or liquidation assets;
- All of the Class B shares of MPBL Gaming, representing 72% of all the outstanding capital stock of MPBL Gaming are owned by Melco PBL Investments Limited. As the holder of Class B shares, the Group have the right to one vote per share, receive the remaining distributable profits of MPBL Gaming after payment of dividends on the Class A shares, return of capital after payment on the Class A shares on a winding up or liquidation of MPBL Gaming, and participate in the winding up and liquidation assets of MPBL Gaming;

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

- Afterwards, the 20% shares of MPBL (Greater China) which were held by the minority shareholder of the Company were reclassified as non-voting deferred shares which are not entitled to vote at general meetings of shareholders of MPBL (Greater China), not participate in dividends or other distributions and also do not receive a distribution on a winding-up or liquidation of MPBL (Greater China); and
- The provisions of the shareholders' deed relating to the operation of the Company are to apply to MPBL Gaming.

MPBL Gaming (i) entered into a $500 million credit facility with certain lenders to pay the remaining purchase price due to Wynn Macau upon the Macau government's approval of the issuance of a gaming subconcession to MPBL Gaming ("Subconcession Credit Facility"). Such subconcession credit facility was drawn and used to pay part of the $900 million due to Wynn Macau in September 2006 upon the issuance of the subconcession to MPBL Gaming. The $500 million indebtedness from the subconcession credit facility became part of the consolidated debt upon the transfer of control of MPBL Gaming to the Company and (ii) along with Melco and PBL, entered into a commitment letter with those same lenders for a $1.6 billion secured credit facility to refinance the subconcession credit facility and finance the development costs of the City of Dreams Project. In connection with the Subconcession Credit Facility, Melco and PBL have agreed to provide corporate and bank guarantees to support the payment obligations.

Under the subconcession contract, MPBL Gaming are required to make a minimum investment in Macau of $497.9 million by December 2010. In addition, MPBL Gaming will make certain payments to the Macau government, which includes a fixed annual premium per year and a variable premium depending on the number and type of gaming tables and gaming machines that the Group operates.

(b) On November 14, 2006, $25 million was repaid to Melco and PBL in equal proportions. Further, both Melco and PBL agreed to convert the remaining amounts due to shareholders of approximately $114 million into a term loan repayable in no earlier than 18 months carrying interest at a floating rate set in accordance with 3 months HIBOR.

(c) On November 28, 2006, the Company approved to grant restricted shares with a value of $10,290 (such valuation to be determined by multiplying the number of shares by the offering price of the ordinary shares in the public offering), to certain management members, employees, executives, and external consultants.

(d) On December 1, 2006, the Company approved the resolution to increase the authorised share capital from 5,000,000 ordinary shares of a nominal or par value of US$0.01 each to 1,500,000,000 ordinary shares of a nominal or par value of US$0.01 each. In addition, the Company has approved and capitalized a sum of US$9,999,996 of additional paid-in capital as full payment of the 999,999,600 ordinary shares (the "Capitalization Shares") for allotment and issuance to the shareholders of the Company. All shares, per share data and additional paid in capital have been retroactively restated in the accompanying consolidated financial statements and notes to the consolidated financial statements for all periods presented to reflect the Capitalization Shares.

* * * * * * *

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Melco PBL Entertainment
新濠博亞娛樂

Melco PBL Entertainment will strive to play the best hand in Macau with its high quality services


Melco PBL Entertainment
新濠博亞娛樂

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences or committing a crime. Our amended and restated articles of association, which will be adopted upon the closing of this offering, will provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own willful neglect or default.

Under the form of indemnification agreements filed as Exhibit 10.1 to this registration statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

The form of Underwriting Agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.

Since our inception, we have issued the following securities, representing all our outstanding share capital prior to this offering in equal amounts to Melco Leisure and Entertainment Group Limited, a wholly owned subsidiary of Melco, and PBL Asia Investments Limited, a wholly owned subsidiary of PBL. We believe that those issuances were exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act or under Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Purchaser	Date of Sale or Issuance	Number of Securities[(1)]	Consideration (US$)	Underwriting Discount and Commission
Melco Leisure and Entertainment Group Limited	January 2005	100 Class A shares	US$1	N/A
PBL Asia Investments Limited	March 2005	100 Class B shares	US$163 million	N/A
Melco Leisure and Entertainment Group Limited	September 2006	100 Class A shares	US$160 million	N/A
PBL Asia Investments Limited	September 2006	100 Class B shares	US$160 million	N/A
Melco Leisure and Entertainment Group Limited	December 1, 2006	499,999,800		N/A
PBL Asia Investments Limited	December 1, 2006	499,999,800		N/A

(1) As of the date hereof, the issued 200 Class A shares, the issued 200 Class B Shares and all unissued Class A and Class B shares have been redesignated and re-classified as ordinary shares. As of the date hereof, there are 1,000,000,000 ordinary shares issued and outstanding.

ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

See Exhibit Index at page II-6.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

ITEM 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Hong Kong, on December 1, 2006.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

By: /s/ Lawrence Ho
Name: Lawrence Ho
Title: Co-Chairman and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Lawrence (Yau Lung) Ho as attorney-in-fact with full power of substitution, for him in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on December 1, 2006.

Signature	Title
/s/ Lawrence (Yau Lung) Ho **Name: Lawrence (Yau Lung) Ho**	Co-Chairman/Chief Executive Officer (principal executive officer)
/s/ James D. Packer **Name: James D. Packer**	Co-Chairman
/s/ Simon Dewhurst **Name: Simon Dewhurst**	Chief Financial Officer (principal financial and accounting officer)
/s/ John Wang **Name: John Wang**	Director

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Signature	Title
/s/ Clarence (Yuk Man) Chung **Name: Clarence (Yuk Man) Chung**	Director
/s/ John H. Alexander **Name: John H. Alexander**	Director
/s/ Rowen B. Craigie **Name: Rowen B. Craigie**	Director
/s/ **Name: Managing Director** **Title: Puglisi & Associates**	Authorized U.S. Representative

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1†	Memorandum and Articles of Association of the Registrant, as currently in effect
3.2†	Form of Amended and Restated Memorandum and Articles of Association of the Registrant
4.1*	Form of Registrant's American Depositary Receipt (included in Exhibit 4.3)
4.2†	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement among the Registrant, the depositary and Owners and Beneficial Owners of the American Depositary Shares issued thereunder
4.4†	Holdco 1 Subscription Agreement dated December 23, 2004 among the Registrant (formerly known as Melco PBL Holdings Limited), Melco, PBL and PBL Asia Investments Limited
4.5†	Shareholders' Deed Relating to the Registrant (formerly known as Melco PBL Holdings Limited) dated March 8, 2005 among the Registrant, Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL
4.6†	Memorandum of Agreement dated March 5, 2006 between Melco and PBL
4.7†	Supplemental Agreement to the Memorandum of Agreement dated May 26, 2006 between Melco and PBL
4.8*	Restated and Amended Shareholders' Deed Relating to the Registrant (formerly known as Melco PBL Holdings Limited) dated , 2006 among the Registrant, Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL
4.9*	Post-IPO Shareholders' Agreement dated , 2006 among the Registrant, Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL
4.10*	Registration Rights Agreement dated , 2006 among the Registrant, Melco and PBL
5.1†	Opinion of Walkers regarding the validity of the ordinary shares being registered
8.1†	Opinion of Latham & Watkins LLP regarding certain U.S. tax matters
10.1*	Form of Indemnification Agreement with the Registrant's directors and executive officers
10.2*	Form of Directors' Agreement of the Registrant
10.3†	Form of Employment Agreement between the Registrant and an Executive Officer of the Registrant
10.4†	English Translation of Subconcession Contract for operating casino games of chance or games of other forms in the Macau Special Administrative Region between Wynn Macau and PBL Macau, dated September 8, 2006
10.5†	Facility Agreement Relating to a HK$1,280 million Transferable Term Loan Facility dated February 13, 2006 among Great Wonders, as borrower, MPBL (Greater China), as guarantor, Bank of China Limited, Macau Brach and Banco Nacional Ultramarino, S.A., as coordinating lead arrangers, Banco Commercial de Macau, S.A. and Industrial and Commercial Bank of China (Asia) Limited, as senior managers, Banco Espírito Santo do Oriente, S.A. and Liu Chong Hing Bank Limited, Macau Branch, as managers, and Bank of China Limited, Macau Branch, as facility and security agent
10.6*	Commitment Letter regarding Subconcession Facility and City of Dreams Project Facility, in the aggregate amount of US$1.6 billion
10.7†	Facility Agreement dated September 4, Relating to US$500 million Subconcession Facility for MPBL Gaming, as borrower, arranged by Australia and New Zealand Banking Group Limited, Banc of America Securities Asia Limited, Barclays Capital and Deutsche Bank AG, Hong Kong Branch, as coordinating lead arrangers with Australia and New Zealand Banking Group Limited acting as agent and ANZ Fiduciary Services Pty Limited acting as security trustee and Bank of America N.A., Hong Kong Branch as account Bank

Exhibit Number	Description of Document
10.8†	Agreement dated May 9, 2006 between Dr. Stanley Ho and MPBL International, regarding sale and transfer of Mocha Slot Group Limited, together with Deed of Assignment dated May 9, 2006 between Dr. Ho, as assignor, and MPBL International, as assignee2
10.9†	English Translation of Sale and Purchase Agreement dated September 21, 2006 between Mocha and MPBL Gaming
10.10†	Letter Agreement in relation to termination of the Mocha service arrangement dated March 15, 2006 among Mocha, SJM and Melco
10.11†	First Supplementary Agreement to Joint Venture dated February 8, 2005 Relating to transfer of 70% interests in Great Wonders to MPBL (Greater China) (formerly known as Melco Entertainment Limited) among STDM, Melco and MPBL (Greater China)
10.12†	Agreement dated March 17, 2005 Relating to transfer of 30% shareholding in Great Wonders from STDM to Melco among STDM, Melco and MPBL (Greater China) (formerly known as Melco Entertainment Limited)
10.13†	English Translation of Order of the Secretary for Public Works and Transportation published in Macau Official Gazette no. 9 of March 1, 2006
10.14†	Contract Document dated November 24, 2004 for the design and construction of the hotel and casino at Junction of Avenida Dr. Su Yat Sen and Avenida de Kwong Tung, Taipa, Macau between Great Wonders and Paul Y. Construction Company Limited
10.15†	Agreement dated March 9, 2005 between Melco Leisure and Entertainment Group Limited and MPBL (Greater China) (formerly known as Melco Entertainment Limited)
10.16†	Assignment Agreement dated May 11, 2005 in relation to a memorandum of agreement dated October 28, 2004 and a subscription agreement in relation to convertible loan notes in the aggregate principal amount of HK$1,175,000,000 to be issued by Melco among Great Respect, as assignor, MPBL (Greater China) (formerly known as Melco Entertainment Limited), as assignee, and Melco, as issuer
10.17†	Transfer Deed in relation to the entire issued equity capital of Melco Hotels and Assignment Deed in relation to a memorandum of agreement dated October 28, 2004, dated May 11, 2005, between Melco Leisure and Entertainment Group Limited and MPBL (Greater China)
10.18†	Letters dated November 3 and August 28, 2006 together with Principles of Understanding between Melco Hotels, as the employer, and The Leighton China State John Holland Joint Venture (between Leighton Contractors (Asia) Limited of Hong Kong, China State Construction Engineering (Hong Kong) Limited of Hong Kong and John Holland Pty Limited of Hong Kong), as the contractor
10.19†	Management Agreement for Grand Hyatt Macau dated June 18, 2006 by and between Melco Hotels and Hyatt of Macau Ltd
10.20†	Management Agreement for Hyatt Regency Macau dated June 18, 2006 by and between Melco Hotels and Hyatt of Macau Ltd
10.21†	Promissory Transfer of Shares Agreement dated May 17, 2006 with respect to the sale and transfer of Omar Limited
10.22†	Shareholders' Agreement relating to MPBL Gaming dated November 22, 2006 among PBL Asia Limited, MPBL Investments, Manuela António and MPBL Gaming
10.23†	2006 Share Incentive Plan
10.24†	Trade Mark License dated November 30, 2006 between Crown Limited and the Registrant as the licensee
21.1†	Subsidiaries of the Registrant
23.1†	Consent of Deloitte Touche Tohmatsu, Independent Registered Public Accounting Firm
23.2†	Consent of Walkers (included in Exhibit 5.1)
23.3†	Consent of Latham & Watkins LLP

Exhibit Number	Description of Document
23.4†	Consent of Manuela António Law Office
23.5†	Consent of Thomas Jefferson Wu
23.6†	Consent of Alec Tsui
23.7†	Consent of David E. Elmslie
23.8†	Consent of Robert Mactier
24.1†	Powers of Attorney (included on signature page)
99.1†	Code of Business Conduct and Ethics of the Registrant

† Filed herewith.
* To be filed by amendment.

Exhibit 3.1

THE COMPANIES LAW (2004 REVISION)

COMPANY LIMITED BY SHARES

MEMORANDUM & ARTICLES

OF

ASSOCIATION

OF

MELCO PBL HOLDINGS LIMITED

(Amended and Restated by Special Resolution dated 8 March 2005)

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Memorandum Of Association

Articles Of Association

THE COMPANIES LAW (2004 REVISION)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

MELCO PBL HOLDINGS LIMITED

(Amended and Restated by Special Resolution dated 8 March 2005)

1. The name of the Company is **MELCO PBL HOLDINGS LIMITED** .

2. The Registered Office of the Company will be situated at the offices of **Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands** or at such other location as the Directors may from time to time determine.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (2004 Revision).

4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Companies Law (2004 Revision).

5. Nothing in the preceding sections shall be deemed to permit the Company to carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks & Trust Companies Law (2003 Revision), or to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Law (2004 Revision), or to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Law (2003 Revision).

6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.

8. The capital of the Company is **US$50,000.00** divided into **2,500,000 Class A Shares** of a nominal or par value of **US$0.01** each and **2,500,000 Class B Shares** of a nominal or par value of **US$0.01** each provided always that subject to the provisions of the Companies Law (2004 Revision) and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

9. The Company may exercise the power contained in Section 226 of the Companies Law (2004 Revision) to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

THE COMPANIES LAW (2004 REVISION)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

MELCO PBL HOLDINGS LIMITED

(Amended and Restated by Special Resolution dated 8 March 2005)

TABLE A

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law (2004 Revision) shall not apply to this Company and the following Articles shall comprise the Articles of Association of the Company:

INTERPRETATION

1. In these Articles:

"**Acceptance Period**" means the period of 15 Business Days after receipt of a Notice of Sale;

"**Accepting Member**" means a Member who has offered to acquire any Sale Shares under Article 37;

"**Accounting Standards**" means generally accepted and consistently applied principles and practices in Hong Kong;

"**Affiliate**" means:

(a) in respect of the Class A Member, Melco and any Person which is directly or indirectly Controlled by Melco;

(b) in respect of the Class B Member, PBL and any Person which is directly or indirectly Controlled by PBL; and

(c) in respect of any other Person, any further Person which is directly or indirectly Controlled by such Person;

"**Alternate**" means an alternate appointed in accordance with Article 111 and "**Alternates**" shall be construed accordingly;

"**Auditor**" means the auditor of the Company from time to time;

"**Board Meeting**" means a meeting of the Board;

"**Budget**" means, in respect of the Company, the budget for carrying on the business of the Company during a Financial Year;

"**Business**" means the business of Mocha Slots and Melco as defined in recital B of the Shareholders' Deed;

"**Business Day**" means a day on which banks are open for business in Hong Kong, excluding a Saturday, Sunday or public holiday;

"**Business Plan**" means, in respect of the Company, a detailed business plan for carrying on the business of the Company during a Financial Year;

"**Chief Executive Officer**" means the chief executive officer of the Company from time to time;

"**Chief Financial Officer**" means the chief financial officer of the Company from time to time;

"**Class A Director**" means a Director appointed by the Class A Member;

"**Class A Member**" means a holder of Class A Shares from time to time;

"**Class A Shares**" means those shares designated in the capital of the Company as such;

"**Class B Director**" means a Director appointed by the Class B Member;

"**Class B Member**" means a holder of Class B Shares from time to time;

"**Class B Shares**" means those shares designated in the capital of the Company as such;

"**Commencement Date**" means 8 March 2005;

"**Companies Law**" means the Companies Law (2004 Revision) of the Cayman Islands;

"**Control**" (including the terms **"controlled by"** and **"under common control with"**) means, in relation to any Person, the ability of any other Person or group of Persons, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether through the ownership of more than 50% of the outstanding Voting Securities of such Person, as trustee or executor, by contract or credit arrangement or otherwise;

"**Default Notice**" shall have the meaning given to such term in Article 53;

"**Defaulting Member**" means a Member who is in default under clause 13.1 of the Shareholders' Deed;

"**Definitive Document**" shall have the meaning given to such term in the Shareholders' Deed;

"**Directors**", "**Board**" and "**Board of Directors**" means the Directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof;

"**Dispose**" includes to sell, transfer, create a trust, grant any option or alienate the right to exercise the vote attached to a Share or otherwise deal with the beneficial interest in a Share or any asset (including a distribution in specie by way of trust) or agree to do any such things, and **"Disposal"** shall be construed accordingly;

"**Event of Default**" shall have the meaning given to such term in the Shareholders Deed;

"**Fair Market Value**" means the value determined for the purposes of clause 13 of the Shareholders' Deed;

"**Financial Year**" means:

(a) the period from the Commencement Date to 30 June 2005 (the "**Initial Financial Year**"); and

(b) the period consisting of each 12 month period during which the Company subsists following the Initial Financial Year;

"**Government Agency**" means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local;

"**Group**" shall have the meaning given to such term in the Shareholders' Deed;

"**Immediately Available Funds**" means cash, bank cheque or electronic transfer;

"**Independent Expert**" means an independent accounting firm of international standing;

"**Macau S.A.R.**" means the Macau Special Administrative Region of The People's Republic of China;

"**Melco**" means Melco International Development Limited a company incorporated under the laws of Hong Kong of 38 th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong;

"**Melco Group Company**" means Melco and any entity controlled by Melco;

"**MelcoSub**" means Melco Leisure and Entertainment Group Limited an international business company incorporated under the laws of the British Virgin Islands of PO Box 3136, Road Town, Tortola, British Virgin Islands;

"**Member**" means a person whose name is entered in the Register of Members and includes each subscriber to the Memorandum of Association pending the issue to him of the subscriber share or shares;

"**Memorandum of Association**" means the Memorandum of Association of the Company, as amended and re-stated from time to time;

"**Non-Defaulting Member**" means a Member who has served a Default Notice;

"**Notice of Sale**" means a notice of sale of Shares given in accordance with, and complying with the provisions of, Article 36;

"**Ordinary Resolution**" means a resolution:

(a) passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or

(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

"**Other Member**" means, in relation to a Notice of Sale, the Member other than the Member which has issued that Notice of Sale;

"**paid up**" means paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

"**PBL**" means Publishing and Broadcasting Limited (ACN 009 071 167) a company incorporated under the laws of Western Australia of Level 2, 54 Park Street, Sydney NSW 2000;

"**PBL Group Company**" means PBL and any entity controlled by PBL;

"**PBLSub**" means PBL Asia Investments Limited an exempted company incorporated under the laws of the Cayman Islands of P O Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands;

"**Permitted Transferee**" means a Wholly-Owned Subsidiary of PBLSub or PBL or a Wholly-Owned Subsidiary of MelcoSub or Melco;

"**Person**" means any general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, governmental agency, co-operative, association, individual or other entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such a person as the context may require;

"**Register of Members**" means the register to be kept by the Company in accordance with Section 40 of the Companies Law;

"**Regulatory Authority**" shall have the meaning given to such term in the Shareholders' Deed;

"**Related Party**" means, in relation to any Person, any other Person who is a connected person of that Person within the meaning of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and in the case of Melco and its Affiliates includes STDM and SJM and their respective Affiliates;

"**Sale Shares**" means the Shares a Seller wants to Dispose of, as specified in a Notice of Sale;

"**Seal**" means the Common Seal of the Company (if adopted) including any facsimile thereof;

"**Securities**" means shares, units, debentures, convertible notes, options and other equity or debt securities;

"**Security Interest**" means a right, interest, power or arrangement in relation to an asset which provides security for the payment or satisfaction of a debt, obligation or liability including under a bill of sale, mortgage, charge, lien, pledge, trust, encumbrance, power, deposit, hypothecation or arrangement for retention of title, and includes an agreement to grant or create any of those things;

"**Seller**" means a Member who serves a Notice of Sale;

"**Share**" means any share in the capital of the Company, including a fraction of any share;

"**Shareholders Deed**" means the shareholders deed relating to the Company dated 8 March 2005 as amended from time to time;

"**signed**" includes a signature or representation of a signature affixed by mechanical means;

"**SJM**" means Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau and a subsidiary of STDM;

"**Special Resolution**" means a resolution passed in accordance with Section 60 of the Companies Law, being a resolution:

(a) unanimously passed by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or

(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the Special Resolution so adopted shall be the date on which the instrument or the last of such instruments if more than one, is executed;

"**STDM**" means Sociedade de Turismoe Diversoes de Macau, S.A.R.L. a company incorporated under the laws of Macau of Avenida de Lisboa, 2 nd Floor, New Wing, Hotel Lisboa, Macau S.A.R.;

"**Stock Exchange**" means the Australian Stock Exchange, the Hong Kong Stock Exchange, the NASDAQ National Market or any other public securities market in any country;

"**Subsidiary**" has the same meaning as in Section 2 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong);

"**Tag Along Period**" means the period of 15 Business Days after the expiry of the Acceptance Period;

"**Voting Securities**" means shares or other interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of the corporation or other legal entity, or the holding of which (or the holding of a specified number or percentage or which) gives rise to rights to appoint directors or members of such a governing body;

"**Wholly-Owned Subsidiary**" means, in respect of a body corporate, a body corporate:

(a) in which all shares and all Securities and all rights to subscribe for any shares or Securities are ultimately legally and beneficially owned directly or indirectly by this first body corporate; and

(b) which is Controlled by that first body corporate.

2. In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and vice versa;

(b) words importing the masculine gender only shall include the feminine gender;

(c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;

(d) **"may"** shall be construed as permissive and **"shall"** shall be construed as imperative;

(e) references to a **"US dollar"** or **"US dollars"** or "**US$**" is a reference to dollars of the United States; and

(f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force.

3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced as soon after incorporation as the Directors see fit.

5. The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

SHARES

6. Subject as otherwise provided in these Articles, all Shares for the time being and from time to time unissued shall be under the control of the Directors, and may be re-designated, allotted or disposed of in such manner, to such persons and on such terms as the Directors in their absolute discretion may think fit.

7. The Company may insofar as may be permitted by law, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage as may be lawful.

RIGHTS OF CLASS A AND CLASS B SHARES

8. Class A and Class B Shares shall rank pari passu in all respects in terms of dividends, voting and return of capital upon the winding up of the Company save that Class A Shares shall carry the right for the holder thereof to appoint and remove the Class A Directors and the Class B Shares shall carry the right for the holder thereof to appoint and remove the Class B Directors. Both Class A Shares and Class B Shares shall be redeemable by the Company upon (a) written notice to the relevant Member and the agreement of such Member and (b) unanimous resolution of the Board.

VARIATION OF RIGHTS ATTACHING TO SHARES

9. The rights attaching to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing of the holders of two-thirds of the issued Shares of that class, or with the sanction of a resolution passed by at least a two-thirds majority of the holders of Shares of the class present in person or by proxy at a separate general meeting of the holders of the Shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be at least one person holding or representing by proxy at least one-third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.

10. The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied or abrogated by the creation or issue of further Shares ranking pari passu therewith or the redemption or purchase of Shares of any class by the Company.

CERTIFICATES

11. Every person whose name is entered as a member in the Register of Members shall, without payment, be entitled to a certificate in the form determined by the Directors. Such certificate may be under the Seal. All certificates shall specify the Share or Shares held by that person and the amount paid up thereon, provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. Each share certificate notes that the Shares may only be transferred in accordance with these Articles.

12. If a share certificate is defaced, lost or destroyed it may be renewed on such terms, if any, as to evidence and indemnity as the Directors think fit.

FRACTIONAL SHARES

13. The Directors may issue fractions of a Share of any class of Shares, and, if so issued, a fraction of a Share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole Share of the same class of Shares.

LIEN

14. The Company shall have a first priority lien and charge on every partly paid Share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that Share, and the Company shall also have a first priority lien and charge on all partly paid Shares standing registered in the name of a Member (whether held solely or jointly with another person) for all moneys presently payable by him or his estate to the Company, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a Share shall extend to all distributions payable thereon.

15. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Shares on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the persons entitled thereto by reason of his death or bankruptcy.

16. For giving effect to any such sale the Directors may authorise some person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

17. The proceeds of the sale after deduction of expenses, fees and commission incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the person entitled to the Shares at the date of the sale.

CALLS ON SHARES

18. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their partly paid Shares, and each Member shall (subject to receiving at least 14 days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares.

19. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

20. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per centum per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

21. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

22. The Directors may make arrangements on the issue of partly paid Shares for a difference between the Members, or the particular Shares, in the amount of calls to be paid and in the times of payment.

23. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight per cent. per annum) as may be agreed upon between the Member paying the sum in advance and the Directors.

FORFEITURE OF SHARES

24. If a Member fails to pay any call or instalment of a call in respect of partly paid Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

25. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited.

26. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

27. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

28. A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

29. A statutory declaration in writing that the declarant is a Director, and that a Share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts in the declaration as against all persons claiming to be entitled to the Share.

30. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and that person shall be registered as the holder of the Share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.

31. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

DISPOSAL OF SHARES

32. Subject to these Articles, each Member shall:

    (a) not create any Security Interest or agree or offer to create any Security Interest, in its Shares; and

    (b) not Dispose or agree to Dispose of any of its Shares, or do or omit to do any act if the act or omission would have the effect of transferring effective legal or beneficial ownership or control of Shares,

    except in the manner allowed by these Articles.

33. A Member may, subject to Article 34, transfer all of its Shares at any time to a Permitted Transferee and the Articles in relation to "Disposal of Shares" shall not apply to such transfer.

34. If the Permitted Transferee ceases to be a Wholly-Owned Subsidiary of a transferring Member, PBL or Melco (as the case may be) it must transfer the Shares the subject of the transfer under Article 33 to the transferring Member or another of the transferring Member's Wholly-Owned Subsidiaries within 5 Business Days of the date of the Permitted Transferee ceasing to be a Wholly Owned Subsidiary of a transferring Member, PBL or Melco, as the case may be.

35. Subject to Articles 33, 34, 53 to 67, 129 and 142, a Member must not Dispose of any of their Shares during the period commencing on the Commencement Date and ending on the date which is 5 years from the Commencement Date.

36. Subject to Article 35, a Member who wants to Dispose of any Shares (other than in accordance with Articles 33 and 53 to 67, must, before Disposing of those Shares, serve a Notice of Sale on the Other Member (which notice is irrevocable, save with the consent of the Other Member) specifying:

    (a) the number of Sale Shares;

    (b) the sale price per Sale Share in US dollars;

    (c) any other terms of the proposed Disposal; and

(d) that the Other Member has an option to buy from the Seller that number of Shares, on the terms set out in the Notice of Sale, if that Other Member complies with the terms of these Articles,

and certifying that there are no other terms or collateral benefits that will or may be received by the Member who wants to Dispose of Shares in connection with the Disposal.

37. At any time within the Acceptance Period, the Other Member may, by giving notice to the Company and the Seller, offer to buy from the Seller on the terms referred to in the Notice of Sale, that number of Sale Shares identified in that notice, which must be all of the Sale Shares, except where the Members otherwise agree.

38. If the Accepting Member serves notice on the Seller under Article 37:

(a) the Seller must sell to the Accepting Member the Sale Shares; and

(b) the Accepting Member must buy the Sale Shares,

on the terms set out in the Notice of Sale served in accordance with Article 36 and free of any Security Interest.

39. Within 30 days of the date of service of the Notice of Sale and against the Accepting Member paying to the Seller the required sale consideration and doing all things necessary to be done by the Accepting Member to complete the sale and purchase of the Sale Shares, the Seller must give the Accepting Member a share transfer form of the relevant number of Sale Shares (free of any Security Interest) signed by the Seller.

40. The Seller must give the Accepting Member the share certificates for the Sale Shares at the same time as it gives the Accepting Member a share transfer form under Article 39. The Seller and the Accepting Member will procure that a Board Meeting is held to approve the transfer on the date of the transfer and will procure that any Directors appointed by them vote in favour of the transfer.

41. Immediately on the transfer of the Sale Shares, the Seller must procure that any Directors it has appointed to the Board of the Company resign with immediate effect.

42. If an offer is not received from the Other Member under Article 37 to purchase all the Sale Shares, or an Accepting Member defaults in paying for the Sale Shares in accordance with Article 39, then the Seller may subject to Articles 43, 44, 46, 47, 48 and 49, offer to sell the Sale Shares to any third party buyer in accordance with these Articles.

43. For the purpose of Article 42, the Seller may only sell to a third party who, with it's Affiliates, has a net tangible asset value at the relevant time of not less than HK$500 million (five hundred million Hong Kong dollars) or, if the third party buyer is listed on a Stock Exchange, then a third party buyer with a market capitalisation of one billion Hong Kong dollars or more.

44. The Seller must not sell the Sale Shares for a lower price than that specified in the Notice of Sale or otherwise on more beneficial terms.

45. The Seller must give a copy of any agreement (if any) with the third party buyer relating to the Sale Shares to the Other Member within 3 days of signing the agreement.

46. If the Seller does not sell the Sale Shares within 90 days of service of the Notice of Sale it may not sell those Sale Shares without complying again with these Articles.

47. If either (i) the Other Member elects not to offer to purchase the Sales Shares under Article 37 or (ii) the Acceptance Period expires without the Other Member offering to purchase the Sale Shares under Article 37, then the Other Member may give a notice (a "Tag Along Notice") to the Seller within the Tag Along Period that it wishes to sell to the third party buyer the same proportion of its Shares as the number of Shares to be sold by the Seller bears to the total number of Shares held by the Seller.

48. If a Tag Along Notice is given, the Seller may only sell any number of the Sale Shares to the proposed buyer if the Seller procures that the proposed buyer purchases from the Other Member (who has given a Tag Along Notice) the same proportion of its Shares as the number of Sale Shares bears to the total number of Shares held by the Seller on the same terms and conditions as the proposed buyer purchases any of the Sale Shares from the Seller.

49. For the avoidance of doubt, if the proposed buyer does not purchase the Shares referred to in any Tag Along Notice the Seller may not sell any of the Sale Shares to the proposed buyer which would otherwise be acquired under Articles 47, 48 and 49.

50. If any consents are required from any third party or Government Agency in connection with the transfer of Shares (not arising from the status or circumstances of the transferors), then each Member and the Directors will use their best endeavours (which phrase will not require a party to expend money) to ensure that such consents are obtained in a timely manner and any time periods for the purchase of Shares referred to in these Articles will be extended by such period as necessary to obtain such consents (not to exceed 30 days in any event).

51. Subject to any applicable laws, the Directors shall not register the transfer of any Shares if the terms of these Articles have not been complied with and any purported Disposal in breach of these Articles is void.

52. The instrument of transfer of any Share shall be in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

EVENT OF DEFAULT

53. If an Event of Default occurs with respect to a Defaulting Member, the Non-Defaulting Member may give the Defaulting Member a notice (**"Default Notice"**) within 30 days of becoming aware of the Event of Default requiring the appointment of the Independent Expert to determine the Fair Market Value of the Company in accordance with Articles 54 to 61.

54. A Default Notice must be given to the Defaulting Member and the Company.

55. Within 5 Business Days after the Non-Defaulting Member serves a Default Notice on the Defaulting Member, the Members must appoint an Independent Expert to determine the Fair Market Value of the Company (on the basis of the principles set out in Attachment D to the Shareholders' Deed).

56. If the Members cannot agree on the identity of the Independent Expert within the time period referred to in Article 55 above, either Member may request the President of the Institute of Certified Public Accountants in Hong Kong to appoint the Independent Expert.

57. The Independent Expert will issue a certificate to both Members specifying the Fair Market Value of the Company as soon as reasonably practicable but in any event within 30 days of its appointment (the "**Determination Date**").

58. The parties must promptly provide all information and assistance reasonably requested by the Independent Expert.

59. The Fair Market Value per Share shall be the total aggregate amount of the Independent Expert's valuation of the Company divided by the total aggregate number of Shares.

60. Any valuation by the Independent Expert is conclusive and binding on the Members in the absence of manifest error. The Independent Expert is appointed as an expert, not as an arbitrator. Each Member shall be entitled to make representations to the Independent Expert as to the appropriate Fair Market Value of the Company.

61. The costs of the Independent Expert shall be borne by the Defaulting Member.

62. The Defaulting Member shall give to the Non-Defaulting Member on the Determination Date:

    (a) a non-tradeable call option (the "**Call Option**") exercisable for 120 days after the Determination Date to purchase all (and not some) of the Defaulting Member's Shares at a purchase price equal to 90% of the Fair Market Value of those Shares as of the Determination Date; and

    (b) a non-tradeable put option (the "**Put Option**") exercisable for 120 days after the Determination Date to sell all (and not some) of the Non-Defaulting Member's Shares to the Defaulting Member at a purchase price equal to 110% of the Fair Market Value of those Shares, as of the Determination Date.

63. Within 30 days of the exercise of the Call Option or the Put Option (as the case may be) the transferring Member (the " **Transferor**") must sell to the transferee Member or its nominee (the "**Transferee**") all of its Shares and the Transferee must purchase those Shares at the price determined under these Articles.

64. The Transferor will warrant in favour of the Transferee, such warranty to be set out in the relevant share transfer forms transferring the Shares, that the Transferor transfers to the Transferee clear and unencumbered legal title to and beneficial ownership of the Shares being transferred (the " **Transfer Securities**"), free of any Security Interests or third party rights.

65. The purchase price payable for the Transfer Securities is payable in Immediately Available Funds on the closing of the purchase and sale, which must take place on the day which is 15 Business Days after the date of exercise of the Call Option or the Put Option (as the case may be).

66. At the closing of the purchase and sale, the Transferor must deliver to the Transferee:

    (a) the share certificates and executed share transfer forms for the Transfer Securities;

    (b) a written resignation from each Director of the Company appointed by the Transferor as the Transferor's nominees on the Board; and

    (c) a duly executed notice appointing the Transferee as the Transferor's proxy in respect of the Transfer Securities until such time as those Shares are registered in the name of the Transferee.

67. If any consents are required from any third party or Government Agency in connection with the transfer of Shares (not arising from the status or circumstances of the transferors), then each Member must use its best endeavours (which phrase will not require a Member to expend money) to ensure that such consents are obtained in a timely manner and any time periods for the purchase of Shares will be extended by such period as necessary to obtain such consents (not to exceed 30 days in any event).

TRANSMISSION OF SHARES

68. The legal personal representative of a deceased sole holder of a Share shall be the only person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the Share.

69. Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt person before the death or bankruptcy.

70. A person becoming entitled to a Share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

ALTERATION OF CAPITAL

71. The Company may from time to time by Special Resolution increase the share capital by such sum, to be divided into Shares of such classes and amount, as the resolution shall prescribe.

72. Subject to Articles 82 and 140, the Company may by Special Resolution:

(a) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(b) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;

(c) subdivide its existing Shares, or any of them into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived;

(d) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

73. Subject to Articles 82 and 140, the Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

REDEMPTION AND PURCHASE OF OWN SHARES

74. Subject to the provisions of the Companies Law and Articles 82 and 140, the Company may:

(a) issue Shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Directors may, before the issue of such Shares, determine;

(b) purchase its own Shares (including any redeemable Shares) on such terms and in such manner as the Directors may determine and agree with the Member; and

(c) make a payment in respect of the redemption or purchase of its own Shares otherwise than out of profits or the proceeds of a fresh issue of Shares.

75. Any Share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.

76. The redemption or purchase of any Share shall not be deemed to give rise to the redemption or purchase of any other Share.

77. The Directors may when making payments in respect of redemption or purchase of Shares, if authorised by the terms of issue of the Shares being redeemed or purchased or with the agreement of the holder of such Shares, make such payment either in cash or in specie.

GENERAL MEETINGS

78. The Directors may, whenever they think fit, convene a general meeting of the Company.

79. General meetings shall also be convened on the written requisition of any Member or Members entitled to attend and vote at general meetings of the Company who hold not less than 10 per cent of the paid up voting share capital of the Company deposited at the registered office of the Company specifying the objects of the meeting for a date no later than 21 days from the date of deposit of the requisition signed by the requisitionists, and if the Directors do not convene such meeting for a date not later than 45 days after the date of such deposit, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company.

80. If at any time there are no Directors, any two Members (or if there is only one Member then that Member) entitled to vote at general meetings of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

81. At least ten Business Days notice counting from the date service is deemed to take place as provided in these Articles specifying the place, the day and the hour of the meeting and the business and resolutions to be considered, shall be given in the manner hereinafter provided to such persons as are, under these Articles, entitled to receive such notices from the Company, but with the consent of all the Members entitled to receive notice of some particular meeting and attend and vote thereat, that meeting may be convened by such shorter notice or without notice and in such manner as those Members may think fit.

PROCEEDINGS AT GENERAL MEETINGS

82. All business carried out at a general meeting shall be decided by Ordinary Resolution provided that a Special Resolution shall be required to:

(a) appoint a liquidator to the Company or propose a winding up of the Company;

(b) amend or replace these Memorandum and Articles of Association;

(c) approve a scheme of arrangement to merge or amalgamate the Company with another company;

(d) change the name of the Company;

(e) effect any capital reduction or buy back of Shares by the Company; or

(f) give effect to any matter set out in Article 140 where the approval of Members (rather than Directors) is required by law to give effect to such matter.

To the extent that a Member vote is required in relation to a Subsidiary of the Company, the Members shall cast their votes to ensure that the business of such Subsidiary is conducted in accordance with the procedures, principles and purposes of any agreements between PBL and Melco from time to time relating to the operation of a Subsidiary.

83. No business shall be transacted at any general meeting and/or resolution passed without the consent of all Members entitled to receive notice of that meeting unless notice of such business and/or resolution has been given in the notice convening that meeting.

84. No business other than the election of a chairman and the adjournment of a meeting shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business and remains present throughout the meeting. Save as otherwise provided by these Articles, one Class A Member and one Class B Member present in person or by proxy shall be a quorum.

85. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Member or Members present and entitled to vote shall be a quorum provided that the matters listed in Article 82 will still require the affirmative vote of at least two-thirds of the Members (whether attending the adjourned meeting or not). Only matters listed for discussion in the notice of the original meeting may be considered at such adjourned meeting unless the Members (whether attending the adjourned meeting or not) unanimously agree otherwise.

86. If the Directors wish to make this facility available to Members for a specific or all general meetings of the Company, a Member may participate in any general meeting of the Company, by means of a telephone or other method of audio or audio visual communication by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting. A meeting by telephone or other method of audio or audio visual communication shall be taken to be held at the place determined by the chairman of the meeting provided that at least one of the Members involved was at that place for the duration of the meeting.

87. The chairman of the Board of Directors shall preside as chairman at every general meeting of the Company.

88. If there is no such chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Members present shall choose one of their number to be chairman of that meeting.

89. The chairman may with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

90. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more Members present in person or by proxy entitled to vote, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

91. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

92. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote.

93. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS

94. Subject to any rights and restrictions for the time being attached to any class or classes of Shares, on a show of hands every Member present in person and every person representing a Member by proxy shall at a general meeting of the Company have one vote and on a poll every Member and every person representing a Member by proxy shall have one vote for each Share of which he or the person represented by proxy is the holder.

95. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

96. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may vote by proxy.

97. No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.

98. On a poll votes may be given either personally or by proxy.

99. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member.

100. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

101. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

102. A resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

103. Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or of the Board of Directors or of a committee of Directors, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

DIRECTORS

104. The name of the first Director(s) shall either be determined in writing by a majority (or in the case of a sole subscriber that subscriber) of, or elected at a meeting of, the subscribers of the Memorandum of Association.

105. The Class A Member shall have the right to appoint up to four persons to be the Class A Directors.

106. The Class B Member shall have the right to appoint up to four persons to be the Class B Directors.

107. Subject to the provisions of these Articles, a Director shall hold office until such time as he is removed from office by the Member appointing him.

108. The Company may by unanimous resolution of the Members from time to time fix the maximum and minimum number of Directors to be appointed but unless such number is fixed as aforesaid the number of Directors shall be eight.

109. The remuneration of the Directors may be determined by the Board of Directors or by the Company by Special Resolution.

110. There shall be no shareholding qualification for Directors unless determined otherwise by the Company by Special Resolution.

ALTERNATE DIRECTOR

111. Any Director may in writing appoint another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present and to sign written resolutions on behalf of such Director. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an officer of the Company and shall be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

POWERS AND DUTIES OF DIRECTORS

112. Subject to the provisions of the Companies Law, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that resolution had not been made.

113. The Directors may appoint a Secretary (and if need be an Assistant Secretary or Assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or Assistant Secretary so appointed by the Directors may be removed by the Directors.

114. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

115. Subject to a Director's fiduciary and legal duties, a Director is entitled to pay attention to and have special regard for the interests of the Member by or on behalf of whom he was appointed in exercising his rights, powers and duties as a Director.

116. Subject to these Articles, the Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.

117. The Board may by unanimous resolution appoint a Chief Executive Officer and Chief Financial Officer to manage and generally administer the Company in accordance with the Business Plan and the Budget and at the direction of the Board.

118. Subject to Article 140, the Directors from time to time and at any time may establish other committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such persons.

119. Subject to Article 140, the Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

120. Any such delegates as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities, and discretion for the time being vested in them.

BORROWING POWERS OF DIRECTORS

121. Subject to Article 140, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

122. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.

123. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose.

124. Notwithstanding the foregoing, a Secretary or any Assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

REMOVAL OF DIRECTORS

125. The office of Director shall be vacated, if the Director:

(a) becomes bankrupt or makes any arrangement or composition with his creditors;

(b) dies or is found to be or becomes of unsound mind;

(c) resigns his office by notice in writing to the Company; or

(d) is removed from office by the Member who appointed him.

PROCEEDINGS OF DIRECTORS

126. The Directors shall meet together (either within or without the Cayman Islands) at least four times in each Financial Year unless the Directors unanimously agree otherwise. Each Director shall receive at least ten Business Days notice of a meeting unless the Directors unanimously agree otherwise. Only matters listed for discussion in the notice of the meeting may be considered at the meeting unless the Directors (whether attending or not) unanimously agree otherwise.

127. Subject to Article 144, each Director is entitled to one vote provided that:

(a) the Class A Directors who are present (whether in person or by alternate) are collectively entitled to exercise and unless the contrary is shown shall be deemed to have exercised a number of votes equal to the total number of Class A Directors which may be appointed by the Class A Member whether or not all the Class A Directors are present or appointed; and

(b) the Class B Directors who are present (whether in person or by alternate) are collectively entitled to exercise and unless the contrary is shown shall be deemed to have exercised a number of votes equal to the total number of Class B Directors which may be appointed by the Class B Member, whether or not all the Class B Directors are present or appointed.

128. Except as provided in Article 140, questions arising at any meeting shall be decided by a simple majority vote. In case of an equality of votes the chairman shall not have a second or casting vote. A Director may at any time summon a meeting of the Directors.

129. If the Directors cannot agree in respect of any matter reserved for Board decision under these Articles or by law then if such deadlock continues for a period of 90 days without resolution, either Member may, notwithstanding that the period referred to in Article 35 has not expired, exercise its rights to dispose of its Shares in accordance with these Articles.

130. A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of telephone or other method of audio or audio visual communication by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting. A meeting by telephone or other method of audio or audio visual communication shall be taken to be held at the place determined by the chairman of the meeting provided that at least one of the Directors involved was at that place for the duration of the meeting.

131. The quorum necessary for the transaction of the business of the Directors shall be one Class A Director and one Class B Director. A Director represented by an Alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present provided that the matters listed in Article 140 will still require the affirmative vote of at least two-thirds of the Directors (whether attending the meeting or not).

132. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place unless otherwise determined by the Board, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Director or Directors present and entitled to vote shall be a quorum provided that the matters listed in Article 140 will still require the affirmative vote of

at least two-thirds of the Directors (whether attending the adjourned meeting or not). Only matters listed for discussion in the notice of the original meeting may be considered at such adjourned meeting unless the Directors (whether attending the adjourned meeting or not) unanimously agree otherwise.

133. Subject to Articles 140 and 144, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Board of Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.

134. Subject to Article 140 and 144, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

135. Subject to Article 140, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

136. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:

    (a) all appointments of officers made by the Directors;

    (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

    (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

137. When the chairman of a meeting of the Directors signs the minutes of such meeting as approved by the Board those minutes shall be presumptive proof (subject to rebuttal) of the contents of the resolutions and matters discussed at such meeting.

138. A resolution signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.

139. The Class A Member may appoint the first chairman of Board and such person shall hold office for a period of 12 months from the Commencement Date or until he resigns or is removed by the Members appointing him. At the expiry of such period the Class B Member may appoint the next chairman of the Board for a period of 12 months or until he resigns or is removed by the Member appointing him. Following the expiry of such further 12 month period the chairman shall again be appointed by the Class A Member and the right shall alternate between the 2 classes on a 12 month basis for as long as the Company shall continue. If no such chairman is elected, or if at any meeting the chairman (or his duly appointed alternate) is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting by a simple majority vote.

RESTRICTIONS ON THE POWERS OF THE BOARD

140. A resolution of the Board which concerns any of the following matters is only valid if two thirds of the Directors validly appointed and entitled to vote at the date of the Board meeting (or their Alternates) vote in favour of that resolution.

Constitution

(a) the recommendation to the Members to modify or repeal these Memorandum and Articles of Association;

(b) the appointment or removal of any Director except as provided in Article 107 and 125;

(c) the creation of a committee of the Board or delegation of any powers of the Board;

(d) the payment of any fees or other remuneration to a Director other than under any service agreement with the Company;

Major Strategic

(e) the adoption of a Business Plan for the Company or the authorisation of any change to, or deviation from, a Business Plan in any material respect;

(f) any material change in the nature or scope of the business of the Company, the cessation of the business of the Company or the entry into any new business other than the Business, except as approved in a Business Plan;

(g) the terms of any merger or amalgamation of the Company with any other company whether or not in accordance with the Business Plan;

(h) the entry into by the Company, or the amendment, release or termination of, any joint venture, partnership, agency or similar arrangement of any kind with any person;

(i) the disposal of any assets of the Company or the Shares in any Subsidiary of the Company in any Financial Year with a book value or market value of more than US$1,000,000 (otherwise than in accordance with the Business Plan);

(j) any application to a Stock Exchange for:

(i) admission of the Company to the official list of a Stock Exchange; and

(ii) official quotation of the Shares in the Company on that Stock Exchange;

Major Financial

(k) the adoption of or change to any dividend policy or the declaration or payment of any dividend by the Company other than in accordance with any adopted dividend policy, except as approved in the Business Plan and/or Budget (with the parties acknowledging that it is the intention of the parties that any free cash flow of the Company should be distributed to the Members);

(l) the making by the Company of any capital distribution or capitalisation of any profits or the creation of, or transfer to, any reserve account;

(m) the acquisition by the Company of any Securities from any third party for a consideration of more than US$1,000,000, except as approved in a Business Plan and/or Budget;

(n) the incurring of capital or operating expenditure of more than US$1,000,000 by the Company in a Financial Year, except as approved in a Business Plan and/or Budget;

(o) the entry into by the Company of any agreement or arrangements, which alone or together with any other associated agreement or arrangement:

(i) is for a duration of more than 3 years;

(ii) involving the Company in a liability (actual or contingent) for an amount of more than US$1,000,000; or

(iii) is outside the ordinary course of business, except as approved in the Business Plan and/or Budget.

(p) the appointment or removal of the Auditor;

(q) the establishment of or any change in a material respect to the accounting policies or practices or financial reporting system of the Company;

(r) the adoption or change of the Financial Year for the Company;

(s) the issue or offer or agreement to issue any Securities of the Company;

(t) any recommendation to Members to change any rights attaching to any class of Securities of the Company;

(u) any buy back, redemption or cancellation of any Securities of the Company, or reduction, split, consolidation or other reconstruction of the share capital of the Company, to the extent such action is under the control of the Directors and to the extent that such action requires the consent of Members, any proposal to the Members in relation to obtaining such consent;

(v) the establishment by the Company of a pension scheme for employees or a scheme covering superannuation generally, other than schemes prescribed by law;

(w) the borrowing, raising or receiving of any financial accommodation (including to or from any Member) by the Company, or the making of any material unscheduled repayments of any financial accommodation, except to the extent approved in a Business Plan and/or Budget;

(x) the provision by the Company of any financial accommodation to any person, other than in the ordinary course of the Business;

(y) the establishment by the Company of any new place of business;

(z) the grant of a Security Interest over an asset of the Company otherwise than by operation of law;

(aa) the giving by the Company of a guarantee, indemnity or other assurance for a debt or obligation of another person or about the financial condition of that person, or becoming liable under any of those things;

(bb) except as contemplated by agreement with the Members and Company from time to time:

(i) the entry into by the Company of any agreement or arrangement with any Member or with any Related Party or Affiliate of any Member or the Company, whether that agreement or arrangement is oral or in writing; or

(ii) the amendment, release or termination of any agreement or arrangement with any Member or with any Related Party or Affiliate of any Member or the Company, whether that agreement or arrangement is oral or in writing;

(cc) the commencement, defence, compromise or settlement by the Company of any litigation, arbitration, remediation or a similar procedure involving a claim of more than US$100,000 or the waiving or enforcement of any material rights of the Company in respect of such a claim;

(dd) the establishment, implementation, amendment or termination of any share option plan, or the allocation of Securities under any share option plan;

(ee) the purchase, disposal, lease by the Company of, or any other dealing by the Company in, any real property or any interest therein involving property with a value or commitment of more than US$1,000,000;

(ff) the adoption of a Budget for the Company or the authorisation of any change to, or deviation from, a Budget in any material respect; and

(gg) the appointment, removal or the making of any material alteration to the terms of employment of the Chief Executive Officer or Chief Financial Officer of the Company.

The Directors who are from time to time appointed to the Board may amend a financial limit in this Article by resolution passed unanimously at a duly convened Board meeting.

141. To the extent that the Directors are required to vote in relation to a Subsidiary of the Company, the Directors shall cast their votes in accordance with clauses 5.3 and 5.5 of the Shareholders Deed, and to ensure that the business of such Subsidiary is conducted in accordance with the procedures, principles and purposes of any agreements between PBL and Melco from time to time relating to the operation of a Subsidiary.

142. In the event that:

(a) a Regulatory Authority directs PBL, PBLSub or any other PBL Group Company in writing to terminate any Definitive Document or otherwise end its relationship with:

(i) any Melco Group Company; or

(ii) any person that has a (direct or indirect) contractual or other relationship (including, for the avoidance of doubt, any shareholding relationship or directorship) with any Melco Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to PBL, PBLSub or any other PBL Group Company, which would, or which (in the reasonable opinion of PBL) would likely, have a material adverse effect on any of the rights or benefits of PBL, PBLSub or any other PBL Group Company either under any of the Definitive Documents or in respect of any other business carried on by PBL in respect of which the Regulatory Authority has or purports to have authority (a "**PBL Regulatory Notice**"),

notwithstanding Article 35, PBLSub may serve a Notice of Sale on the Other Member in respect of all but not some only of its Shares (unless permitted by the PBL Regulatory Notice to dispose of some only of its Shares) and these Articles (other than Articles 35, 43, 47, 48 and 49) shall apply to such Notice of Sale and the sale by PBLSub of its Shares in the Company subject to the following:

(i) where no material aspects of the business of the Group are carried on outside Macau S.A.R., then Article 35, 43, 47, 48 and 49 shall not apply to such sale; and

(ii) where a material aspect of the business of the Group is carried on outside of Macau S.A.R., then Article 35 and Article 43 shall not apply to such sale but Articles 47, 48 and 49 shall apply to such sale.

For the purpose of this Article, a business will be deemed to be carried on and be regarded as material if:

(i) it involves actual investment by the Group in excess of US$20,000,000; or

(ii) the Group has a legally binding obligation to make an investment(s) in excess of US$20,000,000.

143. In the event that:

(a) a Regulatory Authority directs Melco, MelcoSub or any other Melco Group Company in writing to terminate any Definitive Document or otherwise end its relationship with:

(i) any PBL Group Company; or

(ii) any person that has a (direct or indirect) contractual or other relationship (including, for the avoidance of doubt, any shareholding relationship or directorship) with any PBL Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to Melco, MelcoSub or any other Melco Group Company, which would, or which (in the reasonable opinion of Melco) would likely, have a material adverse effect on any of the rights or benefits of Melco, MelcoSub or any other Melco Group Company either under any of the Definitive

Documents or in respect of any other business carried on by Melco in respect of which the Regulatory Authority has or purports to have authority (a "**Melco Regulatory Notice**"),

notwithstanding Article 35, MelcoSub may serve a Notice of Sale on the Other Member in respect of all but not some only of its Shares (unless permitted by the Melco Regulatory Notice to dispose of some only of its Shares) and the Articles (other than Articles 35 and 43) shall apply to such Notice of Sale and the sale by MelcoSub of its Shares in the Company.

CONFLICT OF INTEREST

144. For any matter before the Board which requires the Board to determine whether the Company should enforce a right against a Member (the "**Respondent**"), or any Affiliate or Related Party of the Respondent, in relation to, without limitation, a liability, loss, cost, charge or expense paid, suffered or incurred by the Company from an act or omission of that person then:

    (a) the Class A Directors and the Class B Directors will discuss the issue in good faith with a view to reaching an agreed solution;

    (b) if an agreed solution cannot be reached within a period of 60 days of the issue first being raised, then the matter will be referred to the respective Chief Executive Officer's of Melco and PBL for consideration;

    (c) if the respective Chief Executive Officers of Melco and PBL cannot resolve the issue within 60 days of it being referred to them then any Director may convene a Board meeting to consider the issue and:

        (i) the quorum for that Board meeting shall be the presence of all Directors who were not appointed by the Respondent; and

        (ii) any resolution for dealing with that matter may be passed by the affirmative vote of all the Directors who were not appointed by the Respondent (who, having taken competent independent legal advice on behalf of the Company, must act in the best interests of the Company and without regard to the interests of their appointing Member) and any contrary vote by a Director appointed by the Respondent shall be disregarded.

DIVIDENDS

145. Subject to Article 140 and any rights and restrictions for the time being attached to any class or classes of Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.

146. Subject to any rights and restrictions for the time being attached to any class or classes of Shares, the Company by Special Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

147. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than Shares) as the Directors may from time to time think fit.

148. Any dividend may be paid by cheque sent through the post to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct.

149. The Directors when paying dividends to the Members in accordance with the provisions of these Articles may make such payment either in cash or in specie.

150. Subject to any rights and restrictions for the time being attached to any class or classes of Shares, all dividends shall be declared and paid according to the amounts paid on the Shares, but if and so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share.

151. If several persons are registered as joint holders of any Share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.

152. No dividend shall bear interest against the Company.

ACCOUNTS AND AUDIT

153. The Company must give each Member access to all information about its business and operations including, but not limited to, the following reports in reasonable detail:

    (a) as soon as practicable after the end of each month, but no later than 15 days after the end of each month:

        (i) an unaudited profit and loss statement and monthly cash flow statement of the Company for the month and for the current Financial Year to date;

        (ii) an unaudited balance sheet of the Company as at the end of the month; and

        (iii) comparisons to Budget of the Company and details of any proposed revision of the original Budget;

    (b) within 60 days after the end of each Financial Year, an audited profit and loss statement and balance sheet for that Financial Year for the Company;

    (c) within 60 days after the end of each Financial Year, an audited cash flow statement for that Financial Year for the Company; and

    (d) subject to Article 154, information requested by a Director to enable the Company or a Member to give to a Government Agency information required by that Government Agency at the cost of the Member.

154. The Company must ensure that the accounts of the Company are audited annually in accordance with the Accounting Standards.

155. Subject to the provision of reasonable prior notice, the Company must allow a Director or Member or a duly authorised representative of a Member to:

(a) inspect property of the Company;

(b) inspect and take copies of a document about the business of the Company, including its accounts; and

(c) discuss the affairs, finances and accounts of the Company with the officers and auditor of the Company.

156. The books of account shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

CAPITALISATION OF PROFITS

157. Subject to the Companies Law, the Directors may, with the authority of a Special Resolution:

(a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;

(b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

(i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or

(ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,

and allot the Shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Members credited as fully paid;

(c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;

(d) authorise a person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for either:

(i) the allotment to the Members respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or

(ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,

and any such agreement made under this authority being effective and binding on all those Members; and

(e) generally do all acts and things required to give effect to the resolution.

SHARE PREMIUM ACCOUNT

158. The Directors shall in accordance with Section 34 of the Companies Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share. Any cash contributions made by a Member from time to time which is not made in return for the issue of further Shares to such Member shall be treated as share premium attributable to the relevant Member's existing Shares.

159. There shall be debited to any share premium account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Companies Law, out of capital.

NOTICES

160. Any notice or other communication given under these Articles:

(a) must be in legible writing and in English;

(b) must be addressed to the addressee at the address or facsimile number most recently supplied to the Company;

(c) must be signed by an authorised signatory or under the common seal of a sender which is a body corporate; and

(d) is deemed to be received by the addressee in accordance with Article 161.

161. A notice shall be deemed to be received.

(a) if sent by hand, when delivered to the addressee;

(b) if by post, 5 Business Days from and including the date of postage; or

(c) if by facsimile transmission, on receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent confirming that the facsimile has been successfully transmitted,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00 am on the following Business Day.

162. A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after transmission is received or regarded as received under Article 161 and informs the sender that it is not legible.

163. In these Articles a reference to an addressee includes a reference to an addressee's Officers, agents or employees or a person reasonably believed by the sender to be an Officer, agent or employee of the addressee.

164. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

165. Notice of every general meeting of the Company shall be given to:

(a) all Members holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and

(b) every person entitled to a Share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person shall be entitled to receive notices of general meetings.

INDEMNITY

166. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, Assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

167. No such Director, alternate Director, Secretary, Assistant Secretary or other officer of the Company (but not including the Company's auditors) shall be liable (a) for the acts, receipts, neglects, defaults or omissions of any other such Director or officer or agent of the Company or (b) for any loss on account of defect of title to any property of the Company or (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested or (d) for any loss incurred through any bank, broker or other similar person or (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part or (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own dishonesty.

NON-RECOGNITION OF TRUSTS

168. No person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent or future interest in any of its Shares or any other rights in respect thereof except an absolute right to the entirety thereof in each Member registered in the Register of Members.

WINDING UP

169. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Shares. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no Member shall be compelled to accept any Shares or other securities whereon there is any liability.

AMENDMENT OF ARTICLES OF ASSOCIATION

170. Subject to the Companies Law and the rights attaching to the various classes of Shares, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

REGISTRATION BY WAY OF CONTINUATION

171. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

Exhibit 3.2

THE COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM & ARTICLES OF ASSOCIATION OF MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

(Adopted by Special Resolution on 1 December 2006)

1. The name of the Company is **MELCO PBL ENTERTAINMENT (MACAU) LIMITED.**

2. The Registered Office of the Company shall be at the offices of **Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands**, Grand Cayman, Cayman Islands, or at such other place as the Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (as amended).

4. The liability of each Member is limited to the amount, if any, unpaid on such Member's shares.

5. The authorised share capital of the Company is US$15,000,000 divided into 1,500,000,000 ordinary shares of a nominal or par value of US$0.01 each. The Company has the power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them subject to the provisions of the Companies Law (as amended) and the Articles of Association and to issue all or any part of its capital, whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.

6. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Companies Law (as amended).

7. The Company may exercise the power contained in Section 226 of the Companies Law (as amended) to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

8. Nothing in the preceding sections shall be deemed to permit the Company to carry on the business of a Bank or Trust Company without being licensed in that behalf under the provisions of the Banks and Trust Companies Law (as amended), or to carry on Insurance Business from within the Cayman Islands or the business of an Insurance Manager, Agent, Sub-agent or Broker without being licensed in that behalf under the provisions of the Insurance Law (as amended), or to carry on the business of Company Management without being licensed in that behalf under the provisions of the Companies Management Law (as amended).

9. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

10. Capitalised terms that are not defined in this Amended and Restated Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company, as amended from time to time.

THE COMPANIES LAW (AS AMENDED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

(Adopted by Special Resolution on 1 December 2006
and effective conditional and immediately upon commencement of the trading of the Company's
American depositary shares representing its ordinary shares on the Nasdaq)

TABLE A

The Regulations contained or incorporated in Table "A" in the First Schedule of the Companies Law (as amended) shall not apply to this Company and the following Articles shall comprise the Articles of Association of the Company:

INTERPRETATION

1. In these Articles, unless otherwise defined, the defined terms shall have the meanings assigned to them as follows:

"ADS"

an American Depositary Share, each representing 2 ordinary shares;

"Affiliate"

a Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, a specified Person. For the purpose of Article 22, "**control**," "**controlled by**" and "**under common control with**" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting shares, by contract, or otherwise;

"**Affiliated Companies**"

those partnerships, corporations, limited liability companies, trusts or other entities that are Affiliates of the Company, including, without limitation, subsidiaries, holding companies and intermediary companies (as those and similar terms are defined in the Gaming Laws of the applicable Gaming Jurisdictions) that are registered or licensed under applicable Gaming Laws;

"Articles"

these articles of association of the Company as from time to time amended by Special Resolution;

"Board"

the board of Directors for the time being of the Company;

"Commission"

Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;

"Companies Law"

the Companies Law (as amended) of the Cayman Islands and any statutory amendment or re-enactment thereof. Where any provision of the Companies Law is referred to, the reference is to that provision as amended by any law for the time being in force;

"Company"

Melco PBL Entertainment (Macau) Limited, a Cayman Islands exempted company;

"Company's Website"

the website of the Company, the address or domain name of which has been notified to Members;

"Directors" and **"Board of Directors"** and **"Board"**

the directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof;

"electronic"

the meaning given to it in the Electronic Transactions Law (as amended) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore;

"electronic communication"

electronic posting to the Company's Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;

"Gaming" or "Gaming Activities"

the conduct of gaming and gambling activities, or the use of gaming devices, equipment and supplies in the operation of a casino or other enterprise, including, without limitation, race books, sports pools, slot machines, gaming devices, gaming tables, cards, dice, gaming chips, player tracking systems, cashless wagering systems and associated equipment and supplies;

"Gaming Authority or Gaming Activities"

all international, foreign, federal, state, local and other regulatory and licensing bodies and agencies with authority over Gaming within any Gaming Jurisdiction;

"**Gaming Jurisdiction**"

all jurisdictions, domestic and foreign, and their political subdivisions, in which Gaming Activities are lawfully conducted;

"Gaming Laws"

all laws, statutes, ordinances and regulations pursuant to which any Gaming Authority possesses regulatory and licensing authority over Gaming within any Gaming Jurisdiction, and all orders, decrees, rules and regulations promulgated by such Gaming Authority thereunder;

"Gaming Licenses"

all licenses, permits, approvals, authorizations, registrations, findings of suitability, franchises, concessions and entitlements issued by a Gaming Authority necessary for or relating to the conduct of Gaming Activities;

"Independent Director"

a Director who is an independent director as defined in the NASD Manual & Notices to Members as amended from time to time;

"in writing"

includes writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a legible and non-transitory form and, only where used in connection with a notice served by the Company on Members or other persons entitled to receive notices hereunder, shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference;

"Member"

a person whose name is entered in the Register of Members as the holder of a share or shares;

"Memorandum of Association"

the Memorandum of Association of the Company, as amended and re-stated from time to time;

"month"

calendar month;

"**Nasdaq**"

The Nasdaq Stock Market's Global Market in the United States;

"**Nasdaq Rules**"

the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued quotation of any shares or ADSs on Nasdaq, including without limitation, the NASD Manual & Notices to Members and the Listing Rules;

"Ordinary Resolution"

a resolution:

(a) passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or

(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

"Own," "Ownership," or "Control," (and derivatives thereof)

(i) ownership of record, (ii) "beneficial ownership" as defined in Rule 13d-3 promulgated by the Commission (as amended), or (iii) the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person or the disposition of Shares, by agreement, contract, agency or other manner;

"paid up"

paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

"Person"

an individual, partnership, corporation, limited liability company, trust or any other entity;

"Redemption Date"

the date specified in the Redemption Notice as the date on which the shares Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person are to be redeemed by the Company;

"Redemption Notice"

that notice of redemption given by the Company to an Unsuitable Person or an Affiliate of an Unsuitable Person pursuant to Article 22. Each Redemption Notice shall set forth (i) the Redemption Date, (ii) the number and type of shares to be redeemed, (iii) the Redemption Price and the manner of payment therefor, (iv) the place where any certificates for such shares shall be surrendered for payment, and (v) any other requirements of surrender of the certificates, including how they are to be endorsed, if at all;

"Redemption Price"

the price to be paid by the Company for the Shares to be redeemed pursuant to Article 22, which shall be that price (if any) required to be paid by the Gaming Authority making the finding of unsuitability, or if such Gaming Authority does not require a certain price to be paid, that amount determined by the Board of Directors to be the fair value of the shares to be redeemed; *provided, however*, that the price per share represented by the Redemption Price shall in no event be in excess of the closing sales price per share on the principal national securities exchange on which such shares are then listed on the trading date on the day before the Redemption Notice is deemed given by the Company to the Unsuitable Person or an Affiliate of an Unsuitable Person or, if such shares are not then listed for trading on any national securities exchange, then the closing sales price of such shares as quoted in the Nasdaq National Market or SmallCap Market or, if the shares are not then so quoted, then the mean between the representative bid and the ask price as quoted by any other generally recognized reporting system. The Redemption Price shall be paid in cash, by promissory note, or both, as required by the applicable Gaming Authority and, if not so required, as the Board of Directors determines. Any promissory note shall contain such terms and conditions as the Board of Directors determines necessary or advisable, including without limitation, subordination provisions, to comply with any law or regulation then applicable to the Company or any Affiliate of the Company or to prevent a default under, breach of, event of default under or acceleration of any loan, promissory note, mortgage, indenture, line of credit, or other debt or financing agreement of the Company or any Affiliate of the Company. Subject to the foregoing, the principal amount of the promissory note together with any unpaid interest shall be due and payable no later than the tenth anniversary of delivery of the note and interest on the unpaid principal thereof shall be payable annually in arrears at the rate of 2% per annum;

"Register of Members"

the register to be kept by the Company in accordance with Section 40 of the Companies Law;

"Seal"

the Common Seal of the Company (if adopted) including any facsimile thereof;

"Securities Act"

the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;

"share"

any share in the capital of the Company, including a fraction of a share;

"signed"

includes a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

"Special Resolution"

a resolution passed in accordance with Section 60 of the Companies Law, being a resolution:

(a) passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled, or

(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the Special Resolution so adopted shall be the date on which the instrument or the last of such instruments if more than one, is executed.

"Statutes"

the Companies Law and every other laws and regulations of the Cayman Islands for the time being in force concerning companies and affecting the Company;

"Unsuitable Person"

a Person who (i) is determined by a Gaming Authority to be unsuitable to Own or Control any shares in the Company, whether directly or indirectly, or (ii) causes the Company or any Affiliated Company to lose or to be threatened with the loss of any Gaming License, or (iii) in the sole discretion of the Board of Directors of the Company, is deemed likely to jeopardize the Company's or any Affiliated Company's application for, receipt of approval for, right to the use of, or entitlement to, any Gaming License;

"year"

calendar year.

2. In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and vice versa;

(b) words importing the masculine gender only shall include the feminine gender;

(c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;

(d) **"may"** shall be construed as permissive and **"shall"** shall be construed as imperative;

(e) a reference to a dollar or dollars (or US$) is a reference to dollars of the United States;

(f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force; and

(g) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced as soon after incorporation as the Directors see fit.

5. The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

SHARE CAPITAL

6. The authorized share capital of the Company at the date of adoption of these Articles is US$15,000,000 divided into 1,500,000,000 ordinary shares of a nominal or par value of US$0.01 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Statute and these Articles and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.

ISSUE OF SHARES

7. Subject to the provisions, if any, in that behalf in the Memorandum of Association, the Directors may re-designate allot, issue, grant options over or otherwise dispose of shares of the Company (including fractions of a share) with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise in such classes or series and to such persons, at such times and on such other terms as they think proper. The Company shall not issue shares in bearer form.

REGISTER OF MEMBERS AND SHARE CERTIFICATES

8. The Company shall maintain a Register of its Members and every person whose name is entered as a member in the Register of Members shall, without payment, be entitled to a certificate within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at the Member's registered address as appearing in the register.

9. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.

10. Any two or more certificates representing shares of any one class held by any Member may at the Member's request be cancelled and a single new certificate for such shares issued in lieu on payment (if the Directors shall so require) of US$1.00 or such smaller sum as the Directors shall determine.

11. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the relevant Member upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

12. In the event that shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

TRANSFER OF SHARES

13. The instrument of transfer of any share shall be in writing and in such usual or common form or such other form as the Directors may in their discretion approve and be executed by or on behalf of the transferor and shall be accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

14. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors decline to register shall (except in any case of fraud) be returned to the person depositing the same.

15. (a) The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share which is not fully paid up or upon which the Company has a lien.

(b) The Board may also decline to register any transfer of any share unless:

- the instrument of transfer is lodged with the Company, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four; or
- the shares transferred are free of any lien in favour of the Company.

16. If the Directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company send to each of the transferor and the transferee notice of the refusal.

17. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the Register of Members closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration shall not be suspended nor the Register of Members closed for more than 30 days in any year.

REDEMPTION AND PURCHASE OF OWN SHARES

18. Subject to the provisions of the Statutes and these Articles, the Company may:

(a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Directors may, before the issue of such shares, determine;

(b) purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine; and

(c) make a payment in respect of the redemption or purchase of its own shares otherwise than out of profits or the proceeds of a fresh issue of shares.

19. Any share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.

20. The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share.

21. The Directors may when making payments in respect of redemption or purchase of shares, if authorised by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment in any form of consideration.

COMPULSORY REDEMPTION

22. (a) The shares Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person shall be subject to redemption by the Company, out of funds legally available therefor, by action of the Board of Directors, to the extent required by the Gaming Authority making the determination of unsuitability or to the extent deemed necessary or advisable by the Board of Directors. If a Gaming Authority requires the Company of an Affiliate of the Company, or the Board of Directors deems it necessary or advisable, to redeem the shares, the Company shall give a Redemption Notice to the Unsuitable Person or its Affiliate and shall purchase on the Redemption Date the number of shares specified in the Redemption Notice for the Redemption Price set forth in the Redemption Notice. From and after the Redemption Date, such shares shall no longer be deemed to be outstanding and such Unsuitable Person or any Affiliate of such Unsuitable Person shall cease to be a Member with respect to such shares and all rights of such Unsuitable Person or any Affiliate of such Unsuitable Person therein, other than the right to receive the Redemption Price, shall cease. Such Unsuitable Person or its Affiliate shall surrender the certificates representing any shares to be redeemed in accordance with the requirements of the Redemption Notice.

(b) Commencing on the date that a Gaming Authority serves notice of a determination of unsuitability or the Board of Directors determines that a Person is an Unsuitable Person, and until the shares Owned or Controlled by such Person are Owned or Controlled by a Person who is not an Unsuitable Person, the Unsuitable Person or any Affiliate of an Unsuitable Person shall not be entitled: (i) to receive any dividend or interest with regard to the shares, (ii) to exercise, directly or indirectly or through any proxy, trustee, or nominee, any voting or other right conferred by such shares, and such shares shall not for any purposes be included in the share capital of the Company entitled to vote, or (iii) to receive any remuneration in any form from the Company or any Affiliated Company for services rendered or otherwise.

(c) Any Unsuitable Person and any Affiliate of an Unsuitable Person shall indemnify and hold harmless the Company and its Affiliated Companies for any and all losses, costs, and expenses, including attorneys' fees, incurred by the Company and its Affiliated Companies as a result of, or arising out of, such Unsuitable Person's or Affiliate's continuing Ownership or Control of shares, the neglect, refusal or other failure to comply with this Article 22, or failure to promptly divest itself of any shares when required by the Gaming Laws or this Article 22.

VARIATIONS OF RIGHTS ATTACHING TO SHARES

23. If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to these Articles, be varied or abrogated with the unanimous written consent of the holders of the issued shares of that class, or with the sanction of a resolution passed by at least two-thirds of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of the shares of the class.

24. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

25. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or abrogated by the creation or issue of further shares ranking pari passu therewith or the redemption or purchase of shares of any class by the Company.

COMMISSION ON SALE OF SHARES

26. The Company may in so far as may be permitted by law, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

NON-RECOGNITION OF TRUSTS

27. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, except an absolute right to the entirety thereof in the registered holder.

FRACTIONAL SHARES

28. The Directors may issue fractions of a share of any class of shares, and, if so issued, a fraction of a share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole share of the same class of shares.

LIEN ON SHARES

29. The Company shall have a first and paramount lien and charge on all shares that are not fully paid-up registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on such share shall extend to all dividends or other monies payable in respect thereof.

30. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto by reason of his death or bankruptcy.

31. For giving effect to any such sale the Directors may authorise such persons to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

32. The proceeds of the sale after deduction of expenses, fees and commissions incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

33. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares, and each Member shall (subject to receiving at least 14 days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares.

34. The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.

35. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

36. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

37. The Directors may make arrangements on the issue of partly paid shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.

38. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Member paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

39. If a Member fails to pay any call or instalment of a call in respect of partly paid shares on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

40. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

41. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

42. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

43. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the shares.

44. A statutory declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

45. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTRATION OF EMPOWERING INSTRUMENTS

46. The Company shall be entitled to charge a fee not exceeding one dollar (US$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

TRANSMISSION OF SHARES

47. The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.

48. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

49. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

ALTERATION OF CAPITAL

50. The Company may from time to time by Ordinary Resolution:

    (a) increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;

    (b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

    (c) convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;

    (d) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;

    (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

51. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

52. All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

53. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case 40 days. If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members such register shall be so closed for at least 10 days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.

54. In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date of such determination.

55. If the Register of Members is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

GENERAL MEETINGS

56. All general meetings other than annual general meetings shall be called extraordinary general meetings.

57. (a) The Company shall in each year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.

(b) At these meetings the report of the Directors (if any) shall be presented.

58. (a) The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.

(b) A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than 10% of such of the paid-up capital of the Company as at that date of the deposit carries the right of voting at general meetings of the Company.

(c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

(d) If the Directors do not within twenty one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty one (21) days, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the second said twenty one days.

(e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

59. At least seven days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and

(b) in the case of an extraordinary general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five per cent in par value of the shares giving that right.

60. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. The holders of shares being not less than an aggregate of one-third of all shares in issue present in person or by proxy and entitled to vote shall be a quorum for all purposes. A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

62. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Member or Members present and entitled to vote shall be a quorum.

63. Either of the Co-Chairmen (as defined in Article 81) of the Board of Directors shall preside as chairman at every general meeting of the Company.

64. If at any meeting the chairman of the Board of Directors is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Members present shall choose one of their number to be a chairman of the meeting.

65. The chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 10 days or more, not less than seven days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

66. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of the Board or one or more Members present in person or by proxy entitled to vote and who together hold not less than 10 per cent of the paid up voting share capital of the Company, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

67. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

68. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote.

69. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS

70. Subject to any rights and restrictions for the time being attached to any class or classes of shares, on a show of hands every Member present in person and every person representing a Member by proxy at a general meeting of the Company shall have one vote and on a poll every Member and every person representing a Member by proxy shall have one vote for each share registered in his name, or the name of the person represented by proxy, in the Register of Members.

71. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

72. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may vote by proxy.

73. No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares carrying the right to vote held by him have been paid.

74. On a poll, votes may be given either personally or by proxy.

75. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Company.

76. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

77. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

78. A resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

79. Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or of the Board of Directors or of a committee of Directors, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

CLEARING HOUSES

80. If a clearing house (or its nominee) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of Members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised pursuant to this Article shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual Member holding the number and class of shares specified in such authorisation.

DIRECTORS

81. (A) Unless otherwise determined by the Company in general meeting, the number of Directors shall be ten Directors, or such number of Directors to be determined from time to time solely by resolution approved by a supermajority of at least two-thirds of the vote of Directors present at the board meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them. For so long as shares or ADSs are quoted on Nasdaq, the Directors shall include such number of Independent Directors as applicable law, rules or regulations or the Nasdaq Rules require.

(B) Each Director shall hold office until the expiration of his term and until his successor shall have been elected or appointed.

(C) The Board of Directors shall have Co-Chairmen of the Board of Directors (the "Co-Chairmen") elected and appointed by a majority of the Directors then in office. The period for which the Co-Chairmen will hold office will also be determined by a majority of all of the Directors then in office. One of the Co-Chairmen shall preside as chairman at every meeting of the Board of Directors. To the extent the Co-Chairmen are not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.

(D) The Company may by Ordinary Resolution appoint any person to be a Director either to fill a vacancy on the Board created under Article 82 or Article 99 or as an addition to the existing Board.

(E) The Directors may by the affirmative vote of all Directors appoint any person to be a Director either to fill a vacancy on the Board created under Article 82 or Article 99 or as an addition to the existing Board.

82. Subject to the terms of these Articles and any agreements between the Company and a Director, a Director shall hold office until he is removed from office by Special Resolution.

83. The Board may, from time to time, and except as required by applicable law or the listing rules of the recognized stock exchange or automated quotation system where the Company's securities are traded, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.

84. A Director shall not be required to hold any shares in the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

DIRECTORS' FEES AND EXPENSES

85. The Directors shall receive such remuneration as the Board may from time to time determine. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

86. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

ALTERNATE DIRECTOR

87. Any Director may in writing appoint another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an officer of the Company and shall be deemed to be the agent of the Director appointing him.

88. Any Director may appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

89. Subject to the Statutes, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in a general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.

90. Subject to these Articles, the Directors may from time to time appoint any person, whether or not a director of the Company to hold such office in the Company as the Directors may think necessary for the administration of the Company, including without prejudice to the foregoing generality, the office of the Chief Executive Officer, one or more Vice Presidents, Chief Financial Officer, Manager or Controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of Managing Director upon like terms, but any such appointment shall ipso facto determine if any Managing Director ceases from any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.

91. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

92. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

93. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the following three Articles shall not limit the general powers conferred by this paragraph.

94. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any of the aforesaid.

95. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

96. Any such delegates as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested in them.

97. The following actions require the resolution approved by a supermajority of at least two-thirds of the vote of Directors at the board meeting:-

(a) subject to Article 147, any voluntary dissolution or liquidation of the Company; and

(b) the sale of all or substantially all of the assets of the Company.

BORROWING POWERS OF DIRECTORS

98. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

DISQUALIFICATION OF DIRECTORS

99. The office of Director shall be vacated, if the Director:

(a) becomes bankrupt or makes any arrangement or composition with his creditors;

(b) dies or is found to be or becomes of unsound mind;

(c) resigns his office by notice in writing to the Company;

(d) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months and the Board resolves that his office be vacated; or

(e) if he or she shall be removed from office pursuant to these Articles.

PROCEEDINGS OF DIRECTORS

100. The Directors may meet together (whether within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting of the Directors shall be decided by a majority of votes. A Director may at any time summon a meeting of the Directors by at least two days' notice in writing to every other Director and alternate Director.

101. A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.

102. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be four, provided that a Director and his appointed alternate Director shall be considered only one person for this purpose. A meeting of the Directors at which a quorum is present when the meeting proceeds to business shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. A meeting of the Directors may be held by means of telephone or teleconferencing or any other telecommunications facility provided that all participants are thereby able to communicate immediately by voice with all other participants and such participants shall be deemed to constitute presence in person at the meeting.

103. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.

104. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

105. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

106. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:

(a) all appointments of officers made by the Directors;

(b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and

(c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

107. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.

108. A resolution signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.

109. The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to the Articles of the Company as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.

110. A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

111. A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.

112. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

113. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

114. Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.

115. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

116. Any dividend may be paid by cheque sent through the post to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct.

117. The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.

118. Subject to any rights and restrictions for the time being attached to any class or classes of shares, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the par value of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the share.

119. If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.

120. No dividend shall bear interest against the Company.

BOOK OF ACCOUNTS

121. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.

122. The books of account shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

123. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Company by Ordinary Resolution.

124. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.

ANNUAL RETURNS AND FILINGS

125. The Board shall make the requisite annual returns and any other requisite filings in accordance with the Statutes.

AUDIT

126. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.

127. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.

128. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

THE SEAL

129. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

130. The Company may maintain a facsimile of its Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal of the Company is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose.

131. Notwithstanding the foregoing, a Director shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

OFFICERS

132. Subject to Article 91, the Company may have a Chief Executive Officer, one or more Vice Presidents and Chief Financial Officer, President, a Secretary or Secretary-Treasurer appointed by the Directors. The Directors may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time decide.

CAPITALISATION OF PROFITS

133. Subject to the Statutes and these Articles, the Board may, with the authority of an Ordinary Resolution:

    (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;

(b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

(i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively; or

(ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,

and allot the shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;

(c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;

(d) authorise a person to enter (on behalf of all the Members concerned) an agreement with the Company providing for either:

(i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or

(ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,

and any such agreement made under this authority being effective and binding on all those Members; and

(e) generally do all acts and things required to give effect to the resolution.

SHARE PREMIUM ACCOUNT

134. The Directors shall in accordance with Section 34 of the Companies Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.

135. There shall be debited to any share premium account on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Companies Law, out of capital.

NOTICES

136. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members or, to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained the Member's prior express positive confirmation in writing to receive notices in such manner. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

137. Notices posted to addresses outside the Cayman Islands shall be forwarded by prepaid airmail.

138. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

139. Any notice or other document, if served by (a) post, shall be deemed to have been served five days after the time when the letter containing the same is posted and if served by courier, shall be deemed to have been served five days after the time when the letter containing the same is delivered to the courier (in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and duly posted or delivered to the courier), or (b) facsimile, shall be deemed to have been served upon confirmation of receipt, or (c) recognised delivery service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service and in proving such service it shall be sufficient to provide that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier or (d) electronic means as provided herein shall be deemed to have been served and delivered at the expiration of 24 hours after the time it was sent.

140. Any notice or document delivered or sent to any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

141. Notice of every general meeting shall be given to:

(a) all Members holding shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and

(b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person shall be entitled to receive notices of general meetings.

INFORMATION

142. No member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members of the Company to communicate to the public.

143. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register of Members and transfer books of the Company.

INDEMNITY

144. Every Director (including for the purposes of this Article any Alternate Director appointed pursuant to the provisions of these Articles) and officer of the Company for the time being and from time to time shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a Director or officer of the Company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere. For the avoidance of doubt, the Company may enter into an agreement with any Director or officer of the Company in respect of indemnification or exculpation in terms of which differ from the provisions of this Article.

145. No such Director or officer of the Company shall be liable to the Company for any loss or damage unless such liability arises through the dishonesty, fraud or default of such Director or officer.

FINANCIAL YEAR

146. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

WINDING UP

147. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Law, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

148. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the shares held by them at the commencement of the winding up subject to a deduction from those shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

149. Subject to these Articles, if the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of shares. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

150. Subject to the Statutes and these Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles or the Memorandum of Association of the Company, in whole or in part, or change the name of the Company.

REGISTRATION BY WAY OF CONTINUATION

151. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

Exhibit 4.2

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

Number
-[__]-

Ordinary Shares
-[__]-

Incorporated in the Cayman Islands under the Companies Law
(as amended or revised from time to time)

The authorised share capital of the Company is US$15,000,000 divided into 1,500,000,000 ordinary shares
of a nominal or par value of US$0.01 each

THIS CERTIFIES THAT [_____] of [_____] is the registered holder of [_____] Ordinary Shares in the above-named Company subject to the Memorandum and Articles of Association thereof.

Executed on behalf of the Company this [_____] day of [_____] 20 [____].

_____ [Seal]
Director/Secretary

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR (B) AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

TRANSFER

I _____ (the Transferor) for the value received DO HEREBY transfer to _____ (the Transferee) the _____ shares standing in my name in

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

To hold the same unto the Transferee

Dated _____

Signed by the Transferor
In the presence of:

_____ _____
Witness Transferor

Exhibit 4.4

DATED 23 DECEMBER 2004

MELCO PBL HOLDINGS LIMITED (1)

MELCO INTERNATIONAL DEVELOPMENT LIMITED (2)

PUBLISHING AND BROADCASTING LIMITED (3)

PBL ASIA INVESTMENTS LIMITED (4)

HOLDCO 1 SUBSCRIPTION AGREEMENT

CONTENTS

DATED 23 DECEMBER 2004

PARTIES

1. **MELCO PBL HOLDINGS LIMITED** an exempted company incorporated under the laws of the Cayman Islands of PO Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands (**Holdco 1**)

2. **MELCO INTERNATIONAL DEVELOPMENT LIMITED** a company incorporated under the laws of Hong Kong of 38 th Floor, The Centrium, Central, Hong Kong (**Melco**)

3. **PUBLISHING AND BROADCASTING LIMITED ACN 009 071 167** a company incorporated in Western Australia of Level 2, 54 Park Street, Sydney NSW 2000 (**PBL**)

4. **PBL ASIA INVESTMENTS LIMITED** an exempted company incorporated under the laws of the Cayman Islands of PO Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands (**Subscriber**)

WHEREAS

(A) Melco and PBL have great knowledge in the gaming industry in their respective markets. Melco is strong in the Greater China market, while PBL has its strength in other Asia Pacific countries. The parties wish to combine forces and make use of their strengths to develop these markets through a joint venture.

(B) Melco is currently engaged in the Mocha Business and has an interest in the Park Hyatt Hotel/Casino Business as reflected by the corporate structure diagram in Schedule 1.

(C) The parties wish to form a joint venture to develop gaming ventures in the Territory together (the " **Gaming Ventures**") such that Melco will own an effective interest of 60% in all Gaming Ventures in the Greater China region and PBL will own an effective interest of 60% in all Gaming Ventures in other countries in the Territory which intent is more fully set out in the Shareholders Deed.

(D) Melco has formed Holdco 1 to act as a joint venture holding company for the First Gaming Business and the Gaming Ventures and PBL wishes to invest in and become a 50% shareholder of Holdco 1. Accordingly, the parties have agreed to enter into this agreement to allow the Subscriber (a wholly owned subsidiary of PBL) to subscribe for shares in Holdco 1.

(E) To regulate their relationship in the joint venture and as Shareholders in Holdco 1 and to set out their rights and obligations more fully, the parties and MelcoSub have also agreed to enter into the Shareholders Deed.

THE PARTIES AGREE

1. DICTIONARY

The Dictionary in Attachment A:

(a) defines some of the capitalised terms used in this agreement; and

(b) sets out rules of interpretation which apply to this agreement.

2. SUBSCRIPTION

2.1 Subscription

Melco shall cause Holdco 1 to allot and issue and Holdco 1 must allot and issue and PBL shall cause the Subscriber to subscribe and the Subscriber must subscribe for the Subscription Shares for payment of the Subscription Money on the terms and conditions of this agreement.

2.2 Amendment to Subscription Money

In the event that Melco does not acquire an aggregate 70% shareholding interest in Great Wonders by 15 March 2005 or such later date as the parties may agree (either because the shareholders of Melco do not approve the acquisition by Melco (or one of its Subsidiaries) of a further 20% interest in Great Wonders (to add to Melco's existing interest of 50% in Great Wonders) at the meeting of Melco shareholders proposed to be held on or before 28 February 2005 or otherwise) then the parties agree that this agreement will remain in full force and effect save that:

(i) the definition of "Subscription Money" (as set out in Attachment A) will be amended by the deletion of "US$163,000,000 (one hundred and sixty three million US dollars)" and the insertion of "US$105,000,000 (one hundred and five million US dollars)" in substitution therefor;

(ii) the definition of "Subscription Price" (as set out in Attachment A) will be amended by the deletion of "US$1,630,000" and the insertion of "US$1,050,000" in substitution therefor; and

(iii) any reference in this deed to Melco's or any of its subsidiaries' interest in Great Wonders shall be read as being a 50% interest rather than a 70% interest.

2.3 Use of Proceeds

The parties will ensure that the Subscription Money will be transferred by Holdco 1 (via Holdco 2) to Melco Entertainment in such manner as Melco and PBL may agree within 10 days of Completion, for investment in the First Gaming Business and the assessment of, and potential investment in, the Gaming Ventures, both as determined by the Board in accordance with the Shareholders Deed.

3. CONDITIONS PRECEDENT TO COMPLETION

3.1 Conditions Precedent

Melco, PBL, Holdco 1 and the Subscriber are only obliged to effect Completion if the following conditions are satisfied or waived on or prior to Completion:

(a) ***[Intentionally left blank]***

(b) **Approvals**: Holdco 1 has obtained all consents or approvals and carried out all corporate procedures required for the Directors to authorise the allotment and issue the Subscription Shares;

(c) **Appointments**: the board of directors of Holdco 1 has passed a valid and binding resolution appointing three nominees of the Subscriber and three nominees of MelcoSub as Directors (such that the total number of Directors of Holdco 1 is six directors) with effect on and from Completion and instructed Walkers SPV Limited to update the Register of Directors and advise the Registrar of Companies of such appointments at Completion;

(d) **Due diligence**: PBL being satisfied in its absolute discretion with its review of Melco's financial, commercial and legal arrangements and relationships relating to the First Gaming Business and its corporate structure including, without limitation, PBL's review of:

(i) Melco's joint venture agreement with STDM in relation to the Park Hyatt Hotel/Casino Business;

(ii) Melco's agreement(s) with SJM in relation to the operation of the Mocha Business (and any shareholding relationships in relation to that business) and review of the operation of the Mocha Business (including the draft management agreement proposed to be entered into between Mocha Slot Group and SJM);

(iii) Great Wonders ownership or prospective ownership of the Land on which the Park Hyatt Hotel/Casino Business will be built and operated and the terms of such ownership;

(iv) Hyatt International's management agreement with Melco in relation to the management of the Park Hyatt Hotel forming part of the Park Hyatt Hotel/Casino Business;

(v) SJM's agreement with Great Wonders for the management and operation of the casino forming part of the Park Hyatt Hotel/Casino Business (and the underlying concession for SJM to operate the casino);

(vi) the design and construct contracts entered into (or proposed to be entered into) for the building of the Park Hyatt Hotel forming part of the Park Hyatt Hotel/Casino Business;

(vii) the financing arrangements for the construction of the Park Hyatt Hotel;

(viii) the financial projections for the First Gaming Business; and

(ix) the financial position of the First Gaming Business and the Group Companies.

(e) **Grant of the concession for the Land**: the Government of Macau issues a letter to STDM and/or Great Wonders confirming

that it intends to grant a concession by lease of the Land to STDM and/or Great Wonders for the use of the Land by STDM and/or Great Wonders for the Park Hyatt Hotel/Casino Business on terms reasonably satisfactory to the Subscriber;

(f) **Relevant shareholder approvals**: any relevant shareholder approvals for PBL (if required) and Melco in connection with the transactions contemplated by this agreement and the Shareholders Deed (including for the avoidance of doubt, in the case of Melco (i) Melco shareholders' approval for the acquisition of a further 20% of Great Wonders from STDM in addition to its existing 50% holding in Great Wonders (but if such approval is not obtained, this condition precedent so far as it involves such approval shall be deemed waived and clause 2.2 shall apply) and (ii) Melco shareholders' approval for investment by the Subscriber in Holdco 1 contemplated by this agreement);

(g) **regulatory approvals**: regulatory approval for the Subscriber's investment in Holdco 1 contemplated by this agreement by the Victorian Commission for Gambling Regulation in Victoria (Australia) and the Gaming Commission of Western Australia in Western Australia (Australia);

(h) **other conditions**: as at the Completion Date:

(i) none of the parties have breached this agreement; and

(ii) none of the Warranties is or has become materially false, misleading or incorrect.

3.2 Satisfaction of Conditions

The parties must use their respective reasonable endeavours and co-operate to ensure that each condition in clause 3.1 is satisfied as soon as practicable after the date of this agreement. Mr. Ho, Lawrence Yau Lung has undertaken to Melco that, where permitted by applicable Stock Exchange Rules, he will vote his shareholding interests in Melco and cause any Person he Controls to vote their shareholding interests in Melco in favour of any required resolutions of Melco shareholders to approve the transactions contemplated by this agreement and the Shareholders Deed.

3.3 Waiver of Conditions

A condition in clause 3.1 may only be waived by the party for those benefits it is included giving written notice of the waiver to each

other party. The condition in clause 3.1(f) is for the benefit of each party and may only be waived with the consent of all parties. Each other condition in clause 3.1 is for the benefit of PBL and the Subscriber only.

3.4 Termination

A party may terminate this agreement at any time after 30 June 2005 by written notice to the other parties if the conditions in clause 3.1 are not satisfied or, where permitted, waived on or before that date.

3.5 Reorganisation to effect Corporate Structure

Unless the Subscriber otherwise agrees in writing, before Completion Melco must effect the reorganisation to introduce Holdco 1, Holdco 2 and Melco Entertainment into the corporate structure in accordance with Schedule 1 and provide the Subscriber reasonable evidence of such reorganisation having been carried into effect, including, if requested, usual legal opinions of appropriate counsel, dealing with the legality and binding effect of the reorganisation on the relevant parties.

3.6 Conduct of business before Completion

Unless the Subscriber otherwise agrees in writing, before Completion Melco must procure that no Group Company:

(a) **ordinary course**: conducts its business other than in the ordinary course;

(b) **disposals**: other than in respect of the acquisition of a further 20% interest in Great Wonders from STDM, disposes of assets or acquires assets other than in the ordinary course of business;

(c) **security interest**: creates a Security Interest over any of its assets other than in the ordinary course of the operation of the Mocha Business;

(d) **issue securities**: issues securities of any kind other than in accordance with this agreement;

(e) **material commitments**: enters into a commitment for more than US$100,000 or for longer than 12 months other than in the ordinary course of the Mocha Business or the ordinary course of the preparation for the design and construction of the Park Hyatt Hotel forming part of the Park Hyatt Hotel/Casino Business;

(f) **dividend**: declares pays or makes any dividend or distribution; or

(g) **warranties**: does anything, or fails to do anything, or allows anything to happen, which would (subject to the disclosures in this agreement and the Disclosure Letter) make a Warranty false or misleading when made under this agreement or when regarded as made under this agreement.

3.7 Due Diligence

Melco will from the date of this agreement until Completion continue to:

(a) make available due diligence information to PBL on the Mocha Business and the Park Hyatt Hotel/Casino Business; and

(b) make available its officers and representatives to PBL (on the giving of reasonable prior notice) to discuss the Mocha Business and the Park Hyatt Hotel/Casino Business for the purposes of PBL's due diligence investigation.

3.8 No further obligations

On termination in accordance with clause 3.4 no party has any further obligations under this agreement except under:

(a) clause 7 (Confidentiality);

(b) clause 11.2 (Costs and expenses);

(c) a right or claim against a party which arises before termination.

4. COMPLETION

4.1 Date for Completion

Subject to clause 3, Completion must take place on the Completion Date at the offices of Melco in Hong Kong.

4.2 Completion

Subject to clause 4.3, at Completion:

(a) the Subscriber must:

(i) pay the Subscription Money in Immediately Available Funds to Holdco 1 in United States dollars;

(ii) deliver to Holdco 1 a consent to act as Director from each person so nominated by the Subscriber; and

(iii) deliver counterparts of the Shareholders Deed executed by it to the other parties to it.

(b) PBL must deliver counterparts of the Shareholders Deed executed by it to the other parties to it;

(c) Holdco 1 must ensure that the Directors hold a meeting at which the Directors resolve:

(i) to allot and issue the Subscription Shares to the Subscriber in consideration of the Subscription Money;

(ii) to appoint three nominees of the Subscriber as Directors and instruct Walkers SPV Limited to update the Register of Directors and advise the Registrar of Companies of such appointments;

(d) Melco must:

(i) provide the opinion letters from Walkers (Cayman Islands counsel) substantially in the form set out in Attachment E and copies of the legal opinions referred to in clause 3.5;

(ii) cause Holdco 1 to adopt the Memorandum and Articles as its memorandum and articles of association;

(iii) cause Holdco 2 to adopt the Holdco 2 Memorandum and Articles as its memorandum and articles; and

(iv) deliver counterparts of the Shareholders Deed (executed by it and MelcoSub) to the other parties to it.

(e) Holdco 1 must:

(i) give to the Subscriber a certified copy of the resolutions referred to in clause 4.2(c);

(ii) register the Subscription Shares in Holdco 1's register of members, free from any Security Interest, in the name of the Subscriber and provide a certified copy of such register of members to the Subscriber;

(iii) deliver the share certificate for the Subscription Shares to the Subscriber; and

(iv) deliver counterparts of the Shareholders Deed executed by it to the other parties to it.

4.3 Interdependence

The obligations of the parties under this clause 4 are interdependent and Completion will not take place unless and until the obligations of each of them under clause 4.2 are complied with fully.

5. WARRANTIES

5.1 Giving of Warranties

(a) Melco warrants and represents to the Subscriber that, subject to the Disclosure Letter, each of the Warranties is true (unless a particular Warranty is stated as being given at a particular time or from its context, it can only be given at a particular time):

(i) as at the date of this agreement;

(ii) on each day up to Completion; and

(iii) as at Completion.

(b) Melco acknowledges that the Subscriber has entered into this agreement in reliance on the Warranties.

(c) Each Warranty must be construed independently and is not limited by reference to another warranty.

5.2 Indemnity

Subject to clause 5.3, Melco hereby agrees to indemnify the Subscriber against any Losses which the Subscriber pays or is liable for arising directly or indirectly from:

(a) a Warranty being false or misleading when made or regarded as made under this agreement; or

(b) a breach by Holdco 1 or Melco of this agreement.

5.3 Limitation on Liability

(a) The Warranties are limited by any matter fully and fairly disclosed in this agreement and the Disclosure Letter.

(b) Notwithstanding any other provision in this agreement, the Subscriber shall not be entitled to recover from Melco, in aggregate, under clause 5.2 for breach of a representation or warranty in excess of the amount of the Subscription Money.

(c) The Subscriber shall not be entitled to recover under clause 5.2 for a breach of a representation or warranty until the aggregate Losses suffered by the Subscriber for all claims the Subscriber has against Melco in aggregate amount to at least US$100,000, after which the whole amount may be recovered and not just the excess.

(d) No claim under clause 5.2 for a breach of representation or warranty may be made unless written notice of such claim is provided to Melco prior to the date that is 18 months following Completion.

6. UNWINDING OF SUBSCRIPTION IF THE CONCESSION BY LEASE OF THE LAND NOT GRANTED BY THE GOVERNMENT OF MACAU

If the Government of Macau does not grant a concession by lease of the Land to Great Wonders which will permit the construction of the Park Hyatt Hotel and the operation of the Park Hyatt Hotel/Casino Business by Great Wonders on the Land in accordance with the designs and plans provided to PBL by Melco prior to the date of execution of this agreement (or as such designs and plans are revised between PBL and Melco from time to time) (the " **Concession**") by 1 September 2005 or such later date as is agreed by the Subscriber (the " **Due Date**"), then in such event:

(a) Melco agrees to pay to the Subscriber, within 10 Business Days of the Due Date, 60% of the total of any money spent by Holdco 1 or its Affiliates on the Park Hyatt Hotel/Casino Business and the Mocha Business (including the payment of outstanding indebtedness and repayment of loans to the extent, incurred or applied for such purposes) whether that money is sourced from cash reserves or loans of Holdco 1 or its Affiliates incurred in respect of the Park Hyatt Hotel/Casino Business and the Mocha Business from Completion until the Due Date (the " **Spend**"), the amount of the Spend to be determined by the Board in good faith; and

(b) at the option of the Subscriber (which option may be exercised by written notice from the Subscriber to Holdco 1 and Melco at any time after the Due Date), either:

(i) Melco will purchase and the Subscriber will sell (with completion of the sale and purchase to occur 10 Business Days after receipt by Melco of a notice from the Subscriber referred to above) all of the Subscription Shares for the Residual Subscription Money and, on completion of the sale and purchase, Melco and the Subscriber will, and will procure all of the other parties to the Shareholders Deed to, execute a deed of termination of that deed; or

(ii) Melco will procure that Holdco 1 will return the Residual Subscription Money to the Subscriber in the manner reasonably specified by the Subscriber (as desirable and efficient from its accounting and tax perspective) within 20 Business Days (or such other date agreed by the Subscriber) of the written request from the Subscriber, whether by share buy-back, capital reduction or other suitable method of return of capital in consideration for the Subscriber agreeing that all of the Subscription Shares will be bought back or cancelled by Holdco 1.

If there is a dispute between Holdco 1 and the Subscriber as to the practicable method of returning the Residual Subscription Money to the Subscriber, then the method of return will be as determined by the auditor of Holdco 1 (who will act as expert and not an arbitrator and whose decision will be final and binding on the parties) within 10 Business Days of the referral of the matter to him by Holdco 1 or the Subscriber provided, however, that the Subscriber shall be entitled to then elect that Melco purchases the Subscription Shares pursuant to sub-paragraph (i) above. On completion of the share buy-back or return of capital, Melco and the Subscriber will, and will procure all of the other parties to the Shareholders Deed to, execute a deed of termination of that deed.

(c) Each of Holdco 1, Melco, the Subscriber and PBL agree that they will do all things reasonably necessary to give full effect to the provisions of this clause (including voting at shareholders meetings or procuring their nominated Directors vote at Board meetings as appropriate (subject to such Directors' fiduciary duties)) and that no party may employ any device or technique or participate in a transaction designed to delay, limit or circumvent the intention of this clause.

7. CONFIDENTIALITY

A party may not disclose the provisions of this agreement or information provided pursuant to this agreement to any person except:

(a) as a media announcement in a form agreed between the parties;

(b) in a prospectus or other document in respect of a public offering of securities;

(c) after getting the written consent of the other party;

(d) to its officers, employees, financial and professional advisers;

(e) to its consultants or workers for purposes related to this agreement;

(f) as required by an applicable law or the regulations of any relevant regulatory or supervisory authority including a stock exchange and gaming regulatory authority, after first consulting with the other party about the form and content of the disclosure; or

(g) and must use its best endeavours to ensure all permitted disclosures are kept confidential other than the media announcement or a disclosure to a recognised stock exchange.

8. MELCO GUARANTEE AND INDEMNITY

8.1 Guarantee

(a) Melco unconditionally and irrevocably guarantees to the Subscriber the performance of Holdco 1's obligations under this agreement.

(b) If Holdco 1 fails to perform or observe its obligations under this agreement in full and on time, Melco must immediately on demand from the Subscriber perform such obligation (or procure the performance or observance by Holdco 1 of such obligations) so that the same benefit shall be received by or conferred on the Subscriber as it would have received or enjoyed if such obligations had been duly performed or observed by Holdco 1 under this agreement.

8.2 Indemnity

Melco hereby indemnifies the Subscriber against any Losses which the Subscriber suffers or incurs in relation to the failure of Melco or Holdco 1 to perform an obligation under this agreement or the failure of Melco to cause Holdco 1 to perform an obligation under this agreement.

8.3 Extent of guarantee and indemnity

This clause 8 applies and the obligations of Melco under clause 8 shall remain in full force and effect so long as Melco and Holdco 1 have obligations to the Subscriber and notwithstanding any act, omission, neglect or default of the Subscriber or other person or any other event or matter whatsoever and, without limitation on the foregoing shall not be impaired, discharged or effected by:

(a) the extent of Holdco 1's other obligations under this agreement;

(b) an amendment of this agreement in accordance with the terms hereof or waiver or departure from these terms;

(c) an Insolvency Event affecting any person or the death of any person;

(d) a change in the constitution, membership, or partnership of any person; or

(e) anything which would have discharged Holdco 1 (wholly or partly) or which would have afforded Holdco 1 any legal or equitable defence;

(f) any release of or granting of time or any other indulgence to Holdco 1; or

(g) the occurrence of any other thing which might otherwise release, discharge, render void or unenforceable or otherwise affect the obligations, commitments and undertaking of Melco under this agreement.

8.4 Principal and independent obligation

(a) The guarantee of Melco under this clause 8 is:

(i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and

(ii) independent of and not in substitution for or affected by any other Security Interest or guarantee or other document or agreement which the Subscriber may hold concerning any obligation of Holdco 1.

(b) The Subscriber may enforce this clause 8 against Melco:

(i) without first having to resort to any other guarantee or Security Interest or other agreement; and

(ii) whether or not it has first given notice, made a demand or taken steps against Holdco 1 or any other person.

8.5 No competition

(a) Subject to paragraph (b), Melco must not, either directly or indirectly, prove in, claim or receive the benefit of a distribution,

dividend or payment from an Insolvency Event affecting Holdco 1 until the obligations of Holdco 1 under this agreement to the Subscriber have been fully performed or satisfied and the guarantee set out in this clause 8 has been finally discharged.

(b) If required by the Subscriber, Melco must prove in a liquidation of Holdco 1 or otherwise participate in another Insolvency Event of Holdco 1 for amounts owed to Melco.

(c) Melco must hold in trust for the Subscriber, amounts recovered by Melco from an Insolvency Event or under a Security Interest from Holdco 1 to the extent of the unsatisfied liability of Melco under this clause 8.

8.6 Continuing guarantee and indemnity

The guarantee under this clause 8 is a continuing obligation of Melco, despite a settlement of account or the occurrence of any other thing, and remains fully effective until:

(a) the obligations of Holdco 1 under this agreement have been performed; and

(b) the guarantee in clause 8 has been finally discharged by the Subscriber.

9. PBL GUARANTEE AND INDEMNITY

9.1 Guarantee

(a) PBL unconditionally and irrevocably guarantees to Holdco 1 the performance of the Subscriber's obligations under this agreement.

(b) If the Subscriber fails to perform or observe its obligations under this agreement in full and on time, PBL must immediately on demand from Holdco 1 perform such obligation (or procure the performance or observance by the Subscriber of such obligations) so that the same benefit shall be received by or conferred on Holdco 1 as it would have received or enjoyed if such obligations had been duly performed or observed by the Subscriber under this agreement.

9.2 Indemnity

PBL hereby indemnifies Holdco 1 against any Losses which Holdco 1 suffers or incurs in relation to the failure of the Subscriber to perform an obligation under this agreement or the failure of PBL to cause the Subscriber to perform an obligation under this agreement.

9.3 Extent of guarantee and indemnity

This clause 9 applies and the obligations of PBL under this clause 9 shall remain in full force and effect so long as the Subscriber shall have obligations to Holdco 1 and notwithstanding any act, omission, neglect or default of Holdco 1 or other person or any other event or matter whatsoever and, without limitation on the foregoing shall not be impaired, discharged or effected by:

(a) the extent of the Subscriber's other obligations under this agreement;

(b) an amendment of this agreement in accordance with the terms hereof or waiver or departure from these terms;

(c) an Insolvency Event affecting any person or the death of any person;

(d) a change in the constitution, membership, or partnership of any person; or

(e) anything which would have discharged the Subscriber (wholly or partly) or which would have afforded the Subscriber any legal or equitable defence;

(f) any release of or granting of time or any other indulgence to Holdco 1; or

(g) the occurrence of any other thing which might otherwise release, discharge, render void or unenforceable or otherwise affect the obligations, commitments and undertaking of PBL under this agreement.

9.4 Principal and independent obligation

(a) The guarantee of PBL under this clause 9 is:

(i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and

(ii) independent of and not in substitution for or affected by any other Security Interest or guarantee or other document or agreement which Holdco 1 may hold concerning any obligation of the Subscriber.

(b) Holdco 1 may enforce this clause 9 against PBL:

(i) without first having to resort to any other guarantee or Security Interest or other agreement; and

(ii) whether or not it has first given notice, made a demand or taken steps against the Subscriber or any other person.

9.5 No competition

(a) Subject to paragraph (b), PBL must not, either directly or indirectly, prove in, claim or receive the benefit of a distribution, dividend or payment from an Insolvency Event affecting the Subscriber until the obligations of the Subscriber under this agreement to Holdco 1 have been fully performed or satisfied and the guarantee set out in this clause 9 has been finally discharged.

(b) If required by Holdco 1, PBL must prove in a liquidation of the Subscriber or otherwise participate in another Insolvency Event of the Subscriber for amounts owed to PBL.

(c) PBL must hold in trust for Holdco 1, amounts recovered by PBL from an Insolvency Event or under a Security Interest from the Subscriber to the extent of the unsatisfied liability of PBL under this clause 9.

9.6 Continuing guarantee and indemnity

The guarantee under this clause 9 is a continuing obligation of PBL, despite a settlement of account or the occurrence of any other thing, and remains fully effective until:

(a) the obligations of the Subscriber under this agreement have been performed; and

(b) the guarantee in clause 9 has been finally discharged by Holdco 1.

10. GENERAL WARRANTIES AND REPRESENTATIONS

Each party warrants and represents to the other parties that:

(a) it has taken all necessary action to authorise the signing, delivery and performance of this agreement by it;

(b) it has power to enter into and perform its obligations under this agreement and can do so without the consent of any other person or Government Agency;

(c) the signing and delivery of this agreement and the performance by it of its obligations under this agreement complies with:

  (i) each applicable law, Authorisation and order, judgment or decree of a Government Agency;

  (ii) its memorandum and articles of association or constitution; and

  (iii) each Security Interest or other document binding on it;

(d) this agreement constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms by appropriate legal remedy; and

(e) there are no actions, claims, proceedings or investigations pending or to the best of its knowledge threatened against it or by it which may have a material adverse effect on its ability to perform its obligations under this agreement.

11. GENERAL

11.1 Notices

(a) A notice or other communication given under this agreement including, but not limited to, a request, demand, consent or approval, to or by a party to this agreement:

  (i) must be in legible writing and in English;

(ii) must be addressed to the addressee at the address or facsimile number set out below or to any other address or facsimile number a party notifies to the other under this clause:

A. if to Holdco 1:

Address:	PO Box 908GT, Walker House, Mary Street, George Town Grand Cayman Cayman Islands
Attention:	The Directors
Facsimile:	+ 345 945 4757

With a copy to Melco at the address set out for it in this clause.

B. if to Melco:

Address:	38th Floor, The Centrium 60 Wyndham Street, Central Hong Kong
Attention:	Chief Executive Officer
Facsimile:	+852 3162 3579

With a copy to Melco's Company Secretary at the same address.

C. if to the Subscriber:

Address:	PO Box 908GT, Walker House, Mary Street, George Town Grand Cayman Cayman Islands
Attention:	The Directors
Facsimile:	+ 345 945 4757

With a copy to PBL at the address set out for it in this clause.

D. if to PBL:

Address:	Level 2, 54 Park Street Sydney NSW 2000
Attention:	Company Secretary
Facsimile:	+61 2 9282 8828

(iii) must be signed by an officer or under the common seal of a sender which is a company; and

(iv) is deemed to be received by the addressee in accordance with paragraph (b).

(b) Without limiting any other means by which a party may be able to prove that a notice has been received by another party, a notice is deemed to be received:

(i) if sent by hand, when delivered to the addressee;

(ii) if by post, 5 Business Days from and including the date of postage/on delivery to the addressee; or

(iii) if by facsimile transmission, on receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent,

but if the delivery or receipt is on a day which is not a Business Day or is after 5.00 pm (addressee's time) it is deemed to be received at 9.00 am on the following Business Day.

(c) A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after the transmission is received or regarded as received under paragraph (b)(iii) and informs the sender that it is not legible.

(d) In this clause, a reference to an addressee includes a reference to an addressee's officers, agents or employees.

11.2 Costs and expenses

Each party must pay its own costs and expenses of negotiating, preparing, signing, delivering and registering this agreement and any other agreement or document entered into or signed under this agreement.

11.3 Costs of performance

A party must bear the costs and expenses of performing its obligations under this agreement, unless otherwise provided in this agreement.

11.4 Governing law

The laws of Hong Kong govern this agreement.

11.5 Jurisdiction

Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of Hong Kong. Each of the Subscriber and PBL hereby appoint Lovells, 23/F Cheung Kong Center, 2 Queen's Road, Central, Hong Kong (Attn: Tim Fletcher, partner, fax number +852 2219 0222) as its agent to receive service of process in Hong Kong. Holdco 1 hereby appoints Melco as its agent for service of process in Hong Kong at the address specified for notice in clause 11.1.

11.6 Further assurances

Each party must do all things necessary to give full effect to this agreement and the transactions contemplated by this agreement (including, without limitation, providing all reasonable information and assistance to the other parties in connection with the obtaining of regulatory approval for the transactions contemplated by this agreement and the Shareholders Deed as contemplated in clause 3.1(g)).

11.7 Entire Agreement

This agreement supersedes all previous agreements about its subject matter and embodies the entire agreement between the parties.

11.8 Amendments and Waivers

(a) This agreement may be amended only by a written document signed by the parties.

(b) A waiver of a provision of this agreement or a right or remedy arising under this agreement, including this clause, must be in writing and signed by the party granting the waiver.

(c) A single or partial exercise of a right does not preclude a further exercise of that right or the exercise of another right.

(d) Failure by a party to exercise a right or delay in exercising that right does not prevent its exercise or operate as a waiver.

(e) A waiver is only effective in the specific instance and for the specific purpose for which it is given.

11.9 No assignment

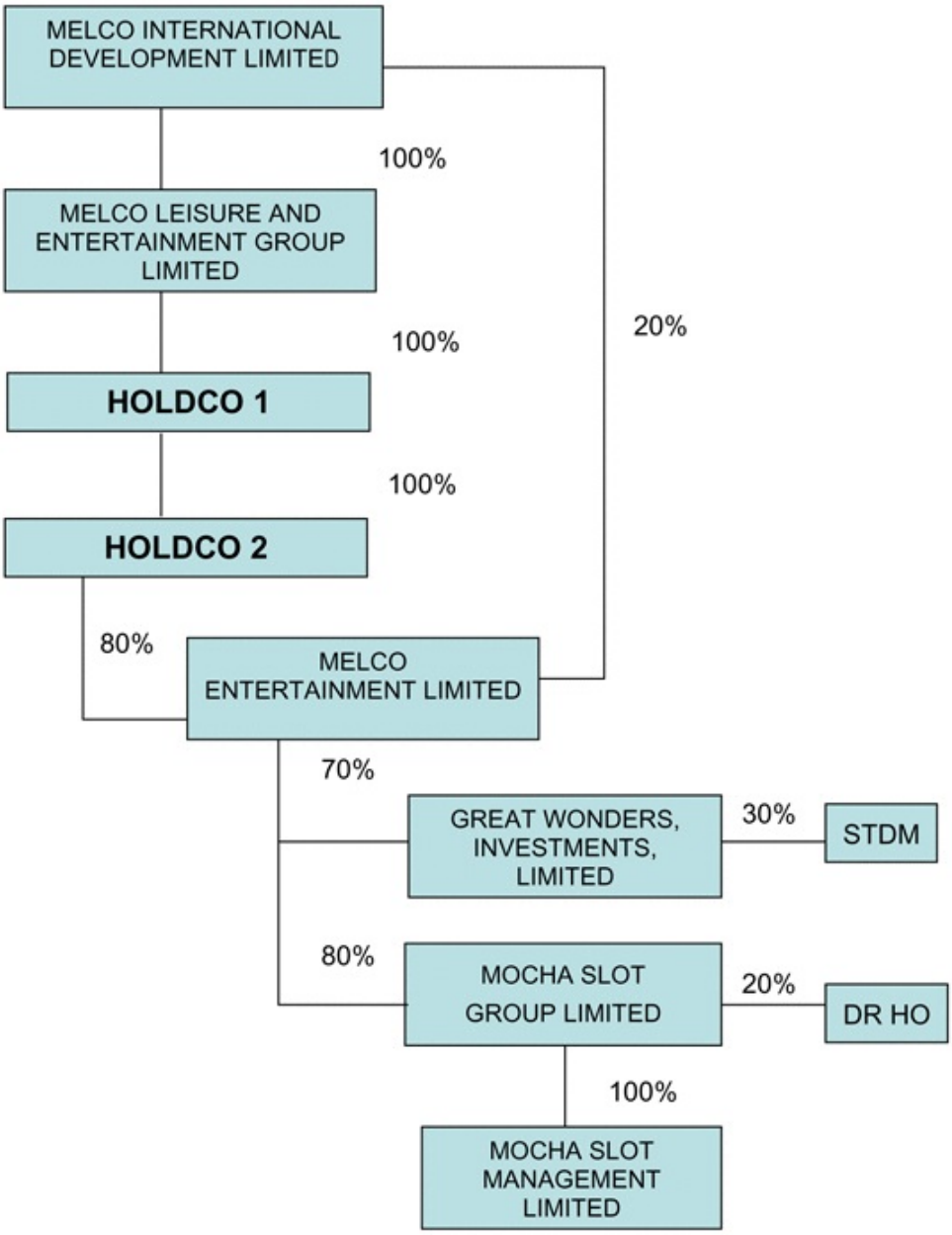
A party may not assign this agreement or otherwise transfer the benefit of this agreement or a right or remedy under it, without first getting the written consent of the other party.

11.10 Counterparts

This agreement may be signed in any number of counterparts and all those counterparts together make one instrument.

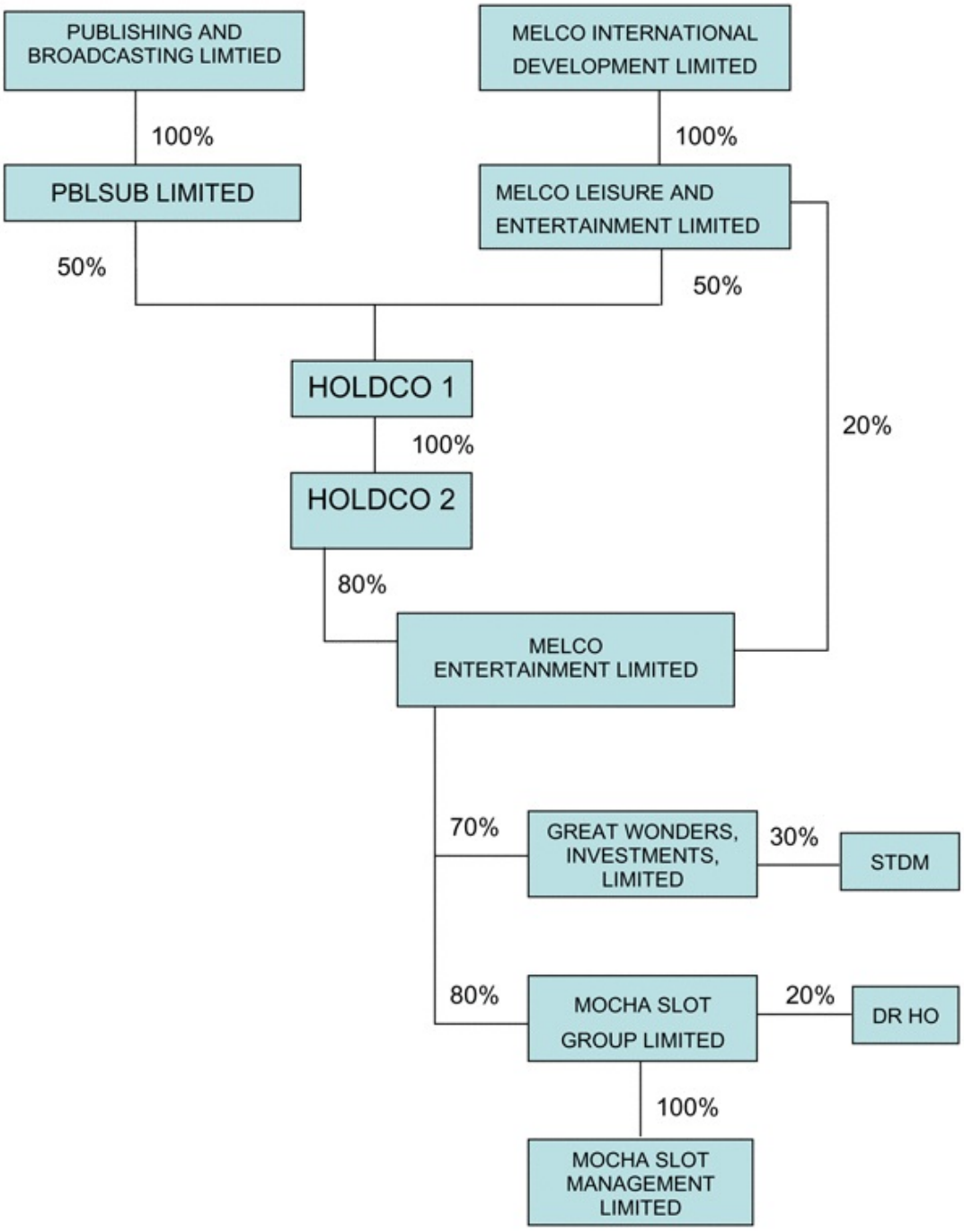
SCHEDULE 1

CORPORATE STRUCTURE PRE COMPLETION



SCHEDULE 2

CORPORATE STRUCTURE POST COMPLETION



SCHEDULE 3

GENERAL WARRANTIES

1. STATUS OF HOLDCO 1

(a) **Status:** Holdco 1:

(i) is a limited company incorporated, validly existing and in good standing under the laws of the Cayman Islands; and

(ii) has the power to own its own assets and to carry on its business as it is now being conducted and as is proposed to be conducted.

(b) **Consents:** Holdco 1 is entitled to issue the Subscription Shares without the consent of a third person and free of any rights or pre-emption or rights of first refusal.

2A. ACCURACY OF INFORMATION

All documents and information given to the Subscriber, PBL or its advisers by or on behalf of Melco or its advisers about Holdco 1, Holdco 2, the First Gaming Business and any of the Group Companies, together with the information in the Schedules to this agreement:

(a) is true and is not misleading whether by omission, failure to particularise or otherwise in any material respect; and

(b) comprises all information which would be material to an investor in the First Gaming Business.

2B. INFORMATION REQUESTED

All information requested by or on behalf of PBL or the Subscriber in connection with their due diligence review of the First Gaming Business, Holdco 1 and the Group Companies was or will when supplied be true, complete and accurate in all material respects and not misleading in any material respect.

3. SHAREHOLDINGS AND MEMBERSHIPS

(a) **Group Structure:** The group structure of Holdco 1 and the other members of the Group immediately prior to Completion is as set out in Schedule 1 and no Group Company has any beneficial or other interest in any other companies (other than as set out in Schedule 1). The group structure of Holdco 1 and the other members of the Group immediately after Completion is as set out in Schedule 2.

(b) **Memberships:** No Group Company is or will be a member of a joint venture, partnership or unincorporated association other than:

(i) the joint venture arrangement between Great Wonders and STDM in relation to the Park Hyatt Hotel/Casino Business as documented in the Heads of Agreement between Melco and STDM dated 8 September 2004 (as amended by agreement between them dated 11 November 2004) (copies of which have been provided to PBL prior to the date of execution of this agreement); and

(ii) the undocumented joint venture arrangement with Dr Ho in relation to Dr Ho's shareholding interest of 20% in Mocha Slot Group.

(c) **Shares in issue (pre-reorganisation):** The shares listed in Schedule 6 Part A comprise all the issued (including unvested) securities in the capital of Group Companies held at the date hereof (and prior to reorganisation and the issue of Subscription Shares) and no Group Company is under an obligation to issue any securities, other than the Subscription Shares.

(d) **Shares (post-reorganisation):** The shares listed in Schedule 6 Parts A and B comprise all the issued (including unvested) securities in the capital of the Group Companies and are held in accordance with the corporate structure set out in Schedule 1 (other than the Subscription Shares) immediately prior to the issue of the Subscription Shares.

(e) **Shares validly issued:** All securities in the Group Companies have been or will be validly issued and are fully paid up in accordance with their terms of issue and all relevant legislation and all other necessary consents or Authorisations.

(f) **Corporate re-organisation:** the corporate re-organisation to be undertaken by Melco involving the Group Companies prior to Completion resulting in the group structure set out in Schedule 1

was carried out in compliance with all relevant laws and regulations and all necessary corporate procedures were complied with and all necessary filings with any regulatory authorities in connection with the re-organisation have been made and there are no adverse tax consequences for any Group Company as a consequence of such restructure.

(g) **Options:**

There are no outstanding options, warrants, rights (including conversion or pre-emption rights) or agreements for the subscription or purchase from any Group Company of any securities or any securities convertible into or ultimately exchangeable or exercisable for any securities.

(h) **Other Rights with respect to Shares:** Except as contemplated in the Shareholders Deed or Memorandum and Articles, no voting or similar agreements exist related to the Holdco 1's securities or the securities of any Group Companies which are presently outstanding or that may be issued on or prior to Completion.

(i) **Security and Third Party Interests**: No Security Interest or other third party interest or rights other than security or third party interests of unpaid sellers and creditors in the ordinary course of business exists over any Group Companies or their assets.

4. SOLVENCY

No Insolvency Event has occurred in respect of a Group Company and there are no circumstances which could give rise to any Insolvency Event in respect of a Group Company.

5. BUSINESS RECORDS

The Business Records of each Group Company:

(a) have been fully and accurately maintained in accordance with applicable laws and are up-to-date; and

(b) are in the possession of or under the control of the relevant Group Company.

6. TAXES AND DUTIES

(a) **Payment**: Any Tax affecting any Group Company which is due for payment has been paid, including, without limitation, Tax in respect of the Mocha Business.

(b) **Provision in accounts:** Adequate provision has been made in the Mocha Accounts and the Mocha Management Accounts for any Tax on the Mocha Business which Melco is aware is payable and is unpaid at the Mocha Accounts Date or, as the case may be, the Mocha Management Accounts Date or may become payable after the Mocha Accounts Date in relation to the Mocha Group's activities prior to the Mocha Accounts Date or the Mocha Management Accounts Date.

(c) **Withholding tax:** Any obligation under any Tax law to withhold amounts at source (including but not limited to withholding tax, PAYE tax, prescribed payments system tax and royalties) has been complied with.

(d) **Records:** Each Group Company has maintained proper and adequate records to enable it to comply with its obligations to:

(i) prepare and submit any information, notices, computations, returns and payments required in respect of any Tax law;

(ii) prepare any accounts necessary for compliance with of any Tax law; and

(iii) retain necessary records as required by any Tax law.

(e) **Returns submitted**: To the best of Melco's knowledge, each Group Company has submitted any necessary information, notices, computations and returns to the relevant Government Agency in respect of any Tax relating to the relevant Group Company.

(f) **Returns accurate**: To the best of Melco's knowledge, any information, notice, computations and return which has been submitted by a Group Company to a Government Agency in respect of any Tax:

(i) disclose all material facts that should be disclosed under any Tax law;

(ii) is not misleading in any material aspect; and

(iii) has been submitted on time.

(g) **No Tax audit:** Melco is not aware of any pending or threatened Tax audit in respect of a Group Company.

(h) **No disputes**: There are no material disputes between any Group Company and any Government Agency in respect of any Tax.

7. INSURANCES

All of the assets of each Group Company which are of an insurable nature are insured in amounts to the full replacement value of them against fire and other risks normally insured against by persons carrying on the same classes of businesses as those carried on by the relevant Group Companies.

8. LITIGATION

No prosecution, litigation, arbitration proceedings or investigation (involving an aggregate amount of over US$1,000,000 (one million US dollars) affecting any of the Group Companies, the Mocha Business or the Mocha Business Assets.

(a) has occurred in the last two years; or

(b) is current;

(c) is pending or to the best knowledge of Melco following due inquiry threatened; or

(d) might arise as a result of current circumstances of which Melco is aware following due inquiry.

9. LIABILITIES

The only liabilities (including contingent liabilities) of the Group Companies are:

(a) liabilities as set out in the Mocha Accounts and the Mocha Management Accounts;

(b) liabilities incurred in the ordinary course of the Mocha Business;

(c) liabilities incurred in the ordinary course of the preparation for the design and construction of the Park Hyatt Hotel (forming part of the Park Hyatt Hotel/Casino Business) (which liabilities do not exceed US$195 million as at the date of this agreement).

SCHEDULE 4

WARRANTIES AS TO THE MOCHA BUSINESS

1. MOCHA'S FINANCIAL POSITION

(a) **Preparation of Accounts:** The Mocha Accounts:

(i) were prepared in accordance with the Accounting Standards;

(ii) fully reflect the assets and liabilities, including contingent liabilities, of the Mocha Business;

(iii) show a true and fair view of the financial position of the Mocha Business as at the Accounts Date and the operation of the Mocha Business for the financial period ending on the Accounts Date; and

(iv) are not affected by any unusual or non-recurring items.

(b) **Post Accounts Date:** Since the Accounts Date:

(i) the Mocha Business has been conducted in the ordinary course other than the entry into of leases and purchases of certain assets forming part of the Mocha Business Assets in the ordinary course of business and the entry into a new lease for a slot lounge in the Taipa Square Hotel on terms as advised to PBL prior to the date of execution of this agreement;

(ii) none of the material assets of the Mocha Business have been disposed of;

(iii) the Mocha Group has not incurred liabilities other than in the ordinary course and which, to the extent they are liabilities with an aggregate value of more than US$1,000,000, have been disclosed in writing to the Subscriber;

(iv) there has been no material adverse change affecting the Mocha Business, or the assets or prospects of the Mocha Group, taken as a whole;

(v) no dividends, bonus issues or other distributions have been declared or made and no repayments of shareholders' loans have been made by any member of the Mocha Group; and

(vi) the Mocha Management Accounts have been prepared in accordance with the Accounting Standards and show a true and fair view of the Mocha Business and of the Mocha Group as at the Mocha Management Accounts Date.

2. TITLE TO MOCHA ASSETS

(a) **Ownership:** Mocha Slot Group and/or Mocha Slot Management are the legal and beneficial owner(s) of the Mocha Business Assets and no other party has any interest therein other than:

(i) Dr Ho's 20% shareholding interest in Mocha Slot Group; and

(ii) unpaid sellers or creditors in the ordinary course of business.

(b) **Mocha Business Assets:** The Mocha Business Assets are:

(i) fully paid for other than in respect of any assets sold on credit or credit periods allowed by sellers in the ordinary course of business;

(ii) in the possession of the Mocha Slot Group and/or Mocha Slot Management;

(iii) the only assets used in the Mocha Business; and

(iv) used solely for the purposes of the Mocha Business.

(c) **Security Interests:** No Security Interest or other third party interest or rights other than security or third party interests of unpaid sellers or creditors in the ordinary course of business exist over any of the Mocha Business Assets.

3. INTELLECTUAL PROPERTY RIGHTS

(a) Ownership: Mocha Slot Group and/or Mocha Slot Management are the legal and beneficial owners of, possess, are the registered

proprietors of all registrable interests in, has been granted a licence or licences in respect of, or has the right to use all Intellectual Property Rights necessary for the continuing conduct of the Mocha Business as presently conducted or as presently proposed to be conducted free from any charge, lien or encumbrance.

(b) **No third party rights:** No person (including, without limitation, a Shareholder and its associates or an Employee) other than the Mocha Group has a right to an Intellectual Property Right, or may benefit from it.

(c) **No infringement:** The Intellectual Property Rights and the conduct by the Mocha Group of the Mocha Business in Macau do not infringe against any industrial or intellectual or other property right of any other person.

(d) **Registration:** All Intellectual Property Rights which are either capable of registration or required to be registered in the Mocha Group's name are registered or in the process of being registered in the Mocha Group's name.

4. CONTRACTS, ASSET LEASES AND PROPERTY LEASES

(a) **Nature:** The Contracts, Asset Leases and Property Leases:

(i) are on arm's length terms; and

(ii) are within the ordinary course of business of the Mocha Business.

(b) **Restrictive covenants:** No Contract, Asset Lease or Property Lease restricts the freedom of the Mocha Group to engage in any activity or business in any area in Macau.

(c) **Change of control:** No member of the Mocha Group is party to an agreement which will (i) terminate or (ii) have terms imposed which are less favourable to the relevant member of the Mocha Group than the current terms, as a result of the issue of the Subscription Shares to the Subscriber or the corporate reorganisation referred to in clause 3(f) of Schedule 3.

(d) **No default etc:** The Mocha Group is not and (to the best of Melco's knowledge), no other party to a Contract, Asset Lease or Property Lease is, in breach of it or would be in breach or default but for a requirement of notice or lapse of time, or both. Neither member of the Mocha Group has received any notice which remains outstanding which might reasonably be expected to affect a right of it or the exercise of that right under an agreement.

5. AUTHORISATIONS

Each member of the Mocha Group has obtained and maintained all Authorisations required to conduct the Mocha Business and to own and operate the Mocha Business Assets. Neither Melco, Holdco 1 nor any member of the Mocha Group is aware of anything that may adversely affect the continuance, renewal, issue or extension of the Authorisations.

6. EMPLOYEES

As at 30 November 2004 there were 249 employees employed in the Mocha Business and:

(a) the total annual aggregate employment cost of the 249 employees is approximately HK$18.5 million;

(b) none of the employees are employed on terms that require more than 3 months notice of termination of employment; and

(c) none of the employees are members of a union or other industrial organisation.

SCHEDULE 5

WARRANTIES AS TO THE LAND

Warranties as to the Land

(a) The current concession by lease for the Land (the "**Existing Concession**") from the Government of Macau is in the name of Nova Taipa, Urbanizacoes, Limitada ("**Nova Taipa**").

(b) By letter agreement dated 8 September 2004 (the "**Letter**"), Nova Taipa and STDM entered into an agreement whereby Nova Taipa agreed to renounce its rights under the Existing Concession in favour of an application by a JV entity (now formed between STDM and Melco as Great Wonders) for a new concession by lease for the Land. A copy of the applications to the Government of Macau by Nova Taipa and STDM referred to in paragraph (b) above have been provided to PBL prior to the date of execution of this agreement.

(c) Under the Letter, Nova Taipa has warranted to STDM that it has the rights and obligations under the Existing Concession.

(d) STDM and Melco have agreed pursuant to a Heads of Agreement dated 8 September 2004 as amended by an agreement dated 11 November 2004 (copies of which have been provided to PBL prior to the date of execution of this agreement) that STDM/Great Wonders will make an application for a new concession by lease for the Land for Great Wonders which will allow Great Wonders to build, own and operate the Park Hyatt Hotel/Casino Business on the Land.

(e) On 15 November 2004, Great Wonders made an application to the Government of Macau for the concession by lease of the Land.

(f) The Government of Macau has granted planning permission to Nova Taipa to allow the commencement of construction of the Park Hyatt Hotel on the Land. A copy of the planning permission has been provided to PBL prior to the date of execution of this agreement.

(g) Great Wonders has entered into an agreement with Paul Y. Construction Company Limited dated 24 November 2004 in respect of the construction of the Park Hyatt Hotel on the Land. A copy of the agreement has been provided to PBL prior to the date of execution of this agreement.

SCHEDULE 6

GROUP COMPANIES

PART A

Companies Incorporated at the date of this Agreement

Holdco 1	Melco PBL Holdings Limited
Registered number	
Registered office	PO Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands
Authorised share capital	US$50,000 of 2,500,000 Class A shares of US$0.01 par value each and 2,500,000 Class B Shares of US$0.01 per 100 Class A Shares of US$0.01 par value each
Issued share capital	US$1 Class A shares of US$0.01 par value each
Registered Shareholders and Number of Shares held	Melco International Development Limited (Pre reorganisation)
Directors	Ho, Lawrence Yau Lung Tsui Che Yin, Frank

Great Wonders, Investments, Limited

Registered number	19596 (SO)
Registered office	Avenida de Lisboa, n°s 2 a 4, Ala velha do Hotel Lisboa, 9° andar, em Macau
Authorised share capital	MOP$1,000,000
Issued share capital	MOP$1,000,000
Registered Shareholders and Number of Shares held	Melco International Development Limited (5,000 shares) Socidade de Turismo e Diversões de Macau, S.A.R.L. (5,000 shares)
Directors	Dr. Ho Hung Sun, Stanley Mr. So Shu Fai, Ambrose Mr. Ng Chi Sing Rui Jose da Cunha Chan, Wai Lun
Secretary	Mr. Tsang Yuen Wai, Samuel

Mocha Slot Group Limited

Registered number	538410
Registered office	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands
Authorised share capital	US$50,000 divided into 50,000 shares with a par value of US$1 each
Issued share capital	US$100 divided into 100 shares with a par value of US$1 each
Registered Shareholders and Number of Shares held	Melco Leisure and Entertainment Group Limited (80 shares) Dr. Ho Hung Sun, Stanley (20 shares)
Directors	Dr. Ho Hung Sun, Stanley Mr. Ho, Lawrence Yau Lung
Secretary	N/A

Mocha Slot Management Limited

Registered number	17397 (SO)
Registered office	Estrada da Vitoria, nºs 2 a 4, Hotel Royal, r/c em Macau
Authorised share capital	MOP$25,000
Issued share capital	MOP$25,000
Registered Shareholders and Number of Shares held	Mocha Slot Group Limited (MOP$24,000) Mr. Ho, Lawrence Yau Lung (MOP$1,000) (in trust for Mocha Slot Group Limited)
Directors	Mr Ho, Lawrence Yau Lung Mr. Chan Ying Tat
Secretary	N/A

PART B

Companies to be incorporated prior to Completion

Melco Entertainment Limited	
Registered number	
Registered office	PO Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands
Authorised share capital	US$50,000 of 5,000,000 shares of US$0.01 par value each
Issued share capital	100 shares of US$0.01 par value each
Registered Shareholders and Number of Shares held	Holdco 2 (100 shares)
Directors	
Holdco 2	
Registered number	
Registered office	PO Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands
Authorised share capital	US$50,000 of 5,000,000 shares of US$0.01 par value each
Issued share capital	100 shares of US$0.01 par value each
Registered Shareholders and Number of Shares held	
Directors	

SIGNED as an agreement.

SIGNED for and on behalf of **MELCO PBL HOLDINGS LIMITED** by:

/s/

Signature of Director

Tsui Che Yin, Frank

Name of Director (print)

SIGNED for and on behalf of **MELCO INTERNATIONAL DEVELOPMENT LIMITED** by:

/s/

Signature of Director

Tsui Che Yin, Frank

Name of Director (print)

SIGNED for and on behalf of **PUBLISHING AND BROADCASTING LIMITED** by:

/s/

Duly authorised Attorney

Anthony Cornelus Klok

Name of Attorney (print)

SIGNED for and on behalf of **PBL ASIA INVESTMENTS LIMITED** by:

/s/

Duly authorised Attorney

Anthony Cornelus Klok

Name of Attorney (print)

ATTACHMENT A

DICTIONARY
(CLAUSE 1)

Part 1

In the agreement:

Accounting Standards means generally accepted and consistently applied accounting principles and practices in Hong Kong.

Accounts Date means 31 December 2003.

Affiliate has the meaning set out in the Shareholders Deed.

Asset Leases means leases or hire purchase arrangements entered into by a member of the Mocha Group over any assets used in the Mocha Business.

Authorisation includes:

(a) a consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Government Agency; and

(b) in relation to anything which a Government Agency may prohibit or restrict within a specific period, the expiry of that period without intervention or action.

Board means the board of directors of Holdco 1.

Budget has the meaning set out in the Shareholders Deed.

Business Day means a day on which banks are open for business in Hong Kong excluding Saturdays, Sundays or public holidays.

Business Plan has the meaning set out in the Shareholders Deed.

Business Records means in relation to each Group Company:

(a) customer lists, order books and supplier lists;

(b) records of contracts and orders;

(c) records of receivables;

(d) records of employees and of the entitlements;

(e) computer programs, data bases, software and negatives;

(f) originals or copies of ledgers, journals and books of account;

(g) information on the marketing of services by the Business;

(h) results of research carried out and other know-how; and

(i) all other documents and records about the business of the relevant Group Company.

Class A Shares means the Class A ordinary shares of US$0.01 each in the capital of the Company which have the specific rights set out in the Memorandum and Articles.

Class B Shares means the Class B ordinary shares of US$0.01 each in the capital of the Company which have the specific rights set out in the Memorandum and Articles.

Completion means completion of the subscription for the Subscription Shares under this agreement and Complete has a corresponding meaning.

Completion Date means two Business Days after satisfaction or waiver of all of the conditions precedent set out in clause 3.1.

Contracts means any material contracts entered into in relation to the Mocha Business as disclosed to PBL prior to the date of execution of this agreement.

Control has the meaning given in the Shareholders Deed.

Director means a director for the time being of Holdco 1.

Disclosure Letter means the disclosure letter from Melco to the Subscriber (in a form agreed between Melco and the Subscriber at least five days prior to Completion) dated as at Completion.

Dollars, US$** and **$ means the lawful currency of the United States of America.

Dr Ho means Dr Ho Hung Sun, Stanley, the chairman and an executive director of Melco.

Employee means any employee of a Group Company.

First Gaming Business means the Mocha Business and the Park Hyatt Hotel/Casino Business.

Gaming Ventures has the meaning set out in Recital C.

Government Agency means any government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.

Greater China region has the meaning given to it in the Shareholders Deed.

Great Wonders means Great Wonders, Investments, Limited a company incorporated unde the laws of Macau, of Hotel Lisboa Old Wing, Avenida de Lisboa, Macau (a company owned as at the date of execution of this agreement as to 50% by Melco and as to 50% by STDM).

Group means each Group Company.

Group Companies means:

(a) Holdco 1;

(b) Holdco 2;

(c) Melco Entertainment;

(d) Great Wonders;

(e) Mocha Slot Group;

(f) Mocha Slot Management; and

(g) further companies incorporated from time to time as Subsidiaries of Holdco 1 at the direction of the Board for the purposes of the joint venture.

Holdco 2 means a company to be incorporated and once incorporated to be an exempted company incorporated under the laws of the Cayman Islands, of PO Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands (to be a wholly owned subsidiary of Holdco 1).

Holdco 2 Memorandum and Articles means the memorandum and articles of association set out in Attachment C.

Hong Kong S.A.R. has the meaning given to it in the Shareholders Deed.

HK$ means the lawful currency of Hong Kong.

Hyatt International means Hyatt International-Asia Pacific Limited of 24 th Floor, Prince's Building, Chater Road, Central, Hong Kong.

Immediately Available Funds means cash, bank cheque or electronic transfer.

Insolvency Event means in respect of any Company: that such company has been dissolved, is unable to meet its debts as they fall due, has become insolvent or gone into liquidation (unless such liquidation is for the purposes of a solvent reconstruction or amalgamation), entered into administration, administrative receivership, receivership, a voluntary arrangement, a scheme of arrangement with creditors (other than a scheme of arrangement in respect of any company that is able to meet its debts as and when they fall due and is not otherwise insolvent), any analogous or similar procedure in any jurisdiction other than Hong Kong or any form of procedure relating to insolvency or dissolution in any jurisdiction, but does not include a voluntary restructure in circumstances where the relevant company is able to meet its debts as and when they fall due and is not otherwise insolvent.

Intellectual Property Rights means all intellectual property and proprietary rights (whether registered or unregistered) wherever subsisting used in or forming part of the Mocha Business.

Land means a parcel of land with an area of 5,230 square meters located at Baixa da Tapa, Macau, described with the Land Registry Office of Macau under the no 21407, folio 125 of the Book B49.

Losses means losses, costs (including without limitation the fees, disbursements and other charges of counsel), expenses, claims, damages and liabilities.

Macau S.A.R has the meaning given to it in the Shareholders Deed.

Melco Entertainment means Melco Entertainment Limited, a company to be incorporated and once incorporated to be an exempted company incorporated under the laws of the Cayman Islands, of PO Box 908GT, Walker House, Mary Street, George Town, Grand Cayman, Cayman Islands (a company to be owned as at Completion as to 80% by Holdco 2 and as to 20% by Melco).

MelcoSub means Melco Leisure and Entertainment Group Limited an international business company incorporated under the laws of the British Virgin Islands, of PO Box 3136, Road Town, Tortola, British Virgin Islands (a wholly owned subsidiary of Melco).

Memorandum and Articles means the Memorandum and Articles of Association of Holdco 1 in the form set out in Attachment B.

Mocha Accounts means the audited accounts (including balance sheet, profit and loss statement and cash flow statement of the Mocha Group for the period ended on the Accounts Date.

Mocha Business means the electronic gaming machine lounge business in Macau carried on by the Mocha Group under the name "Mocha Slot Lounge" (in which Melco Entertainment is to have an 80% interest at Completion).

Mocha Business Assets means the assets used in or forming part of the Mocha Business.

Mocha Group means Mocha Slot Group and Mocha Slot Management.

Mocha Management Accounts means the unaudited management accounts (including balance sheet, profit and loss statement and cash flow statement) of the Mocha Group for the period from 1 January 2004 and ending on the Mocha Management Accounts Date.

Mocha Management Accounts Date means 30 November 2004.

Mocha Slot Group means Mocha Slot Group Limited, an international business company incorporated in the British Virgin Islands, of Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands (a company to be owned as at Completion as to 80% by Melco Entertainment and as to 20% by Dr Ho).

Mocha Slot Management means Mocha Slot Management Limited, a company incorporated under the laws of Macau of Estrada da Vitoria N ^{o}s 2 a 4, Hotel Royal, Macau S.A.R (a wholly owned subsidiary of Mocha Slot Group).

Park Hyatt Hotel/Casino Business means the business of building, owning and operating a six star hotel in Macau with a casino and an electronic gaming lounge to be named "Park Hyatt" carried on by Great Wonders (in which Melco Entertainment is intended to have a 70% interest at Completion).

Person has the meaning given in the Shareholders Deed.

Property Leases means leases, licences or arrangements entered into by a member of the Mocha Group over any property.

Residual Subscription Money means the Subscription Money less the Spend.

Security Interest means a right, interest, power or arrangement in relation to an asset which provides security for the payment or satisfaction of a debt, obligation or liability including without limitation under a bill of sale, mortgage, charge, lien, pledge, trust, power, deposit, hypothecation or arrangement for retention of title, and includes an agreement to grant or create any of those things.

Shareholder means a holder of Class A Shares or Class B Shares in Holdco 1.

Shareholders Deed means the shareholders deed in respect of Holdco 1 among Melco, MelcoSub, the Subscriber, PBL and Holdco 1 to be entered into at or before Completion in the form set out in Attachment D.

SJM means Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau and a subsidiary of STDM.

Spend has the meaning set out in clause 6(a).

STDM means Sociedade de Turismo Diversoes de Macau, S.A.R.L., a company incorporated under the laws of Macau of Avenida de Lisboa, 2 nd Floor, New Wing, Hotel Lisboa, Macau S.A.R..

Subscription Money means US$163,000,000 (one hundred and sixty three million US dollars) (being the total of the number of Subscription Shares multiplied by the Subscription Price) (as amended under clause 2.2).

Subscription Price means US$1,630,000 for each Subscription Share (as amended under clause 2.2).

Subscription Shares means 100 Class B Shares issued under this agreement at the Subscription Price.

Subsidiary has the same meaning as in Section 2 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong).

Tax means a tax, levy, impost, fee, deduction or withholding or duty of any nature, including, without limitation, stamp and transaction duty which is imposed or collected by a Government Agency and includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount in addition to those amounts.

Territory has the meaning given to it in the Shareholders Deed.

Warranties means the representations and warranties set out in Schedules 3, 4 and 5.

Part 2

(a) In this agreement unless the context otherwise requires:

(i) words importing the singular include the plural and vice versa;

(ii) words which are gender neutral or gender specific include each gender;

(iii) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;

(iv) an expression importing a natural person includes a Company, partnership, joint venture, association, corporation or other body corporate and a Government Agency;

(v) a reference to a thing (including, but not limited to, a chose-in-action or other right) includes a part of that thing;

(vi) a reference to a clause, party, schedule or attachment is a reference to a clause of or a party, schedule or attachment to this agreement and a reference to this agreement includes an attachment and schedule to this agreement;

(vii) a reference to a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law judgment, rule of common law or equity or a rule of an applicable stock exchange and is a reference to that law as amended, consolidated or replaced;

(viii) a reference to a document includes all amendments or supplements to that document, or replacements or novations of it;

(ix) a reference to a party to a document includes that party's successors and permitted assigns;

(x) an agreement on the part of two or more persons binds them severally; and

(xi) a reference to an agreement, other than this agreement, includes an undertaking, deed, agreement or legally enforceable arrangement or understanding, whether or not in writing.

(b) Where the day on or by which something must be done is not a Business Day, that thing must be done on or by the following Business Day.

(c) Headings are for convenience only and do not affect the interpretation of this agreement.

(d) This agreement may not be construed adversely to a party just because that party prepared it.

(e) A term or expression starting with a capital letter which is defined in this Dictionary, has the meaning given to it in this Dictionary.

ATTACHMENT B

MEMORANDUM AND ARTICLES OF ASSOCIATION OF HOLDCO 1

ATTACHMENT C

MEMORANDUM AND ARTICLES OF ASSOCIATION OF HOLDCO 2

ATTACHMENT D

SHAREHOLDERS DEED

ATTACHMENT E

LEGAL OPINIONS FROM WALKERS

Exhibit 4.5

SHAREHOLDERS' DEED
RELATING TO
MELCO PBL HOLDINGS LIMITED

MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED

MELCO INTERNATIONAL DEVELOPMENT LIMITED

PBL ASIA INVESTMENTS LIMITED

PUBLISHING AND BROADCASTING LIMITED

MELCO PBL HOLDINGS LIMITED

CONTENTS

DATE: 8th March, 2005

PARTIES

1. **MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED** an international business company incorporated under the laws of the British Virgin Islands of Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands (**MelcoSub**)
2. **MELCO INTERNATIONAL DEVELOPMENT LIMITED** a company incorporated under the laws of Hong Kong of 38 th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong (**Melco**)
3. **PBL ASIA INVESTMENTS LIMITED** an exempted company incorporated under the laws of the Cayman Islands of Walker House, Mary Street, P O Box 908GT, George Town, Grand Cayman, Cayman Islands (**PBLSub**)
4. **PUBLISHING AND BROADCASTING LIMITED (ACN 009 071 167)** a company incorporated under the laws of Western Australia of Level 2, 54 Park Street, Sydney NSW 2000 (**PBL**)
5. **MELCO PBL HOLDINGS LIMITED** an exempted company incorporated under the laws of the Cayman Islands of Walker House, Mary Street, P O Box 908GT, George Town, Grand Cayman, Cayman Islands (**Company**)

WHEREAS

(A) The parties have great knowledge in the gaming industry in their respective markets. Melco is strong in the Greater China market, while PBL has its strength in other Asia Pacific countries. The parties wish to combine forces and make use of their strengths to develop these markets in joint venture.

(B) Melco is currently engaged in the Mocha Business and has an interest the Park Hyatt Hotel/Casino Business (the Mocha Business and the Park Hyatt Hotel/Casino Business being hereinafter referred to as the **First Gaming Business**).

(C) The parties have formed a joint venture to develop gaming ventures in the Territory together (the **Gaming Ventures**), such that Melco will own an effective interest of 60% in all Gaming Ventures in the Greater China region (including the First Gaming Business) and PBL will own an effective interest of 60% in all Gaming Ventures in other countries in the Territory as more fully set out herein.

(D) PBLSub has agreed to invest in and become a 50% shareholder of the Company pursuant to the Subscription Agreement.

(E) The Company is a company limited by shares incorporated in the Cayman Islands and at the date hereof has an authorised capital of US$50,000 divided into 2,500,000 Class A shares of US$0.01 each of which 100 Class A shares are issued, fully paid and are legally and beneficially owned by MelcoSub and 2,500,000 Class B shares of US$0.01 each of which 100 Class B shares are issued, fully paid and are legally and beneficially owned by PBLSub.

(F) Consequently, Melco and PBL and their respective Wholly-Owned Subsidiaries and the Company have agreed to enter into this Deed.

(G) In consideration of PBL and PBLSub agreeing to enter into this Deed with MelcoSub for the benefit of Melco, Melco has agreed to guarantee to PBLSub and PBL, the performance by MelcoSub of its obligations under this Deed.

(H) In consideration of Melco and MelcoSub agreeing to enter into this Deed with PBLSub for the benefit of PBL, PBL has agreed to guarantee to MelcoSub and Melco, the performance by PBLSub of its obligations under this Deed.

THE PARTIES AGREE

1. THE DICTIONARY

1.1 Dictionary

The Dictionary in Attachment A:

(a) defines some of the capitalised terms used in this Deed; and

(b) sets out rules of interpretation which apply to this Deed.

2. THE COMPANY

2.1 Nature of Business

The business of the Company is:

(a) holding all of the issued share capital of Melco PBL International;

(b) holding an indirect 64% interest in the Mocha Business through Melco PBL International and Melco Entertainment;

(c) holding an indirect 56% interest in the Park Hyatt Hotel/Casino Business through Melco PBL International and Melco Entertainment;

(d) holding interests in other Gaming Ventures in the Territory as agreed under this Deed; and

(e) any other business determined by unanimous resolution of the Directors or agreed by the Shareholders from time to time.

2.2 Name of Company

The Company will be known as Melco PBL Holdings Limited or by such other name as the Board may determine.

2.3 Scope of the Business

The Company will conduct its affairs solely in accordance with this Deed and the Memorandum and Articles. The parties intend that the Company and its subsidiaries will become a premier gaming group in the Territory.

2.4 Term of Deed

This Deed will continue until terminated:

(a) in accordance with this Deed; or

(b) by written agreement among the parties; or

(c) if any Shareholder holds all of the issued Shares in the Company.

2.5 Potential NASDAQ Listing for Melco PBL International

The parties will use their reasonable endeavours to have Melco PBL International listed on NASDAQ at such time as the parties may agree.

2.6 Shareholding

As at the date of this Deed the shareholdings in the Company and the Group are as set out in the diagram in Attachment B. In particular, the shareholding structure of the Company is as follows:

Shareholder	Number of Shares	Percentage Holding
MelcoSub	100 Class A Shares	50%
PBLSub	100 Class B Shares	50%

Details in respect of the other companies in the Group are set out in Attachment C.

2.7 Exercise of Powers

Each Shareholder agrees to take all reasonable steps which are within its power and are necessary to procure that:

(a) its voting rights as a Shareholder in the Company;

(b) the voting rights of Directors nominated by it to the Board,

are exercised in a manner to ensure that the Company acts in conformity with this Deed. In addition, each Shareholder must ensure that each Director it appoints complies with this Deed and does all things necessary or desirable to give effect to this Deed.

3. BOARD OF DIRECTORS

3.1 Number of Directors

The maximum number of Directors must be eight unless the Shareholders unanimously agree otherwise.

3.2 Nominee Directors

Each of MelcoSub and PBLSub may, in its absolute discretion, appoint and, subject to clause 3.3, remove and replace, up to four Directors each.

3.3 Removal of Directors

(a) Only MelcoSub may remove a MelcoSub Director.

(b) Only PBLSub may remove a PBLSub Director.

3.4 Chairperson

(a) The Chairperson will be initially appointed from the directors appointed by MelcoSub and will hold office for a period of 12 months from the date of execution of this Deed. Thereafter, the right to appoint and remove the Chairperson shall rotate between the PBLSub Directors and the MelcoSub Directors on a 12-month rotating basis. Any Chairperson once appointed, will hold office for a period of 12 months from the date of appointment or until his earlier resignation or removal.

(b) The Directors present at a meeting may elect by Simple Resolution one of themselves to act as chairperson of that meeting if the Chairperson (or his nominated alternate) is not there or is unwilling to act as chairperson.

3.5 Notice

Notice to appoint or remove a person as a Director under this clause 3 must be in writing and takes effect on delivery to the Company. The remaining Directors shall ensure that the Registrar of Companies in the Cayman Islands is notified of any change and that the Register of Directors kept at the Company's registered office is updated.

3.6 Alternate Directors

(a) A Director appointed under this clause 3 may appoint an alternate director from time to time.

(b) An alternate director may attend and vote in place of the appointer and on his behalf if the appointer does not attend a meeting of Directors and sign written resolutions in place of the appointer.

(c) An alternate director is entitled to a separate vote for each Director the alternate director represents in addition to any vote that alternate director may have as a Director.

3.7 Quorum for board meeting

(a) Subject to paragraph (c), the quorum for a meeting of Directors is at least one MelcoSub Director (or his alternate) and one PBLSub Director (or his alternate).

(b) A Board meeting is adjourned to the same time and place on the same day the following week if a quorum is not present at that Board meeting unless otherwise determined by the Board.

(c) If a quorum is not present at the reconvened Board meeting, that meeting is adjourned to the same time and place on the next Business Day. The Directors present at the second reconvened Board meeting make up a quorum save in the case of matters referred to in clause 5.3 resolutions in respect of which remain subject to clause 5.3.

3.8 Notice of meetings

(a) The Board will meet at least four times during each Financial Year unless otherwise agreed. Each Director must receive at least ten Business Days notice of a Board meeting unless all Directors agree otherwise. The parties note that it is intended that board meetings for the Group Companies will be held on or around the same dates.

(b) The Board can only pass a resolution on a matter if notice of the general nature of the matter is included in the notice of meeting, unless all Directors agree otherwise whether or not all such Directors attend the meeting of the Board which considers the relevant resolution.

3.9 Meetings

(a) Each Director may be accompanied at meetings by any observer or adviser to that Director or the Shareholder who has appointed that Director (or the Affiliates of such Shareholder) provided that prior notice in writing is given to the Board and that observer or adviser has executed a confidentiality agreement in a form acceptable to the Board (such approval not to be unreasonably withheld).

(b) Subject to a Director's fiduciary and legal duties, a Director is entitled to pay attention to and have special regard for the interests of the Shareholder by or on behalf of whom he was appointed in exercising his rights, powers and duties as a Director.

(c) The contemporaneous linking together by telephone or other method of audio or audio visual communication of a number of the Directors sufficient to constitute a quorum constitutes a meeting, provided that all Directors have been given due notice of the meeting and an opportunity to participate. A meeting by audio or audio visual communication is taken to be held at the place determined by the chairperson of the meeting provided at least one of the Directors involved was at that place for the duration of the meeting.

(d) Unless this Deed requires otherwise, a document, or several documents in identical terms, signed by all Directors will be as valid and as effective as a resolution passed at a duly convened meeting of the Directors. A resolution in this form will be effective on the date on which the last Director (or alternate) signs it.

(e) All decisions of the Board which are within its powers and which are passed by the requisite majority at a duly convened meeting (or by an effective written resolution) will bind the Company. The form of any resolution as recorded by the Chairperson and approved by the Board will be presumptive proof (subject to rebuttal) of the content of that resolution.

3.10 Information

Each Director may disclose any Confidential Information to any Shareholder (or its Affiliates and its or their directors, financial and professional advisers) which has appointed that Director.

4. GENERAL MEETINGS

(a) Subject to paragraphs (d) and (e), no business may be transacted at any general meeting, except the election of a chairperson and the adjournment of the meeting, unless a quorum of members is present when the meeting proceeds to business and remains present throughout the meeting.

(b) Unless all Shareholders agree otherwise, each Shareholder must receive at least ten Business Days notice of a meeting. Unless all Shareholders agree otherwise, they cannot pass a resolution unless notice of the subject of that resolution was included in the notice of meeting.

(c) Subject to paragraph (e), the quorum for a general meeting is at least one duly authorised representative of MelcoSub and one duly authorised representative of PBLSub.

(d) If a quorum is not present at a general meeting, that meeting stands adjourned to the same day the following week at the same time and place.

(e) If a quorum is not present at any reconvened general meeting, that meeting stands adjourned to the same time and place on the next Business Day. The duly authorised representatives of Shareholders present at the second reconvened meeting make up a quorum save in the case of the matters referred to in clause 5.5 which shall remain subject to clause 5.5. A Shareholder may not pass a resolution at an adjourned general meeting unless notice of the subject of that resolution was contained in the notice of the original general meeting.

(f) Unless this Deed requires otherwise, a document, or several documents in identical terms, signed on behalf of both Shareholders will be as valid and as effective as a resolution passed at a duly convened meeting of the Shareholders. A resolution in this form will be effective on the date on which the last Shareholder signs it.

5. DECISION MAKING

5.1 Voting by directors

Subject to clause 5.6 and clauses 5.1(a) and 5.1(b) each Director has only one vote. The Chairperson does not have a casting vote. At any meeting of Directors or directors of the Company:

(a) the Directors appointed by MelcoSub who are present (whether in person or by alternate) are collectively entitled to exercise and unless the contrary is shown shall be deemed to have exercised a number of votes equal to the maximum number of Directors which may be appointed by MelcoSub for that relevant Group Company under this Deed, (whether or not MelcoSub has appointed such maximum number); and

(b) the Directors appointed by PBLSub who are present (whether in person or by alternate) are collectively entitled to exercise and unless the contrary is shown shall be deemed to have exercised a number of votes equal to the maximum number of Directors which may be appointed by PBLSub for that relevant Group Company under this Deed, (whether or not PBLSub has appointed such maximum number).

5.2 Directors' resolutions

All resolutions at meetings of the Directors may be decided by a Simple Resolution, except those decisions listed in clauses 5.3 and 5.4.

5.3 Decisions of Directors

A resolution of the board which concerns any of the following matters is only valid if two thirds of the Directors (or their alternates) validly appointed and entitled to vote at the date of the Board meeting vote in favour of that resolution (whether or not attending the Board meeting).

Constitution

(a) **memorandum and articles of association:** the recommendation to the Shareholders to modify or repeal the memorandum and articles of a Group Company;

(b) **Directors**: the appointment or removal of any director of a Group Company except as provided in clause 3;

(c) **committees**: the creation of a committee of the Board or delegation of any powers of the Board;

(d) **Directors' fees**: the payment of any fees or other remuneration to a Director other than under any service agreement with the Company;

Major Strategic

(e) **Business Plan**: the adoption of a Business Plan for the Company and/or for any Group Company or the authorisation of any change to, or deviation from, a Business Plan in any material respect;

(f) **Change in Business**: any material change in the nature or scope of the business of the Company, the cessation of the business of any Group Company or the entry into any new business by the Group other than the First Gaming Business, except as approved in a Business Plan;

(g) **Merger or amalgamation**: the terms of any merger or amalgamation of the Company with any other company whether or not in accordance with the Business Plan;

(h) **Joint Venture**: the entry into by the Company, or the amendment, release or termination of, any joint venture, partnership, agency or similar arrangement of any kind with any person;

(i) **Disposals**: the disposal of any assets of the Company or the shares in any Subsidiary of the Company in any Financial Year with a book value or market value of more than US$1,000,000 (otherwise than in accordance with the Business Plan);

(j) **Listing**: any application to a Stock Exchange for:

  (i) admission of the Company to the official list of a Stock Exchange; and

  (ii) official quotation of the shares in the Company on that Stock Exchange;

Major Financial

(k) **dividends:** the adoption of or change to any dividend policy or the declaration or payment of any dividend by the Company other than in accordance with any adopted dividend policy, except as approved in the Business Plan and/or Budget (with the parties acknowledging that it is the intention of the parties that any free cash flow of the Company should be distributed to the Shareholders);

(l) **distributions:** the making by the Company of any capital distribution or capitalisation of any profits or the creation of, or transfer to, any reserve account;

(m) **acquisitions of equity:** the acquisition by the Company of any Securities from any third party for a consideration of more than US$1,000,000, except as approved in a Business Plan and/or Budget;

(n) **expenditure:** the incurring of capital or operating expenditure of more than US$1,000,000 by the Company in a Financial Year, except as approved in a Business Plan and/or Budget;

(o) **material contracts:** the entry into by the Company of any agreement or arrangements, which alone or together with any other associated agreement or arrangement:

(i) is for a duration of more than 3 years;

(ii) involving the Company in a liability (actual or contingent) for an amount of more than US$1,000,000; or

(iii) is outside the ordinary course of business, except as approved in the Business Plan and/or Budget.

(p) **auditor**: the appointment or removal of the Auditor;

(q) **accounting policies**: the establishment of or any change in a material respect to the accounting policies or practices or financial reporting system of any Group Company;

(r) **financial year**: the adoption or change of the Financial Year for the Company;

(s) **new issues:** the issue or offer or agreement to issue any Securities of the Company;

(t) **class rights:** any recommendation to Shareholders to change any rights attaching to any class of Securities of the Company;

(u) **capital reduction:** any buy back, redemption or cancellation of any Securities of the Company, or reduction, split, consolidation or other reconstruction of the share capital of the Company, to the extent that such action is under the control of the Directors and to the extent that such action requires Shareholder consent, any proposal to the Shareholders in relation to obtaining such consent;

(v) **superannuation:** the establishment by the Company of a pension scheme for employees or a scheme covering superannuation generally, other than schemes prescribed by law;

(w) **borrowing:** the borrowing, raising or receiving of any financial accommodation (including to or from any Shareholder) by the Company, or the making of any material unscheduled repayments of any financial accommodation, except to the extent approved in a Business Plan and/or Budget;

(x) **provision of financial accommodation:** the provision by the Company of any financial accommodation to any person, other than in the ordinary course of the First Gaming Business;

(y) **place of business:** the establishment by the Company of any new business;

(z) **security interest:** the grant of a Security Interest over an asset of the Company otherwise than by operation of law;

(aa) **guarantees:** the giving by the Company of a guarantee, indemnity or other assurance for a debt or obligation of another person or about the financial condition of that person, or becoming liable under any of those things;

(bb) **related party transactions:** Except as contemplated in this Deed:

(i) the entry into by the Company of any agreement or arrangement with any Shareholder or with any Related Party or Affiliate of any Shareholder or the Company, whether that agreement or arrangement is oral or in writing; or

(ii) the amendment, release or termination of any agreement or arrangement with any Shareholder or with any Related Party or Affiliate of any Shareholder or the Company, whether that agreement or arrangement is oral or in writing;

(cc) **litigation:** the commencement, defence, compromise or settlement by the Company of any litigation, arbitration, remediation or a similar procedure involving a claim of more than US$100,000 or the waiving or enforcement of any material rights of the Company in respect of such a claim;

(dd) **share option plan:** the establishment, implementation, amendment or termination of any share option plan, or the allocation of Securities under any share option plan;

(ee) **real property:** the purchase, Disposal, lease by the Company of, or any other dealing by the Company in, any real property or any interest therein involving real property with a value or commitment of more than US$1,000,000;

Budget Process

(ff) **budget:** the adoption of a Budget for the Company or the authorisation of any change to, or deviation from, a Budget in any material respect; and

Management

(gg) **senior management:** the appointment, removal or the making of any material alteration to the terms of employment of the Chief Executive Officer or Chief Financial Officer of the Company.

5.4 Amendment of financial limits

The Directors who are from time to time appointed to the Board may amend a financial limit in clause 5.3 by resolution passed unanimously at a duly convened Board meeting.

5.5 Shareholders' resolutions

Notwithstanding anything in this Deed or the Memorandum and Articles, the prior approval of all Shareholders (whether at a general meeting or by written resolution) is needed to:

(a) appoint a liquidator to the Company or propose a winding up of the Company;

(b) amend or replace the Memorandum and Articles;

(c) approve a scheme of arrangement to merge or amalgamate the Company with another Company;

(d) change the name of the Company;

(e) effect any capital reduction or buy back of Shares by the Company; or

(f) give effect to any matter set out in clause 5.3 where the approval of Shareholders (rather than Directors) is required by law to give effect to such matter.

5.6 Conflict of Interest

For any matter before the Board which requires the Board to determine whether the Company should enforce a right against a Shareholder (the **Respondent**), or any Affiliate or Related Party of the Respondent, in relation to, without limitation, a liability, loss, cost, charge or expense paid, suffered or incurred by the Company from an act or omission of that person then:

(a) the MelcoSub Directors and the PBLSub Directors will discuss the issue in good faith with a view to reaching an agreed solution;

(b) if an agreed solution cannot be reached within a period of 60 days of the issue first being raised, then the matter will be referred to the respective chief executive officers of Melco and PBL for consideration;

(c) if the respective chief executive officers of Melco and PBL cannot resolve the issue within 60 days of it being referred to them then any Director may convene a Board meeting to consider the issue and:

(i) the quorum for that Board meeting shall be the presence of all Directors who were not appointed by the Respondent; and

(ii) any resolution for dealing with that matter may be passed by the affirmative vote of all the Directors who were not appointed by the Respondent (who, having taken competent independent legal advice on behalf of the Company, must act in the best interests of the Company and without regard to the interests of their appointing Shareholder) and any contrary vote by a Director appointed by the Respondent shall be disregarded.

5.7 Related Party Dealings

Any arrangement or transaction between the Company and Melco (or its Affiliates and/or Related Parties) or PBL (or its Affiliates and/or Related Parties) must be on commercial terms and on an arm's length basis.

5.8 Group Companies

(a) Each Shareholder and the Company agrees, and must use all reasonable endeavours to ensure that (subject to paragraphs (b) – (e) below or as otherwise agreed by them in writing):

(i) the board and operation of each Group Company (other than the Company) complies with at least the rules set out in this clause 5;

(ii) they or as applicable, their Affiliates' Interests in and dealings with the Group Company under this joint venture are subject to the principles and procedures in this Deed relating to Shareholders' dealings with the Company and in the Shares (including, for the avoidance of doubt, provisions relating to disposals of the Shares under clause 12 (and clause 18) and transfers pursuant to clause 13); and

(iii) each Group Company adopts the constitution and corporate governance procedures to give effect to the procedures, principles and purposes of the joint venture established by this Deed. Where appropriate, provisions of this clause 5, clause 12 shall apply to each Group Company as if a reference to the Company, Board, Director, Chief Executive Officer, Chief

Financial Officer, Shareholders and Shares were a reference to the relevant Group Company, board, chief executive office, chief financial officer, director, shareholders, and shares of the relevant Group Company respectively.

(b) The Board will determine the exercise by the Company of its rights and powers to effect appointments to the board and to change the board composition of each Group Company (other than the Company) and to join in or oppose the appointment or proposed appointment by any third parties of directors to the board of a Group Company under the articles of association of the relevant Group Company or under a shareholders agreement concerning a Group Company which is binding on the Company or the relevant Group Company. The Board will exercise its powers with regard to such appointments with the intent that:

(i) subject to clauses 5.8(c) and 5.8(d) an equal number of directors appointed by the Company to the relevant Group Company shall be the nominees of the respective Shareholders; and

(ii) subject to their fiduciary duties and any duty imposed by law, any nominee director on the board of a relevant Group Company (other than the Company) must vote as directed by a resolution of the Board (if applicable).

(c) The Shareholders agree that, for as long as MelcoSub holds a separate interest of 20% in Melco Entertainment or other company incorporated pursuant to clause 15.2 (collectively the **Melco Relevant Entity**) (in addition to its indirect 40% interest in the Melco Relevant Entity through Melco PBL International) then:

(i) the board of the Melco Relevant Entity will be comprised of nine directors with MelcoSub having the right to appoint (and shall appoint) and remove one director and Melco PBL International having the right to appoint (and shall appoint) and remove eight directors; and

(ii) the chief executive officer and chief financial officer of the Melco Relevant Entity shall be appointed from among the directors nominated (directly or indirectly) by MelcoSub (subject to the approval of the Board not to be unreasonably withheld).

If MelcoSub ceases to hold the separate interest of 20% in the Melco Relevant Entity then the provisions of Clause 5.8(c) providing for MelcoSub to appoint one director to the board of such company and to nominate the chief executive officer and chief financial officer shall cease to apply.

(d) The Shareholders agree that, for as long as PBLSub holds a separate interest of 20% in PBL Entertainment (when it is incorporated) or other company incorporated pursuant to clause 15.3 (collectively the **PBL Relevant Entity**) (in addition to its indirect 40% interest in the PBL Relevant Entity through Melco PBL International) then:

(i) the board of the PBL Relevant Entity will be comprised of nine directors with PBLSub having the right to appoint and remove one director and Melco PBL International having the right to appoint and remove eight directors; and

(ii) the chief executive officer and chief financial officer of the PBL Relevant Entity shall be appointed from among the directors nominated (directly or indirectly) by PBLSub (subject to the approval of the Board, not to be unreasonably withheld).

If PBLSub ceases to hold the separate interest of 20% in the PBL Relevant Entity then the provisions of clause 5.8(d) providing for PBLSub to appoint one director to the board of such company and to nominate the chief executive officer and chief financial officer shall cease to apply.

(e) Other than as provided in paragraphs (c) and (d) above, the Melco Relevant Entity and the PBL Relevant Entity will be managed according to the principles set out in paragraphs (a) and (b) above (and, for the avoidance of doubt, the provisions of clause 5.3 will apply to them).

5.9 Board deadlock

If the Directors cannot agree in respect of any matter reserved for Board decision under this Deed or by law then if such deadlock continues for a period of 90 days without resolution, either Shareholder may, notwithstanding that the period referred to in clause 12.2 has not expired, exercise its rights under clause 12 of this Deed subject always to the terms of that clause.

6. BUDGET AND BUSINESS PLAN

6.1 Annual budget

The Company and each Shareholder must use reasonable endeavours to ensure that, before the end of any Financial Year, the Directors adopt an annual Budget for the Company in accordance with clause 5.3 for the following Financial Year in a form, and the content of which is, approved by the Directors. The Company and the Shareholders must ensure that the Company conducts its affairs in accordance with the Budget. The Budget will include the amounts and terms for any funding contribution to be made by Shareholders.

6.2 Business plan

(a) The Company and each Shareholder must use reasonable endeavours to ensure that, before the end of each Financial Year, the Directors adopt a Business Plan for the Company in accordance with clause 5.3 for the following Financial Year in a form, and the content of which is, approved by the Directors.

(b) Each Business Plan must include information about the following matters but is not limited to those matters:

(i) business strategy;

(ii) personnel policy and hiring plans;

(iii) funding strategy;

(iv) financing requirements for working capital, investment and expansion;

(v) cash flow forecasts;

(vi) profit targets; and

(vii) a marketing plan.

7. WORKING CAPITAL

7.1 Cash Contributions

The Shareholders will make cash contributions to the Company in the amounts specified and on the basis provided for in the relevant Budget (as adopted from time to time in accordance with this Deed) and in the same proportion as their Proportionate Share up to the Maximum Capital Contribution Amount in each Financial Year. Provided that the cash contribution is in accordance with a relevant Business Plan and/or Budget and there is not an Event of Default by the Shareholder proposing to make the Call either MelcoSub or PBLSub may call on the Shareholders to make a cash contribution to enable the Company to meet expenditures to be incurred under the relevant Business Plan and/or Budget (each a Call). Each Call will be made by notice to the Shareholders, setting out the amount to be paid by each Shareholder, calculated in accordance with its Proportionate Share. Other than as expressly provided in this clause 7.1, no party will have any obligation to provide funding to the Company. If a Shareholder fails to pay a Call within 30 days of receiving a notice requesting the Call then unless there is an Event of Default outstanding by the Shareholder making the relevant Call, the Company will issue a second notice to that Shareholder demanding payment of the Call (**Overdue Call Notice**). Unless otherwise determined by the Board under clause 5.3, any cash contributions provided by a Shareholder shall be treated as share premium attributable to the relevant Shareholder's Shares but without thereby conferring any preferred rights over other Shares, whether as to distribution of profits, return of capital or otherwise.

7.2 Bank Account

All amounts paid by the Shareholders (including interest paid by a Shareholder on overdue Calls) which are not immediately required to be expended will be deposited and retained in a Company Bank Account. The Company must ensure that:

(a) the Company Bank Account is operated in accordance with policies established from time to time by the Board; and

(b) funds in the Company Bank Account:

  (i) may only be withdrawn by the authorised signatories in accordance with the agreed rules in respect of operating the bank accounts set out in Attachment E to this Deed or as otherwise approved by a resolution of the Board;

(ii) are not commingled with funds belonging to any other person; and

(iii) are used solely for the purposes of the Mocha Business or the Park Hyatt Hotel/Casino Business as determined by the Board or such other business as determined by the Board in accordance with clause 5.3.

7.3 Interest on Overdue Calls

If a Call is paid by a Shareholder after the due date for such Call, the Shareholder will pay interest on the late payment to the Company. Interest will be calculated on a daily basis at the Reference Rate plus 3% per annum for the period from the due date of the Call until the date of actual payment of the Call by the Shareholder and will be paid into a Company Bank Account.

8. SHAREHOLDER OBLIGATIONS

8.1 General Obligations

Each Shareholder will:

(a) act in good faith to the other Shareholder in any transaction relating to the Company;

(b) promptly pay into the Company Bank Account all money, cheques and negotiable instruments received by the Shareholder on account of the Company;

(c) promptly advise the other Shareholder of any matter or material information concerning the Company which may come to the Shareholder's notice; and

(d) at all times give to the other Shareholder a full and proper account of any action the Shareholder proposes to take in respect of the Company which has not been authorised by the Shareholders and at the reasonable request of the other Shareholder, furnish a full and accurate explanation of any action the Shareholder takes which affects the Company in any way.

9. MANAGEMENT OF THE COMPANY

9.1 Senior Management

Subject to clauses 5.8(c) and (d), the Board may by unanimous resolution appoint a chief executive officer and chief financial officer to manage and generally administer the Company in accordance with the Business Plan and the Budget at the direction of the Board.

9.2 Delegated Authority of the Chief Executive Officer

The Chief Executive Officer (if any) shall report to the Board and, if appointed, will have the delegated authorities as set by the Board from time to time (which delegated authorities will be sufficient for the Chief Executive Officer to have day to day responsibility for the Company).

9.3 Conduct of business

The Company must:

(a) **maintain property:** keep its property in good working order and condition subject to fair wear and tear, and make any necessary repairs and replacements;

(b) **comply with laws and agreements:** comply with all laws and agreements binding on it;

(c) **government requirements:** comply with the requirements of a Government Agency about the conduct of its business and its assets;

(d) **corporate existence:** maintain its corporate existence;

(e) **Budget and Business Plan:** conduct its business in accordance with its current Budget and Business Plan;

(f) **insurance:** keep insurance which the Shareholders may require or which would be prudently kept by any company which holds assets similar to the Group Companies and carries on a business similar to the business of the Company including without limitation directors and officers liability insurance cover for at least US$10 million; and

(g) **conduct of business:** ensure the conduct of the business of its Group Companies in accordance with the procedures, principles and purposes of the joint venture set out in this Deed and cause the adoption by each Group Company of an appropriate constitution and corporate governance regime to give proper effect to this clause.

9.4 Maintenance of records

The Company must maintain books and records which enable each of the Shareholders to prepare accounts which comply with the Accounting Standards.

10. PROVISION OF INFORMATION

10.1 Periodic reports

The Company must give each Director and each Shareholder (or its Affiliates) access to all information about its business and operations including, but not limited to, the following reports in reasonable detail:

(a) **monthly financial statements and projections:** as soon as practicable after the end of each month, but no later than 15 days after the end of each month:

  (i) an unaudited profit and loss statement and monthly cash flow statement of each Group Company for the month and for the current Financial Year to date;

  (ii) an unaudited balance sheet of each Group Company as at the end of the month; and

  (iii) comparisons to Budget of each Group Company and details of any proposed revision of the original Budget;

(b) **balance sheet and profit and loss statement:** within 60 days after the end of each Financial Year, an audited profit and loss statement and balance sheet for that Financial Year for each Group Company;

(c) **cash flow statement:** within 60 days after the end of each Financial Year, an audited cash flow statement for that Financial Year for each Group Company; and

(d) **other information**: subject to clause 10.4, information requested by a Director to enable the Company or a Shareholder to give to a Government Agency information required by that Government Agency at the cost of the Shareholder.

10.2 Reports for the Stock Exchange

The Company must make available (at the cost of the Company) to each Shareholder the information necessary to enable that Shareholder to comply with its obligations under the Listing Rules binding on it.

10.3 Audit

The Company must ensure that the accounts of each Group Company are audited annually by the auditor of the Group Company in accordance with the Accounting Standards.

10.4 Access to information

Subject to the provision of reasonable prior notice, the Company must allow a Director or Shareholder or a duly authorised representative of a Shareholder to:

(a) inspect property of each Group Company;

(b) inspect and take copies of a document about the business of each Group Company, including its accounts; and

(c) discuss the affairs, finances and accounts of each Group Company with the officers and auditor of the Group Company.

11. CONFIDENTIALITY

(a) A party may not disclose any Confidential Information to any person, except:

(i) as a media announcement in the form agreed between the parties;

(ii) to its officers, employees, professional advisers, auditors or consultants, to the extent that person requires the information for the purposes of performing their respective functions;

(iii) to its shareholders subject to first obtaining written confidentiality undertakings from those shareholders in a form agreed by the Company and those parties who are at that time entitled to appoint or remove a Director;

(iv) as required by an applicable law, regulatory authority (including gaming regulatory authorities), applicable Stock Exchange or the Listing Rules after first consulting with the other parties about the form and content of the disclosure; or

(v) if a party is required to do so in connection with legal proceedings relating to this Deed, or relating to any agreement to which that person is a party, provided that, except where the legal proceedings are taken by one party against another party, each other party is first consulted, and is given a reasonable opportunity to assert any right and privilege, confidentiality, or any other right which may prevail, over that party's duty of disclosure,

and must use its best endeavours to ensure the Confidential Information (unless disclosed under sub-paragraphs (i)-(v)) is kept confidential.

12. DISPOSAL OF SHARES

12.1 No Disposal of Shares

(a) Except for a transfer as provided for in paragraphs (b) and (c) below and subject to clauses 13 and 18, each Shareholder must:

(i) not create any Security Interest or agree or offer to create any Security Interest, in its Shares; and

(ii) not Dispose or agree to Dispose of any of its Shares, or do or omit to do any act if the act or omission would have the effect of transferring effective legal or beneficial ownership or control of Shares,

except in the manner allowed by this clause 12 or clauses 13 or 18.

(b) Subject to paragraph (c), a Shareholder may transfer all of its Shares at any time to a Permitted Transferee and the provisions of clauses 12.2 to 12.6 shall not apply to such a transfer.

(c) If the Permitted Transferee ceases to be a Wholly-Owned Subsidiary of a transferring Shareholder, PBL or Melco (as the case may be) it must transfer the Shares the subject of the transfer under sub-paragraph (b) to the transferring Shareholder or another of the transferring Shareholder's Wholly-Owned Subsidiaries within 5 Business Days of the date of the Permitted Transferee ceasing to be a Wholly-Owned Subsidiary of a transferring Shareholder, PBL or Melco, as the case may be.

(d) The Company must note on each share certificate that the Shares may only be transferred in accordance with the Memorandum and Articles and this Deed.

12.2 Standstill Period

Subject to clauses 5.9, 12.1(b) and (c), 13 and 18, a Shareholder must not Dispose of any of their Shares during the period commencing on the date of execution of this Deed (the **Execution Date**) and ending on the date which is 5 years from the Execution Date.

12.3 Notice of Sale

(a) Subject to clause 12.2, a Shareholder who wants to Dispose of any Shares (other than a transfer in accordance with clause 12.1(b) or clauses 13 or 18) must, before Disposing of those Shares, serve a Notice of Sale on the Other Shareholder (which notice is irrevocable, save with the consent of the Other Shareholder) specifying:

(i) **number:** the number of Sale Shares;

(ii) **price:** the sale price per Sale Share in US dollars;

(iii) **terms:** any other terms of the proposed Disposal; and

(iv) **option:** that the Other Shareholder has an option to buy from the Seller that number of Shares, on the terms set out in the Notice of Sale, if that Other Shareholder complies with this clause 12,

and certifying that there are no other terms or collateral benefits that will or may be received by the Shareholder who wants to Dispose of Shares in connection with the Disposal.

12.4 Exercise of Other Shareholder's option to buy Sale Shares

(a) At any time within the Acceptance Period, the Other Shareholder may, by giving notice to the Company and the Seller, offer to buy from the Seller on the terms referred to in the Notice of Sale, that number of Sale Shares identified in that notice, which must be all of the Sale Shares, except where the parties otherwise agree.

(b) If the Accepting Shareholder serves notice on the Seller under paragraph (a):

(i) the Seller must sell to the Accepting Shareholder the Sale Shares; and

(ii) the Accepting Shareholder must buy the Sale Shares,

on the terms set out in the Notice of Sale served under clause 12.3 and free of any Security Interest.

(c) Within 30 days of the date of service of the Notice of Sale and against the Accepting Shareholder paying to the Seller the required sale consideration and doing all things necessary to be done by the Accepting Shareholder to complete the sale and purchase of the Sale Shares, the Seller must give the Accepting Shareholder a transfer of the relevant number of Sale Shares (free of any Security Interest) signed by the Seller.

(d) The Seller must give the Accepting Shareholder the share certificates for the Sale Shares at the same time as it gives the Accepting Shareholder a transfer under paragraph (c). The Seller and the Accepting Shareholder agree that they will procure that a Board meeting is held to approve the transfer on the date of the transfer and will procure any Directors appointed by them to vote in favour of the transfer.

(e) Immediately on the transfer of the Sale Shares, the Seller must procure that any Directors it has appointed to the Board of the Company (and to the board of any Group Companies) resign with immediate effect.

(f) The Seller appoints the Accepting Shareholder as its attorney in accordance with clause 21 on default by it of performance of any of its obligations under this clause 12.4.

12.5 Sale Shares not purchased by Other Shareholder

(a) If an offer is not received from the Other Shareholder under clause 12.4(a) to purchase all the Sale Shares, or an Accepting Shareholder defaults in paying for the Sale Shares in accordance with clause 12.4(c), then subject to clauses 12.5(b), 12.5(c), 12.5(e) and 12.6, the Seller may offer to sell the Sale Shares to any third party buyer on the terms of clauses 12.7 and 12.8.

(b) For the purpose of clause 12.5(a), the Seller may only sell to a third party buyer who, with its Affiliates, has a net tangible asset value at the relevant time of not less than HK$500 million (five hundred million Hong Kong dollars) or, if the third party buyer is listed on a Stock Exchange, then a third party buyer with a market capitalisation of one billion Hong Kong dollars or more.

(c) The Seller must not sell the Sale Shares for a lower price than that specified in the Notice of Sale or otherwise on more beneficial terms.

(d) The Seller must give a copy of any agreement (if any) with the third party buyer relating to the Sale Shares to the Other Shareholder within 3 days of signing the agreement.

(e) If the Seller does not sell the Sale Shares within 90 days of service of the Notice of Sale it may not sell those Sale Shares without giving a Notice of Sale pursuant to clause 12.3 and complying again with the further provisions of this clause 12.

12.6 Tag Along

(a) If either (i) the Other Shareholder elects not to offer to purchase the Sales Shares under clause 12.4(a) or (ii) the Acceptance Period expires without the Other Shareholder offering to purchase the Sale Shares under clause 12.4(a), then the Other Shareholder may give a notice (a **Tag Along Notice**) to the Seller within the Tag Along Period that it wishes to sell to the third party buyer the same proportion of its Shares as the number of Shares to be sold by the Seller bears to the total number of Shares held by the Seller.

(b) If a Tag Along Notice is given, the Seller may only sell any number of the Sale Shares to the proposed buyer if the Seller procures that the proposed buyer purchases from the Other Shareholder (who has given a Tag Along Notice) the same proportion of its Shares as the number of Sale Shares bears to the total number of Shares held by the Seller on the same terms and conditions as the proposed buyer purchases any of the Sale Shares from the Seller.

(c) For the avoidance of doubt, if the proposed buyer does not purchase the Shares referred to in any Tag Along Notice in accordance with paragraph (b) the Seller may not sell any of the Sale Shares to the proposed buyer.

12.7 Consents

If any consents are required from any third party or Government Agency in connection with the transfer of Shares (not arising from the status or circumstances of the transferors), then each party must use its best endeavours (which phrase will not require a party to expend money) to ensure that such consents are obtained in a timely manner and any time periods for the purchase of Shares referred to in this clause 12 will be extended by such period as necessary to obtain such consents (not to exceed 30 days in any event).

12.8 New Shareholders to be bound

A Shareholder who Disposes of Shares under this clause 12 must ensure that, prior to completion of any Disposal, the proposed transferee enters into a deed of adherence with the other parties agreeing to be bound by this Deed as if named as a party and a Shareholder.

12.9 Refusal to register

Subject to any applicable laws, the Company must not register the transfer of any Shares if this clause 12 or clauses 13 or 18 (as the case may be) has not been complied with and any purported Disposal in breach of this clause 12 or clauses 13 or 18 is void.

13. EVENTS OF DEFAULT

13.1 Events of Default

It is an Event of Default if:

(a) **Material breach:**

(i) a party (other than the Company) breaches a material obligation under this Deed;

(ii) a party (other than the Company) gives written notice of the breach to the Shareholder in default and to the Company; and

(iii) the party (other than the Company) in default does not remedy the breach within 30 days of the date of the notice;

(b) **Insolvency event:** an Insolvency Event occurs in relation to a party (other than the Company);

(c) **Disposal of Shares:** there is a Disposal of Shares by a Shareholder in breach of the Memorandum and Articles or this Deed;

(d) **Failure to pay Call:** a Shareholder fails to pay a Call within 5 days of receiving an Overdue Call Notice pursuant to clause 7.1; or

(e) **Change in control:** unless prior approval is obtained from each of the parties (other than the Company) in writing to the proposed change:

(i) in respect of MelcoSub or any MelcoSub Transferee to which MelcoSub has transferred Shares in accordance with clause 12.1(b), MelcoSub or the MelcoSub Transferee ceases to be a direct or indirect Wholly-Owned Subsidiary of Melco unless all the Shares are transferred to a Wholly-Owned Subsidiary of Melco in accordance with clause 12.1(c); or

(ii) in respect of PBLSub or any PBLSub Transferee to which PBLSub has transferred Shares in accordance with clause 12.1(b), PBLSub or the PBLSub Transferee ceases to be a direct or indirect Wholly-Owned Subsidiary of PBL unless all the Shares are transferred to a Wholly-Owned Subsidiary of PBL in accordance with clause 12.1(c).

13.2 Process on default

(a) If an Event of Default occurs with respect to a Defaulting Shareholder, the Non-Defaulting Shareholder may give the Defaulting

Shareholder a notice (**Default Notice**) within 30 days of becoming aware of the Event of Default, requiring the appointment of the Independent Expert to determine the Fair Market Value of the Company in accordance with this clause 13.

(b) A Default Notice must be given to the Defaulting Shareholder and the Company.

(c) Within 5 Business Days after the Non-Defaulting Shareholder serves a Default Notice on the Defaulting Shareholder, the Shareholders must appoint an Independent Expert to determine the Fair Market Value of the Company (on the basis of the principles set out in Attachment D).

(d) If the Shareholders cannot agree on the identity of the Independent Expert within the time period referred to in paragraph (c) above, either Shareholder may request the President of the Institute of Certified Public Accountants in Hong Kong to appoint the Independent Expert.

(e) The Independent Expert will issue a certificate to both Shareholders specifying the Fair Market Value of the Company as soon as reasonably practicable but in any event within 30 days of its appointment (the **Determination Date**).

(f) The parties must promptly provide all information and assistance reasonably requested by the Independent Expert.

(g) The Fair Market Value per Share shall be the total aggregate amount of the Independent Expert's valuation of the Company divided by the total aggregate number of Shares.

(h) Any valuation by the Independent Expert is conclusive and binding on the Shareholders in the absence of manifest error. The Independent Expert is appointed as an expert, not as an arbitrator. Each Shareholder shall be entitled to make representations to the Independent Expert as to the appropriate Fair Market Value of the Company.

(i) The costs of the Independent Expert shall be borne by the Defaulting Shareholder.

(j) The Defaulting Shareholder appoints the Non-Defaulting Shareholder as its attorney in accordance with clause 21 on default by it of performance of any of its obligations under this clause 13.

13.3 Put/Call Option

The Defaulting Shareholder grants to the Non-Defaulting Shareholder on the Determination Date:

(i) a non-tradeable call option (the **Call Option**) exercisable for 120 days after the Determination Date to purchase all (and not some) of the Defaulting Shareholder's Shares at a purchase price equal to 90% of the Fair Market Value of those Shares as of the Determination Date; and

(ii) a non-tradeable put option (the **Put Option**) exercisable for 120 days after the Determination Date to sell all (and not some) of the Non-Defaulting Shareholder's Shares to the Defaulting Shareholder at a purchase price equal to 110% of the Fair Market Value of those Shares, as of the Determination Date.

13.4 Transfer of Shares

(a) Within 30 days of the exercise of the Call Option or the Put Option (as the case may be) the transferring Shareholder (the **Transferor**) must sell to the transferee Shareholder or its nominee (the **Transferee**) all of its Shares and the Transferee must purchase those Shares at the price determined under clause 13.2.

(b) The Transferor will warrant in favour of the Transferee, such warranty to be set out in the relevant share transfer forms transferring the Shares, that the Transferor transfers to the Transferee clear and unencumbered legal title to and beneficial ownership of the Shares being transferred (the **Transfer Securities**), free of any Security Interests or third party rights.

(c) The purchase price payable for the Transfer Securities is payable in Immediately Available Funds on the closing of the purchase and sale, which must take place on the day which is 15 Business Days after the date of exercise of the Call Option or the Put Option (as the case may be).

(d) At the closing of the purchase and sale, the Transferor must deliver to the Transferee:

(i) the share certificates and executed share transfer forms for the Transfer Securities;

(ii) a written resignation from each Director of the Company appointed by the Transferor as the Transferor's nominees on the board of directors of any Group Companies; and

(iii) a duly executed notice appointing the Transferee as the Transferor's proxy in respect of the Transfer Securities until such time as those Shares are registered in the name of the Transferee.

13.5 Consents

If any consents are required from any third party or Government Agency in connection with the transfer of Shares (not arising from the status or circumstances of the transferor), then each party must use its best endeavours (which phrase will not require a party to expend money) to ensure that such consents are obtained in a timely manner and any time periods for the purchase of Shares referred to in this clause 13 will be extended by such period as necessary to obtain such consents (not to exceed 30 days in any event).

13.6 Other remedies

If a Shareholder does not give a Default Notice, it (and/or its Affiliates) may bring a claim for equitable or legal remedies as it deems appropriate. If a Shareholder does give a Default Notice and proceeds to purchase the Defaulting Shareholder's Shares or sell its Shares to the Defaulting Shareholder then that will be its (and its Affiliate's) sole remedy for the relevant Event of Default but without prejudice to such Shareholder's rights in respect of any other Event of Default (unless taken into account in the determination of Fair Market Value).

13.7 Deed no longer applies

Once a party is no longer a Shareholder, that party has no further rights or obligations under this Deed except under:

(a) clause 11 (Confidentiality);

(b) clause 23.2 (Costs and expenses); or

(c) a right of action or claim of or against that party which arose while the party was a Shareholder.

14. EXCLUSIVITY

14.1 Exclusivity

Subject to clauses 14.2 and 15.4, each of Melco and PBL must not (and must ensure that their respective Affiliates and Major Shareholders do not), during the term of this Deed, other than through the Group, directly or indirectly carry on an Exclusive Business in the Territory or acquire or hold an Interest in any Person who carries on an Exclusive Business in the Territory.

14.2 Exceptions to Exclusivity

Notwithstanding clause 14.1, PBL and Melco and their respective Affiliates and Major Shareholders may, separate and apart from the Group:

(a) acquire and hold (in aggregate) up to 5% of the Voting Securities in any public company (which is engaged or involved in an Exclusive Business in the Territory) the shares of which are quoted on a Stock Exchange; or

(b) engage in any activity which would otherwise contravene clause 14.1 if it obtains the prior written consent of the other parties.

14.3 Injunctive Relief Period

The parties acknowledge that damages will not be an adequate remedy for any breach of clause 14.1 and as such, the Company, MelcoSub, Melco, PBLSub or PBL respectively are entitled to obtain an injunction against the breaching party to restrain and prevent such breach.

14.4 Cure Period

(a) Notwithstanding clause 14.3, a breach of clause 14.1 shall not be treated as an Event of Default by Melco, or, as the case may be, PBL, for the purposes of clause 13 PROVIDED that the relevant matter is:

  (i) the acquisition (by purchase, merger or otherwise), of an Interest in a Person who is or whose Affiliates are, engaged or involved in an Exclusive Business in the Territory;

(ii) that the Exclusive Business in the Territory is not the main undertaking of that Person and its Affiliates; and

(iii) the dominant purpose of the acquisition is not that of acquiring an Interest in an Exclusive Business, and the party in potential breach cures the breach within the time provided in clause 14.4(b).

(b) On notification of a breach or on becoming aware of a breach of clause 14.1 which is within clause 14.4(a), PBL or, as the case may be, Melco (and, if applicable, their respective Affiliates or Major Shareholders) who has acquired an Interest in a Person carrying on an Exclusive Business in the Territory shall take steps to cure the breach by ceasing to hold an Interest in any Person carrying on an Exclusive Business in the Territory (whether by disposing of that Interest or that Person ceasing to carry on the Exclusive Business in the Territory) within 6 months of the date of notification or becoming aware of the breach.

(c) A party shall not be entitled to make a demand under clause 16 or, as the case may be, clause 17, in respect of a breach of clause 14.1 which is within clause 14.4(a) or claim a Dispute under clause 19 in respect of such matter unless PBL or Melco, as the case may be (and, if relevant, their respective Affiliates and/or Major Shareholders) shall fail to cure the breach of clause 14.1 in the manner and timeframe specified in clause 14.4(b) above.

15. JOINT VENTURES FOR OTHER COUNTRIES IN THE TERRITORY

15.1 Intention of the Parties in Respect of Joint Ventures for Other Countries

The parties recognise that the Park Hyatt Hotel/Casino Business is to be located in Macau S.A.R. but that they also wish to form and develop joint ventures in respect of the Exclusive Business in countries in the Territory other than Macau S.A.R. If the Board decides (under clause 5.3) to engage in such businesses, then it is intended that the Company will have an 80% interest in such joint ventures and Melco will own an aggregate 60% interest in such joint ventures in the Greater China region (comprising a 40% interest through the Company and a 20% interest through MelcoSub) (with PBL holding the remaining 40% effective interest through the Company) and that PBL will own an aggregate 60% interest in such joint ventures in other countries in the Territory other than the Greater China region (comprising a 40% interest through the Company and a 20% interest through PBLSub) (with Melco holding the remaining 40% effective interest).

15.2 The Greater China region

(a) If the Board decides (under clause 5.3) that the Group should engage in or hold an Interest in an Exclusive Business in the Greater China region, then such business will be conducted through a newly incorporated company (**Newco(Melco)**) (held as to 80% by Melco PBL International and as to 20% by MelcoSub) (with the effect that Melco will have an effective 60% interest in such business and PBL will have an effective 40% interest in such business) with such business being managed in accordance with the provisions of clause 5.8; and

(b) Where the Board so requests, PBL and Melco will form a management company (**Melco Management Company**) which will be owned separately by Melco and PBL on a 60%/40% basis respectively. The Board, Melco and PBL will procure that the Melco Management Company will enter into a casino management agreement (on customary terms for agreements of that nature) with Newco(Melco), referred to paragraph (a) above. Melco and PBL will enter into a shareholders agreement with respect to Melco Management Company so that its constitution and corporate governance procedures are consistent with the procedures, principles and purposes of this joint venture and so that in the case of disposal or transfer by Melco or PBL (or their respective Affiliates) of their interests in Newco(Melco) within the principles of clause 12 (and clause 18) or clause 13, the relevant Person shall be bound to effect a like dealing with their interests in Melco Management Company (and vice versa) with the intent that the parties shall deal with their respective interests in Newco(Melco) and Melco Management Company in like manner and at the same time.

15.3 Countries in the Territory other than the Greater China region

(a) If the Board decides (under clause 5.3) that the Group should engage in or hold an Interest in an Exclusive Business in a country in the Territory other than the Greater China region then such business will be owned through a newly incorporated company (**Newco(PBL)**) (held as to 80% by Melco PBL International and as to 20% by PBLSub) (with the effect that PBL will have an effective 60% interest in such business and Melco will have an effective 40% interest in such business) with such business being managed in accordance with the provisions of clause 5.8; and

(b) Where the Board so requests, PBL and Melco will form a management company (**PBL Management Company**) which will be owned separately by PBL and Melco on a 60%/40% basis respectively. The Board, PBL and Melco will procure that the PBL Management Company will enter into a casino management agreement (on customary terms for agreements of that nature) with Newco(PBL) referred to in paragraph (a) above. PBL and Melco will enter into a shareholders agreement with respect to PBL Management Company so that its constitution and corporate governance procedures are consistent with the procedures, principles and purposes of this joint venture and so that in the case of disposal or transfer by PBL or Melco (or their respective Affiliates) of their interests in Newco(PBL) within the principles of clause 12 (and clause 18) or clause 13, the relevant Persons shall be bound to effect a like dealing with their interests in PBL Management Company (and vice versa) with the intent that the parties shall deal with their respective interests in Newco(PBL) and PBL Management Company in like manner and at the same time.

15.4 Position if Company elects not to pursue opportunity

If a proposal is put to the Board in respect of the Company's involvement or participation in a business involving an Exclusive Business in the Territory (the **Proposed Business**) and the Board decides (under clause 5.3) that the Company should not be involved in or participate in such Proposed Business then either Shareholder or its Affiliates or Major Shareholders may, notwithstanding clause 14, separate and apart from the Group, directly or indirectly carry on such Proposed Business or hold or acquire an Interest in any Person who carries on such Proposed Business PROVIDED that:

(a) all of the Directors appointed by that Shareholder voted in favour of the Company being involved in or participating in the Proposed Business at the relevant Board meeting; and

(b) such Shareholder's (or its Affiliates' or Major Shareholders') participation in the Proposed Business is made on the basis that such Shareholder (and/or its Affiliates or Major Shareholders, as relevant) (the **Grantor**) grants the other Shareholder (the **Grantee**) an option to participate in the Proposed Business on the basis set out in this clause. The option shall be exercisable by written notice to the Grantor by the Grantee given at any time, but not later than 5 years after the date of participation by the relevant Grantor in the Proposed Business. In the written notice of exercise of the option, the Grantee shall, at its discretion, elect either:

(i) itself (or by an Affiliate) to participate in the Proposed Business by acquiring from the Grantor the effective interest in the Proposed Business the Grantee would have had if the Proposed Business, had been approved by the Board and carried on by the Group, pursuant to clause 15.2 or clause 15.3, as appropriate; or

(ii) to require the Company to participate in the Proposed Business by acquiring from the Grantor an effective interest in the Proposed Business, which the Company would have acquired if the Proposed Business had been approved by the Board and carried on by the Group pursuant to clause 15.2 or clause 15.3, as appropriate.

(c) In the event of the Grantee's exercise of its option under clause 15.4(b)(i) or (ii), the Interest acquired from the Grantor shall be acquired on a basis of Cost plus 15 per cent compounded on an annual basis and otherwise with the intent that, as nearly as practicable in the circumstances of the Proposed Business and the Grantor's participation in it, the Grantee and/or the Company will acquire a benefit and burden in respect of their participation in the Proposed Business proportionate to the benefit and burden of the Grantor in respect of its remaining participation after such acquisition. If such option is exercised by the Grantee to require the Company to acquire the Interest in the Proposed Business, both Shareholders must provide any necessary funding to the Company to acquire the Proposed Business in their Proportionate Share.

16. MELCO GUARANTEE AND INDEMNITY

16.1 Guarantee

(a) Melco unconditionally and irrevocably guarantees to PBLSub the performance of MelcoSub's obligations under this Deed.

(b) If MelcoSub fails to perform or observe its obligations under this Deed in full and on time, Melco must immediately on demand from PBLSub perform such obligation (or procure the performance or observance by MelcoSub of its obligations) so that the same benefit shall be received by or conferred on PBLSub as it would have received or enjoyed if such obligations had been duly performed or observed by MelcoSub under this Deed.

16.2 Indemnity

Melco hereby indemnifies PBLSub against any claim, loss, liability, cost or expense which PBLSub suffers or incurs in relation to the failure of Melco or MelcoSub to perform an obligation under this Deed or the failure of Melco to cause MelcoSub to perform an obligation under this Deed.

16.3 Extent of guarantee and indemnity

This clause 16 applies and the obligations of Melco under clause 16 shall remain in full force and effect so long as Melco and MelcoSub have obligations to PBLSub or PBL and notwithstanding any act, omission, neglect or default of PBLSub or PBL or other person or any other event or matter whatsoever and, without limitation on the foregoing, shall not be impaired, discharged or effected by:

(a) the extent of MelcoSub's other obligations under this Deed;

(b) an amendment of this Deed in accordance with the terms hereof or waiver or departure from these terms;

(c) an Insolvency Event affecting any person or the death of any person;

(d) a change in the constitution, membership, or partnership of any person;

(e) anything which would have discharged MelcoSub (wholly or partly) or which would have afforded MelcoSub any legal or equitable defence;

(f) any release of or granting of time or any other indulgence to MelcoSub; or

(g) the occurrence of any other thing which might otherwise release, discharge render void or unenforceable or otherwise affect the obligations commitments and undertaking of Melco under this Deed.

16.4 Principal and independent obligation

(a) The guarantee under this clause 16 is:

(i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and

(ii) independent of and not in substitution for or affected by any other Security Interest or guarantee or other document or agreement which PBLSub may hold concerning any obligation of MelcoSub.

(b) PBLSub may enforce this clause 16 against Melco:

(i) without first having to resort to any other guarantee or Security Interest or other agreement; and

(ii) whether or not it has first given notice, made a demand or taken steps against MelcoSub or any other person.

16.5 No competition

(a) Subject to paragraph (b), Melco must not, either directly or indirectly, prove in, claim or receive the benefit of a distribution, dividend or payment from an Insolvency Event affecting MelcoSub until the obligations of MelcoSub under this Deed to PBLSub and PBL have been fully performed or satisfied and the guarantee has been finally discharged.

(b) If required by PBLSub, Melco must prove in a liquidation of MelcoSub or otherwise participate in another Insolvency Event of MelcoSub for amounts owed to Melco.

(c) Melco must hold in trust for PBLSub, amounts recovered by Melco from an Insolvency Event or under a Security Interest from MelcoSub to the extent of the unsatisfied liability of Melco under this clause 16.

16.6 Continuing guarantee and indemnity

The guarantee under this clause 16 is a continuing obligation of Melco, despite a settlement of account or the occurrence of any other thing, and remains fully effective until:

(a) the obligations of MelcoSub under this Deed have been performed; and

(b) the guarantee in clause 16 has been finally discharged by PBLSub.

17. PBL GUARANTEE AND INDEMNITY

17.1 Guarantee

(a) PBL unconditionally and irrevocably guarantees to MelcoSub the performance of PBLSub's obligations under this Deed.

(b) If PBLSub fails to perform or observe its obligations under this Deed in full and on time, PBL must immediately on demand from MelcoSub perform such obligation (or procure the performance or observance by PBLSub of its obligations) so that the same benefit shall be received by or conferred on MelcoSub as it would have received or enjoyed if such obligations had been duly performed or observed by PBLSub under this Deed.

17.2 Indemnity

PBL hereby indemnifies MelcoSub against any claim, loss, liability, cost or expense which MelcoSub suffers or incurs in relation to the failure of PBL or PBLSub to perform an obligation under this Deed or the failure of PBL to cause PBLSub to perform an obligation under this Deed.

17.3 Extent of guarantee and indemnity

This clause 17 applies and the obligations of PBL under clause 17 shall remain in full force and effect so long as PBL and PBLSub have obligations to Melco or MelcoSub and notwithstanding any act, omission, neglect or default of Melco or MelcoSub or other person or any other event or matter whatsoever and, without limitation on the foregoing, shall not be impaired discharged or effected by:

(a) the extent of PBLSub's other obligations under this Deed;

(b) an amendment of this Deed in accordance with the terms hereof or waiver or departure from those terms;

(c) an Insolvency Event affecting any person or the death of any person;

(d) a change in the constitution, membership, or partnership of any person;

(e) anything which would have discharged PBLSub (wholly or partly) or which would have afforded PBLSub any legal or equitable defence;

(f) any release of or granting of time or any other indulgence to PBLSub; or

(g) the occurrence of any other thing which might otherwise release, discharge render void or unenforceable or otherwise affect the obligations commitments and undertaking of PBL under this Deed.

17.4 Principal and independent obligation

(a) The guarantee under this clause 17 is:

(i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and

(ii) independent of and not in substitution for or affected by any other Security Interest or guarantee or other document or deed which MelcoSub may hold concerning any obligation of PBLSub.

(b) MelcoSub may enforce this clause 17 against PBL:

(i) without first having to resort to any other guarantee or Security Interest or other deed; and

(ii) whether or not it has first given notice, made a demand or taken steps against PBLSub or any other person.

17.5 No competition

(a) Subject to paragraph (b), PBL must not, either directly or indirectly, prove in, claim or receive the benefit of a distribution, dividend or payment from an Insolvency Event affecting PBLSub until the obligations of PBLSub under this Deed to Melco and MelcoSub have been fully performed or satisfied and the guarantee has been finally discharged.

(b) If required by MelcoSub, PBL must prove in a liquidation of PBLSub or otherwise participate in another Insolvency Event of PBLSub for amounts owed to PBL.

(c) PBL must hold in trust for MelcoSub, amounts recovered by PBL from an Insolvency Event or under a Security Interest from PBLSub to the extent of the unsatisfied liability of PBL under this clause 17.

17.6 Continuing guarantee and indemnity

The guarantee under this clause 17 is a continuing obligation of PBL, despite a settlement of account or the occurrence of any other thing, and remains fully effective until:

(a) the obligations of PBLSub under this Deed have been performed; and

(b) the guarantee in clause 17 has been finally discharged by MelcoSub.

18. NOTICE FROM A REGULATORY AUTHORITY

18.1 Notice to a PBL Group Company from a Regulatory Authority

In the event that:

(a) a Regulatory Authority directs PBL, PBLSub or any other PBL Group Company in writing to terminate any Definitive Document or otherwise end its relationship with:

(i) any Melco Group Company; or

(ii) any person that has a (direct or indirect) contractual or other relationship (including, for the avoidance of doubt, any shareholding relationship or directorship) with any Melco Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to PBL, PBLSub or any other PBL Group Company, which would, or which (in the reasonable opinion of PBL) would likely, have a material adverse effect on any of the rights or benefits of PBL, PBLSub or any other PBL Group Company either under any of the Definitive Documents or in respect of any other business carried on by PBL in respect of which the Regulatory Authority has or purports to have authority (a **PBL Regulatory Notice**),

notwithstanding clause 12.2, PBLSub may serve a Notice of Sale on the Other Shareholder in respect of all but not some only of its Shares (unless permitted by the PBL Regulatory Notice to dispose of some only of its Shares) and clause 12 shall apply to such Notice of Sale and the sale by PBLSub of its Shares in the Company subject to the following:

(i) where no material aspects of the business of the Group are carried on outside Macau S.A.R., then clause 12.2, clause 12.5(b) and clause 12.6 shall not apply to such sale; and

(ii) where a material aspect of the business of the Group is carried on outside of Macau S.A.R., then clause 12.2 and clause 12.5(b) shall not apply to such sale but clause 12.6 shall apply to such sale.

For the purpose of clause 18.1, a business will be deemed to be carried on and be regarded as material if

(i) it involves actual investment by the Group in excess of US$20,000,000; or

(ii) the Group has a legally binding obligation to make an investment(s) in excess of US$20,000,000.

18.2 Notice to a Melco Group Company from a Regulatory Authority

In the event that:

(a) a Regulatory Authority directs Melco, MelcoSub or any other Melco Group Company in writing to terminate any Definitive Document or otherwise end its relationship with:

(i) any PBL Group Company; or

(ii) any person that has a (direct or indirect) contractual or other relationship (including, for the avoidance of doubt, any shareholding relationship or directorship) with any PBL Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to Melco, MelcoSub or any other Melco Group Company,

which would, or which (in the reasonable opinion of Melco) would likely, have a material adverse effect on any of the rights or benefits of Melco, MelcoSub or any other Melco Group Company either under any of the Definitive Documents or in respect of any other business carried on by Melco in respect of which the Regulatory Authority has or purports to have authority (a **Melco Regulatory Notice**),

notwithstanding clause 12.2, MelcoSub may serve a Notice of Sale on the Other Shareholder in respect of all but not some only of its Shares (unless permitted by the Melco Regulatory Notice to dispose of some only of its Shares) and clause 12 shall apply to such Notice of Sale and the sale by MelcoSub of its Shares in the Company except for clause 12.2 and clause 12.5(b) which shall not apply to such sale.

19. DISPUTE RESOLUTION

(a) A party must not commence court proceedings about any Dispute unless it first complies with this clause 19.

(b) A party claiming that a Dispute has arisen must notify each other party giving details of the Dispute.

(c) Each party to the Dispute must seek to resolve the Dispute within 5 Business Days of receiving notice of the Dispute or a longer period agreed by the parties to the Dispute.

(d) If the parties do not resolve the Dispute under and within the time period referred to in paragraph (c), the chief executive officer of each Shareholder (or a person occupying a similar senior position if such an office is not in existence at the time) must seek to resolve the Dispute for a period of up to 15 Business Days after the end of the period referred to in paragraph (c).

(e) Nothing in this clause 19 will prejudice the right of a party to seek urgent injunctive or declaratory relief in respect of a Dispute.

20. RELATIONSHIP BETWEEN PARTIES

This Deed does not create a relationship of employment, agency or partnership between the parties.

21. POWERS OF ATTORNEY

Each appointment of an attorney by a Shareholder (the **Appointer**) under clauses 12.4(f) or 13.2(j) is made on the following terms:

(a) the Appointer irrevocably appoints the other Shareholder (the **Donee**) as its attorney to complete and execute (under hand or under seal) such instruments for an on its behalf necessary to give effect to any of the transactions contemplated by clauses 12 or 13 (as necessary), such appointment being given to secure a proprietary interest of the Donee;

(b) the Appointer agrees to ratify and confirm whatever the attorney lawfully does, or causes to be done, under the appointment;

(c) the Appointer agrees to indemnify the attorney against all claims, demands, costs, charges, expenses, outgoings, losses and liabilities arising in any way in connection with the lawful exercise of all or any of the attorney's powers and authorities under that appointment; and

(d) the Appointer agrees to deliver to the Company on demand any power of attorney, instrument of transfer or other instruments as the Company may require for the purposes of any of the transactions contemplated by clauses 12 or 13.

22. WARRANTIES

Each party severally warrants to the other parties that:

(a) **Authority**: it has taken all necessary action to authorise the signing, delivery and performance of this Deed and the documents required under this Deed in accordance with their respective terms;

(b) **Power to enter into this Deed**: it has power to enter into this Deed and perform its obligations under it and can do so without the consent of any other person;

(c) **No breach**: the signing and delivery of this Deed and the performance by it of its obligations under it complies with:

(i) each applicable law and authorisation;

(ii) its constitution or constituent documents, as applicable; and

(iii) each Security Interest binding on it;

(d) **binding:** this Deed constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms by appropriate legal remedy; and

(e) **no actions:** there are no actions, claims, proceedings or investigations pending or to the best of its knowledge threatened against it or by it which may have a material adverse effect on its ability to perform its obligations under this Deed.

23. TAX, COSTS AND EXPENSES

23.1 Tax

The Company must pay any stamp duty which arises from the execution of this Deed and each agreement or document entered into or signed under this Deed.

23.2 Costs and expenses

Each party must pay its own costs and expenses of negotiating, preparing, signing, delivering, stamping and registering this Deed and any other agreement or document entered into or signed under this Deed.

23.3 Costs of performance

A party must bear the costs and expenses of performing its obligations under this Deed, unless otherwise provided in this Deed.

24. GENERAL

24.1 Notices

(a) Any notice or other communication given under this Deed including, but not limited to, a request, demand, consent or approval, to or by a party to this Deed:

(i) must be in legible writing and in English;

(ii) must be addressed to the addressee at the address or facsimile number set out below or to any other address or facsimile number a party notifies the other under this clause 24:

A. if to Melco

Address: 38th Floor, The Centrium, 60 Wyndham Street,
Hong Kong

Attention: Managing Director

Facsimile: +852 3162 3579

with a copy to the Company Secretary at the same address.

B. If to MelcoSub

Address: 38th Floor, The Centrium, 60 Wyndham Street,
Hong Kong

Attention: Managing Director/Company Secretary

Facsimile: +852 3162 3579

with a copy to Melco at the address set out for it in this clause.

C. if to the Company

Address: Walker House, Mary Street, PO Box 908GT,
George Town
Grand Cayman
CAYMAN ISLANDS

Attention: The Directors

Facsimile: + 345 945 4757

with a copy to each of Melco and PBL at the addresses set out for them in this clause.

D. if to PBLSub:

Address: Walker House, Mary Street, PO Box 908GT,
George Town
Grand Cayman
CAYMAN ISLANDS

Attention: The Directors

Facsimile: + 345 945 4757

with a copy to PBL at the address set out for it in this clause.

E. if to PBL:

Address: Level 2, 54 Park Street, Sydney NSW 2000

Attention: Company Secretary

Facsimile: +61 2 9282 8828

(iii) must be signed by an authorised signatory or under the common seal of a sender which is a body corporate; and

(iv) is deemed to be received by the addressee in accordance with paragraph (b).

(b) Without limiting any other means by which a party may be able to prove that a notice has been received by another party, a notice is deemed to be received.

(i) if sent by hand, when delivered to the addressee;

(ii) if by post, 5 Business Days from and including the date of postage; or

(iii) if by facsimile transmission, on receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent confirming that the facsimile has been successfully transmitted,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00 am on the following Business Day.

(c) A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after transmission is received or regarded as received under paragraph (b)(iii) and informs the sender that it is not legible.

(d) In this clause a reference to an addressee includes a reference to an addressee's Officers, agents or employees or a person reasonably believed by the sender to be an Officer, agent or employee of the addressee.

24.2 Governing law

The laws of Hong Kong govern this Deed.

24.3 Jurisdiction

Each party irrevocably and unconditionally:

(a) submits to the non-exclusive jurisdiction of the courts of, or exercising jurisdiction in, Hong Kong; or

(b) waives any:

(i) claim or objection based on absence of jurisdiction or inconvenient forum; or

(ii) immunity in relation to this Deed in any jurisdiction for any reason.

PBL and PBLSub hereby appoint Lovells of 23/F Cheung Kong Center, 2 Queen's Road, Central, Hong Kong (Attn: Tim Fletcher, Partner Fax number +852 2219 0222) as their agent for service of process in Hong Kong.

The Company hereby appoints Melco as its agent for service of process in Hong Kong (at the address set out in clause 24.1).

MelcoSub hereby appoints Melco as its agent for service of process in Hong Kong (at the address set out in clause 24.1).

24.4 Invalidity

(a) If a provision of this Deed, or a right or remedy of a party under this Deed is invalid or unenforceable in a particular jurisdiction:

(i) it is to be read down or severed in that jurisdiction only to the extent of the invalidity or unenforceability; and

(ii) the validity or enforceability of that provision in another jurisdiction or the remaining provisions in any jurisdiction shall not be affected.

(b) This clause 24.4 is not limited by any other provision of this Deed in relation to severability, invalidity or unenforceability.

24.5 Amendments and Waivers

(a) This Deed may be amended only by a written document signed by the parties provided that there is no obligation to seek a party's agreement to an amendment when that party is no longer a Shareholder.

(b) A waiver of a provision of this Deed or a right or remedy arising under this Deed, including this clause 24.5, must be in writing and signed by the party granting the waiver.

(c) A single or partial exercise of a right does not preclude a further exercise of that right or the exercise of another right.

(d) Failure by a party to exercise a right or delay in exercising that right does not prevent its exercise or operate as a waiver.

(e) A waiver is only effective in the specific instance and for the specific purpose for which it is given.

24.6 Cumulative rights

The rights and remedies of a party under this Deed do not exclude any other right or remedy provided by law.

24.7 Payments

A payment which is required to be made under this Deed must be in cash or by bank cheque or in other immediately available funds and in US dollars.

24.8 Further assurances

Each party must do all lawful things within its power that are necessary to give full effect to this Deed and the transactions contemplated by this Deed.

24.9 Entire agreement

This Deed supersedes all previous agreements about its subject matter and embodies the entire agreement between the parties (including, for the avoidance of doubt, the Heads of Agreement dated 11 November 2004 between Melco and PBL).

24.10 Third party rights

Only the parties to this Deed have or are intended to have a right or remedy under this Deed or obtain a benefit under it.

24.11 Legal Advice

Each party acknowledges that it has received legal advice about this Deed or has had the opportunity of receiving legal advice about this Deed.

24.12 No Assignment

A party may not assign this Deed or otherwise transfer the benefit of this Deed or a right or remedy under it, without the prior written consent of the other parties.

24.13 Conflict with Memorandum and Articles of Association

(a) As between the Shareholders and parties other than the Company, this Deed prevails if there is any inconsistency between this Deed and the Memorandum and Articles.

(b) The Shareholders must take all necessary steps to amend a provision of the Memorandum and Articles which is inconsistent with this Deed if another party requests it to do so in writing.

24.14 Counterparts

This Deed may be executed in any number of counterparts, all of which constitute one deed.

SIGNED AS A DEED
by **MELCO LEISURE AND**
ENTERTAINMENT GROUP LIMITED by**:**

/s/	/s/
Signature of Director	Signature of Director/Secretary
Lawrence Yau Lung Ho	Frank Che Yin Tsui
Name of Director (print)	Name of Director/Secretary (print)

SIGNED AS A DEED
by MELCO INTERNATIONAL
DEVELOPMENT LIMITED by:

/s/	/s/
Signature of Director	Signature of Director/Secretary
Lawrence Yau Lung Ho	Frank Che Yin Tsui
Name of Director (print)	Name of Director/Secretary (print)

SIGNED AS A DEED
by **PBL ASIA INVESTMENTS**
LIMITED by:

/s/
Duly authorised Attorney

Thomas James Gallagher
Director
Name of Attorney (print)

/s/
Signature of Witness

Geoff Kleemann
Name of Signature of Witness (print)

SIGNED AS A DEED
PUBLISHING AND BROADCASTING
LIMITED by:

/s/
Duly authorised Attorney

Anthony Klok
Name of Attorney (print)

/s/
Signature of Witness

Andrew Carr
Name of Signature of Witness (print)

SIGNED AS A DEED
by **MELCO PBL HOLDINGS**
LIMITED by:

/s/
Signature of Director

Lawrence Yau Lung Ho
Name of Director (print)

/s/
Signature of Director/Secretary

Frank Che Yin Tsui
Name of Director/Secretary (print)

ATTACHMENT A

DICTIONARY

Part 1 – Definitions

In this Deed:

Acceptance Period means the period of 15 Business Days after receipt of a Notice of Sale.

Accepting Shareholder means a Shareholder who has offered to acquire any Sale Shares under clause 12.4(a).

Accounting Standards means generally accepted and consistently applied principles and practices in Hong Kong (or, in the case of a foreign company, in the jurisdiction of the foreign company).

Affiliate means:

(a) in respect of MelcoSub, Melco and any Person which is directly or indirectly Controlled by Melco;

(b) in respect of PBLSub, PBL and any Person which is directly or indirectly Controlled by PBL; and

(c) in respect of any other Person, any further Person which is directly or indirectly Controlled by such Person.

Appointer has the meaning set out in clause 21.

Auditor means the auditor of the Company from time to time.

Board means the Board of Directors of the Company from time to time.

Budget means, in respect of the Company, the budget for carrying on the business of the Company during a Financial Year.

Business Day means a day on which banks are open for business in Hong Kong, excluding a Saturday, Sunday or public holiday.

Business Plan means, in respect of the Company, a detailed business plan for carrying on the business of the Company during a Financial Year.

Call has the meaning set out in clause 7.1.

Call Option has the meaning set out in clause 13.3.

Chairperson means the chairperson of the Board from time to time appointed under clause 3.4.

Chief Executive Officer means the chief executive officer of the Company from time to time.

Chief Financial Officer means the chief financial officer of the Company from time to time.

Class A Shares means the Class A ordinary shares of US$0.01 each in the capital of the Company which have the specific rights set out in the Memorandum and Articles.

Class B Shares means the Class B ordinary shares of US$0.01 each in the capital of the Company which have the specific rights set out in the Memorandum and Articles.

Company Bank Account means a bank account established and operated by the Company.

Confidential Information means any information arising out of or in relation to the provisions of this Deed, the Subscription Agreement or information about the business of the Company or the Group, or about the Company or a party to this Deed in connection with this Deed, but excluding any information which is in the public domain otherwise than as a result of the wrongful disclosure by any party.

Control (including the terms **controlled by** and **under common control with**) means, in relation to any Person, the ability of any

other Person or group of Persons, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether through the ownership of more than 50% of the outstanding Voting Securities of such Person, as trustee or executor, by contract or credit arrangement or otherwise.

Cost means all monies (including, but not limited to all capital (loan plus equity)) contributed by a Shareholder or its Affiliates or Major Shareholders to a Proposed Business from the date of commencement of its involvement or participation in such Proposed Business, as confirmed by independent audit.

CPH means Consolidated Press Holdings Limited of Level 3, 54 Park Street, Sydney, NSW 2000.

Default Notice has the meaning set out in clause 13.2(a).

Defaulting Shareholder means a Shareholder who is in default under clause 13.1.

Definitive Document means:

(a) this Deed;

(b) the Subscription Agreement; and

(c) any other agreement between a PBL Group Company and Melco or any of its Affiliates or any Group Company.

Determination Date has the meaning set out in clause 13.2(e).

Director means a director of the Company from time to time.

Dispose includes to sell, transfer, create a trust, grant any option or alienate the right to exercise the vote attached to a Share or otherwise deal with the beneficial interest in a Share or any asset (including a distribution in specie by way of trust) or agree to do any such things, and Disposal shall be construed accordingly.

Dispute means any dispute:

(a) concerning the interpretation of this Deed or the performance, observance exercise or enjoyment of rights and benefits and obligations arising out of this Deed; or

(b) concerning any matter requiring unanimous affirmative approval of the Shareholders.

Dollars, US$ means the lawful currency of the United States of America.

Donee has the meaning set out in clause 21.

Dr Ho means Dr Ho Hung Sun, Stanley, the executive chairman and an executive director of Melco.

Event of Default has the meaning set out in clause 13.1.

Exclusive Business means a business of owning, operating or managing:

(i) a casino; or

(ii) a gaming slots business; or

(iii) a hotel with a casino.

Execution Date has the meaning set out in clause 12.2.

Fair Market Value means the value determined for the purposes of clause 13.

Financial Year means:

(a) the period from the date of this Deed to 31 December 2005 (the **Initial Financial Year**); and

(b) the period consisting of each 12 month period during which the Company subsists following the Initial Financial Year.

First Gaming Business has the meaning set out in Recital B.

Gaming Ventures has the meaning set out in Recital C.

Government Agency means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.

Grantee has the meaning set out in clause 15.4(b).

Grantor has the meaning set out in clause 15.4(b).

Greater China region means The People's Republic of China, Hong Kong S.A.R., Macau S.A.R. and Taiwan.

Great Wonders means Great Wonders, Investments, Limited (a company incorporated in Macau) of Hotel Lisboa Old Wing, Avenida de Lisboa, Macau (a company owned as to 70% by Melco Entertainment and as to 30% by STDM).

Group means each of the Group Companies and any other company which is a Subsidiary of any of the Group Companies.

Group Company means the Company and any Subsidiary of the Company with the current group companies being:

(a) Melco PBL International;

(b) Melco Entertainment;

(c) Great Wonders;

(d) Mocha Slot Group;

(e) Mocha Slot Management; and

(f) further companies incorporated from time to time as Subsidiaries of Melco PBL Holdings Limited at the direction of the Board for the purposes of the joint venture.

Hong Kong S.A.R. means the Hong Kong Special Administrative Region of The People's Republic of China.

Immediately Available Funds means cash, bank cheque or electronic transfer.

Independent Expert means an independent accounting firm of international standing.

Insolvency Event means, in respect of any company, that such company has been dissolved, is unable to meet its debts as they fall due, has become insolvent or gone into liquidation (unless such liquidation is for the purposes of a solvent reconstruction or amalgamation), entered into administration, administrative receivership, receivership, a voluntary arrangement, a scheme of arrangement with creditors (other than a scheme of arrangement in respect of any company that is able to meet its debts as and when they fall due and is not otherwise insolvent), any analogous or similar procedure in any jurisdiction other than Hong Kong or any form of procedure relating to insolvency or dissolution in any jurisdiction, but does not include a voluntary restructure in circumstances where the relevant company is able to meet its debts as and when they fall due and is not otherwise insolvent.

Interest means an interest including any equity interest or synthetic equity interest.

Listing Rules means the listing rules of a Stock Exchange.

Macau S.A.R. means the Macau Special Administrative Region of The People's Republic of China.

Major Shareholders means:

(i) in the case of PBL, James Packer, CPH and any Person James Packer and/or CPH Controls; and

(ii) in the case of Melco, Lawrence Yau Lung Ho and any Person he Controls.

Maximum Capital Contribution Amount means the maximum amount required to be contributed by each Shareholder in any Financial Year as agreed in a Budget or Business Plan (as amended in accordance with this Deed) (being the amount equal to their Proportionate Share of the cost required to fund the Business Plan or Budget for the relevant Financial Year).

Melco Entertainment means Melco Entertainment Limited a company incorporated in the Cayman Islands of Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands (a company owned as to 80% by Melco PBL International and as to 20% by MelcoSub).

Melco Group Company means Melco and any entity Controlled by Melco.

Melco Management Company has the meaning set out in clause 15.2(b).

Melco PBL International means Melco PBL International Limited a company incorporated under the laws of the Cayman Islands of Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands, a wholly owned subsidiary of the Company.

Melco Relevant Entity has the meaning set out in clause 5.8(c).

MelcoSub Director means a Director appointed by MelcoSub in accordance with clause 3.2.

MelcoSub Transferee means a Wholly-Owned Subsidiary of MelcoSub or Melco.

Memorandum and Articles means the Memorandum and Articles of Association of the Company as approved by the Shareholders on or about the date of this Deed.

Mocha Business means the electronic gaming machine lounge business in Macau carried on by Mocha Slot Group and Mocha Slot Management under the name Mocha Slot Lounge in which Melco Entertainment has an 80% interest.

Mocha Slot Group means Mocha Slot Group Limited (a company incorporated under the laws of the British Virgin Islands) of Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands (a company owned as to 80% by Melco Entertainment and as to 20% by Dr Ho).

Mocha Slot Management means Mocha Slot Management Limited a company incorporated under the laws of Macau of Estrada da Vitoria, no 2 a 4, Hotel Royal, Macau S.A.R. (a wholly owned subsidiary of Mocha Slot Group).

Newco(Melco) has the meaning set out in clause 15.2(a).

Newco(PBL) has the meaning set out in clause 15.3(a).

Non-Defaulting Shareholder means a Shareholder who has served a Default Notice.

Notice of Sale means a notice of sale of Shares given in accordance with, and complying with the provisions of, clause 12.

Officer means, in relation to a body corporate, a director or secretary of that body corporate.

Overdue Call Notice has the meaning set out in clause 7.1.

Other Shareholder means, in relation to a Notice of Sale, the Shareholder other than the Shareholder which has issued that Notice of Sale.

Park Hyatt Hotel/Casino Business means the business of building, owning and operating a six star hotel in Macau with a casino and an electronic gaming lounge to be named Park Hyatt carried on by Great Wonders in which Melco Entertainment has a 70% interest.

PBL Entertainment means PBL Entertainment (Cayman Islands) Limited, a company to be incorporated for the purpose of owning one of the Gaming Ventures in countries in the Territory other than in the Greater China region and once incorporated to be owned as to 80% by Melco PBL International and as to 20% by PBLSub.

PBL Group Company means PBL and any entity Controlled by PBL.

PBL Management Company has the meaning set out in clause 15.3(b).

PBL Relevant Entity has the meaning set out in clause 5.8(d).

PBLSub Director means a Director appointed by PBLSub in accordance with clause 3.2.

PBLSub Transferee means a Wholly-Owned Subsidiary of PBLSub or PBL.

Permitted Transferee means a MelcoSub Transferee or a PBLSub Transferee (as the case may be).

Person means any general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, governmental agency, co-operative, association, individual or other entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such a person as the context may require.

Proportionate Share means, in relation to a Shareholder at any time the proportion that the number of Shares at that time held by that Shareholder bears to the total number of Shares on issue at that time.

Proposed Business has the meaning set out in clause 15.4.

Put Option has the meaning set out in clause 13.3.

Reference Rate means the 90 day bank bill rate published by HSBC Bank plc.

Regulatory Authority means in the context of clause 18.1 a gaming regulatory authority including, without limitation, gaming regulatory authorities in Victoria (Australia), Western Australia (Australia) and in the context of clause 18.2 to a gaming regulatory authority of the Macau S.A.R..

Related Party means, in relation to any Person, any other Person who is a connected person of that Person within the meaning of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and in the case of Melco and its Affiliates includes STDM and SJM and their respective Affiliates.

Respondent has the meaning set out in clause 5.6.

Sale Shares means the Shares a Seller wants to Dispose of, as specified in a Notice of Sale.

Securities means shares, units, debentures, convertible notes, options and other equity or debt securities.

Security Interest means a right, interest, power or arrangement in relation to an asset which provides security for the payment or satisfaction of a debt, obligation or liability including under a bill of sale, mortgage, charge, lien, pledge, trust, encumbrance, power, deposit, hypothecation or arrangement for retention of title, and includes an agreement to grant or create any of those things.

Seller means a Shareholder who serves a Notice of Sale.

Shares means the Class A Shares and the Class B Shares.

Shareholder means a holder from time to time of Shares.

Simple Resolution means a resolution of the Board or Shareholders passed by the affirmative vote of that number of Directors or Shareholders (as the case may be) that together holds more than 50% of the total voting rights of all Directors or Shareholders (as the case may be) present and entitled to vote at the relevant meeting.

SJM means Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau and a subsidiary of STDM.

STDM means Sociedade de Turismoe Diversoes de Macau, S.A.R.L. a company incorporated under the laws of Macau of Avenida de Lisboa, 2 nd Floor, New Wing, Hotel Lisboa, Macau S.A.R.

Stock Exchange means the Australian Stock Exchange, the Hong Kong Stock Exchange, the NASDAQ National Market or any other public securities market in any country.

Subscription Agreement means the subscription agreement among the Company, Melco, PBL and PBLSub dated 23 December 2004 (as it may be amended from time to time).

Subsidiary has the same meaning as in the Section 2 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong).

Tag Along Notice has the meaning set out in clause 12.6(a).

Tag Along Period means the period of 15 Business Days after the expiry of the Acceptance Period.

Territory means Macau S.A.R., The People's Republic of China, Singapore, Thailand, Hong Kong S.A.R., Vietnam, Japan, Philippines, Indonesia, Malaysia, Taiwan and such other country as the parties may from time to time agree (but excluding Australia and New Zealand).

Transfer Securities has the meaning set out in clause 13.4(b).

Transferee has the meaning set out in clause 13.4(a).

Transferor has the meaning set out in clause 13.4(a).

Voting Securities means shares or other interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of the corporation or other legal entity, or the holding of which (or the holding of a specified number or percentage or which) gives rise to rights to appoint directors or members of such a governing body.

Wholly-Owned Subsidiary means, in respect of a body corporate, a body corporate:

(a) in which all shares and all Securities and all rights to subscribe for any shares or Securities are ultimately legally and beneficially owned directly or indirectly by this first body corporate; and

(b) which is Controlled by that first body corporate.

Part 2 - Interpretation

(a) In this Deed unless the context otherwise requires:

(i) words importing the singular include the plural and vice versa;

(ii) words which are gender neutral or gender specific include each gender;

(iii) other parts of speech and grammatical forms of a word or phrase defined in this Deed have a corresponding meaning;

(iv) an expression importing a natural person includes a company, partnership, joint venture, association, corporation or other body corporate and a Government Agency;

(v) a reference to a thing (including, but not limited to, a chose-in-action or other right) includes a part of that thing;

(vi) a reference to a clause, party, schedule or attachment is a reference to a clause of this Deed, and a party, schedule or attachment to, this Deed and a reference to this Deed includes a schedule and attachment to this Deed;

(vii) a reference to a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law judgment, rule of common law or equity or a rule of an applicable stock exchange and is a reference to that law as amended, consolidated or replaced;

(viii) a reference to a document includes all amendments or supplements to that document, or replacements or novations of it;

(ix) a reference to a party to a document includes that party's successors and permitted assigns;

(x) an agreement on the part of two or more persons binds them jointly and severally;

(xi) a reference to include, includes, including and like terms is to be construed without limitation; and

(xii) a reference to an agreement, other than this Deed, includes an undertaking, deed, agreement or legally enforceable arrangement or understanding, whether or not in writing.

(b) Where the day on or by which something must be done is not a Business Day, that thing must be done on or by the next Business Day.

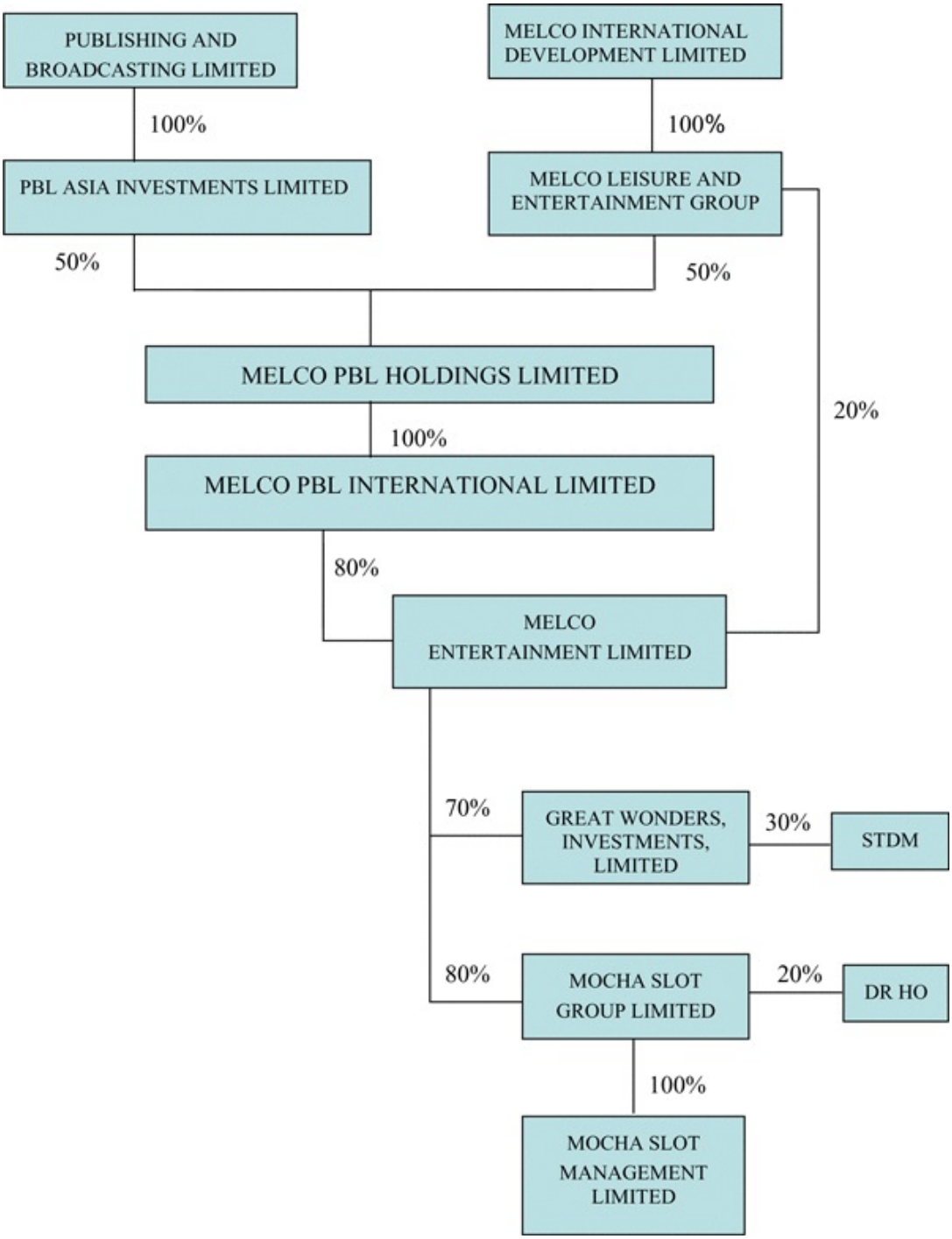
(c) Headings are for convenience only and do not affect the interpretation of this Deed.

(d) This Deed may not be construed adversely to a party just because that party prepared the Deed.

(e) A term or expression starting with a capital letter which is defined in this Dictionary, has the meaning given to it in this Dictionary.

ATTACHMENT B

CORPORATE STRUCTURE DIAGRAM



ATTACHMENT C

DETAILS OF GROUP COMPANIES

GROUP COMPANIES

Melco PBL Holdings Limited

Registered number	143119
Registered office	Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands
Authorised share capital	US$50,000 of 2,500,000 Class A shares of US$0.01 par value each and 2,500,000 Class B shares of US$0.01 par value each
Issued share capital	100 Class A shares of US$0.01 par value each and 100 Class B shares of US$0.01 par value each
Registered Shareholders and Number of Shares held	Melco Leisure and Entertainment Group Limited (100 Class A shares) PBL Asia Investments Limited (100 Class B shares)
Directors	Lawrence Yau Lung Ho Frank Tsui Che Yin Chan Ying Tat Samuel Tsang Yuen Wai Anthony Cornelus Klok Rowen Bruce Craigie John Henry Alexander James Douglas Packer

Melco PBL International

Registered number	143605
Registered office	Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands
Authorised share capital	US$50,000 of 5,000,000 shares of US$0.01 par value each
Issued share capital	100 shares of US$0.01 par value each
Registered Shareholders and Number of Shares held	Melco PBL Holdings Limited (100 shares)

Directors	Lawrence Yau Lung Ho Frank Tsui Che Yin Chan Ying Tat Samuel Tsang Yuen Wai Anthony Cornelus Klok Rowen Bruce Craigie John Henry Alexander James Douglas Packer

Melco Entertainment Limited

Registered number	143606
Registered office	Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands
Authorised share capital	US$50,000 of 5,000,000 shares of US$0.01 par value each
Issued share capital	100 shares of US$0.01 par value each
Registered Shareholders and Number of Shares held	Melco PBL International Limited (80 shares) Melco Leisure and Entertainment Group Limited (20 shares)
Directors	Lawrence Yau Lung Ho Frank Tsui Che Yin Chan Ying Tat Samuel Tsang Yuen Wai Clarence Yuk Man Chung Anthony Cornelus Klok Rowen Bruce Craigie John Henry Alexander James Douglas Packer

Great Wonders, Investments, Limited

Registered number	19596 (SO)
Registered office	Avenida de Lisboa, n°s 2 a 4, Ala Velha do Hotel Lisboa, 9° andar, em Macau
Authorised share capital	MOP$1,000,000
Issued share capital	MOP$1,000,000
Registered Shareholders and Number of Shares held	Melco International Development Limited (MOP$7,000) Socidade de Turismo e Diversões de Macau, S.A.R.L. (MOP$3,000)
Directors	Ho Hung Sun, Stanley So Shu Fai, Ambrose Ng Chi Sing LAWRENCE YAU LUNG HO Frank Tsui Che Yin
Secretary	Samuel Tsang Yuen Wai

Mocha Slot Group Limited

Registered number	538410
Registered office	Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands
Authorised share capital	US$50,000 divided into 50,000 shares with a par value of US$1 each
Issued share capital	US$100 divided into 100 shares with a par value of US$1 each
Registered Shareholders and Number of Shares held	Melco Entertainment Limited (80 shares) Ho Hung Sun, Stanley (20 shares)
Directors	Ho Hung Sun, Stanley Lawrence Yau Lung Ho
Secretary	N/A

Mocha Slot Management Limited

Registered number	17397 (SO)
Registered office	Estrada da Vitoria, nºs 2 a 4, Hotel Royal, r/c em Macau
Authorised share capital	MOP$25,000
Issued share capital	MPO$25,000
Registered Shareholders and Number of Shares held	Mocha Slot Group Limited (MOP$24,000) Mr. Lawrence Yau Lung Ho (MOP$1,000) (held subject to an irrevocable power of attorney in favor of Mocha Slot Group Limited)
Directors	Mr Lawrence Yau Lung Ho Mr. Chan Ying Tat
Secretary	N/A

ATTACHMENT D

PRINCIPLES FOR DETERMINATION OF FAIR MARKET VALUE

The Independent Expert must determine the Fair Market Value of the Company (for the purposes of clause 13) as at the Determination Date on the following assumptions and bases:

(a) if the Company is then carrying on business as a going concern, on the assumption that it is to continue to do so;

(b) the Company is valued as a whole and on a stand alone basis (but including the value of any investments the Company holds in other entities) without reference to any indirect benefits a transferring Shareholder may receive from the Company other than through its shareholding;

(c) that the Shares are capable of being transferred without restriction and have no special rights attached to them and that any transaction in relation to shares is treated on an arm's length basis between a willing but not anxious seller and a willing but not anxious buyer;

(d) in accordance with the Accounting Standards consistently applied;

(e) if requested by the Non-Defaulting Shareholder, not taking into account the relevant Event of Default in relation to the Defaulting Shareholder;

(f) without reference to any synergistic benefits which an acquirer might obtain from becoming the holder of all of the Shares;

(g) with regard to the historical financial performance of the Company and the profit, strategic positioning, future prospects and undertaking of the business of the Company;

(h) disregarding any diminution in value of the Company as a result of any transfer of Shares; and

(i) taking into account any other matter (not inconsistent with the above) which the Independent Expert considers is appropriate.

ATTACHMENT E

RULES IN RESPECT OF BANK ACCOUNTS

1. Bank Accounts

The bank accounts to be used by the Company, Melco PBL International and Melco Entertainment (unless otherwise agreed) are:

- DHBKHKHH
- DBS Bank (Hong Kong) Limited
- Bank code : 016
- Branch Code : 478
- Address : 11/F, The Centre. 99 Queen's Road Central. Hong Kong.

Melco PBL Holdings Ltd.

- HK$ Current A/C : 016 - 478 - 781162027
- Multi-currencies Saving A/C : 016 - 478 - 788093144

Melco PBL International Ltd.

- HK$ Current A/C : 016 - 478 - 781162051
- Multi-currencies Saving A/C : 016 - 478 - 788094337

Melco Entertainment Ltd.

- HK$ Current A/C : 016 - 478 - 781162035
- Multi-currencies Saving A/C : 016 - 478 - 788094329

2. Signatories

Unless otherwise unanimously agreed by the Board, amounts may be withdrawn or transferred from this account on the signatures of one representative of Melco and one representative of PBL.

As at the date of this document, the nominated signatories are:

MELCO

Lawrence Yau Lung Ho, Managing Director
Frank Tsui Che Yin, Executive Director
Chung Yuk Man, Chief Financial Officer

PBL

James Packer, Executive Chairman
Anthony Klok, Business Development Director
Geoff Kleemann, Chief Financial Officer

3. Park Hyatt Hotel Capital Expenditure

It is intended that monies are withdrawn or transferred from the accounts to meet the expenditure on the construction of the Park Hyatt Hotel according to the cap ex schedule agreed by the Board. Any withdrawals or transfers for this purpose remain subject to the rules in paragraph 2 above.

Exhibit 4.6

DATED 5TH MARCH 2006

Publishing and Broadcasting Limited

- and -

Melco International Development Limited

MEMORANDUM OF AGREEMENT

Lovells
23rd Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Ref: TAF/U1172/00013

CONTENTS

THIS MEMORANDUM OF AGREEMENT dated 5th March 2006 is entered into between:

(1) **Publishing and Broadcasting Limited** of 54 Park Street, Sydney, New South Wales, Australia (ABN 52 009 071 167) ("**PBL**"); and

(2) **Melco International Development Limited** of 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong ("**Melco**").

WHEREAS:

(A) The parties formed a joint venture to develop Gaming Ventures in the Territory and for that purpose have entered into and caused their respective subsidiaries, PBLSub and MelcoSub to enter into, among other agreements and commitments, a subscription agreement dated 23 December 2004 and a shareholders deed (the "**Deed**") dated 8 March 2005 relating to the affairs of Melco PBL Holdings Limited ("**JVCo**") and the joint venture.

(B) The parties have made substantial investments and commitments in the joint venture and intend to make further investments in the joint venture, for among other purposes, the development of the Crown Macau Hotel/Casino Business and "City of Dreams" project and additional casino projects in the Territory as may be agreed by the parties from time to time.

(C) Provisions of the joint venture are to the effect that Melco will own an effective interest of 60% of all Gaming Ventures in the Greater China Region (including Macau SAR) (collectively the First Gaming Business) and PBL will own an effective interest of 60% of all Gaming Ventures in other countries in the Territory.

(D) A term of the Deed provides for JVCo to hold the interests in the Gaming Ventures in the Territory.

(E) The opportunity to acquire a grant of the Subconcession of Wynn Resorts (Macau) S.A.'s Licence Contract, to operate Games of Fortune and Chance or other Casino Games in Macau SAR has arisen which the parties believe is a valuable opportunity for their joint venture. Such grant would be conditional, inter alia, on the approval of the Government of Macau SAR. The latest draft of the proposed agreement for the acquisition of the Subconcession (the "**Subconcession Agreement**") is attached hereto marked (A).

(F) This Memorandum of Agreement sets out the parties' intention in relation to:

(i) the Subconcession Agreement and the acquisition of the Subconcession from Wynn Resorts (Macau) S.A.;

(ii) the exploitation of the Subconcession in conjunction with the Gaming Ventures in Macau SAR, including the operation of casinos, other licensed games and electronic and mechanical gaming lounges of Crown Macau and City of Dreams and other casinos, gaming or electronic and gaming lounges (including the Mocha Slot Group business) in Macau SAR;

(iii) variation to the terms of the joint venture and Deed; and

(iv) certain other agreements and commitments consequent upon these arrangements.

IT IS AGREED AS FOLLOWS:

PBL agrees for itself and PBLSub and Melco agrees for itself and MelcoSub the following principal matters:

1. **DEFINED TERMS**

1.1 The following capitalised terms used herein shall have the meaning set out in the Deed:

First Gaming Business

Gaming Ventures

Group

Group Companies

Macau SAR

MelcoSub

Mocha Slot Group

PBLSub

Territory

1.2 The following capitalised terms shall have the meaning ascribed in the Subconcession Agreement:

Closing

Concession Agreement

PBL Macau

Deposit

Purchase Price

Subconcession

2. **SUBCONCESSION**

2.1 PBL shall proceed to enter into the Subconcession Agreement with Wynn Resorts Limited (" **Wynn**") and Wynn Resorts (Macau) S.A ("**Wynn Macau**") for the grant of Subconcession substantially in the form and content attached hereto, with such amendments or variations (except as to purchase price) as PBL shall deem expedient to reach agreement with Wynn and Wynn Macau as soon as possible, provided that any changes of substance shall have first been consulted and cleared with Melco.

2.2 PBL shall as soon as possible establish PBL Macau, as referred to in the Subconcession Agreement, as a wholly owned subsidiary of PBL, to be the grantee of the Subconcession. PBL shall perform its obligations and cause PBL Macau to perform its obligations under the Subconcession Agreement. PBL shall have the responsibilities as provided in the Subconcession Agreement to negotiate and agree the terms of the definitive Subconcession with the Government of Macau SAR in accordance with the Subconcession Agreement and all other matters and things referred under the Subconcession Agreement required to obtain the grant of the Subconcession and for the Subconcession to come into force and effect.

2.3 PBL and PBL Macau will closely consult with Melco in relation to the negotiations for the grant of the Subconcession and the terms of the definitive Subconcession and will not agree any material variation from the terms of the Subconcession referred to in the Subconcession Agreement without the consent of Melco, such consent not be unreasonably withheld or delayed. At the request of PBL, Melco will and will cause relevant Melco Group Companies to use their best efforts to support and cooperate with PBL and PBL Macau in negotiations with the Government of Macau SAR and other relevant persons or regulatory authorities for the grant of the Subconcession and all matters incidental or ancillary thereto.

2.4 Subject to the terms and conditions herein, the Purchase Price for the grant of the Subconcession namely US$900,000,000 (nine hundred million United Stated dollars) shall be provided by the parties as follows:

(a) PBL and Melco shall make or cause to be made by their wholly-owned subsidiaries, capital contributions to PBL Macau of respectively, US$240,000,000 (two hundred and forty million United Stated dollars) and US$160,000,000 (one hundred and sixty million United States dollars), which sums shall be applied towards the Purchase Price.

(b) The balance of the Purchase Price shall be met by means of non-recourse finance arranged by PBL Macau on terms acceptable to both parties but failing the ability to arrange such third party finance on acceptable terms, the balance of the Purchase Price shall be provided to PBL Macau by PBL and Melco in the same proportion as their capital contributions specified in 2.4(a) above.

2.5

(a) Melco expressly acknowledges that on entering into the Subconcession Agreement as provided in clause 2.1, PBL will be bound to pay the Deposit following execution of the Subconcession Agreement and the balance of the Purchase Price thereunder upon Closing and may be liable to forfeit the Deposit subject to the terms and conditions provided in the Subconcession Agreement. Melco agrees and undertakes to PBL to assume and be responsible for and to pay 40 percent of such Deposit and the balance of the Purchase Price and 40 percent of any other sum or liabilities incurred by PBL in entering into the Subconcession Agreement upon Closing and hereby agrees to indemnify PBL accordingly. Melco agrees promptly after the date of execution of this Memorandum of Agreement and the Subconcession Agreement to fund PBL with 40 percent of the Deposit (being an amount of forty million United States dollars (US$40,000,000)) in order for PBL to pay the Deposit as required by the Subconcession Agreement. This amount so advanced by Melco shall be deemed to be an advance made under Clause 2.4(a).

(b) PBL expressly acknowledges that Melco enters into this Memorandum of Agreement on the basis and understanding that PBL will carry out its obligations and liabilities under the Subconcession Agreement in accordance with its terms. PBL hereby indemnifies Melco against any failure by it to carry out its obligations and/or liabilities aforesaid. PBL agrees and undertakes to Melco to assume and be responsible for and to pay 60 per cent of the Deposit and the Purchase Price and 60 per cent of any other sum or liabilities that may be incurred in entering into the Sub-Concession Agreement and hereby agrees to indemnify Melco accordingly.

2.6 The parties' respective capital contributions to PBL Macau shall be made by the subscription for shares or by way of interest free subordinated loans and will be paid at the same time and from time to time as shall be required by the Subconcession Agreement or by the terms of the Subconcession.

2.7 Melco's initial capital contribution of US$160,000,000 (one hundred and sixty million United States dollars) shall be made by way of subordinated interest free loan and not by the subscription of shares.

2.8 Subject to any required approvals of the Government of Macau SAR or other terms and conditions of the Subconcession and following Closing and the grant of the Subconcession and the same coming into force and effect, Melco shall have the right and PBL shall have the right to require Melco upon the giving of 5 Business Days notice, to convert its loan capital contribution into shares of PBL Macau by the subscription of new shares of PBL Macau with the intent that each of the equity capital and the loan capital (if any) of PBL Macau is owned as to 60% by PBL or its subsidiary and as to 40% by Melco or its subsidiary.

2.9 The right of Melco to require the issue of shares in PBL Macau to it shall be subject to any required approvals of the Government of Macau SAR or other terms and conditions of the Subconcession. In the event that the Government of Macau SAR shall refuse to give its approval to Melco to subscribe for a total of 40% of issued shares of PBL Macau, then, unless the parties agree on other arrangements, Melco's capital contribution to PBL Macau shall remain in the form of loan capital until such time as the consent of the Government of Macau SAR is obtained but the parties shall adjust the term of such loans and their arrangements to ensure that Melco will share the risks, liabilities, commitments, capital contributions and economic values and benefits of the projects and business in Macau on a 50:50 basis.

2.10 At the same time as Melco becoming a holder of 40% of issued shares of PBL Macau, PBL and Melco shall:

(a) enter into a shareholders' agreement which will reflect:-

(i) the principle that material dealings of or under the Subconcession shall be subject to the unanimous approval of the board of PBL Macau;

(ii) Melco and PBL will share the risks, liabilities, commitments, capital contributions and economic values and benefits of the projects and business in Macau on a 50:50 basis; and

(b) revise the Deed to reflect the agreement that all Gaming Ventures in the Territory outside the Macau SAR shall be owned and carried out on a 50:50 basis.

3. **JOINT VENTURE**

3.1 The parties have agreed in principle the following variations to the terms of the joint venture consequent upon the acquisition and grant of the Subconcession:

(a) subject to any required regulatory approvals of relevant gaming regulatory authority in Macau SAR, the parties intend that PBL Macau will be owned 60% directly or indirectly by PBL and 40% directly or indirectly by Melco and that the parties will participate in PBL Macau on that basis;

(b) Melco and PBL will share risks, liabilities, commitments, capital contributions and economic values and benefits of the project and business in Macau on a 50:50 basis and the parties shall negotiate and agree on the most efficient structure for giving effect to this principle; and

(c) Melco and PBL will share capital contributions and the economic values and benefits of the project and business in other parts of the Territory on a 50:50 basis and the parties shall negotiate and agree on the most efficient structure for giving effect to this principle.

4. **PBL MACAU**

On Melco (or its wholly-owned subsidiary) becoming a shareholder of PBL Macau, the parties shall cause the adoption by PBL Macau of a constitution and/or shareholders agreement for the respective rights of the shareholders, the transfer of shares and for the operation and management of PBL Macau, on the same basis as that adopted under the Deed (as required to be amended hereby to give effect to the principle that PBL or its subsidiary holds 60% of PBL Macau and Melco or its subsidiary holds 40% of PBL Macau) subject to any contrary regulatory requirements of relevant gaming regulatory authorities of Macau and Australia, including (a) minority protection provision of a level not less than that provided in the Deed; (b) PBL shall not grant any subconcession to any party; and (c) any other matters agreed between the parties. The parties will also consider and agree what changes are required to the Deed to give effect to the principles set out in this Memorandum of Agreement.

5. **CASINO OPERATIONS**

The parties agree to cause and procure that the relevant Group Companies (including, without limitation, Great Wonders, Investments Limited and Melco Hotels and Resorts (Macau) Limited) as one party and PBL Macau as the other party to enter into Lease Agreements and Commercial Agreements for the lease to PBL Macau of the casino areas (including high roller areas/VIP rooms) and electronic gaming machine lounges owned or developed by the Group in Macau from time to time, and operation thereof by PBL Macau under the Subconcession and the parties shall cause PBL Macau to enter into Service Agreements with relevant Group Companies in relation to the provision of relevant services by the Group Company (all subject to the requirements of relevant gaming regulatory authorities in Macau or Australia) on the principal terms discussed by the parties and on the following terms:

(i) PBL Macau shall be entitled to an amount of 53% of gross gaming revenue in respect of table games in the casino (and shall be responsible for the payment of tax to the Government of Macau SAR); and

(ii) PBL Macau shall be entitled to an amount of 69% of gross gaming revenue in respect of slot machines (and shall be responsible for the payment of tax to the Government of Macau SAR).

6. **REGULATORY ISSUES**

Each party agrees that to the extent that any director, executive or shareholder of either party is subject to an adverse finding by a gaming regulatory authority then the relevant party will use their best endeavours to procure the removal of that director, executive or shareholder from their position or from holding shares in the relevant entity as soon as reasonably practicable. The parties agree that they will insert an appropriate provision to this effect in the Deed and in any shareholders agreement to be entered into in respect of PBL Macau.

7. **FURTHER TERMS**

The terms of clause 10 (Provisions of Information), clause 11 (Confidentiality), clause 19 (Dispute Resolution) and clause 24.1 (Notices), clause 24.2 (Governing Law), clause 24.3 (Jurisdiction) of the Deed shall be incorporated and applied as appropriate to this Memorandum of Agreement.

8. **ANNOUNCEMENT**

This Memorandum of Agreement shall become effective upon execution and release (as notified by PBL) of the Subconcession Agreement. PBL and Melco International Development Limited will make announcements (in a form to be agreed) to their respective stock exchanges in respect of the matters dealt with in this Memorandum of Agreement. In the event that the relevant stock exchange requires additional disclosure beyond the agreed form, the relevant party will use its best endeavours to inform the other party before the announcement is issued. In the event any party wishes to issue a press release at the same time as the announcement is made, the issuing party will let the other party see a reasonably final form of the release in advance before the same is issued.

9. **FURTHER ASSURANCES**

Each party to this Memorandum of Agreement shall act in good faith to give effect to the intent of this Agreement and agrees to execute and deliver such other documents and to take such other action as may be necessary or convenient to consummate the purpose and subject matter of this Memorandum of Agreement.

10. **EXECUTION IN COUNTERPARTS**

To facilitate execution, this Memorandum of Agreement may be executed in as many counterparts as may be required; and it

shall not be necessary that the signatures of, or on behalf of, each party, appear on each counterpart; but rather, it shall be sufficient that the signatures of the persons required to bind any party, appear on one or more of the counterparts. All counterparts together will collectively constitute a single agreement. It shall not be necessary in making proof of this Memorandum of Agreement to produce or account for more than such number of counterparts as contain one signature of, or on behalf of, each of the parties hereto.

11. COSTS

Each party will bear its own costs of negotiating and agreeing this Memorandum of Agreement and any documents or agreements contemplated herein.

12. MISCELLANEOUS

12.1 Representations and Warranties

Each party hereto represents and warrants to the other that:

(a) It is duly organised, validly existing and in good standing under the laws of the jurisdiction in which it is organised.

(b) The execution, delivery and performance of this Memorandum of Agreement (and any documents to be entered into by it pursuant to this Memorandum of Agreement) and performance of its obligations hereunder (and the obligations of any documents to be entered into by it pursuant to this Memorandum of Agreement):

(i) are within its organisational powers and have been duly authorised by all necessary action;

(ii) do not and will not contravene any provision of law applicable to it or any contractual restriction binding on or affecting it;

(iii) do not require any other approval or consent of, or filing with, any governmental agency or authority except for those expressly set out herein;

(iv) are and will be valid and legally binding obligations of the party enforceable against it in accordance with the terms hereof, except as may be limited by bankruptcy, insolvency, reorganisation or similar laws relating to or affecting generally the enforcement of creditors' rights.

12.2 Severability of Provisions

If one or more of the provisions of this Memorandum of Agreement is for any reason whatsoever held invalid or unenforceable,

such provisions will be deemed severable from the remaining provisions of this Memorandum of Agreement and such invalidity or unenforceability will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties to this Memorandum of Agreement. To the extent permitted by law, the parties to this Memorandum of Agreement hereby waive any provision of law that renders any provision of this Memorandum of Agreement invalid or unenforceable in any respect.

12.3 Drafting Presumption

This Memorandum of Agreement will be construed fairly as to each party regardless of which party drafted it.

13. **CONDITIONS PRECEDENT**

PBL acknowledge that the payment of the capital contribution and investments in PBL Macau (but not the Deposit) as contemplated herein by Melco is, as stipulated by the Listing Rules of the Stock Exchange of Hong Kong, subject to the approval of the shareholders of Melco. Melco agrees to use its best efforts to secure the approval of its shareholders as soon as practicable and confirms that its directors and their associates have undertaken to vote in favour of such resolutions. Melco confirm that arrangements between PBL Macau and the joint venture in relation to the operations of the joint venture's casinos shall be given effect to irrespective of such shareholders' approval.

If the approval of Melco's shareholders of the payment of the capital contribution and investments in PBL Macau is not obtained, then, the parties will discuss and agree on alternative arrangements in connection with PBL Macau and the joint venture on the principle that, taking the joint venture and the business of PBL Macau together, the parties and their affiliates shall contribute equally to the capital and shall share equally in the risks, liabilities, commitments and economic values and benefits associated with the businesses of the joint venture.

14. **PROVISIONAL AGREEMENT WITH SOCIEDADE DE JOGOS DE MACAU S.A.**

The parties acknowledge that the letter agreements made between Great Wonder and Sociedade de Jogos de Macau S.A. dated 11 November 2004 in respect of leasing of casino space shall be terminated.

SIGNED as an agreement

SIGNED for and on behalf of
MELCO INTERNATIONAL DEVELOPMENT LIMITED
by:

/s/

Lawrence Ho (Director)

Dated March 5, 2006

SIGNED for and on behalf of **PUBLISHING**
AND BROADCASTING LIMITED by:

/s/

Geoff Kleemman (Duly Authorised Signatory)

Dated 5 March 2006

EXHIBIT 4.7

DATED 26TH MAY 2006

Publishing and Broadcasting Limited

- and -

Melco International Development Limited

SUPPLEMENTAL AGREEMENT

TO

MEMORANDUM OF AGREEMENT

Lovells
23rd Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Ref: TAF/U1172/00013

CONTENTS

THIS SUPPLEMENTAL AGREEMENT dated 26th May 2006 is entered into between:

(1) **Publishing and Broadcasting Limited** of 54 Park Street, Sydney, New South Wales, Australia (ABN 52 009 071 167) ("**PBL**"); and

(2) **Melco International Development Limited** of 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong ("**Melco**").

IT IS AGREED AS FOLLOWS:

1. **DEFINED TERMS**

1.1 This Agreement is supplemental to the parties' Memorandum of Agreement dated 5 March 2006, and sets out certain amendments to the terms of the Memorandum and supplemental provisions to give effect to the principles agreed by the parties under the Memorandum and shall be given effect to accordingly.

1.2 Terms defined in the Memorandum of Agreement shall have the same meaning in this Supplemental Agreement unless the context otherwise requires.

1.3 The following further capitalised terms shall have the meaning set out in the Deed:

Dispose

Great Wonders

Law

Melco PBL Entertainment

Melco PBL Holdings

Melco PBL International

MelcoSub

Melco Hotels

Mocha Slot

PBLSub

Regulatory Authority

2. **SUBCONCESSION**

2.1 It is agreed pursuant to clause 2.3 of the Memorandum that PBL should enter into the First Amendment Agreement to the Subconcession Agreement and into the Side Letter Agreement with Wynn. References to the Subconcession Agreement shall be read as the Subconcession Agreement as amended by the First Amendment Agreement.

2.2 In the light of the regulatory requirement for a Macau resident to be appointed managing or executive director of PBL Macau and to hold 10% of that company's issued share capital for the grant of the Subconcession, and the desirability of PBL

maintaining a majority interest in the issued share capital of PBL Macau following the grant of the Subconcession and the parties' intention that, subject to requisite consents of the Government of Macau SAR and any relevant requirements of Australian Regulatory Authorities, the economic value and benefit of PBL Macau (and the associated risks, liabilities, commitments and capital contributions) be shared by the parties on 50:50 basis, it is agreed that:

(a) Subject to necessary consents and requirements of relevant Regulatory Authorities being obtained, the parties' 50:50 economic interest in PBL Macau be given effect to through their interests in the Joint Venture;

(b) Prior to the grant of the Subconcession, the capital of PBL Macau will be established by PBL as MOP200,000,000 divided into 2,000,000 shares of MOP100 each of which:

  (i) 200,000 Shares will be classified as "A" Shares and issued to the Managing or Executive Director. The "A" Shares shall carry a right to vote but shall only participate in a right to dividends of PBL Macau up to MOP1 in aggregate and shall only participate in a return of capital of PBL Macau or on a liquidation of PBL Macau up to MOP1 in aggregate and shall otherwise not enjoy any other right of return or economic benefit or rights;

  (ii) 1,800,000 Shares will be classified "B" Shares enjoying a right to vote and full participation in any dividends and capital distribution and to participate in a liquidation and will enjoy all other economic benefits or rights derived from PBL Macau, which "B" Shares shall be held by or issued to PBLSub (with one "B" Share held by a nominee of PBL).

(c) Conditional upon the Government of Macau SAR granting the Subconcession to PBL Macau and giving its required consent for Melco and its affiliates to take up an interest in PBL Macau through the Joint Venture, the capital of PBL Macau will be increased to 1,000,000,000 MOP divided into 2,800,000 "A" Shares and 7,200,000 "B" Shares, with the existing issued "B" Shares held by PBLSub (and its nominee) reclassified as "A" Shares. The "B" Shares shall be subscribed for by Melco PBL International in the manner referred to below. Additional "A" Shares shall be issued to the Managing or Executive Director in order to maintain the Managing or Executive Director's required 10% interest in the issued share capital of PBL Macau, so establishing the shareholdings of PBL Macau as:

Managing or Executive Director - 10% (1,000,000 Class "A" Shares)

PBL Asia - 18% (1,800,000 Class "A" Shares)

Melco PBL International - 72% (7,200,000 Class "B" Shares).

(d) Clause 3.1(a) and clause 4 of the Memorandum are amended as far as necessary to give effect to the Supplemental Agreement of the parties set out in this clause 2.2.

3. **FUNDING THE PREMIUM PAYABLE TO WYNN MACAU**

3.1 The Premium of US$900,000,000 payable to Wynn Macau on grant of the Subconcession to PBL Macau by the Government of Macau SAR shall be funded:

(a) by PBL causing PBLSub to subscribe US$80,000,000 for Shares of PBL Macau prior to the grant of the Subconcession (including the subscription money on account of the issue of Shares to the Managing Director);

(b) by PBL causing PBLSub to make an interest free subordinated loan of US$160,000,000 to PBL Macau (" **PBL Loan**");

(c) by Melco causing MelcoSub to make a subordinated interest free loan to PBL Macau of US$160,000,000 as provided in the Memorandum of Agreement ("**Melco Loan**") and the parties shall endeavour to arrange the funding of the balance of the Premium by third party financing and failing which shall themselves fund the balance of the Premium in the proportions specified in the Memorandum. It is confirmed for the avoidance of doubt that Melco's obligation to provide subordinated interest free loans and to fund a 40 per cent share of the Premium is not conditional upon the approval of the Government of Macau SAR, to its taking an interest in PBL Macau, through the Joint Venture or otherwise.

3.2 To implement the reorganisation of the share capital of PBL Macau and subscription of shares in PBL Macau set out in clause 2.2(c) above, the parties agree (subject to the required consent of the Government of Macau SAR) to cause the subscription of US$320,000,000 by Melco PBL International for the issue of 7,200,000 B Shares (and to fund the issue of an additional 800,000 "A" Shares to the Managing or Executive Director to maintain her percentage holding).

3.3 Simultaneously with the subscription referred to in clause 3.2, PBL Macau shall repay the subordinated interest free loans to PBLSub and to MelcoSub, who shall contribute these monies as further capital injection into Melco PBL Holdings, with the intent that it would then further capitalise Melco PBL International.

4. **FURTHER REORGANISATION OF JOINT VENTURE**

4.1 Subject to Melco PBL International acquiring a 72% interest in PBL Macau, Melco PBL Entertainment's interest in Great

Wonders and Melco Hotels shall be transferred to PBL Macau and the business of Mocha Slot shall be transferred to PBL Macau. A structure chart showing the intended structure of the Joint Venture on completion of these steps is attached marked "A".

4.2 It is intended that the transfers from Melco PBL Entertainment referred to in clause 4.1 be effected without consideration or for a nominal consideration only but in a tax efficient manner.

4.3 Subject to Melco PBL International acquiring a 72% interest in PBL Macau, the shares representing 20% of Melco PBL Entertainment held by Melco Sub will be amended and reclassified as non-voting deferred shares. The non-voting deferred shares will not be entitled to vote at general meetings of shareholders of Melco PBL Entertainment, will not participate in dividends or other distributions and, as a practical matter, will not receive a distribution on a winding-up or liquidation of Melco PBL Entertainment.

4.4 Following Melco PBL International having acquired a 72% interest in PBL Macau and Melco PBL Entertainment's interests in Great Wonders and Melco Hotels and the business of Mocha Slot having been transferred to PBL Macau, as contemplated under clause 4.1, the 20% holding of non-voting deferred shares in Melco PBL Entertainment held by Melco Sub will either be contributed to the Joint Venture and transferred to Melco PBL International for nominal consideration, or Melco PBL Entertainment will be liquidated or allowed to remain dormant.

4.5 Following the transfer of the business of Mocha Slot and its subsidiaries to PBL Macau, Mocha Slot and its subsidiaries will have no material remaining business or assets and those companies will be liquidated or allowed to remain dormant.

5. ARRANGEMENTS TO EFFECT 50:50 SHARING OF ECONOMIC VALUE AND BENEFITS OF PBL MACAU IF THE CONSENT OF THE GOVERNMENT OF MACAU SAR IS NOT OBTAINED FOR PBL MACAU TO BECOME A GROUP COMPANY OF THE JOINT VENTURE

5.1 If the Government of Macau SAR does not give its approval for PBL Macau to become a joint venture company, then the steps set out in clause 2.2(c) and in clause 4 would not occur and Melco's participation in PBL Macau shall remain in the form of the Melco Loan (and any further funding provided by Melco under clause 2.4(b) of the Memorandum) until such time as the consent of the Government of Macau SAR is obtained. If, following the grant of the Subconcession, the Government of Macau SAR does not give its approval for PBL Macau to become a joint venture company, then Melco and PBL shall cause MelcoSub and PBL Macau to adjust the terms of the Melco Loan and the PBL Loan and their other arrangements between PBL Macau and the Joint Venture to ensure that Melco and PBL will share the risks, liabilities, commitments, capital contributions and economic

value and benefits of PBL Macau on a 50:50 basis. To give effect to the last sentence, the terms of the Melco Loan and the terms of PBL Loan advanced to PBL Macau shall be amended so that they will be held as participating convertible bonds with the principal features referred to in clauses 5.2, 5.3 and 5.4.

5.2 The participating convertible bonds will have a maturity date of 80 years from the date of their issue. Subject to obtaining the approval of the Government of Macau SAR for the conversion, each participating convertible bond will be convertible into Class "B" Shares of PBL Macau representing 50% of the aggregate number of Class "B" Shares of PBL Macau to be issued on conversion of all the participating convertible bonds outstanding. All other shares of PBL Macau in issue at the time of conversion which are not already Class "A" Shares of PBL Macau would be amended and reclassified as Class "A" Shares of PBL Macau on conversion of the participating convertible bonds and the shareholders of PBL Macau would be parties to the participating convertible bonds documents in order to achieve this. Following the conversion of the participating convertible bonds, the operations and management of PBL Macau will be subject to one or more shareholders' agreements which will replicate the provisions of the Deed and the shareholders' agreement described in clause 2.10 of the Memorandum.

5.3 The participating convertible bonds held by Melco Sub and PBL Sub will each be assigned by their respective holders to Melco PBL International, as additional contributions by Melco Sub and PBL Sub to the Joint Venture. All of the participating convertible bonds outstanding will be required to be converted promptly following the approval of the Government of Macau SAR having been obtained which would permit conversion. Partial conversion of the participating convertible bonds will not permitted.

5.4 Prior to the conversion of the participating convertible bonds, no dividends will be permitted to be paid or other distributions made in respect of any shares of PBL Macau without the prior consent of Melco PBL International as bondholder and the bondholder will be entitled to a participation right the terms of which will entitle Melco PBL International to substantially all the economic value and benefits of PBL Macau. The participating convertible bonds will contain a list of matters relating to PBL Macau and its subsidiaries requiring the prior consent of Melco PBL International as bondholder, in order to protect the rights of the bondholder.

5.5 The Deed will be amended to require that any consent to be given by Melco PBL International as bondholder will only be given if the giving of the consent is approved by an unanimous resolution of the board of directors of Melco PBL International.

6. AMENDMENTS TO THE DEED

Following the completion of the acquisition by Melco PBL International of a 72% interest in PBL Macau, the Deed will be amended to reflect the agreement that all existing and future gaming ventures of the Joint Venture in the Territory will be owned and carried on on a 50:50 basis.

7. **OTHER MATTERS**

7.1 It is agreed that the first Managing Director of PBL Macau be Manuela Antonio, the senior partner of Manuela Antonio lawyers.

7.2 With effect from the date of the grant of the Subconcession to PBL Macau and subject to any required approval or consents of the Government of Macau SAR, at all times up to (and including) the date of completion of the acquisition by Melco PBL International of a 72% interest in PBL Macau, the parties shall exercise all the rights and powers respectively available to them to ensure that PBL Macau shall be managed and operated in accordance with applicable laws and regulations of Macau SAR and the terms of the Subconcession and, subject thereto, PBL shall consult with Melco and shall have proper regard to the principles of their joint venture in relation to PBL Macau.

7.3 The rights attaching to the shares of PBL Macau acquired by Melco PBL International shall be exercised in accordance with the provisions of the Deed (as amended as contemplated by clause 6). Decisions of the board of PBL Macau on reserved matters shall require at least the approval of the directors appointed by Melco PBL International (but not unanimous approval of all directors).

7.4 Save as amended or supplemented hereby (or by further agreement in writing by the parties), the terms and provisions of the Memorandum shall remain in full force and effect.

8. **GOVERNMENT OF MACAU SAR CONSENT REQUIRED**

The parties acknowledge that the acquisition of the Subconcession, the further reorganisation of the Joint Venture and other matters contemplated under this Agreement are subject to the prior approval and consent of the Government of Macau SAR. The parties will cooperate to the fullest extent required by the Government of Macau SAR, including by promptly providing such information and documents as may be required by the Government of Macau SAR in order to make a determination in relation to the granting of any such approval or consent, and will use their respective reasonable endeavours to achieve the grant by the Government of Macau SAR of all approvals and consents necessary for the transactions contemplated by the Memorandum and this Agreement.

9. **AGREEMENT TO ACHIEVE COMMERCIAL INTENTIONS**

The parties agree that if it is not possible to implement the transactions contemplated by the Memorandum (as amended by this Agreement) in the terms contemplated by the Memorandum (as amended by this Agreement), the parties will cooperate in good faith to agree such variations of the Memorandum (as amended by this Agreement), or such alternative or additional terms, as

may be necessary or desirable to achieve the commercial intentions of the parties as set out in the Memorandum (as amended by this Agreement).

SIGNED as an agreement

SIGNED for and on behalf of
MELCO INTERNATIONAL DEVELOPMENT LIMITED
by:

/s/

SIGNED for and on behalf of
PUBLISHING AND BROADCASTING LIMITED by:

/s/

A

Structure Chart

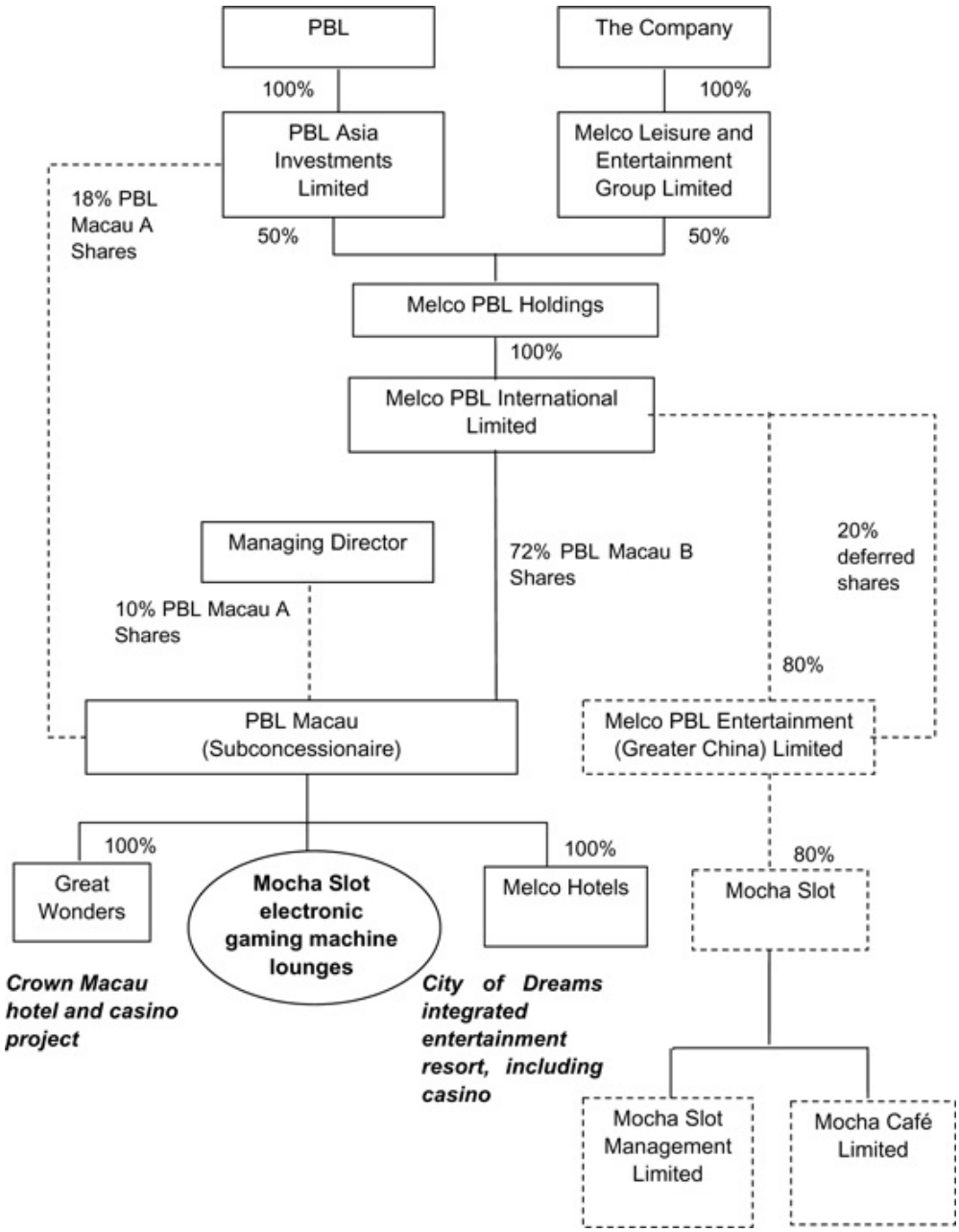


Exhibit 5.1

[Letterhead of Walkers]

1 December 2006

Our Ref: LY/P0540-H01003

Melco PBL Entertainment (Macau) Limited
The Penthouse
38th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

Dear Sirs

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

We have acted as Cayman Islands legal advisers to Melco PBL Entertainment (Macau) Limited (the "**Company**") in connection with the Company's registration statement on Form F-1 (the "**Registration Statement**"), filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933 on 1 December 2006 relating to the offering by the Company of American Depositary Shares (the "**Public Offering**"). We are furnishing this opinion as exhibit 5.1 to the Registration Statement.

For the purposes of giving this opinion, we have examined the following documents:

1. the Certificate of Incorporation dated 17 December 2004, the Certificate of Incorporation on Change of Name dated 9 August 2006, the Memorandum and Articles of Association as registered on 17 December 2004**,** the Amended and Restated Memorandum and Articles of Association as registered on 26 January 2005**,** the Amended and Restated Memorandum of Association as adopted by special resolution on 30 November 2006, the Amended and Restated Articles of Association as conditionally adopted by special resolution on 30 November 2006, the minute book, the Register of Members, Register of Directors and the Register of Mortgages and Charges of the Company, copies of which have been provided to us by its registered office in the Cayman Islands on 30 November 2006;
2. a Certificate of Good Standing dated 29 November 2006 issued by the Registrar of Companies;

3. a copy of executed written resolutions of the directors of the Company dated 28 November 2006 and a copy of executed written resolutions of the shareholders of the Company dated 1 December 2006; and
4. the Registration Statement.

We are Attorneys-at-Law in the Cayman Islands and express no opinion as to any laws other than the laws of the Cayman Islands in force and as interpreted at the date of this opinion.

We are of the opinion that under, and subject to, the laws of the Cayman Islands:

1. The Company has been duly incorporated as an exempted company with limited liability for unlimited duration and is validly existing under the laws of the Cayman Islands.
2. The authorised share capital of the Company is US$15,000,000 divided into 1,500,000,000 ordinary shares of par value US$0.01 each (each a "**Share**").
3. The issue and allotment of all the Shares pursuant to the Public Offering has been duly authorised. When allotted, issued and paid for as contemplated in the Registration Statement and when appropriate entries have been made in the register of members of the Company, the Shares will be legally issued and allotted, fully paid and non-assessable (meaning that no further sums are payable to the Company with respect to the holding of such Shares).

We hereby consent to the use of this opinion in, and the filing hereof, as an exhibit to the Registration Statement and to the reference to our firm under the headings "Taxation", "Enforceability of Civil Liabilities", "Legal Matters" and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

We have assumed that:

1. The originals of all documents examined in connection with this opinion are authentic, all signatures, initials and seals are genuine, all such documents purporting to be sealed have been so sealed and all copies are complete and conform to their originals.
2. There is no contractual or other provision (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from enter into and performing its obligations as contemplated in the Public Offering.
3. The Certificate of Incorporation dated 17 December 2004, the Certificate of Incorporation on Change of Name dated 9 August 2006, the Memorandum and Articles of Association as registered on 17 December 2004**,** the Amended and

Restated Memorandum and Articles of Association as registered on 26 January 2005 , the Amended and Restated Memorandum of Association as adopted by special resolution on 30 November 2006, the Amended and Restated Articles of Association as conditionally adopted by special resolution on 30 November 2006, the minute book, the Register of Members, Register of Directors and the Register of Mortgages and Charges of the Company, copies of which have been provided to us by its registered office in the Cayman Islands on 30 November 2006 are true and correct copies of the originals of the same and are complete and accurate and constitute a complete and accurate record of the business transacted by the Company and all matters required by law and the Memorandum and Articles of Association of the Company to be recorded therein are so recorded.

To maintain the Company in good standing under the laws of the Cayman Islands, annual filing fees must be paid and returns made to the Registrar of Companies.

This opinion is limited to the matters referred to herein and shall not be construed as extending to any other matter or document not referred to herein.

This opinion shall be construed in accordance with the laws of the Cayman Islands.

Yours faithfully

/s/

WALKERS

Exhibit 8.1

53rd at Third
885 Third Avenue
New York, New York 10022-4834
Tel:(212)906-1200 Fax:(212)751-4864
www.lw.com

LATHAM & WATKINS LP

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New Jersey	Washington, D.C.

December 1, 2006

Melco PBL Entertainment (Macau) Limited
Penthouse, 38th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

Re: 53,000,000 American Depositary Shares of Melco PBL Entertainment (Macau) Limited (the "Company")

Ladies and Gentlemen:

In connection with the public offering on the date hereof of 53,000,000 American Depositary Shares (" ADSs"), each of which represents three ordinary shares, par value $0.01 per share (the "Ordinary Shares"), of the Company pursuant to the registration statement on Form F-1 under the Securities Act of 1933, as amended (the "Securities Act"), originally filed by the Company with the Securities and Exchange Commission (the " Commission") on December 1, 2006 (the "F-1 Registration Statement"), you have requested our opinion concerning the statements in the F-1 Registration Statement under the caption "Taxation—United States Federal Income Taxation."

The facts, as we understand them, and upon which with your permission we rely in rendering the opinion herein, are set forth in the F-1 Registration Statement.

In our capacity as counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies. For the purpose of our opinion, we have not made an independent investigation or audit of the facts set forth in the above-referenced documents.

We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or any other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state.

Based on such facts and subject to the limitations set forth in the F-1 Registration Statement, the statements of law or legal conclusions in the F-1 Registration Statement under the caption "Taxation—United States Federal Income Taxation" constitute the opinion of Latham & Watkins LLP as to the material tax consequences of an investment in the ADSs.

No opinion is expressed as to any matter not discussed herein.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the F-1 Registration Statement may affect the conclusions stated herein.

This opinion is furnished to you, and is for your use in connection with the transactions set forth in the F-1 Registration Statement. This opinion may not be relied upon by you for any other purpose, or furnished to, quoted to, or relied upon by any other person, firm or corporation, for any purpose, without our prior written consent, except that this opinion may be relied upon by persons entitled to rely on it pursuant to applicable provisions of federal securities law.

We hereby consent to the filing of this opinion as an exhibit to the F-1 Registration Statement and to the use of our name under the caption "Legal Matters" in the prospectus included in the F-1 Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules or regulations of the Commission promulgated thereunder.

Very truly yours,

/s/
Latham & Watkins LLP

Exhibit 10.3

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of [ ] (the "Effective Date"), by and between MELCO PBL ENTERTAINMENT (MACAU) LIMITED a company incorporated under the laws of Cayman Islands whose registered address is Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands. (the "Company"), and [ ] whose passport number is [ ] (the "Executive/employee").

WHEREAS, the Company has determined to employ the Executive/Employee, and the Executive/Employee has agreed to be employed by the Company, as the Company's [ ] in accordance with the terms and provisions set forth herein;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment and Duties.

(a) General. During the Term (as hereinafter defined), the Executive/Employee shall serve as [ ] of the Company or in any other capacity that the Company may reasonably require. The Executive's/Employee's place of employment shall be the principal offices of the Company in Macau and Hong Kong; provided, however, that the Executive/Employee understands and agrees that he/she will be required to travel from time to time for business reasons between Hong Kong, Macau and other business locations of the Company or any other Group Company. The Executive/Employee accepts and agrees (i) the Company may require him to perform duties for any other Group Company whether for the whole or part of his working time and in performing those duties Section 1(b) will apply as if references to the Company are to the appropriate Group Company (ii) the Company may transfer his employment to any other Group Company with no impact on his responsibility, employment terms and conditions. The Company will remain responsible for the payments and benefits he is entitled to receive under this Agreement. The Executive/Employee will keep the Board fully informed of his/her conduct of the business, finances or affairs of the Company or any other Group Company in a prompt and timely manner. The Executive/Employee will promptly disclose to the Board full details of any wrongdoing by any employee of any Group Company where that wrongdoing is material to that employee's employment by the relevant company or to the interests or reputation of any Group Company. Save for those matters that are expressly contemplated and dealt with in this Agreement, the Executive's/Employee's entitlements and obligations shall be governed by and subject to the Company's internal codes, practices, policies and procedures as may be in place from time to time.

(b) Exclusive Services. For so long as the Executive/Employee is employed by the Company, the Executive/Employee shall devote his full working time, attention and skill to his/her duties hereunder, shall faithfully serve the Company, shall properly perform his/her duties and exercise his/her powers, comply with the Company or Group policies applicable to him/her from time to time regarding business conduct, confidentiality and otherwise, shall in all respects conform to and comply with the lawful directions and instructions given to him by the CEO and the Board and shall use his best efforts to promote and serve the interests and reputation of the Company. The Executive/Employee will comply with the Company's normal hours of work. The Executive/Employee may from time to time be required to work any additional hours the Company considers necessary to meet its business needs but will not receive any further remuneration for any hours worked in addition to the normal working hours. Further, the Executive/Employee shall not, directly or indirectly, render services to any other person or organization without the consent of the CEO or the Board or otherwise engage in activities that would interfere with his faithful performance of his/her duties hereunder. Notwithstanding the foregoing, the Executive/Employee (i) may serve on corporate, civic or charitable boards or engage in charitable activities, (ii) may continue to serve on the boards of directors of any corporation on which the Executive/Employee is serving as a director on the Effective Date and (iii) may manage personal investments, in each case, with the prior consent of the CEO or the Board, and for as long as and to the extent such activity does not interfere with the performance of the Executive's/Employee's duties hereunder.

(c) Term of Employment. The Executive's/Employee's employment with the Company shall commence on [ ] (the "Employment Commencement Date"). The Executive's/Employee employment with the Company shall continue from the Employment Commencement Date until terminated in accordance with Section 5 of this Agreement. The period from the Employment Commencement Date until the termination of the Executive's/Employee's employment in accordance with Section 5 is hereinafter referred to as the " Term".

2. Compensation and Other Benefits. Subject to the provisions of this Agreement, the Company shall pay and provide the following compensation and other benefits to the Executive/Employee during the Term as compensation for services rendered hereunder (all cash payments contemplated below to be paid in Hong Kong dollars/ Macau Pataca):

(a) Base Salary. The Company shall pay to the Executive/Employee an annual salary (the " Base Salary") at the rate of HK$/MOP$[ ], payable in substantially equal installments in accordance with the ordinary payroll practices of the Company as established from time to time. The Base Salary shall be reviewed annually. If the Executive/Employee is requested to serve as an officer of any additional Group Company and he/she agrees to do so, he/she will do so for no extra remuneration.

(b) Annual Bonus. In addition to the amounts to be paid to the Executive/Employee pursuant to Section 2(a), the Executive shall be entitled to participate in the Company Annual Bonus Scheme (with any award under such scheme being hereinafter referred to as the " Annual Bonus"). The Annual Bonus will be based upon the achievement of one or more performance objectives and targets for each fiscal year. The target amount of the Annual Bonus for each fiscal year shall be [ ]% of the Base Salary and the maximum amount of the Annual Bonus shall be [ ]% of the Base Salary in effect for the fiscal year for which the Annual Bonus is earned. Prior to the start of each fiscal year, the Company and the Executive/Employee shall consult reasonably and shall mutually agree upon (i) the performance objectives and targets for the year applicable to the Annual Bonus and (ii) the specific targets that will result in the payment of the target Annual Bonus. For incompletion fiscal year, the Executive's/Employee's entitlement to receive a prorated Annual Bonus shall be governed by and subject to the Company's policies in effect as at the date of termination and in accordance with Hong Kong law.

(c) Equity Bonus Plan.**(Only apply for Senior Executive)** The Executive shall be eligible to join the Company's Equity Bonus Plan pursuant to which equity awards (the "Equity Awards") and stock options ("the Share Options") to purchase shares of Common Stock will be granted on the terms and conditions set forth in the Equity Bonus Plan and the corresponding option agreement by and between the Company and the Executive ("the Option Agreement"), in an amount and in accordance with the terms and conditions specified by the Board.

(d) Visas. The Company will provide visa support for the Executive/Employee and his/her family and will apply at its expense on behalf of the Executive/Employee for a valid employment visa for Macau (with the Executive/Employee warranting to the Company that he/she has Hong Kong permanent residency), and the Executive/Employee agrees to cooperate reasonably and in good faith with the Company during such application process, including, without limitation, providing all information to the Company that may reasonably be required. The Executive/Employee hereby confirms that he/she has never been turned down by Macau and Hong Kong or any other place for an employment visa. Until such time as the Executive/Employee has been granted a valid employment visa for Macau, he/she will not undertake any of his duties for the Company in that jurisdiction.

(e) Retirement Plan. The Company agrees to put in place a retirement scheme ("the Scheme") which the Executive/Employee shall be eligible to join that will (i) provide an annual Company-provided retirement accrual for the Executive/Employee for each year during the Term according to the retirement scheme rules and (ii) afford the Executive an opportunity to elect to defer a portion of his/her annual cash compensation. For the avoidance of doubt, save as specified in this Section 2(e), the Executive's rights and entitlements shall be governed by the terms and conditions of the Scheme.

(f) Welfare Benefit Plans. The Company shall, during the Term and subject always to the terms of the relevant scheme or policy and if and to the extent that such cover is available on normal terms, provide at its own expense the Executive/Employee [and his spouse and dependent children under 18 years of age with health (only apply for executive level & above)], disability and life insurance. Any scheme or policy that is provided to the Executive/Employee is subject to the Company's right to alter the cover provided or any term of the scheme or policy at any time if, in the opinion of the Board, the Executive's/employee's state of health is or becomes such that the Company is unable to insure the benefits under the scheme or policy at the normal premiums applicable to a person of the Executive's/Employee's age. The Company shall not have any liability to pay the Executive/Employee any benefit under any insurance scheme or policy unless it receives payment from the insurer under the scheme or policy itself.

(g) Expenses. The Company shall reimburse the Executive/Employee for reasonable travel and other business-related expenses incurred by the Executive/Employee in the fulfillment of his/her duties hereunder in accordance with the applicable expense reimbursement policies and procedures of the Company as in effect from time to time. All expense reimbursements (and payment by the Company of other reimbursable amounts contemplated by this Section 2) shall be subject to the Executive/Employee submitting to the Company in accordance with the Company's regular reimbursement policies reasonable documentation of the expense or amount to be paid by the Company.

(h) Vacation. The Executive/Employee shall be entitled to [ ] weeks paid holiday each holiday year during the Term to be taken at times approved by the Executive's/Employee's Department Head in advance. The Company's holiday year runs from 1st January to 31st December. The Executive/Employee may not, except with the prior written consent of Department Head, carry forward any more than five (5) days of unused holiday entitlement to any subsequent holiday year. If the Executive works only for part of a holiday year during the Term the Executive's holiday entitlement for that year will be pro rated to the length of his/her service. Any accrued but unused holiday entitlement shall be deemed to be taken during any period of Garden Leave. Any accrued and unused vacation time shall be paid to the Executive in cash promptly following the expiration of the Term unless the Employment is terminated for gross misconduct or in accordance with Section 5. If the Executive/Employee has taken in excess of his/her pro rata entitlement of holiday as at the Termination Date the Company may deduct salary in respect of the excess days from the Executive's/Employee's final salary payment.

(i) Fringe Benefits. During the Term, the Executive/Employee will be entitled to participate in the company fringe benefits programmes applicable to the Executive's/Employee's level.

(j) Settling-in Assistance. **(Applicable for Expat Staff only)** The Company shall pay or reimburse the Executive the reasonable costs incurred in connection with the relocation of the Executive, his family and their furniture and personal belongings to Macau to include (i) the cost of one round trip by the Executive and his spouse for the purposes of identifying a suitable residence and (ii) up to a maximum amount of HK$/MOP$40,000 for any miscellaneous expenses reasonably and properly incurred in connection with the relocation ("the Relocation Costs") upon production of satisfactory proof of payment by the Executive. If the Executive terminates the Employment pursuant to Section 5(a) within 12 months after the Employment Commencement Date he will refund to the Company 100% of the Relocation Costs. If the Executive terminates the Employment pursuant to Section 5(a) after 12 months after the Employment Commencement Date but before 24 months after the Employment Commencement Date he will refund to the Company 50% of the Relocation Costs.

(k) Home Leave. **(Applicable for Expat Staff only)** For each whole year during the Term, the Company shall pay for one round-trip [ ] class airline tickets from Hong Kong to the [ ] for each of the Executive, his spouse and dependent children under 18 years of age.

(l) Rental Reimbursement. **(Applicable for Expat Staff only)** During the Term the Executive/Employee shall be entitled to a rental reimbursement of up to [ ] per month to reimburse him/her for the costs of leasing accommodation in Macau or Hong Kong for him/her and his/her family at a residence of the Executive's/Employee's choice. The rental reimbursement shall be paid to the Executive/Employee with his Base Salary. The monthly rental reimbursement covers monthly rent and monthly management fees. The Company shall pay all brokerage/commission/agency fees in connection with leasing the accommodation but not monthly utility charges, which shall be borne by the Executive/Employee. For the purposes of Hong Kong or Macau Salaries Tax, upon production of a stamped lease or other rental agreement, rental receipts and, where appropriate, the invoice for government rates and management fees amounting to at least the above rental expenses reimbursement, the sum paid will be reported as if the accommodation were provided by the Company to the Executive/Employee. If the Executive/Employee is not able to produce any or all such documentation or the monthly rent, rates and management fees fall short of the rental expenses reimbursement paid to him/her, payment of either the whole sum of rental expenses reimbursement paid to the Executive/Employee or the unspent balance, as the case may be, will be made as cash allowance for Hong Kong/Macau Salaries Tax purposes and will be reported by the Company (and must be reported by the Executive) as if it were additional income.

(m) Income Tax. It is the Company's principal that all employees have to take full responsibility of their income tax according to the tax rules of the working location or the jurisdiction governing this agreement

(n) Indemnification. During the Term and for such period following the Term as a third-party claim could be asserted against the Executive/Employee in respect of his/her service as a director, officer or employee of any member of the Company Group, the Company shall maintain directors and officers liability insurance covering the Executive. Such policy shall provide liability and fiduciary insurance coverage in an amount comparable to the coverage provided to officers and directors under the policies of United States companies of a similar size and capitalization as the Company.

3. Surveillance. The Executive/Employee acknowledges that the Company will operate surveillance devices in and about the business properties of the Company Group. The Executive/Employee agrees to the lawful (i) audio, optical and other surveillance of the Executive's/Employee's activities while on the business premises of the Company, including monitoring and recording the Executive's/Employee's conversations; and (ii) use and disclosure by the Company, with the Executive's/Employee's consent, which shall not be unreasonably withheld, of audio, optical and any other surveillance records, or the Executive's/Employee's activities on the business premises of the Company Group for the purpose of the Company's business or as otherwise required by law; provided, however, such surveillance and use and disclosure shall be limited only to actions and communications of the Executive/Employee on the business premises of the Company Group and shall not apply to any activity of the Executive/Employee not conducted on the business premises of the Company Group. The Company shall not be permitted at any time to engage in any surveillance or monitoring activities at the Executive's/Employee's residence, of his/her residence telephone or residence internet connections, of his/her cellular telephone or of any activity of the Executive/Employee not directly related to the business of the Company Group.

4. Limitation on Gambling. Except with the written permission of the CEO or his authorized delegate, the Executive/Employee acknowledges and agrees that during the Term and for a six month period following the expiration of the Term, the Executive/Employee shall be prohibited from gambling at any gaming facility or operation (including any electronic or internet-based gaming facility or operation) operated or offered by any Group Company.

5. Termination of Employment.

(a) Termination of Employment; Notice. The Company may terminate the Executive's/Employee's employment, and the Executive/Employee may resign his/her employment with the Company by giving to the other not less than [ ] months' prior written notice to expire at any time.

(b) Termination of Employment: Cause. The Company may terminate the Employment immediately for Cause in which event the Executive/Employee will have no claim for damages or any other remedy against the Company. The Company may

suspend the Executive/Employee from the Employment on full Base Salary at any time for a reasonable period to investigate any matter in which the Company reasonably believes the Executive/Employee is implicated or involved (whether directly or indirectly) and which might amount to Cause.

(c) Termination Due to Death or Disability. The Executive's/Employee's employment with the Company shall terminate automatically on the date of the Executive's/Employee's death. In the event of the Executive's/Employee's Disability (as hereinafter defined), the Company shall be entitled to terminate his/her employment. In the event of termination of the Executive's/Employee's employment by reason of Executive's/Employee's death or Disability, the Company shall pay to the Executive/Employee (or his estate, as applicable), the accrued amounts in relation to the Executive's/Employee's employment with the Company.

(d) Notice of Termination. Any termination of employment by the Company or the Executive/Employee shall be communicated by a written "Notice of Termination" to the other party hereto given in accordance with Section 18 of this Agreement.

(e) Obligations on Termination. The Executive/Employee shall on termination of the Employment or, if earlier, at the start of a period of Garden Leave (i) (subject to Section 5(e)(ii)) deliver to the Company all materials, records and other information (including, without limitation, in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located) made, compiled or acquired by him/her during the Employment and relating to the Company or any Group Company or its or their business contacts, any keys, credit cards and any other property of the Company or any Group Company including any car provided by the Company which is in his/her possession, custody, care or control, (ii) where the Executive/Employee is on Garden Leave he/she shall not be required to return to the Company any property provided to him/her as a contractual benefit, (iii) irretrievably delete any information relating to the business of the Company or any Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in his/her possession, custody, care or control outside the premises of the Company, (iv) resign from (a) any officer or employee position the Executive/Employee has with the Company or any other Group Company and (b) all fiduciary positions (including as a trustee) the Executive/Employee holds with respect to any employee benefit plans or trusts established by the Company and (v) confirm in writing his/her compliance with his/her obligations under this Section 5(d) if requested to do so by the Company and shall provide it with such reasonable evidence of compliance as it may request.

(f) Definitions:

"Cause" shall mean (A) the Executive's/Employee's (i) continued failure to perform the duties and responsibilities of his/her position as [ ] of the Company to the standard reasonably required by the Board or to follow a lawful order or direction of the CEO or the Board, other than any such failure resulting from Executive's/Employee's sickness or Disability, (ii) fraud, dishonesty, embezzlement, or any other serious criminal act committed by the Executive/Employee; (iii) gross misconduct, willful act or omission not done in good faith or in furtherance of the interests or business of the Company, (iv) misconduct, such conduct being inconsistent with the due and faithful discharge of his/her duties under this Agreement, or (v) habitual neglect of his/her duties hereunder, or (B) any other ground on which the Company is entitled to terminate his/her Employment without notice at common law.

"Disability" shall mean the Executive's/Employee's absence from employment with the Company for a consecutive period of at least 180 days.

6. Confidentiality.

(a) Confidential Information. Without limiting the Executive's/Employee's duties under the law, and in addition thereto, the Executive/Employee shall not, during the Term or thereafter (unless in the course of the Executive's/Employee's employment and necessary for the performance of the Executive's/Employee's duties, or unless with the written consent of the Company), directly or indirectly divulge, disclose, or communicate to any person, firm or corporation in any manner whatsoever any information of any kind, nature, or description concerning any matter affecting or relating to the business of the Company or any other Group Company, or any matter affecting or relating to its or their customers, including without limitation, any trade secrets or any correspondence, accounts, connections or dealings of the Company or any other Group Company or any knowledge gained in relation thereto during the Executive's/Employee's employment and any information whatsoever concerning any past or present customer of the Company or another Group Company ("Confidential Information").

(b) In the event that the Executive/Employee becomes legally compelled to disclose any Confidential Information, the Executive/Employee shall provide the Company with prompt written notice so that the Company or the relevant other Group Company may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, the Executive/Employee shall furnish only that portion of such Confidential Information or take only such action as is legally required by binding order and shall exercise his reasonable efforts to obtain reliable assurance that confidential treatment shall be accorded any such Confidential Information. The Company shall promptly pay (upon receipt of invoices and any other documentation as may be requested by the Company) all reasonable expenses and fees incurred by the Executive/Employee, including attorneys' fees, in connection with his compliance with the immediately preceding sentence.

(c) Exclusive Property. The Executive/Employee confirms that all Confidential Information is and shall remain the exclusive property of the relevant Group Company. All business records, papers and documents kept or made by the Executive/Employee relating to the business of the Company or any other Group Company shall be and remain the property of the relevant Group Company. Upon the request and at the expense of the relevant Group Company, the Executive/Employee shall promptly make all disclosures, execute all instruments and papers and perform all acts reasonably necessary to vest and confirm in the relevant Group Company, fully and completely, all rights created or contemplated by this Section 6.

7. Restrictions After Termination of Employment.

(a) The Executive/Employee is likely to obtain trade secrets and confidential information and personal knowledge of and influence over suppliers, customers, consultants and employees of the Group during the course of the Employment. To protect these interests of the Company, the Executive/Employee agrees with the Company that he/she will not during the Restricted Period, directly or indirectly:

(i) be engaged or concerned or interested in or serve as a director, employee or consultant of any business carried on within the Restricted Area wholly or partly in competition with any Restricted Business (save as the holder as a passive investor only of not more than 5% of the issued ordinary shares of any company listed on NASDAQ or any other recognized investment exchange);

(ii) on his/her own account or on behalf of or in association with any other third party, solicit or seek in any capacity whatsoever, any business orders or custom which is similar to or in competition with any Restricted Business from any Customer; and

(iii) on his/her own account or on behalf of or in association with any other third party, induce, solicit or entice or endeavor to induce, solicit or entice away from the Company any Employee or offer employment or engagement to any Employee with a view to the specific knowledge or skills of such person being used by or for the benefit of any person carrying on business which is similar to or in competition with the Restricted Business.

(b) Each of the paragraphs contained in Section 7(a) constitutes an entirely separate and independent covenant. If any covenant is found to be invalid this will not affect the validity or enforceability of any of the other covenants. While the restrictions set out in Section 7(a) are considered by the Executive/Employee and the Company to be reasonable in all the circumstances, it is agreed that if any one or more of such restrictions shall either taken by itself or themselves together be adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Company but would be adjudged reasonable if

any particular restriction or restrictions were deleted or if any part or parts of the wording thereof were deleted, restricted or limited in a particular manner, then the restrictions set out in Section 7(a) shall apply with such deletions or restrictions or limitations as the case may be.

(c) Following the Termination Date, the Executive/Employee will not represent himself/herself as being in any way connected with the businesses of the Company or of any other Group Company (except to the extent agreed by such a company).

(d) Any benefit given or deemed to be given by the Executive/Employee to any Group Company under the terms of Section 7 is received and held on trust by the Company for the relevant Group Company. The Executive/Employee will enter into appropriate restrictive covenants directly with other Group Companies if asked to do so by the Company.

8. Data Privacy. For the purposes of the Personal Data (Privacy) Ordinance the Executive/Employee gives his/her consent to the collection and use of his personal data by the Company and other Group Companies for all purposes relating to the Employment including, but not limited to: administering and maintaining personnel records; paying and reviewing salary and other remuneration and benefits; providing and administering benefits (including if relevant, pension, life assurance, permanent health insurance and medical insurance); undertaking performance appraisals and reviews; maintaining sickness and other absence records; taking decisions as to the Executive's/Employee's fitness for work; providing references and information to future employees, and if necessary, governmental and quasi-governmental bodies for mandatory provident fund and other purposes, the Inland Revenue; providing information to future purchasers and potential future purchasers of the Company or any other Group Companies or of the business(es) in which the Executive works; transferring information concerning the Executive/Employee outside Hong Kong; and the lawful monitoring of communications via the Company's or any other Group Company's system:

9. No Conflicting Agreement. The Executive/Employee represents and warrants to the Company that (a) the Executive/Employee has not taken, and/or will return or (with the consent of his former employer) destroy without retaining copies, all proprietary and confidential materials of his former employer; (b) the Executive/Employee has not used any confidential, proprietary or trade secret information in violation of any contractual or common law obligation to his/her former employer; (c) except as previously disclosed to the Company in writing, the Executive/Employee is not party to any agreement, whether written or oral, that would prevent or restrict him/her from engaging in activities competitive with the activities of his/her former employer, from directly or indirectly soliciting any employee, client or customer to leave the employ of, or transfer its business away from, his/her former employer or, if the Executive is subject to such an agreement or policy, he/she has complied with it; and (d) the

Executive is not a party to any agreement, whether written or oral, that would be breached by or would prevent or interfere with the execution by the Executive/Employee of this Agreement or the fulfillment by the Executive/Employee of the Executive's/Employee's obligations hereunder. The Company represents and warrants to the Executive/Employee that (a) upon execution, this Agreement will constitute a valid and binding obligation of the Company, (b) the Company is not party to any agreement, whether written or oral, that would prevent or restrict it from entering into this Agreement or performing its obligations under this Agreement in accordance with the terms hereof and (c) the Company is not a party to any agreement, whether written or oral, that would be breached by or would prevent or interfere with the execution by the Company of this Agreement or the fulfillment by the Company of its obligations hereunder.

10. Garden Leave. Following service of notice to terminate the Employment by either party, or if the Executive/Employee purports to terminate the Employment in breach of contract, the Company may by written notice require the Executive/Employee not to perform any services (or to perform only specified services) for the Company or any Group Company until the termination of the Employment. Any period of Garden Leave shall not normally exceed six months. During any period of Garden Leave the Company shall be under no obligation to provide any work to, or vest any powers in, the Executive/Employee, who shall have no right to perform any services for the Company or any Group Company. During any period of Garden Leave the Executive shall (i) continue to receive his Base Salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement, (ii) remain an employee of the Company and be bound by the terms of this agreement, (iii) not, without the prior written consent of the CEO or the Board attend his place of work or any other premises of the Company or any Group Company, (iv) not, without the prior written consent of the CEO or the Board, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company; and (v) (except during any periods taken as holiday in the usual way) ensure that the CEO knows where he/she will be and how he can be contacted during each working day.

11. Nonassignability; Binding Agreement.

(a) By the Executive. Neither this Agreement nor any or all of the rights, duties, obligations or interests hereunder shall be assignable or delegable by the Executive.

(b) By the Company. This Agreement and all of the Company's rights and obligations hereunder shall not be assignable by the Company except as incident to a reorganization, merger or consolidation, or transfer of all or substantially all of the Company's assets, but no such assignment by the Company shall relieve the Company of its obligations hereunder without the Executive's consent.

(c) Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, any successors to or assigns of the Company and the Executive's/Employee's heirs and the personal representatives of the Executive's/Employee's estate.

12. Tax Matters; Withholding. Any payments made or benefits provided to the Executive/Employee under this Agreement shall be reduced by any applicable withholding taxes or other amounts required to be withheld by law.

13. Amendment; Waiver. This Agreement may not be modified, amended or waived in any manner, except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

14. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of Hong Kong. The parties hereby agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement.

15. Entire Agreement; Supersedes Previous Agreements . This Agreement contains the entire agreement and understanding of the parties hereto with respect to the matters covered herein and supersedes all prior or contemporaneous negotiations, commitments, agreements and writings with respect to the subject matter hereof. All such other negotiations, commitments, agreements and writings shall have no further force or effect, and the parties to any such other negotiation, commitment, agreement or writing shall have no further rights or obligations thereunder. The Executive/Employee acknowledges that he/she has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated into it. The Executive/Employee agrees and acknowledges that his/her only rights and remedies in relation to any representation, warranty or undertaking made or given in connection with this Agreement (unless such representation, warranty or undertaking was made fraudulently) will be for breach of the terms of this Agreement, to the exclusion of all other rights and remedies (including those in tort or arising under statute).

16. Counterparts. This Agreement may be executed by either of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

17. Headings. The headings of Sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

18. Notices. All notices or communications hereunder shall be in writing, addressed as follows:

To the Company: c/o Melco PBL Entertainment (Macau) Limited, 36/F, The Centrium, 60 Wyndam Street, Central, Hong Kong.

To the Executive: [Executive's/Employee's Correspondence Address].

All such notices shall be conclusively deemed to be received and shall be effective (i) if sent by hand delivery, upon receipt or (ii) if sent by electronic mail or facsimile, upon confirmation of receipt by the sender of such transmission.

19. Interpretation. In this Agreement:

(a) "Board" means the board of directors of the Company from time to time or anyone/any person or committee nominated by the board of directors as its representative for the purposes of this agreement;

(b) "Customer" means any person with whom the Executive/Employee or anyone working under the supervision or control of the Executive/Employee deals personally who, at the Termination Date, is negotiating with the Company or any Group Company for Restricted Business or with whom the Company or any Group Company has conducted any Restricted Business at any time during the final 12 months of the Employment;

(c) "Employment" means the employment governed by this Agreement;

(d) "Garden Leave" means any period during which the Company has exercised its rights under the first sentence of Section 10 of this Agreement;

(e) "Group" means together (i) the Company and (ii) every company which is for the time being a subsidiary of the Company or in respect of which the Company holds at least 30% of the voting rights;

(f) "Group Company" means a member of the Group and the expression "Group Companies" will be interpreted accordingly;

(g) "holding company" and "subsidiary" have the meanings given in section 2 of the Companies Ordinance, Cap 32;

(h) "Restricted Area" means Macau, Australia and any other country, territory or region in which the Company or any Group Company carries on or intends to carry on any Restricted Business as at the Termination Date;

(i) “Restricted Business” means and includes the operation of gaming machines and the ownership and/or management of gaming venues or casinos and all other commercial activities carried on or to be carried on by the Company or any Group Company in which the Executive/Employee worked or about which the Executive knew Confidential Information to a material extent at any time during the final two years of his Employment;

(j) “Restricted Period” means the period of six months after the Termination Date; and

(k) “Termination Date” means the date on which the Employment terminates.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by its officer pursuant to the authority of its Board, and the Executive/Employee has executed this Agreement, as of the day and year first written above.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

By _____
Name:

EXECUTIVE/EMPLOYEE

_____

Exhibit 10.4

(English Translation)

SUBCONCESSION CONTRACT FOR OPERATING CASINO GAMES OF CHANCE OR GAMES OF OTHER FORMS IN THE MACAU SPECIAL ADMINISTRATIVE REGION

Between

Wynn Resorts (Macau), S.A., , henceforth simply referred as the "Concessionaire", with its registered office in Macau at Alameda Dr. Carlos D'Assumpção, no. 335-341, Edifício Hotline, 9th Floor, registered with the Macau Commercial Registry under no. 14917 (SO), duly represented by its Director(s), Stephen Alan Wynn, married, of American nationality, holder of United States of America passport number 055142925 issued on 20/01/1998, with address at One Shadow Creek Drive, North Las Vegas, Nevada 89031, United States of America, with powers for this effect

PBL Diversões (Macau) , S.A. henceforth simply referred as the "Subconcessionaire", with registered office in Macau at Av. Dr. Mário Soares, n.° 25, Edificio Montepio, 1.º andar, comp. 13, registered with the Macau Commercial Registry under no. 24325 (SO), duly represented by its Director(s), Rowen Bruce Craigie, married, of Australian nationality, holder of Australian Passport number L6696463, issued on 20/08/1998 with address on 8 Whiteman Street, Southbank, VIC 3006, Australia, with powers for this effect

Whereas:

It was granted by the Macau SAR to the Concessionaire a concession to operate games of chance and other games in casino, through an administrative concession contract to operate games of chance and other games in casino in Macau SAR on June 24 th 2002, which was amended on 8th September 2006;

Wynn Resorts (Macau) S.A.. was authorized to sign this subconcession contract, under the provisions of Clause seventy five, number one of the concession contract executed between the Macau SAR and the Concessionaire;

It is agreed by the parties the this administrative subconcession contract to exploit games of fortune and other games in casino, which shall be governed by the following provisions:

CHAPTER 1
SUBJECT MATTER, TYPE AND TERM OF THE SUBCONCESSION

Article 1
Subject Matter of the Subconcession

1. The subject matter of the subconcession granted under this Subconcession Contract is the operation of games of chance and other games in casino in the Macau SAR of the People's Republic of China (hereinafter the "Macau SAR").

2. The Subconcession is based on the Concession granted to the Concessionaire for the operation of games of chance and other games in casino and is partial, as far as the Concession is concerned; the Concessionaire is exempted of its liabilities as far as the Subconcessionaire's obligations regards, and in the terms referred to in this contract.

3. The Subconcession does not include the following gaming activities:

(1) mutual bets;

(2) gaming activities provided to the public, except under article 3, paragraph 7 of Law 16/2001;

(3) interactive gaming; and

(4) games of chance or any other gaming, betting or gambling activities on board ships or planes, except under article 5, paragraph 3, subparagraph 1) and paragraph 4, of Law 16/2001.

Article 2
Purposes of the Subconcession

The Subconcessionaire undertakes to:

1. ensure the proper exploitation and operation of games of chance and other games in casino;

2. employ only persons that have appropriate qualifications to perform their activities and to assume relevant responsibilities for the management and operation of games of chance and other games in casino;

3. exploit and operate games of chance and other games in casino in a fair and honest manner without the influence of criminal activities; and

4. safeguard and ensure the Macau SAR's interests in the collection of tax revenue from the operation of casinos and other gaming areas.

Article 3
Governing Law and Competent Jurisdiction

1. This Subconcession Contract shall be exclusively governed by the laws of the Macau SAR.

2. The Concessionaire and the Subconcessionaire recognize and accept the exclusive jurisdiction of the court of the Macau SAR to settle any potential dispute or conflict of interests arising between themselves or against the Macau SAR, separately or jointly with any third parties, and therefore waive their right to file lawsuit in any court outside the Macau SAR.

Article 4
Compliance with the Laws of the Macau SAR

The Concessionaire and the Subconcessionaire undertake to comply with the applicable laws of the Macau SAR and waive their right to apply regulations of a place other than the Macau SAR, inter alia to exempt themselves from performing obligations or acts that must be performed by them or that are imposed on them.

Article 5
Participation in the Operation of Games of Chance or Games of Other Forms in Other Jurisdictions

1. The Subconcessionaire must immediately inform the Government of the Macau SAR, hereinafter the Government, of its participation, of the participation of any of its directors, of any dominant shareholder, including the ultimate dominant shareholder, or any shareholder of the Subconcessionaire holding, directly or indirectly 10% or more of its share capital, including participation in the operation through a management agreement, in the operation of casino games of chance or games of other forms in any other jurisdictions.

2. For the purpose mentioned in number 1 above, the Subconcessionaire undertakes to submit and provide or cause to submit and provide to the Government, as the case may be, any documents, information or data that may be requested by the Government, except those considered confidential by law.

Article 6
Concession System

1. To this subconcession contract the legal framework of the concession regime consisting of the legal framework which comprises the legal system for operating casino games of chance or games of other forms as approved by the Law No. 16/2001, the Administrative Regulatios No. 26/2001, the implementing rules for operating games of chance (specifically the rules stated in Article 55 of the Law No. 16/2001 and other supplemental regulations stated in the Law No. 16/2001) as well as the Concession Contract executed between the Macau SAR and the Concessionairs, shall apply.

2. Without prejudice of the obligations arising from this subconcession contract, the Subconcessionaire undertakes, before the Government, to comply with all such similar obligations as those of the Concessionaires of games of chance and other games in casino from time to time arising from the legal framework referred to in the above number one.

Article 7
Operation of the Conceded Business

The Subconcessionaire undertakes to operate the subconcession in accordance with the terms and conditions set forth in this Subconcession Contract.

Article 8
Term of the Subconcession

1. The term of the Subconcession granted hereunder shall be June 26 th 2022.

2. The provision of the preceding paragraph shall not prejudice the survival of certain provisions contained herein after the termination of the subconcession.

CHAPTER 2
PLACES FOR OPERATING AND RUNNING CASINOS AND OTHER GAMING AREAS

Article 9
Places for Operating the Subconcession

1. In the operation of its business, the Subconcessionaire may only operate games of chance or games of other forms in the casinos and other gaming areas previously authorized and categorized by the Government.

2. The use of any other places to operate the subconcession is subject to approval of the government.

Article 10
Types of Games, Gaming Tables and Electrical or Mechanical Gaming Machines

1. The Subconcessionaire is authorized to operate all games of chance that the Concessionaire is authorized to, as well as any other games to be authorized by an Order of the Secretary for Economy and Finance, upon request by the Subconcessionaire and after consulting the Gaming Inspection and Coordination Bureau (the "GICB"). The rules for operating these other games shall be approved by Order of the Secretary for Economy and Finance, after proposal of the GICB. The Subconcessionaire is also authorized to operate any electrical or mechanical gaming machines, including slot machines, in accordance with the law.

2. The Subconcessionaire undertakes to submit to the "GICB" in December of each year, a list setting forth the number of gaming tables and electrical or mechanical gaming machines, including slot machines, that it intends to operate during the following year, together with their respective location.

3. The number of gaming tables and electrical or mechanical gaming machines, including slot machines, to be operated by the Subconcessionaire may be amended by prior notification to the GICB.

4. The Subconcessionaire undertakes to maintain and operate in its casinos a minimum diversity of games, as per the instructions of the GICB.

Article 11
Continuous Operation of Casinos

1. The Subconcessionaire undertakes to open its casinos for business everyday of every year.

2. Without prejudice to the preceding paragraph, the Subconcessionaire may determine the daily period during which its casinos and its activities therein will be open to the public.

3. The set up of daily business hours during which the casinos and its activities therein are open to the public should be notified to the government in advance and should be posted on the entrance of the casinos.

4. The change of the daily business hours during which the casinos and its activities therein are open to the public should be notified to the Government at least three days in advance.

Article 12
Suspension of the Operation of Casinos and Other Gaming Areas

1. The Subconcessionaire undertakes to request from the Government authorization to suspend the operation of one or more of its casinos and other gaming areas for one or several days at least three days in advance.

2. The authorization set forth in the preceding paragraph is not required in case of emergency or *force majeure*, inter alia, in case of serious accident, catastrophes or natural disasters that seriously endanger the security of any person, and the Subconcessionaire shall promptly inform the Government and the Concessionaire of the suspension of the operation of its casinos or other gaming areas.

Article 13
Electronic Monitoring and Surveillance Equipment

1. The Subconcessionaire undertakes to install high international quality standard electronic monitoring and surveillance equipment approved by the GICB in the casinos and other gaming areas. For this purpose, the Subconcessionaire shall submit to the said authority a written application identifying the equipment it proposes to install together with the relevant technical specifications. Notwithstanding, the GICB may at any time request models or samples of abovementioned equipment.

2. If so requested by the GICB, the Subconcessionaire also undertakes to install the approved electronic monitoring and surveillance equipment in other areas adjacent to casinos and other gaming areas or other access areas or areas connecting with casinos and other gaming areas.

3. When reasonably requested by the GICB, in particular in order to ensure the high international quality standard mentioned in the first paragraph, the Subconcessionaire undertakes to cause the instation of new electronic monitoring and surveillance equipment approved by the GICB.

4. The Subconcessionaire undertakes to immediately report to the relevant public authorities any criminal facts or acts or illegal administrative acts as well as other illegal acts that it deems as serious as soon as it is aware of the same.

CHAPTER 3
SUBCONCESSIONAIRE

Article 14
Business, Address and Form of the Company

1. The Subconcessionaire undertakes to have as scope of business solely the operation of casino games of chance or other games in the casino.

2. Subject to the authorization of the Government, the scope of business of the Subconcessionaire may include activities correlated to the operation of casino games of chance or other games in the casino.

3. The Subconcessionaire undertakes to maintain its head office in the Macau SAR and its status of company limited by shares.

Article 15
Share Capital and Shares

1. The Subconcessionaire undertakes to maintain a share capital in an amount no less than MOP200,000,000.

2. The Subconcessionaire undertakes to increase its sharecapital if and when the Chief Executive so determines due to justifiable supervening circumstances.

3. All share capital of the Subconcessionaire shall be exclusively represented by certificates representative of nominative shares.

4. The increase of share capital of the Subconcessionaire by means of public offering is be subject to authorization from the government.

5. The issuance of preferential shares by the Subconcessionaire is subject to authorization from the government.

6. Without prejudice of the preceding paragraph, the establishment or issuance of types or categories of shares representing the share capital of the Subconcessionaire or the modification of such shares is subject to authorization from the government.

7. The Subconcessionaire undertakes to take necessary measures to ensure that all share capital of legal persons that hold shares of the Subconcessionaire, legal persons that hold capital contributions of the above legal person shareholders, up to the ultimate shareholders (both natural persons and legal persons) that hold capital contributions of the above shareholders are represented only by nominative shares, save for those legal persons that are listed companies with regard to the shares that are traded on a stock market.

Article 16
Transfer of Shares and Creation of Encumbrances

1. Any *inter vivos* transfer of or creation of encumbrances over the ownership of or rights over shares representing the share capital of the Subconcessionaire, as well as any act involving the granting of voting rights or other shareholders' rights to persons other than the original owners, are subject to authorization of the government.

2. For the applicability of the provisions of the preceding paragraph, the Subconcessionaire shall have the obligation to refuse, under any circumstances, to record or recognize the shareholding of any entity which possesses or owns shares representing its shareholding in the share capital in violation of the provisions contained herein or the law, and it shall not expressly or implicitly recognize any effect to the above mentioned inter vivos transfer or creation of encumbrances.

3. Any transfer *mortis causa* of the ownership of or rights over shares representing the share capital of the Subconcessionaire shall be promptly notified to the government. The Subconcessionaire at the same time undertakes to take the necessary measures to record such transfer in its share register book.

4. Upon obtaining the permission referred to in the first paragraph, if an owner of shares representing the ownership of the share capital of the Subconcessionaire or other rights relating to such shares transfers or creates encumbrance over such ownership or rights, or grants the voting rights or other shareholders' rights to other persons, he shall promptly notify the Subconcessionaire of the relevant fact. After the Subconcessionaire makes the relevant record in its registers or completes similar procedures, it shall notify the GICB within 30 days and shall submit a copy of the document legalizing the relevant legal acts and provide detailed information relating to any other stipulated provisions and terms.

5. The Subconcessionaire shall also take measures to obtain the permission of the government with regard to the following acts: any transfer inter vivos of the ownership of shares or other rights relating to such shares of its shareholders (both natural persons and legal persons), any transfer inter vivos of shares of the above legal person company (both natural persons and legal persons), and so on up to the transfer inter vivos of the shares of ultimate shareholders (both natural persons and legal persons) provided that such shares shall be directly or indirectly equal to 5% or more of capital contributions of the Subconcessionaire, save that this paragraph shall not apply to a listed company's shares that are traded on a stock market.

6. The Subconcessionaire shall promptly notify the government after it is aware of the following acts: any transfer mortis causa of the ownership of 5% or more of the shares or other rights relating to such shares of its shareholders (both natural persons and legal persons), any transfer mortis causa of 5% or more of shares of the above shareholders (both natural persons and legal persons), and so on up to the transfer mortis causa of the shares of ultimate shareholders (both natural persons and legal persons).

7. The Subconcessionaire shall also promptly notify the government after it is aware of the following acts: the creation of any encumbrance over the shares representing the share capital of its shareholders, the creation of any encumbrance over the shares owned by the above shareholders, so on up to the encumbrance over the share capital of ultimate shareholders provided that such shares shall be indirectly equal to 5% or more of share capital of the Subconcessionaire, save that this paragraph shall not apply to a listed company's shares that are traded on a stock market.

8. The provisions of the preceding paragraph shall also apply to the granting of voting rights or other shareholders' rights to persons other than the original owners of such rights, save that this paragraph shall not apply to a listed company's shares that are traded on a stock market.

9. The provisions of the paragraph 4, after necessary amendments, shall apply to the act of transfer of the ownership of capital contributions of share capital or other rights relating to such contributions as referred to in paragraph 5.

10. If a dominant shareholder of the Subconcessionaire, having received written instructions of a gaming control entity in another jurisdiction in which such dominant shareholder is licensed to operate casino games of chance or games of other forms, does not wish to continue to be a shareholder of the Subconcessionaire, then, the Government may authorize the dominant shareholder to transfer its shares on the Subconcessionaire share capital, provided that the written instructions received by the dominant shareholder are not due to any facts for which both the Subconcessionaire or its dominant shareholder are liable. Still, permission of the Government for the acquisition of those shares needs to be obtained.

Article 17
Issue of Bonds

Issue of bonds by the Subconcessionaire is subject to authorization from the government.

Article 18
Listing on a Stock Exchange

1. The Subconcessionaire or a company in which the Subconcessionaire holds majority shares may not be listed on the stock exchange, except with the permission of the government.

2. The Subconcessionaire shall also have the obligation to take measures to ensure that legal persons that are controlling shareholders of the Subconcessionaire and whose major business is to directly or indirectly implement projects set forth in the investment plans attached hereto will not, without prior notice given to the government, apply for listing on a stock exchange or conduct any act aiming at being accepted for listing on a stock exchange.

3. An application requesting the permission referred to in the paragraph 1 above and the prior notice referred to in paragraph 2 above shall be made by the Subconcessionaire and all the necessary documents shall be attached thereto, and the government shall not be prevented from requesting the provision of additional documents, material and information.

Article 19
Shareholding Structure and Share Capital

1. The Subconcessionaire must submit to the government in December of each year a document with the latest information of its shareholding structure and the structure of the share capital of a legal person, especially the companies owning 5% or more of the share capital of the subconcessionaire, the share capital of a legal person owning 5% or more of the share capital of such legal person, and so on up to the share capital of a natural person or legal person that is an ultimate shareholder, save that this paragraph shall not apply to a listed company's shares that are traded on a stock market, or it must submit a statement evidencing that there is no change in the structure of such shareholders or the share capital.

2. The Subconcessionaire shall also take measures to obtain and submit to the government properly-certified statements that are signed by each of the shareholders of the Subconcessionaire and the persons mentioned in the preceding paragraph. The contents of such statements shall state the amount of share capital owned by such shareholders and shall also state that such share capital is represented by nominative shares. Such statements shall be submitted together with copies of certificate evidencing capital contributions, as well as the latest information or statement set forth in the preceding paragraph 1.

Article 20
Forbiddance of Holding Being Concurrent Member in Corporate Bodies

1. As to the operation of casino games of chance or games of other forms, the Subconcessionaire shall have the obligation not to appoint a person holding posts in the offices of the other concessionaire, or of any subconcessionaire operating in the Macau SAR or the management company of a certain concessionaire operating in the Macau SAR to serve on the Board, the shareholders' meetings, the supervisory board or other corporate bodies of the above referred companies.

2. The Subconcessionaire must promptly notify the government of the appointment of any person to the Board, the shareholders' meetings, the supervisory board or other corporate bodies.

3. As to the operation of casino games of chance or games of other forms, the government must promptly notify the Subconcessionaire of the appointment of any person to boards of directors, shareholders' meetings, supervisory boards or other corporate bodies of other concessionaires operating casino games of chance or games of other forms, or of other subconcessionaires or of other managing companies operating casino games of chance or games of other forms in Macao SAR.

Article 21
Management

1. Granting of the management power of the Subconcessionaire, including the appointment and the scope of authority of the managing director, the term of such delegation and any amendment to such delegation, especially amendments involving the temporary or definitive replacement of the managing director, shall be subject to the permission of the government. For such purpose, the Subconcessionaire shall submit a draft of the resolution of the Board of Directors of the Subconcessionaire to the government including the proposal of the Subconcessionaire on the granting of management power, including identity information of the managing director, the scope of authority of the managing director and the term of delegation, also a description regarding the replacement in case of failure of the managing director to perform his duties for any reason and any resolution regarding the temporary replacement or the definitive replacement of the managing director. The granting of the management power to the managing director of the Subconcessionaire shall not take effect prior to the permission by the government in connection with the management power.

2. If the government does not approve one or several matters of the above delegation, the Subconcessionaire shall submit a newly drafted resolution within 15 days upon its receipt of the non approval of the government and, if the Government does not accept the Managing Director appointed by the Subconcessionaire, the Subconcessionaire shall submit to the Government Annex II of the Administrative Regulation 26/2001 dully compiled by the new Managing Director.

3. Unless it is permitted by the government, the Subconcessionaire shall have the obligation not to give a power of attorney or to appoint a representative so as to grant, on the basis of a stable relationship, the right to establish the legal acts relating to the operation of the enterprise in the name of the Subconcessionaire, save that this paragraph shall not apply to the power to handle daily matters, especially with public departments or authorities.

Article 22
Articles of Association and Shareholders' Agreements

1. Any amendment to the Articles of Association *(the "Articles")* of the Subconcessionaire is subject to approval from the government.

2. The draft amendments to the Articles of the Subconcessionaire shall be submitted to the government for its approval at least 30 days prior to the date of the shareholders' meeting for reviewing the relevant amendments.

3. The Subconcessionaire shall submit to the government a copy of the certified notarization of the document within 30 days after its approval on the said meeting regarding any amendments to the Articles.

4. The Subconcessionaire shall inform the government of any proposed shareholders agreement that it has knowledge of. For such purpose, apart from taking other necessary measures, the Subconcessionaire shall also make inquiries to its shareholders whether there is any proposed agreement, especially the proposed agreement regarding the exercise of voting rights or other shareholders' rights, 15 days prior to any shareholders' meeting or during a shareholders' meeting in case that such shareholders' meeting is convened without a prior notice, and it shall inform the government of the results of taking such measures.

5. Within sixty days, the Government shall notify the Subconcessionaire whether it approves the amendments to the Articles of Association of the Subconcessionaire as well as its shareholders agreements.

Article 23
Obligation to Provide Information

1. Apart from the obligation to provide information as stipulated for the Concessionaires in the concession system set forth in Article 6, the Subconcessionaires shall have the obligations:

(1) to promptly notify the government of any situation of which it has actual knowledge that will materially affect the normal operation of the Subconcessionaire, e.g. situations regarding the liquidity and solvency of the Subconcessionaire, any material court cases instituted against the Subconcessionaire, any of its directors, any shareholders holding 5% or more of the share capital of the Subconcessionaire or any key employees of casinos, any criminal behaviors or administrative violations in its casinos and other gaming areas that the Subconcessionaire is aware of, any hostile behaviors of any senior officer or staff of the public administrative authority of the Macau SAR, including officers of the security team and law enforcement office, towards the Subconcessionaire or senior officers of its corporate bodies;

(2) to promptly notify the government of the following events: all events that may materially affect or hinder the punctual and complete performance of any obligations or that may impose exceedingly onerous liabilities under this Subconcession Contract or all events which may constitute a reason for termination of the subconcession in accordance with the provisions of Chapter 19;

(3) to promptly notify the government of any of the following facts or matters:

1. the fixed or contingent, regular or special reward received by the directors of the Subconcessionaire, financiers of the Subconcessionaire and major employees who hold key posts in the casinos in the form of wages, remuneration, salaries or service fees or in other forms and the mechanism of profit sharing of the Subconcessionaire by the aforesaid entities (if any);

2. the benefits existing or to be established, including profit distribution;

3. the management contracts and services contracts existing or offered by the Subconcessionaire.

(4) to promptly submit to the government certified copies of the following documents:

1. evidence or contracts or other documents describing the reward set forth in the preceding subparagraph 1;

2. evidence or contracts or other documents describing the benefits existing or to be established or profit distribution;

3. the management contracts and services contracts existing or offered by the Subconcessionaire.

(5) to promptly notify the Government of any imminent or predictable material adverse changes in the economic and financial situation of the Subconcessionaire of which it has knowledge as well as material changes in the economic and financial aspects of any of the following entities:

1. the controlling shareholders of the Subconcessionaire;

2. the entities having closely associated with the Subconcessionaire, especially those undertaking or warranting that they will provide finance to the investment to be made or obligations to be borne by the Subconcessionaire in accordance with the provisions of contracts;

3. the shareholders owning 5% or more of the Subconcessionaire's share capital who undertook or warrant to provide finance to the investment to be made or obligations to be borne by the Subconcessionaire.

(6) to promptly notify the Government that the annual turnover between the Subconcessionaire and a third party has reached MOP 250 million or above;

(7) to submit to the GICB in January of each year documents setting forth all bank accounts of the Subconcessionaire and their balances;

(8) to promptly provide supplemental or additional information as requested by the government;

(9) to promptly provide the GICB and the Finance Department with materials and information as required for the full performance of their duties.

2. The government may determine that the obligations set forth in subparagraphs (3) and (4) should be performed once a year.

CHAPTER 4
MANAGEMENT COMPANY

Article 24
Notification Obligation

1. The Subconcessionaire shall inform the Government, with a minimum 90 (ninety) days prior notice, of its intention to contract a Management Company to manage activities not related to casino games of chance or games of other forms.

2. For the applicability of the preceding paragraph, the Subconcessionaire shall send to the Government a certified copy of the Articles of Association of the Management Company or similar document as well as a copy of the draft of the Management Contract.

3. The Subconcessionaire shall not celebrate contracts under the provisions of which another company gains management powers over the Subconcessionaire as to the operation of casino games of chance or games of other forms.

4. Non-compliance with number three above, without prejudice of other sanctions or penalties, shall imply the payment of a penalty of MOP 500.000.000,00 (five hundred million patacas) to the Macau SAR.

CHAPTER 5
APPROPRIATE QUALIFICATIONS

Article 25
Suitability of the Subconcessionaire

1. The Subconcessionaire shall maintain its suitability during the subconcession term, in accordance with the law.

2. For the applicability of the provisions of the preceding paragraph, the Subconcessionaire shall accept the permanent and continuous monitoring and supervision of the government, in accordance with the law.

3. The Subconcessionaire will promptly pay the costs of the suitability processes; for such purpose, GICB will issue a document with the referred costs. This document will be considered as enough evidence of such costs.

Article 26
Suitability of the Shareholders, Directors and Major Employees of the Subconcessionaire

1. Shareholders who own 5% or more of the share capital of the Subconcessionaire, directors of the Subconcessionaire and key employees holding important posts in the casinos shall maintain their suitability during the subconcession term, in accordance with the law.

2. For the applicability of the provisions of the preceding paragraph, shareholders who own 5% or more of the share capital of the Subconcessionaire, directors of the Subconcessionaire and key employees holding important posts in the casinos shall accept the permanent and continuous monitoring and supervision exercised by the government, in accordance with the law.

3. The Subconcessionaire shall take measures to cause shareholders who own 5% or more of the share capital of the Subconcessionaire, directors of the Subconcessionaire and key employees holding important posts in the casinos to maintain their suitability during the subconcession term, and is fully aware that the said suitability reflects on the suitability of the Subconcessionaire.

4. The Subconcessionaire shall request shareholders who own 5% or more of the share capital of the Subconcessionaire, directors of the Subconcessionaire and key employees holding important posts in the casinos to notify the government promptly of any facts which may materially affect the suitability of the Subconcessionaire or of the above shareholders, directors and key employees.

5. For the applicability of the provisions of the preceding paragraph, the Subconcessionaire shall question shareholders who own 5% or more of the share capital of the Subconcessionaire, directors of the Subconcessionaire and key employees holding important posts in the casinos every six months if they are aware of any facts that may materially affect their suitability or that of the Subconcessionaire. This shall not prevent the Subconcessionaire from notifying the government immediately upon obtaining knowledge of any material facts.

6. The Subconcessionaire undertakes to promptly notify the Government of any facts that may materially affect the suitability of shareholders who own 5% or more of the share capital of the Subconcessionaire, directors of the Subconcessionaire and key employees holding important posts in the casinos.

7. Number 3 of the preceding Clause is applicable to the suitability process of the shareholders who own 5% or more of the share capital of the Subconcessionaire, and to those of its directors and its key employees on the casino.

Article 27
Special Obligations of Cooperation

In addition to the general obligation of cooperation of Article 67, the Subconcessionaire shall have the obligation to provide promptly any documents, information or materials that the government deems necessary to examine whether the Subconcessionaire has appropriate suitability.

Article 28
Special Obligations of Notification

1. The Subconcessionaire shall promptly notify the government in case of any termination of license or concession to operate casino games of chance or games of other forms in any other jurisdiction held by any shareholders who own 5% or more of the share capital of the Subconcessionaire.

2. The Subconcessionaire shall promptly notify the government, after receiving knowledge of the same, of any investigation relating to a fact that may give rise to the possibility of a gambling regulator in another jurisdiction to punish, suspend or affect in any other way the license or concession to operate casino games of chance or games of other forms held by any of the shareholders holding 5% or more of the share capital of the Subconcessionaire in such jurisdiction.

CHAPTER 6
FINANCIAL CAPACITY AND FINANCING

Article 29
Financial Capacity of the Subconcessionaire

1. The Subconcessionaire shall maintain its financial capacity to operate the subconcession, and to fully and punctually perform its obligations relating to its business, to the investment and obligations provided herein or that the Subconcessionaire undertook, in particular the investments plan attached to this Subconcession Contract.

2. For the applicability of the provisions of the preceding paragraph, the Subconcessionaire and its shareholders who own 5% or more of the share capital are subject to the permanent and continuous monitoring and supervision of the government, in accordance with the law.

3. The Subconcessionaire shall promptly pay the costs of its financial suitability process and the financial suitability process of its shareholders who own 5% or more of its share capital; for such purpose, GICB will issue a document with the referred costs. This document will be considered as enough evidence of those costs.

Article 30
Loans and Similar Contracts

1. The Subconcessionaire shall inform the government of any loans given to a third party and of any contracts of the same kind that exceed the amount of MOP30 million.

2. The Subconcessionaire undertakes not to give any loans or to enter into similar contracts with its directors, shareholders or key employees holding important posts in the casinos, unless otherwise permitted by the government.

3. The Subconcessionaire undertakes not to enter into any contract with commercial enterprise owners, which will vest in them the power to manage or participate in the management of the Subconcessionaire, including “step in rights” contracts, except as permitted by the government.

Article 31
Risk Undertaking

1. The Subconcessionaire expressly undertakes all the obligations and full and exclusive liability incurred in connection with all inherent risks of the subconcession in connection with the financial capacity and financing of the Subconcessionaire, without prejudice to the applicability of the provisions of Article 40.

2. The Macau SAR is not subject to any obligation, does not undertake any responsibility or risk in connection with the financing of the Subconcessionaire.

Article 32
Financing

1. The Subconcessionaire undertakes to obtain the necessary financing to fully and punctually perform its obligations related to any of its activities, investments and to any obligations that it has validly assumed or for which the Subconcessionaire is, under this contract, obliged to perform, in particular for the investment plans attached to this Subconcession Contract.

2. Any defense or counterplea resulting from contractual relations between the Subconcessionaire and third parties (including entities that provide financing and shareholders of the Subconcessionaire) in connection with the above financing shall not be evocable against the Macau SAR.

Article 33
Legal Reserves

The Subconcessionaire undertakes to keep reserves as required by the law.

Article 34
Special Obligations of Cooperation

1. Without prejudice of the general obligation of cooperation stipulated in Article 67, the Subconcessionaire undertakes to provide promptly any documents, information or materials that the government deems necessary to determine whether the Subconcessionaire has appropriate financial capacity.

2. The Subconcessionaire undertakes to promptly inform the government of any loan, mortgage, debt instrument, guarantee or other obligation that equals or exceeds the amount of MOP8 million assumed or to be assumed in order to obtain financing for any aspect of its business.

3. The Subconcessionaire shall promptly provide the government with certified copies of documents relating to any loan, mortgage, debt instrument, guarantee or obligation assumed or to be assumed in order to obtain financing for any aspect of its business.

4. The Subconcessionaire undertakes to take the necessary measures to obtain and submit to the government a statement signed by each of its controlling shareholders (including ultimate controlling shareholders), pursuant to which each of such shareholders agrees to be bound by the above special obligations of cooperation. Accordingly, upon the request of the government, each of such shareholders shall provide all documents, information, materials or evidence and give any permission.

CHAPTER 7
INVESTMENT PLANS

Article 35
Investment Plans

1. The Subconcessionaire undertakes to implement the investment plan attached to this Subconcession Contract under the terms therein stated.

2. The Subconcessionaire undertakes, *inter alia*, to:

(1) use qualified labour in all its projects;

(2) give priority to corporations with permanent activity or incorporated in the Macau SAR and to Macau SAR residents when retaining enterprises and recruiting workers for implementing the projects set forth in the investment plan attached to this Subconcession Contract;

(3) comply with technical rules and regulation applicable in the Macau SAR, in particular the Land Technical Rules approved by Decree No. 47/96/M of August 26, and the Rules for Safety and Loading of Building Structure and Bridge Structure approved by Decree No. 56/96/M of September 16, as well as the specifications and homologations issued by the official authorities and instructions from the manufacturers or patent owners during its conception of the construction projects related with the projects set forth in the investment plan attached to this Subconcession Contract,;

(4) submit the projects set forth in the investment plan attached to this Subconcession Contract to the Land and Public Works and Transportation Department ("DSSOPT") together with a quality control manual prepared by an entity with recognized experience in identical services of the same type, and recognized and approved by such Department, in addition to a operating plan and a financial and operating records works and the resumes of professionals in charge of each construction area, further to all other documents required by the applicable legislation (in particular the Decree No. 79/85/M of August 21). If the Subconcessionaire fails to submit a quality control manual or the quality control manual submitted is not approved, the Subconcessionaire must comply with the quality control manual prepared by a professional entity designated by the DSSOPT;

(5) complete the construction strictly based on the approved projects and in accordance with applicable laws and regulations and in accordance with internationally recognized standards for similar construction work or supplies and the industry best practice;

(6) comply with the construction and opening periods for the projects set forth in the investment plans attached to this Subconcession Contract;

(7) use materials, systems and equipment certified and approved by recognized entities and in accordance with international standards and generally recognized as having high international quality during the implementation of the projects set forth in the investment plan attached to this Subconcession Contract;

(8) maintain the quality of all projects set forth in the investment plans attached to this Subconcession Contract according to a high international quality standard;

(9) ensure that the quality standard of the commercial facilities therein is of high international quality standard;

(10) maintain a modern, high efficient and high-quality management according to a high international quality standard;

(11) promptly inform the Government of any situation that causes or may cause material changes to the normal development of construction or operation of the facilities of the Subconcessionaire, or in the case of structural anomalies relating to the building structure of the facilities of the Subconcessionaire or any other unusual conditions by submitting a detailed report stating such conditions and reasons. The report shall state the assistance provided by other entities that are generally recognized as qualified and prestigious and the measures taken or to be taken to solve the relevant situatuations or anomalies.

3. The Subconcessionaire shall be liable to the Macau SAR and third parties for any damage caused by error or serious negligence and for which the Subconcessionaire is responsible in the design and dimension of the project, implementation of construction work, and maintenance of the constructions set forth in the investment plan attached to this Subconcession Contract.

4. The government may authorize that the periods mentioned in subparagraph (6) be amended without amending this Subconcession Contract.

5. The government undertakes to enable the Subconcessionaire to directly or indirectly implement the projects set forth in the investment plan attached to this Subconcession Contract in accordance with laws.

Article 36
Amendments to the Projects set forth in the Investment Plans

1. During the implementation of the investment plan attached to this Subconcession Contract, the government may request the Subconcessionaire to provide any document or to amend the implementation of projects contained in the investment plans to ensure compliance with current technical norms or rules and the required quality standard.

2. The government may not impose any amendment to the above projects that may result in an increase of the total amount mentioned in Article 39.

Article 37
Inspection

1. In accordance with the contents of the investment plan attached to this Subconcession Contract and the applicable regulations, the government may, in particular through the DSSOPT, supervise and inspect the implementation of the construction work, in particular the implementation of work plans and the quality of materials, systems and equipment.

2. The DSSOPT shall inform the Subconcessionaire of the representative designated by it for supervision and inspection purpose. If more than one representative is designated to supervise and inspect the implementation of construction work, one of them shall be appointed as the supervisor.

3. For the purposes of the above paragraph no. 1, the Subconcessionaire must provide a detailed report on a monthly basis regarding the progress of implementing the investment plan attached to this Subconcession Contract. Such monthly report shall include at least the following:

(1) important events, number of personnel and quantity of relevant materials, systems and equipment involved;

(2) work progress of various work plans (progress control);

(3) updated financial records and implementation records;

(4) demand for projects, supply, resources, materials, systems and equipment;

(5) major measures to be taken to ensure the compliance with the work plans; and

(6) things to be done to correct errors.

4. When necessary, especially when the normal work progress of the investment plan attached to this Subconcession Contract is affected, the Subconcessionaire undertakes to submit a detailed special written report.

5. Upon the request of the government, the Subconcessionaire undertakes to submit any document within a stipulated period, especially written and graphic information relating to the investment plan attached to this Subconcession Contract.

6. The Subconcessionaire shall also provide all required supplemental statements and information relating to the documents referred to in the preceding paragraph.

7. If the government has any doubt about work quality, it may force the Subconcessionaire to conduct any tests in addition to scheduled tests. When necessary, the government may seek the opinion of the Subconcessionaire about the decision-making rules applicable to such tests.

8. The expenses for conducting the above tests and correcting the defects found during such tests shall be borne by the Subconcessionaire.

9. Orders, circulars or notices with a technical nature in connection with the implementation of construction work may be directly sent by the government, namely through the DSSOPT, to the chief technical officer of the construction site.

10. The chief technical officer shall constantly monitor the relevant work and shall arrive at the construction site upon request.

11. If it is found that the implementation of construction work is not in compliance with the approved project plan or is in breach of applicable laws, regulations or contracts, the government may, through the DSSOPT suspend and ban the implementation of construction work in accordance with the law.

12. The right to inspect the performance of obligations provided hereunder shall not result in any liability to the Macau SAR in connection with the implementation of construction work. The Subconcessionaire shall be solely liability for all imperfections or defects in connection with the planning, implementation or performance of construction work, unless such imperfections or defects are caused by decisions of the government.

Article 38
Contracting and Subcontracting

Third parties contracting and subcontracting shall not exempt the Subconcessionaire from performing its statutory obligations or contractual obligations.

Article 39
Use of Outstanding Amount of the Investment set forth in the Investment Plan

If, after the completion of construction set forth in the investment plan attached to this Subconcession Contract, the total amount of expenses made directly or, subject to prior approval from the Government, indirectly by the Subconcessionaire is lower than MOP 4.000.000.000,00, the Subconcessionaire must use the remaining amount on correlated projects to be designated by the Subconcessionaire and accepted by the government and or on projects that are designated by the government with significant public benefit to the Macau SAR.

Article 40
Insurance

1. The Subconcessionaire must enter into and renew the necessary insurance contracts to ensure that inherent risks of the subconcesssion are effectively and fully covered by insurance. The relevant insurance contracts must be entered into with insurance companies permitted to operate in the Macau SAR. If it is not feasible to purchase insurance with such kind of insurance companies or such purchase brings an excessive burden to the Subconcessionaire, upon permission of the government, the relevant insurance contracts may be entered into with insurance companies outside the Macau SAR.

2. The Subconcessionaire shall especially ensure that the following insurance contracts shall be entered into and the effectiveness of such contracts shall be maintained:

(1) work-related accidents and occupational illnesses insurance for workers of the Subconcessionaire;

(2) vehicles civil liability insurance for all the vehicles owned by the Subconcessionaire;

(3) ships, planes or other aeronautical devices civil liability insurance for those owned by the Subconcessionaire or leased to the Subconcessionaire;

(4) civil liability insurance for fixing advertising material;

(5) general civil liability insurance in connection with the operation of casino games of chance or games of other forms in the Macau SAR and the development of other businesses covered in the subconcession, but not covered by any other insurance contracts;

(6) other insurance for loss and damages in buildings, furniture, equipment and other assets used in the subconcession;

(7) construction insurance (all risks, including civil liability) in relation to conducting any work in buildings related to the subconcession or conducting any work in such buildings.

3. The insurance policies referred in paragraph (6) above shall be “multi-risk”, including, at least, the following:

(1) fire, thunder and lightning, or explosion (of any kind);

(2) pipe rupture or leakage or spillage of water storage tanks, boilers, water pipes, underground water storage, sinks or other water-conveying equipment;

(3) flood, typhoons, tropical storms, volcano eruptions, earthquake, or any other natural disaster;

(4) crash or impact of planes or other flying devices or objects fallen or thrown from planes or other flying devices;

(5) impact of vehicles;

(6) burglary or robbery;

(7) strikes, assaults, riots, public disorder or any other acts of the same nature.

4. The insurance amount or the minimum protection for the insurance referred to in paragraph 2 above, shall be:

(1) in accordance with the applicable laws and regulations for the insurance referred to in paragraphs (1) to (4);

(2) the amount to be determined by the government after considering the volume of business of the subconcession and incidence rate for the previous year and other parameters, for the insurance referred in paragraph (5) above;

(3) equal to the net value of the assets, for insurance referred to in paragraph 2(6) above, the net value shall mean the gross value minus accumulated depreciation; and

(4) the total value of the construction, for insurance referred to in paragraph 2(7).

5. The Subconcessionaire shall ensure that any entity with which the Subconcessionaire concludes a contract has purchased valid insurance for work-related accidents and occupational illnesses.

6. The Subconcessionaire shall submit evidence to the government of that fully effective insurance contracts have been entered into. Upon execution of insurance contracts or renewal of such insurance contracts, the Subconcessionaire shall deliver copies of such insurance contracts to the government.

7. Before copies of insurance contracts set forth in the preceding paragraph are delivered to the government, the Subconcessionaire shall have the obligation not to start any construction or work.

8. The Subconcessionaire may not cancel, suspend, amend or replace any insurance except with the permission of the government. However, if it is only a case of change of insurance company, the Subconcessionaire shall promptly inform the government of such circumstances.

9. If the Subconcessionaire fails to pay its insurance premium, the government may directly pay such insurance premium on behalf of the Subconcessionaire by using the guarantee deposit made for the compliance of the Subconcessionaire’s statutory or contractual obligations.

10. The insurance policies that the Concessionaire is responsible for to provide under the Concession Contract signed between the Government and the Concessionaire, do not include nor replace those referred to in this Clause.

CHAPTER 8
ASSESTS

Article 41
Assets of the Macau SAR

1. The Subconcessionaire shall ensure that the assets of the Macau SAR obtained or to be obtained for the operation of the subconcession by means of the temporary transfer of the right to interest, income and use are in perfect condition or replaced in accordance with the instructions of the GICB.

2. The Subconcessionaire shall ensure that the land and natural resources under the administration of the government in accordance with the provisions of Article 7 of the Basic Law of the Macau SAR provided or to be provided through leases or concessions due to the operation of the subconcession are in perfect conditions.

Article 42
Other Assets

1. The casinos, as well as the equipment and utensils used for gaming business shall be located in properties owned by the Subconcessionaire. No encumbrances shall be created over such casinos, equipment and utensils, except for those authorized by the government.

2. Notwithstanding the authorization specified in the preceding paragraph, the Subconcessionaire shall cause the casinos and the equipment and utensils used for gaming business, including the equipment and utensils located outside the casinos, not to be charged or encumbered upon the termination of this Subconcession Contract.

3. Except when authorized by the Government, the casinos shall not be located at any properties where the right of use is created by lease contracts or contracts of similar nature or by any other type of contracts which do not grant the full ownership of the property to the Subconcessionaires, even if such contracts are non-typical contracts. The mentioned authorization may stipulate as condition precedent that the Subconcessionaire acquires the units where the casinos are located 180 prior to the date set out in paragraph 1 of clause 43, unless the subconcession terminates prior to such date and in such case, that such units shall be acquired by the Subconcessionaire in the shortest time possible, namely to allow the transfer of ownership of the casinos to the Macau SAR.

4. When duly authorized, the Subconcessionaire shall submit to the government copies of the contracts specified in the preceding paragraph and all amendments to and alternations of such contracts, notwithstanding that such amendments and alternations may have a retroactive effect.

5. The Subconcessionaire shall locate all of its casinos in buildings or complex of buildings with registered strata title even though such buildings or complex of buildings constitute one economic and functional unit, so that the casinos constitute one or more independent units, which area should be precisely identified and defined.

6. For the applicability of the provisions of the preceding paragraph, the Subconcessionaire shall promptly submit to the government the property registration certificate regarding strata title of the property, which shall set forth the description of all individual units and enclose a plan confirming and defining the relevant areas.

7. The Subconcessionaire shall register any amendments to the strata title and promptly submit the relevant property registration certificate to the government through the Finance Services Bureau.

8. The Subconcessionaire shall also submit to the government the rules and regulations of the condominium applicable to the units registered under strata title for approval.

Article 43
Reversion of the Casinos and of the Equipment and Utensils used for Gaming Business

1. On June 26th 2022, except when termination occurs prior to that date, the casinos and the equipment and utensils used for gaming business, including the equipment and utensils located outside the casinos, shall automatically revert to the Macau SAR without compensation. Upon the delivery of the aforesaid assets, the Subconcessionaire shall ensure that such assets are good maintenance and operation condition except for fair wear and tear resulting from the use in compliance with the provisions of this subconcession Contract and free from charge or encumbrance.

2. The Subconcessionaire shall immediately deliver the assets specified in the preceding paragraph.

3. In case that the Subconcessionaire does not deliver the assets specified in paragraph 1, the government shall immediately have administrative possession over such assets. The relevant expenses shall be paid from the guarantee deposit provided by the Subconcessionaire to guarantee performance of statutory or contractual obligations.

4. On the date referred to in number 1 above, the government shall inspect the assets as specified in Articles 41 and 42 to examine the conditions of custody and maintenance of such assets and prepare a record note of the inspection. At the time of inspection, a representative of the Subconcessionaire may participate in such inspection.

5. Upon the dissolution or liquidation of the Subconcessionaire, the division of assets of the Subconcessionaire shall not be carried out if the government has not proved that the assets are in good maintenance and operation condition through the mandatory listing of assets procedures specified in the following article or if the Subconcessionaire fails to ensure that the payment of damages or any amounts payable to the Macau SAR may be satisfied by any guarantees acceptable to the government.

6. The provision of the last part of paragraph 1 shall not interfere with the normal renovation of the equipment and utensils used in the gaming business.

Article 44
List of Assets Used in the Subconcession

1. The Subconcessionaire shall prepare a list in triplicate of all assets and rights belonging to the Macau SAR and used for the conceded business and all revertible assets and update such list of assets. Accordingly, the Subconcessionaire shall update the relevant list in case of any changes by no later than May 31 of each year, and submit copies of such list to the GICB and the Finance Department respectively.

2. In the year of the termination of the subconcession, the aforesaid list shall be mandatorily prepared sixty days prior to the termination of the subconcession.

3. Under other situations of termination of the Subconcession Contract, the listing of assets specified in the first paragraph shall be conducted on the date and at the time as specified by the government.

Article 45
Improvement

The improvements of whatever nature made to the assets mentioned in Article 41 as well as the revertible assets do not entitle the Subconcessionaire and/or the Concessionaire to any compensation or damages and do not need to be removed.

Article 46
Concession of Land to be used by the Subconcessionaire

1. The regime of the concession of land to be used by the Subconcessionaire especially for the operation of the conceded business shall be stipulated in the relevant land concession contract.

2. The terms of the land concession contract to be executed between the government and the Subconcessionaire shall be subject to the provisions of this Subconcession Contract, to the applicable extent.

CHAPTER 9
PREMIUM

Article 47
Premium

1. The subconcessionaire undertakes to pay to the Macau SAR during the term of the Subconcession an annual premium, in return for the grant of the Subconcession for operating casino games of chance or games of other forms.

2. The annual amount of the premium to be paid by the Subconcessionaire has a variable portion and a fixed portion.

3. The fixed portion of the annual premium payable by the Subconcessionaire shall be of MOP30 million per year.

4. The variable portion of the premium payable yearly by the Subconcessionaire will be calculated in accordance with the number of gaming tables and the number of electrical or mechanical gaming machines, including slot machines operated by the Subconcessionaire.

5. For the applicability of the provisions of the preceding paragraph:

(i) For each gaming table located in special gaming halls or areas reserved exclusively to certain kind of games or to certain players, the Subconcessionaire shall pay MOP300,000;

(ii) For each gaming table not reserved exclusively to certain kind of games or to certain players, the Subconcessionaire shall pay MOP 150,000;

(iii) For each electrical or mechanical gaming machine, including the slot machine, the Subconcessionaire shall pay MOP1,000 each year;

6. Independently of the number of gaming tables that the Subconcessionaire has in each moment in operation, the amount of the variable portion of the annual premium may not be less than the amount for the permanent operation of 100 gaming tables located in special gaming halls or areas reserved exclusively to certain kinds of games or to certain players and the permanent operation of 100 gaming tables not reserved exclusively to certain kind of games or to certain players.

7. The Subconcessionaire shall pay the fixed portion of the annual premium by no later than January 10 th of the relevant year. The government may also provide payment by monthly installments.

8. The Subconcessionaire shall pay the variable portion of the annual premium monthly by no later than the 10 th day of the month immediately following the relevant month in connection with the operation of the gaming tables and the electrical and mechanical gaming machines including the "slot machines" in the previous month.

9. For the purpose of calculating the amount of variable portion of the annual premium referred to in the preceding paragraph, the number of days in the relevant month in which the Subconcessionaire operates each gaming table and each electrical and mechanical gaming machine including the "slot machines" shall be taken into consideration.

10. The payment of premium shall be made by submission of the relevant payment slip to the cashier of the Finance and Tax Department of the Macau SAR.

CHAPTER 10
CONTRIBUTIONS

Article 48
Contribution for a Public Foundation

1. The Subconcessionaire shall contribute to the Macau SAR an amount equivalent to 1.6% of the gross revenue of the gaming business. Such contribution shall be delivered to a public foundation designated by the government which scope is to promote, develop or study culture, society, economy, education and science and engage in academic and charity activities.

2. The contribution referred to in the preceding paragraph shall be paid monthly by the Subconcessionaire with the relevant payment slip given to the cashier office of the Finance and Tax Department of the Macau SAR by no later than the tenth day of the month immediately following the relevant month.

3. The contribution referred to in the first paragraph shall have its own budget record made by the Macau SAR.

Article 49
Contribution for Urban Development, Tourism Promotion and Social Security

1. The Subconcessionaire shall contribute to the Macau SAR with an amount equivalent to 2.4% of the gross revenue of the gaming business for the development of urban construction and tourism promotion of and the provision of social security to the Macau SAR.

2. The contribution referred to in the preceding paragraph shall be paid monthly by the Subconcessionaire with the relevant payment slip given to the cashier office of the Finance and Tax Department of the Macau SAR by no later than the tenth day of the month immediately following the relevant month.

3. The contribution referred to in the first paragraph shall have its own budget record made by the Macau SAR.

4. The government may designate one or more entities as the beneficiary entities to receive the paid contributions in part or in whole.

5. The government and the Subconcessionaire may agree to the direct contribution of an amount up to 1.2% of the gross revenue resulting from the operation of casinos games of chance or games of other forms to be used in one or more specific projects or by one or more specific entities. In such a case, the amount of contribution to be delivered directly to the relevant entity, and the contribution mentioned in paragraph one above to be paid with the finance and tax department of the Macau SAR shall be reduced accordingly.

CHAPTER 11
TAXATION OBLIGATIONS AND DELIVERY OF DOCUMENTS

Article 50
Special Gaming Tax

1. The Subconcessionaire shall pay special gaming tax to the Macau SAR in accordance with the law. Such tax shall be paid by twelve installments, which shall be paid to the government monthly by no later than the 10th day of the month immediately following the relevant month.

2. Special gaming tax may be paid in patacas or in other currency accepted by the government.

3. Special gaming tax paid in patacas shall be paid directly to the treasury of the Macau SAR.

4. Special gaming tax paid in a currency other than pataca accepted by the government shall be paid to the Macau Monetary Authority. Macau Monetary Authority will deliver the exchanged amount in patacas to the treasury of the Macau SAR.

Article 51
Withholding Taxes

1. The Subconcessionaire shall collect and pay the statutory taxes on junket commissions or other remuneration paid to the gaming intermediaries through withholding the definitive amount of such taxes. The relevant taxes shall be paid monthly to the cashier office of the finance and taxation department of the Macau SAR by no later than the tenth day of the month immediately following the relevant month.

2. The Subconcessionaire shall collect and pay the employment tax provided by law in connection with the staff of the Subconcessionaire through withholding the definitive amount of such taxes. The relevant tax shall be paid to the cashier office of the finance and taxation department of the Macau SAR in accordance with the law.

Article 52
Payment of Other Due Taxes, Levies, Expenses and Fees

The Subconcessionaire shall pay the due and non-exempted taxes, levies, expenses and fees provided by the laws and regulations of the Macau SAR.

Article 53
Document Evidencing that no Liabilities are due to the Treasury of the Macau SAR

1. The Subconcessionaire shall annually submit to the government a certificate issued by the Finance Services Bureau by no later than March 31, to prove that the Subconcessionaire does not owe the Macau SAR any levies, taxes, penalties or additional payments of the precedent year. Additional payments shall include compensatory interest, default interest and 3% over debts.

2. The Subconcessionaire shall annually submit by no later than March 31 the document stating the tax status of the precedent year of its managing director, the member of its corporate bodies and shareholders holding 5% or more of the share capital of the Subconcessionaire to the government.

Article 54
Document Evidencing that no Liabilities are due to Social Security Fund of the Macau SAR

The Subconcessionaire shall submit to the government certifying documents issued by the social security fund of the Macau SAR to evidence that the contributions made by the Subconcessionaire to the social security fund of the Macau SAR are in compliance with the law, by no later than March 31 of each year.

Article 55
Duty to Provide Information

1. The Subconcessionaire shall submit quarterly a trial balance of the previous quarter to the government by no later than the last day of the month immediately following the end of the relevant quarter, and the trial balance of the last quarter of each year shall be submitted by no later than the last day of February in the following year.

2. The Subconcessionaire shall also submit the following information to the government at least 30 days before the date of the annual shareholders' meeting to approve the accounts:

(1) All the accounting and statistic statements of the previous year;

(2) Full names of members who served on the Board or the supervisory board, of any representatives appointed and of the person in charge of the accounting department in the relevant business year and the various language versions of such names;

(3) A copy of the report and accounts of the Board enclosed with the opinion of the supervisory board and external auditors.

Article 56
Accounting and Internal Audit

1. The Subconcessionaire shall establish its own accounting system, sound administrative organization and appropriate internal auditing procedures, and shall comply with the instructions of the government issued on such matters, especially through instructions issued by the GICB and the Finance Department.

2. The Subconcessionaire shall only adopt the Official Accounting Plan applicable in the Macau SAR in its compilation and submission of the accounts. Notwithstanding, the Chief Executive, upon the proposal of the head of the GICB or the Finance Department, may stipulate special accounting rules to be complied with by the Subconcessionaire as well certain accounting books, documents or other information required to be adopted by the Subconcessionaire in recording its business activities and compilation and submission of the accounts.

Article 57
External Audit of Annual Accounts

The Subconcessionaire shall submit its accounts to an independent external entity with internationally recognized reputation and previously approved by the GICB and the Finance Department for auditing, and shall provide to such entity in advance all necessary documents, namely the documents referred to in Article 34 of Law 16/2001.

Article 58
Special Audit

When the GICB or the Finance Services Bureau think necessary or appropriate, at any time and with or without prior notice, the Subconcessionaire shall accept a special audit conducted by an independent external entity or other entities with internationally recognized reputation.

Article 59
Compulsory Announcement

1. The Subconcessionaire undertakes to publish the following information referring to the previous business year ended December 31 on the Official Gazette of the Macau SAR and two newspapers that have the largest circulation among other newspapers (one in Chinese and the other in Portuguese) published in the Macau SAR by no later than April 30 each year:

(1) The balance sheet, the profit and loss account and annexes;

(2) The business consolidation report;

(3) The opinion of the supervisory board;

(4) The consolidated opinion of external auditors;

(5) The list of qualified shareholders holding 5% or more of the share capital of the Subconcessionaire and the numerical value of the relevant percentage during any period of that year;

(6) The names of members of its corporate bodies.

2. The Subconcessionaire shall submit to the government copies of all the information referred to in the preceding paragraph and other information required to be published under the concession legal regime as set forth in Article 6 by no later than 10 days prior to the of publication.

3. The Concessionaire and the Subconcessionaire undertake to publish jointly the information referred to in number 1 above.

Article 60
Special Duty of Cooperation

In addition to the general duty of cooperation foreseen in Article 67, the Subconcessionaire shall have the obligation to cooperate with the government, especially with the GICB and the Finance Department, and provide the material and information required for conducting special audits, assist such departments in analyzing or examining its accounts and perform all the obligations provided by the concession legal regime as set forth in Article 6.

CHAPTER 12
GUARANTEE

Article 61
Guarantee Deposit as Performance Guarantee of the Subconcessionaire's Statutory and Contractual Obligations

1. The guarantee deposit to guarantee the performance of legal and contractual obligations by the Subconcessionaire shall be provided by any means as specified by law and acceptable to the government.

2. In order to ensure the performance of the following obligations, the Subconcessionaire must maintain a "first demand" bank guarantees issued by Banco Nacional Ultramarino, S.A. with the government as the beneficiary:

(1) accurate and punctual performance its statutory and contractual obligations;

(2) accurate and punctual payment of the premium, payable by the Subconcessionaire to the Macau SAR under Article 47;

(3) payment of fines or other monetary penalties that may be imposed on the Subconcessionaire in accordance with the law or the provisions contained herein; and

(4) payment of any damages arising from the contractual obligation in connection with any damage or loss of benefits caused by its failure to perform all or a part of its obligations under this Subconcession Contract.

3. The Subconcessionaire must maintain in favour of the Government the "first demand" bank guarantee set forth in the preceding paragraph in a maximum amount of MOP 500,000,000 from the date hereof to 8th September, 2011 and in a maximum amount of MOP 300,000,000 from that date until the 180th day after the termination date of this Subconcession, referred to in Clause 8..

4. The Subconcessionaire must take all necessary actions and to perform all obligations necessary to maintain the validity of the "first demand" bank guarantee mentioned in paragraph 2 above.

5. If the Subconcessionaire fails to perform any of its statutory and contractual obligations, accurately and timely pay the premium payable by it or pay fines or other monetary penalties imposed in accordance with the law or the provisions contained herein, and it fails to raise its objection within a legally-prescribed period, the government may draw on the "first demand" bank guarantee set forth in paragraph 2 of this Article, regardless whether or not a judicial award has been made. In case of any damages arising from the contractual obligation in connection with any damage or loss of benefits caused by the Subconcessionaire's failure to perform all or a part of its obligations hereunder, the government may also draw on the "first demand" bank guarantee set forth in paragraph 2 of this Article.

6. If the government draws on the "first demand" bank guarantee set forth in paragraph 2 of this Article, the Subconcessionaire must, within fifteen days after the date on which it receives a notice in connection with the draw of such "first demand" bank guarantee, take all necessary measures to restore the full validity of such "first demand" bank guarantee.

7. The "first demand" bank guarantee set forth in paragraph 2 of this Article may be discharged only upon the permission of the government.

8. The government may permit amendments made to the provisions or terms set forth in paragraphs 3 to 6, and may also permit other means stipulated by the law in lieu of the "first demand" bank guarantee referred to in paragraph 2 for the provision of a guarantee to secure the performance of statutory and contractual obligations by the Subconcessionaire.

9. All expenses incurred in connection with the issuance, maintenance and discharge of the guarantee to secure the performance of statutory and contractual obligations by the Subconcessionaire shall be borne by the Subconcessionaire.

Article 62
Special Bank Guarantee for the Payment of Special Gaming Tax

1. If the government has reasons to believe that the Subconcessionaire will not pay the special gaming tax anticipated to be payable each month, the Subconcessionaire shall provide a "first demand" bank guarantee in accordance with the time limit, provisions, terms and amounts stipulated by the government with the government as the beneficiary in order to guarantee the payment of the above-mentioned amount.

2. Without the permission of the government, the terms and conditions of the first demand guarantee set forth in the preceding paragraph of this Article must not be amended. The Subconcessionaire shall strictly comply with the terms as stipulated in providing the guarantee and to perform all obligations undertaken or to be undertaken in maintaining the validity of the guarantee.

3. If the Subconcessionaire fails to pay the special gaming tax payable to the Macau SAR in accordance with the laws and the provisions contained herein, the government may draw on the first demand guarantee set forth in the first paragraph of this Article, regardless whether or not a judicial award has been made.

4. If the government draws on the first demand bank guarantee set forth in the first paragraph of this Article, the Subconcessionaire must, within fifteen days after the date on which it receives a notice in connection with the use of such first demand guarantee, take all necessary measures to restore the full validity of such guarantee.

5. The guarantee set forth in the first paragraph of this Article may be discharged by the Subconcessionaire only 180 days after the termination of the subconcession and upon authorization from the government.

6. All expenses incurred in connection with the issuance, maintenance and discharge of the first demand guarantee set forth in the first paragraph of this Article shall be borne by the Subconcessionaire.

Article 63
Guarantee to be provided by the Controlling Shareholders or Shareholders of the Subconcessionaire

1. The government may request a guarantee to be provided by the controlling shareholder of the Subconcessionaire, in terms acceptable by the government, to ensure that the Subconcessionaire performs its undertakings and obligations; in case there is no controlling shareholder, the government may ask the shareholders of the Subconcessionaire to provide the same.

2. The guarantee referred to in the preceding paragraph, may be demanded, namely, when there is a justified concern that the Subconcessionaire will not be able to perform its undertakings and obligations.

3. The guarantee referred to in paragraph 1 above may be provided through cash deposit, bank guarantee, guaranteed insurance or any means specified in Article 619 of Civil Code, within the timeframe, terms and conditions and amount to be specified by the Order of the Chief Executive.

4. If the Subconcessionaire fails to perform the undertakings and obligations in accordance with the laws and the provisions contained herein, the government may draw on the guarantee provided according to this Article, regardless of any judicial award.

5. If the government draws on the guarantee provided according to this Article, the Subconcessionaire shall cause its controlling shareholder or the relevant shareholders to, within 15 days after it receives a notice regarding the approval order given with respect to the use of such guarantee, take all necessary measures to restore the full validity of such guarantee.

6. The guarantee provided according to this Article may not be amended without the permission of the government.

CHAPTER 13
SUPERVISION OF THE PERFORMANCE OF THE SUBCONCESSIONAIRE'S OBLIGATIONS

Article 64
Supervision, Monitoring and Inspection by the Government

1. The power for the supervision, monitoring and inspection of the performance of the Subconcessionaire's obligations shall be exercised by the government, especially through the GICB and the Finance Department.

2. For appropriate effectiveness and upon the request of the government, without prior notification, the Subconcessionaire shall allow the government or any other entities specifically and duly authorized and identified by the government to freely enter into any part of the facilities of the Subconcessionaire and review and examine freely the accounts or books of the Subconcessionaire, including any trading records, books, minutes, accounts and other records or documents and the management statistic materials and records used. In addition, it shall provide to the government or entities authorized by the government copies of the materials which the entities deem necessary.

3. The Subconcessionaire shall comply with and implement the decisions of the government within the scope of its power for inspection and supervision, especially the instructions made by the GICB, including the decision to suspend the operation of the casinos and other gaming area.

4. In operating the subconcession, the Subconcessionaire shall be subject to the permanent supervision and inspection of the GICB in accordance with the provisions of the applicable laws.

Article 65
Daily Supervision on Gross Income of Gaming Operation

The Subconcessionaire shall accept the daily supervision of the government on the gross income of the gaming operation exercised in accordance with the law by the GICB.

CHAPTER 14
GENERAL OBLIGATIONS OF COOPERATION

Article 66
Government's and Concessionaire General Obligation of Cooperation

The government and the Concessionaire shall cooperate with the Subconcessionaire so that the Subconcessionaire may fulfill its legal and contractual obligations.

Article 67
Subconcessionaire's General Obligation of Cooperation

1. For the applicability of the provisions of this Subconcession Contract, the Subconcessionaire undertakes to cooperate with the government, and accordingly, upon the request of the government, undertakes to provide all documents, information, materials, evidence or authorizations.

2. The Subconcessionaire shall also cooperate with the Concessionaire so that the Concessionaire may fulfill its legal or contractual obligations.

CHAPTER 15
OTHER OBLIGATIONS OF THE SUBCONCESSIONAIRE

Article 68
Operation of Casinos and Other Premises and other Adjacent Properties

The Subconcessionaire shall operate all ancillary facilities in the casinos and other premises and the adjacent properties used for operating the subconcession in a normal way and for the original purposes or authorized purposes.

Article 69
General Obligations of the Subconcessionaire

1. The Subconcessionaire shall undertake the special obligations to procure and require all entities retained for developing the business covered by the subconcession to abide by all rules that ensure the proper organization and operation and the special security measures designed for the customers and staff of the casinos and other gaming areas and other people holding positions in the casinos and other gaming areas of the Subconcessionaire.

2. In order to develop the business covered by the subconcession, the Subconcessionaire must retain entities that have appropriate licenses and permits and have appropriate professional and technical abilities in the relevant areas.

Article 70
Other Government Permissions

Any replacement, cancellation or change of certificates and records which relate to the business of the Subconcessionaire or the acquisition of the gaming equipment and instruments shall be subject to authorization of the government.

Article 71
Government's Authorizations and Approvals

The authorizations and approvals from the government or its refusal to grant an approval and authorization shall not exempt the Subconcessionaire's obligation to timely perform its obligations under this Subconcession Contract and shall not result in any liability to the government, except if the government's action imposes liabilities or causes special and unusual damages to the Subconcessionaire.

CHAPTER 16
LIABILITY OF THE SUBCONCESSIONAIRE AND OF THE CONCESSIONAIRE

Article 72
Civil Liability towards the Macau SAR

1. The Subconcessionaire shall be liable towards the Macau SAR for any damage caused by the non-performance of all or a part of the Subconcessionaire's legal or contractual obligations as a result of any fact for which the Subconcessionaire is responsible.

2. The Concessionaire is not liable for and does not share any liability towards the Macau SAR for the damages caused by the non-performance of all or a part of the Subconcessionaire's legal or contractual obligations as a result of any fact for which the Subconcessionaire is responsible.

Article 73
Exemption of the Macau SAR and of the Concessionaire from the Non-contractual Liabilities of the Subconcessionaire towards Third Parties

1. The Macau SAR shall not bear or share any liability of the Subconcessionaire as a result of an act taken by or behalf of the Subconcessionaire, involving or possibly involving civil or other liabilities.

2. The Concessionaire shall not bear any liability of the Subconcessionaire as a result of an act taken by or on behalf of the Subconcessionaire, involving or possibly involving civil or other liabilities.

3. The Subconcessionaire shall be also be liable in accordance with the general provisions governing the principal-entrusted party legal regime, and be liable for losses caused by the entities appointed by the Subconcessionaire for the development of the subconcession.

CHAPTER 17
CHANGE OF THE ENTITY OF THE SUBCONCESSION

Article 74
Assignment, Encumbrance, Conveyance and Transfer of Contract

1. Unless permission of the government is obtained, the Subconcessionaire shall have an obligation not to, expressly or implicitly, formally or informally, assign, convey or transfer or otherwise create encumbrance over the operation of a casino or over the operation of any gaming area, or carry out any legal act that will have the same effect.

2. Without prejudice to other applicable penalties or punishments, in case of an act in violation of the preceding paragraph, the Subconcessionaire shall pay the following penalties:

- for assignment, conveyance or transfer of the operation of all of its casinos or gaming area: MOP 1,000,000,000;
- for assignment, conveyance or transfer of the operation of a part of its casinos or gaming area: MOP 500,000,000; and
- for creation of encumbrance over the operation of all or part of the casinos or gaming area: MOP 300,000,000.

3. Enclosed with its application for the permission set forth in paragraph 1 shall be all required documents clearly indicating any legal act contemplated by the Subconcessionaire, without prejudice to the right of the government to request additional documents, materials or information.

Article 75
Sub-Concession

1. The Subconcessionaire undertakes not to grant a sub-concession of all or a part of the casinos granted under this subconcession or carry out any legal act that will have the same effect.

2. Without prejudice to other applicable penalties or punishments, in case of an act in violation of the preceding paragraph, the Subconcessionaire shall pay a penalty of MOP 500,000,000 to the Macau SAR.

CHAPTER 18
NON-PERFORMANCE OF CONTRACT

Article 76
Non-performance of Contract

1. The Subconcessionaire shall be liable to statutory or contractual punishment or penalty if the Subconcessionaire fails to perform its responsibility or obligation hereunder or under government decisions as a result of any fact that the Subconcessionaire is to blame, without prejudice to the provisions of Articles 77 and 78.

2. Under the situations of force majeure or other facts that the Subconcessionaire is proved not to blame, the Subconcessionaire shall be exempted from the responsibilities set forth in the preceding paragraph to the extent of actual hindrance of the timely and fully performance of the responsibilities or obligations.

3. Events that are unforeseeable, irresistible or beyond the control of the Subconcessionaire and that the occurrence of their consequences does not rely on the intention and personnel situations of the Subconcessionaire, especially wars, terrorism, disruption of the public order, pestilence, atomic radiation, fire, thunder and lightening, serious flood, cyclones, hurricanes, earthquake and other natural disasters directly affecting the businesses covered by the concession, shall be deemed to be the situations of force majeure and shall cause the consequences as specified in the following paragraph.

4. In case of the occurrence of force majeure events, the Subconcessionaire shall immediately notify the government and promptly indicate the hindrance of its performance of the obligations under this Subconcession Contract caused by the occurrence of such events deemed by it and shall specify the measures under the circumstances that such measures are proposed to be implemented by the Subconcessionaire for the purpose of minimizing the effects of such events and/or for the performance of such obligations in compliance with the provisions.

5. In case of the occurrence of any of the situations specified in paragraph 3, the Subconcessionaire shall promptly reconstruct the property damaged or recover the property damaged to its original status so as to resume the proper operation of the casino games of chance or games of other forms. If the Subconcessionaire does not have any economic benefit over the reconstruction and/or recovery of the aforesaid property, it shall transfer the insurance benefits to the Macau SAR.

CHAPTER 19
REVOCATION AND TERMINATION OF THE SUBCONCESSION

Article 77
Discharge by Parties' Agreement

1. The Concessionaire and the Subconcessionaire may discharge this Subconcession Contract at any time by the agreement of the parties.

2. In case the government and the Subconcessionaire mutually agree to terminate this Subconcession Contract, the Concessionaire hereby agrees with such termination.

3. The Subconcessionaire shall be fully responsible for the effectiveness of the termination of contracts to which it is a party and the Macau SAR and the Concessionaire shall not bear any responsibilities in this regard unless it is agreed expressly otherwise.

Article 78
Redemption

1. From the 15th year of the Subconcession onwards, the government may redeem the subconcession by at least one year prior notice to the Subconcessionaire sent by registered post with return slip request unless the laws stipulate otherwise.

2. By redeeming the Subconcession, the Macau SAR shall enjoy all rights and undertake all obligations incurred as a result of the redemption from the lawful behaviors under any contracts effectively entered into by the Subconcessionaire before the date of notice set forth in the preceding paragraph.

3. As regards obligations created under any contracts entered into by the Subconcessionaire after the notice set forth in the first paragraph, the Macau SAR shall bear such obligations only if such contracts have obtained permission from the government before their conclusion.

4. The Macau SAR shall be responsible for the obligations created by the Subconcessionaire, without prejudice to its right to recourse against the Subconcessionaire for obligations created by the Subconcessionaire that exceeds the normal management of the conceded business.

5. Upon the redemption of the concession, the Subconcessionaire shall have the right to obtain reasonable and fair compensation/indemnity for losses due to the redemption of its Resort — Hotel — Casino facilities referred to in the Investment Plan attached to this Subconcession contract. Standards for the calculation of the amount of compensation/indemnity shall be determined according to the amount of the revenue of the said premises, generated during the tax year prior to the redemption, before deducting any amounts for interests, depreciation and redemption of equipment, multiplied by the number of years missing to the term referred to in this Subconcession contract.

Article 79
Temporary Administrative Participation

1. In case of the occurrence or possible occurrence of the situation where the Subconcessionaire terminates or suspends the operation of all or a part of the conceded business without permission and which is not caused by force majeure or in case of the occurrence of serious chaos in the overall organization and operation of the Subconcessionaire or insufficiency of facilities and equipment which may affect the normal operation of the conceded business, the government may replace the Subconcessionaire directly or through a third party during the aforesaid termination or suspension or subsistence of the aforesaid chaos and insufficiency and shall ensure the operation of the conceded business and cause the adoption of necessary measures to protect the subject matter of this Subconcession Contract.

2. During the period of temporary administrative participation, the expenses required for maintaining the normal operation of the conceded business shall be borne by the Subconcessionaire. Accordingly, the government may draw on the guarantee for the performance of the statutory obligations and contractual obligations of the Subconcessionaire and the guarantee provided by the controlling shareholder of the Subconcessionaire.

3. If the reasons for the temporary administrative participation no longer exist and if the government deems appropriate, the government shall notify the Subconcessionaire to resume the normal operation of the conceded business within a prescribed period.

4. If the Subconcessionaire does not want to or is not able to resume operation of the conceded business, or even though the operation of the conceded business is resumed, serious chaos or insufficiency continues to occur in its organization and operation, the government, may announce to discharge this Subconcession Contract unilaterally on the basis that this Subconcession Contract is not performed.

Article 80
Unilateral Discharge

1. In case of the Subconcessionaire's failure to perform its basic obligations in accordance with the laws or the provisions contained herein, the government, without having to consult the Concessionaire, may terminate the concession by unilateral discharge of this Subconcession Contract due to failure to perform.

2. Major reasons for unilateral discharge of this Subconcession Contract shall be, especially:

(1) Deviation from the subject matter of the subconcession due to operation of gaming without permission or operation of business which do not fall within the business scope of the Subconcessionaire;

(2) waiver of operation of the conceded business or. suspension of operation of the conceded business without reasonable grounds for more than seven consecutive days or more than fourteen non-consecutive days within one calendar year;

(3) temporary or definite transfer of all or part of the operation in violation of provisions concerning the concession system specified in Article 6;

(4) failure to pay the taxes, premiums, levies or other returns payable to the Macau SAR as stipulated in the concession system specified in .Article 6 and not impugned within the statutory time limit;

(5) refusal or failure of the Subconcessionaire to re-gain the subconcession in accordance with the provisions of paragraph (4) of the preceding Article or subsistence of conditions that may lead to temporary administrative participation notwithstanding that the subconcession has been re-gained;

(6) repeated objections to the implementation of supervision and inspection power by the government or repeated failure to comply with government decisions, especially the instructions of the GICB;

(7) systematic non-compliance with the basic obligations included in the concession system specified in Article 6;

(8) failure to provide or supplement guarantee deposit or guarantees specified in this Subconcession Contract as required and within the prescribed period;

(9) bankruptcy or insolvency of the Subconcessionaire;

(10) carrying out any serious fraudulent activity whose purpose is to jeopardize the public interests;

(11) serious and repeated violation of the implementation rules for carrying out casino games of chance or games of other forms or damage to the fairness of casino games of chance or games of other forms;

(12) granting to any other legal person managing powers over the Subconcessionaire in order to operate casino games of chance or any other games in casino, or granting a subconcession, in whole or in part, of this Subconcession, or entering into any agreement to obtain the same effect.

(13) The non compliance with the obligation referred to in Article 16(10) to transfer the shares, within ninety days, for which the controlling shareholder is liable for.

3. Without prejudice to the provisions of Article 83, in the occurrence of any of the situations specified in the preceding paragraph or any other situations which may cause the unilateral discharge of this Subconcession Contract in accordance with the provisions of this Article due to failure to perform, the government shall notify the Subconcessionaire to fully perform its obligations and remedy or indemnify the results caused by its behaviors within a prescribed period, except for those situations which cannot be remedied.

4. If the Subconcessionaire fails to perform its obligations or correct or indemnify the results caused by its behaviors in accordance with the provisions as stipulated by the government, the government may unilaterally discharge this Subconcession Contract upon notification to the Subconcessionaire and to the Concessionaire. The government may also notify, in writing, the entity which has undertaken to provide finance to the investment to be made and the obligations to be borne by the Subconcessionaire, in accordance with and for the purposes stated on the concessions legal framework referred to in Clause 6, related to the financial capacity.

5. Notice to the Subconcessionaire in connection with the decision to discharge this Subconcession Contract as specified in the preceding paragraph shall be effective immediately without going through any other procedures.

6. In case of emergency and where the delay in the process of remedying the non-performance as specified in paragraph 3 is unbearable, the government may immediately perform temporary administrative participation in accordance with the provisions of the preceding Article without prejudice of due compliance with such process and the provisions of paragraph 4.

7. The Subconcessionaire shall be liable for damages to the Macau SAR as a result of the unilateral discharge of this Subconcession Contract in accordance with the provisions of this Article due to failure to perform, the damages shall be calculated in accordance with the general provisions of the laws.

8. The unilateral discharge of this Subconcession Contract due to failure to perform will result in the immediate attribution of the ownership of the casinos and the equipment and utensils used for gaming, even though they do not locate at the casinos, to the Macau SAR without compensation.

Article 81
Expiration/Forfeiture

1.This Subconcession Contract shall become invalid at the expiration of the term as stipulated in Article 8 and the contractual relationship between the parties to this Subconcession Contract shall terminate, without prejudice to the survival of applicable provisions contained herein after the expiration of the subconcession term.

2. In case of the occurrence of the invalidity as stipulated in the preceding paragraph, the Subconcessionaire shall be fully responsible for the effectiveness of the termination of the contracts to which it is a party and the Macau SAR shall not bear any responsibilities in this regard.

CHAPTER 20
AMENDMENT AND MODIFICATION OF CONTRACT

Article 82
Amendments To The Subconcession Contract

1. Notwithstanding the authorization of the Government, this Contract may be amended after negotiations between the Concessionaire and the Subconcessionaire, in accordance with the law.

2. The Concessionaire hereby agrees with any future amendments to this Subconcession Contract agreed between the government and the Subconcessionaire provided that they do not increase the obligations of the Concessionaire.

3. The amendment to this Subconcession Contract and to any Amendments to this Subconcession Contract shall be made in compliance with the procedures set forth by the Government.

CHAPTER 21
PHASES PRIOR TO LEGAL PROCEEDINGS

Article 83
Consultation Prior to Legal Proceedings

1. The government, the Concessionaire and the Subconcessionaire, or the government and the subconcessionaire or the government and the Concessionaire shall resolve through consultation issues or disputes arising between the parties on the validity, application, execution, interpretation of the rules governing this Subconcession Contract.

2. The occurrence of issues shall not exempt the Subconcessionaire and/or the Concessionaire from timely and full performance of the provisions of this Subconcession Contract and the government decisions notified to the Subconcessionaire according to the provisions contained herein or permit the Subconcessionaire to suspend the development of any aspect of its business. The relevant development shall continue to be made according to the provisions in effect on the date the issue is brought up.

3. The provisions of the preceding paragraph regarding the performance by the Subconcessionaire and/or the Concessionaire of the government decisions shall also apply to the succeeding decisions made on the same matter even if such decisions are made after the date the consultation starts, provided that the first decision of such succeeding decisions is notified to the Subconcessionaire and/or the Concessionaire, respectively, prior to the date the consultation starts.

CHAPTER 22
FINAL PROVISIONS

Article 84
Obtaining of Approvals, Licenses or Permits

1. This Subconcession Contract shall not exempt the obligations of the Subconcessionaire to submit applications, pay fees and/or take measures for the purpose of obtaining the approvals, licenses or permits necessary for the operation of any aspect of its business or the performance of its obligations hereunder and shall not exempt the Subconcessionaire from abiding by or compliance with all requirements necessary for obtaining such approvals, licenses or permits and maintaining the effectiveness thereof.

2. If any approval, license or permit set forth in the preceding paragraph is revoked, void, suspended or abolished or no longer be effective due to any reason, the Subconcessionaire shall notify the government immediately and state the measures taken or to be taken in order to re-gain such approval, license or permit or make such approval, license or permit effective again.

3. None of the provisions contained herein shall be construed as replacing the statutory provisions or contracts on obtaining any approval, license or permit.

Article 85
Industrial Property Rights and Intellectual Property Rights

1. In operating its business, the Subconcessionaire shall respect the industrial property rights and intellectual property rights according to the existing laws of the Macau SAR, and independently assume liabilities for infringement upon such property rights.

2. As a condition precedent to the issuance of approvals, licenses and permits, especially those relating to the performance of the investment plans attached to this Subconcession Contract, the Subconcessionaire shall comply with all industrial property rights and intellectual property rights.

3. The Subconcessionaire shall assign to the Macau SAR free of charge, research, drafts, plans, drawings, documents or other materials of any nature that are necessary or helpful for the Subconcessionaire to perform the duties hereunder or to exercise the rights granted hereunder.

4. Upon the request of the Macau SAR, the Subconcessionaire must prepare any kind of document or declaration to confirm or register the rights set forth in the preceding paragraph.

5. If the industrial property rights or intellectual property rights transferred or to be transferred to the Macau SAR according to this Article are infringed, and the Subconcessionaire has not solved any dispute with a third person over such infringement, the Macau SAR may interfere with such dispute to safeguard such property rights. The Subconcessionaire shall provide all assistance required for such purpose.

Article 86
Notices, Announcements, Permits and Approvals

1. Unless otherwise provided, the notices, announcements, permits and approvals as referred to herein must be made in writing and delivered in the following method:

(1) delivered in person, but the signature of the recipient is a must;

(2) sent by fax, but the receipt of the fax is a must;

(3) sent by registered mail with return receipt request.

2. Permits granted by the, government shall be prior permits and may be conditional.

3. No answers to the application for permits and approvals or other requests made by the Subconcessionaire and/or the Concessionaire shall be deemed as being rejected;

4. For the applicability of the provisions of this Subconcession Contract, the following address and place for receiving faxes shall be deemed as the domicile of the Government, the Concessionaire and Subconcessionaire hereto:

The Macau SAR:

Gambling Inspection and Coordination Bureau
21st Floor, China Plaza,
No. 762-804, Av. da Praia Grande, Macau
Fax: 370296

Concessionaire: Wynn Resorts (Macau) S.A.
Address: Alameda Dr. Carlos D´Assumpção, n.ºs 335 a 341, Edificio Centro Hotline, 9º andar, Macau
Fax: 8965500

Subconcessionaire: PBL Diversões (Macau) S.A.
Address: Av. Dr. Mario Soares, n.° 25, Edificio Montepio, Apartamento 25, 1° andar,
Comp. 13, Macau.
Fax: 713883

5. Upon prior notice to the other parties, the Government, the Concessionaire and the Subconcessionaire may amend the aforesaid address and place for receiving faxes.

Article 87
Prohibition of Act Limiting Competition

1. The Subconcessionaire must conduct its business in positive and fair competition, subject to the inherent principles of market economy.

2. The Subconcessionaire has the obligation not to execute agreements or conduct agreed acts with other concessionaires, or other Subconcessionaires or managing companies operating in Macao SAR, as to operating casino games of chance or games of other forms, or companies of the relevant group that may hinder, restrict or jeopardize competition in any manner.

3. The Subconcessionaire has the obligation not to misuse the leading position it has in the market or the considerable market share it has in order to hinder, restrict or jeopardize competition.

Article 88
Gaming Intermediaries

The Subconcessionaire must assume liabilities to the government for the activities conducted in the casinos and other gaming areas by the gaming intermediaries registered in its company, its directors and cooperative parties. Accordingly, it shall supervise the activities of such intermediaries, directors and cooperative parties.

Article 89
Promotion of the Facilities of the Subconcessionaire

1. The Subconcessionaire has the obligation to conduct publicity and marketing activities with respect to its facilities, especially the casinos, within and outside the Macau SAR.

2. The government and the Subconcessionaire shall have the obligations to coordinate the work and activities in promoting Macau outside the territory of Macau when they conduct their publicity and marketing work and activities.

3. Without permission of the government, the Subconcessionaire has the obligation not to allow the use of the image of its casinos or other places and adjacent areas, for operating the conceded business or a large amount of introductory explanations implying the same in the website or website address of the Internet or any other place used for promoting interactive gambling.

Article 90
Contents Incorporated in the Subconcession Contract

The content of the executive summary submitted by the Subconcessionaire to the Government shall be deemed as being incorporated in this Subconcession Contract, except to the extent expressly or implicitly overriden by this Subconcession Contract.

Article 91
Chips Used in the Operation of Conceded Business

1. The Subconcessionaire must abide by the guidance of the government when it issues chips of any kind or nature and puts them into circulation.

2. Without prejudice of the maximum amount being determined by the government, the amount of chips issued and put in circulation does not depend upon permission of the government.

3. The Subconcessionaire guarantees to pay by cash, check or equivalent credit proof for the chips put into circulation.

4. With respect to all chips put into circulation, the Subconcessionaire must provide cash and proof of high solvency to maintain solvency ratio, establish reserve funds and abide by the prudent rules stipulated by the government at any time in order to ensure the prompt payment for the chips.

Article 92
Confidentiality

1. Documents prepared by the Government, the Concessionaire and the Subconcessionaire for the implementation of the concessions legal framework referred to in Article 6 or performance of the provisions of this Subconcession Contract shall have the nature of confidentiality, which may be provided to a third party only upon the permission of the Government.

2. The government, the Concessionaire and the Subconcessionaire shall take necessary measures so that their staff is bound by the obligation of confidentiality.

3. The government, the Concessionaire and the Subconcessionaire shall urge others who are able to get access to or may get access to confidential documents to comply with the obligation of confidentiality, especially those being able to do so through consultant contracts, labor provision contracts or other contracts.

4. The Concessionaire and the Subconcessionaire shall keep the confidentiality of this contract, and of any other documents that may reveal its content, and shall only reveal it to third parties upon permission of the government.

5. It is not included within the confidentiality referred in number 1 and 4 above, any documents, information or materials that may be reasonably requested by judicial order, by any gaming regulator agency of other jurisdiction or by a stock regulator agency; however, the Concessionaire or the Subconcessionaire, as the case may be, must inform the government.

6. The Concessionaire and the Subconcessionaire are also exempted of this confidentiality obligation referred in number 1 and 4 above, for any documents, information or materials that they deem necessary to present to any financial institution, lawyer, accountant, or consulting entity, provided that this confidentiality is extended to those parties.

7. After obtaining authorization referred in number 4 above, the Concessionaire or the Subconcessionaire, as the case may be, shall urge to take all necessary actions in order to guarantee that anyone that has or will become aware of the content of this Subconcession Contract, including any related documents that may reveal its content, are bind to this confidentiality.

Article 93
Complaint Book

1. The Subconcessionaire shall set up a complaint book particularly for complaints in connection with the operation of casino games of chance or games of other forms, and ensure such complaint book for use by customers in the casinos and other gaming areas.

2. The Subconcessionaire shall post notices in the casinos and other gaming areas in an outstanding manner, stating the existence of the complaint book.

3. The Subconcessionaire shall submit a copy of the complaints written in the complaint book to the government in 48 hours, together with a report on such complaints prepared by the Subconcessionaire.

Article 94
Termination of the Concession

1. The termination of the concession granted to the concessionaire before the date foreseen in article 8 of this Subconcession Contract shall not determine the termination of the subconcession granted under this Subconcession contract.

2. In the case mentioned in the preceding paragraph, the Government shall use its best efforts to transfer the position of the concessionaire in this Subconcession Contract to another concessionaire for the operation of games of chance and other games in casino.

CHAPTER 23
TRANSITIONAL PROVISIONS

Article 95
Occupational Training Plan

1. The Subconcessionaire must prepare the occupational training plan for employees who hold posts in the operation of the business covered by the subconcession within the time limit prescribed by the government.

2. The Subconcessionaire must deliver to the government any other additional documents or materials with respect to the plan referred to in the preceding paragraph within the stipulated time limit.

Article 96
Deposit of the Company‘s Share Capital

The Subconcessionaire shall undertake to keep its share capital deposited with a local credit institution or a branch or subsidiary of a credit institution permitted to be operated in the Macau SAR and such share capital shall not be transferred before the commencement of business of the Subconcessionaire. The date which is expressly acknowledged by the government through the order of the Secretary for Economy and Finance to be the date of the commencement of business of a Subconcessionaire shall be deemed to be the date of the commencement of business of such Subconcessionaire.

Article 97
Managing Director Designated

1. The government shall, by no later than fifteen days after the conclusion of this Subconcession Contract, notify the Subconcessionaire whether to permit the candidate specified in Annex 1 of the Administrative Regulations No. 26/2001 submitted by the Subconcessionaire to act as the managing director of the Subconcessionaire.

2. The provisions of paragraphs 1 and 2 of Article 21 are applicable to the act of granting the management power of the Subconcessionaire for the first time to the managing director after the conclusion of this Subconcession Contract.

Article 98
Bank Accounts

The Subconcessionaire shall, by no later than seven days after the conclusion of this Subconcession Contract, submit to the government the documents setting forth all bank accounts and the relevant balance in the name of the Subconcessionaire to the government.

Article 99
Declaration of the Obligations of Cooperation

The Subconcessionaire shall take measures to obtain a declaration executed by every shareholder holding 5% or more of the capital of the Subconcessionaire, every director and major employee holding key post in the casinos and every controlling shareholder, including the ultimate controlling shareholders of the Subconcessionaire, stating that such persons are willing to be bound by a special obligation to cooperate with the government. Accordingly, they shall undertake to provide any documents, information, materials or evidence and give any permission upon request. The Subconcessionaire shall submit to the government such declaration by no later than fifteen days after the execution of this Subconcession Contract.

Article 100
Fixed Portion and the Variable Portion of the Premium

1. The due portion of the fixed part of the annual premium referred to in Article 47, will only be due from June 26' of the year 2009, unless, until then, the Subconcessionaire begins to operate a casino or a gaming area within the Resort-Hotel-Casino referred to in the investment plans attached to this Subconcession contract. If so, the fixed part of the premium shall be due from that moment on.

2. The payment of the variable part of the annual premium referred to in Clause 47 will only be due after the date the Subconcessionaire begins operating either in temporary facilities or in the facility referred to in the preceding paragraph; to allow the Government to calculate the variable part of the annual premium, the Subconcessionaire shall, within ten days before opening its first casino or first gaming area, submit to the government a list which will set forth the number of gaming tables and the number of electrical or mechanical gaming machines including "slot machines" and the locations proposed to be operated by the Subconcessionaire in that year.

3. If the Subconcessionaire opens its first casino or gaming area in a temporary facility, the amount of the variable part of the annual premium cannot be less than the amount that the long-term operation of 20 gaming tables, namely of those located in special gaming halls or areas reserved exclusively to certain kinds of games or to certain players and the long-term operation of 20 gaming tables not reserved exclusively to certain kind of games or to certain players, until the opening of the casino or gaming area on the facility referred to in paragraph I above.

4. The amounts of the variable part of the annual premium referred to in Article 47(5) will be subject to renegotiations between the government and the Subconcessionaire from the third year after the conclusion of this Subconcession contract on.

Article 101 of the Articles of Association and of the Shareholders Agreement

The government shall, by no later than sixty days after the conclusion of this Subconcession contract, notify the Subconcessionaire whether the Articles of Association of the Subconcessionaire and its shareholders agreement have been approved.

Article 102
Proxy and Powers of Attorney

The Subconcessionaire shall, by no later than fifteen days after the conclusion of this Subconcession contract notify the government of all and any existing power of attorney or appointment of representatives for granting, on the basis of a stable relationship, the right to establish the legal acts relating to the operation of the enterprise in the name of the Subconcessionaire, so that the government may grant its permission. Save that this paragraph shall not apply to the power to handle routine matters especially with public departments or authorities, or to provide, within the same time frame referred to above, a statement certifying its non existence.

Article 103
Existing Participation in the Operation of Casino Games of Chance and Gaming of Other Forms in Other Jurisdiction

The Subconcessionaire shall, by no later than fifteen days after the conclusion of this Subconcession contract notify the government of the existing participation in the operation of casino games of chance or gaming of other forms in any other jurisdiction by any of its directors and controlling shareholders, including the ultimate controlling shareholders, or all shareholders directly or indirectly holding “the equivalent of 10% or more of the share capital of the Subconcessionaire, including the participation through a management contract.

Article 104
Composition of the Corporate Bodies of the Subconcessionaire

The Subconcessionaire shall, by no later than seven days after the conclusion of this Subconcession contract notify the government of the composition of its Board of Directors, shareholders’ meetings and Supervisory Board and other corporate bodies on the day of execution of this Subconcession Contract.

Article 105
Structure of Shareholders and Share Capital

1. The Subconcessionaire shall, by no later than seven days after the conclusion of this Subconcession contract, submit to the government a document with the shareholders' structure of the Subconcessionaire on the day of execution of this Subconcession Contract.

2. The Subconcessionaire shall, by no later than seven days after the conclusion of this Subconcession contract, submit to the government the structure of share capital of a legal person, especially a company, owning 5% or more of the share capital of the Subconcessionaire, and the share capital of a legal person owning 5% or more of the share capital of such legal person, and so on up to the share capital of a natural person or legal person that is an ultimate shareholder on the day of execution of this Subconcession Contract.

3. The Subconcessionaire shall, by no later than fifteen days after the conclusion of this Subconcession contract, submit to the government a declaration for the year 2006 as specified in paragraph 2 of Article 19.

Article 106
"Most favorable nation"

If the Macau SAR grants new concessions for operating casino games of chance or games of other forms under conditions that are, in global terms, more favorable than those specified in this Subconcession Contract, then the Macau SAR shall also extend them to the Subconcessionaire by amending this Subconcession Contract.

Article 107
Amendment to the Percentage of Allocation

The percentages specified in Articles 48 and 49 shall be amended by the government and the Subconcessionaire in 2010.

Article 108
Effectiveness

This Subconcession Contract shall be written in the two official languages and become effective as of 8 September, 2006.

This Contract has been read by the signatories present and the contents of this Contract have been explained and, as it corresponds to their will, it is going to be signed.

This Subconcession Contract is going to be executed in three counterparts, one of which will be to the Concessionaire, another to the Subconcessionaire and the other to the government of the Macau SAR.

Macau, 8 September, 2006.

For and on behalf of the Concessionaire

Stephen Wynn

Certified Signature

For and on behalf of the Subconcessionaire

Rowen Craigie

Certified Signature

ANNEX TO THE SUBCONCESSION CONTRACT

Investment Plans

Without prejudice of Clause 39 of this Subconcession Contract, the Subconcessionaire shall implement, namely:

- One Resort-Hotel-Casino complex, to be concluded and open to the public in December 2010;
- One “City Club”, in Taipa.

Total amount: 4.000.000.000,00 (Four Billion Patacas) to be invested within a maximum of 7 (seven) years counting from the signature of this Subconcession Contract.

Exhibit 10.5

DATED 13 February 2006

GREAT WONDERS, INVESTMENTS, LIMITED
as Borrower

MELCO PBL ENTERTAINMENT (GREATER CHINA) LIMITED
as Guarantor

BANK OF CHINA LIMITED, MACAU BRANCH
BANCO NACIONAL ULTRAMARINO, S.A.
as Coordinating Lead Arrangers

BANCO COMERCIAL DE MACAU, S.A.
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED
as Senior Managers

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.
LIU CHONG HING BANK LIMITED, MACAU BRANCH
as Managers

-and-

BANK OF CHINA LIMITED, MACAU BRANCH
as Facility and Security Agent

FACILITY AGREEMENT
Relating to a
HKD1,280,000,000.00 Transferable Term Loan Facility

LEONEL ALBERTO ALVES
MACAU

INDEX

SYNDICATED CREDIT FACILITIES AGREEMENT

First Parties:

a) **BANK OF CHINA LIMITED, MACAU BRANCH ["BOC, MACAU"] ,** with head office in Beijing, and Branch in Macau, located at Bank of China Building, Avenida Doutor Mário Soares nº 323, represented by **Mr. Cheong, Chi Sang,** married, whose professional domicile is at the aforementioned address, hereinafter designated as "Coordinating Lead Arranger"(See mandated letter), "Facility Agent", "Security Agent", "Agent" and/or "Lender";

b) **BANCO NACIONAL ULTRAMARINO, S.A. ["BNU"]** , with registered office in Macau, at Avenida de Almeida Ribeiro, No.22, represented by **Mr. Kan Cheok Kuan** and **Mr. João de Brito Augusto,** both married, whose professional domicile is at the aforementioned address, hereinafter designated as "Coordinating Lead Arranger" and/or "Lender";

c) **BANCO COMERCIAL DE MACAU, S.A. ["BCM"] ,** with registered office in Macau, at Avenida da Praia Grande nº 572, represented by **Mr. Leonel Leonardo Guerreiro da Costa** and **Mr. Chan**, **Sou Chao,** both married, whose professional domicile is at the aforementioned address, hereinafter designated as "Lender";

d) **INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED ["ICBC(Asia)"],** with registered office in Hong Kong, at 33/F., ICBC Tower, 3 Garden Road, Central, represented by **Mr. Leung, Kang Yui Marco** and **Mr. Yung, Lap Kay**, both married, whose professional domicile is at the aforementioned address, hereinafter designated as "Lender".

e) **BANCO ESPÍRITO SANTO DO ORIENTE, S.A. [“BESOR”]** , with registered office in Macau, at 28/F., “A” and “E-F”, Bank of China Building, Avenida Doutor Mário Soares nº 323, represented by **Mr. José Manuel Trindade Morgado** and **Mr. Carlos José Nascimento Magalhães Freire**, both married, whose professional domicile is at the aforementioned address, hereinafter designated as “Lender”;

f) **LIU CHONG HING BANK LIMITED, MACAU BRANCH [“LCH, Macau”]** , with registered office in Hong Kong, and Branch in Macau, at Avenida da Praia Grande, No. 693, Edifício Tai Wah, R/C, Loja “A”, represented by **Mr. Lam, Man King** and **Mr. Lee, Siu Kau**, both married, whose professional domicile is at the aforementioned address, hereinafter designated as “Lender”.

The first parties are also designated in this agreement collectively as “Lenders”.

Second Party:

“GREAT WONDERS, INVESTMENTS, LIMITED”, in portuguese **“GRANDES MARAVILHAS, INVESTIMENTOS**, **S.A.”**, in Chinese “奇景投資股份有限公司”, with registered office in Macau, at 19/F., Zhu Kuan Building, Avenida Xian Xing Hai, represented by **Mr. Ho, Lawrence Yau Lung** and **Mr. Chung, Yuk Man**, both married, whose professional domicile is at the aforementioned address, hereinafter designated as “Borrower”.

Third Party:

"MELCO PBL ENTERTAINMENT (GREATER CHINA) LIMITED", with registered office in Cayman Islands, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman and correspondence address at 38/F., The Centrium, 60 Wyndham Street, Central, Hong Kong, represented by **Mr. Ho, Lawrence Yau Lung** and **Mr. Chung, Yuk Man**, both married, whose professional domicile is at the aforementioned address, hereinafter designated as "Guarantor";

In this Agreement, unless the context requires otherwise:-

"Advance" or **"drawdown"** means an advance under Tranche A or Tranche B.

"Agent-Related Persons" means all or any of the employees, officers and agent of the Agent in their exercise of any of powers, rights or discretions of the Agent under any Finance Document.

" Availability Period" means the period commencing on the date of this Agreement up to whichever is the earlier of (i) the date falling twenty four (24) months from the date of this Agreement and (ii) the date falling three (3) months after the issuance of the Occupation Permit of the whole Development Project.

"Building Contracts" means the GMP Contract and any agreement with the architect, any quantity surveyor or any other consultants engaged by the Borrower for the purposes of the Construction, performance bond(if any) and any contractor's guarantee issued or to be issued (by any person) in favour of the Borrower in connection with any of the foregoing, in each case including all bills of quantity, specifications, workflow charts and/or schedules and other technical information referred to in such contracts and agreements, as the same may be amended, modified, supplemented or replaced from time to time.

"Business Day" means a day on which commercial banks are opened for business in Macau and Hong Kong, which excludes Saturdays, Sundays, and Macau public holidays.

"Commitment" means:-

a) in relation to an original Lender, the amount set opposite its name under the heading "Total Commitment" in Clause 1 and the amount of other Commitment transferred to it under this Agreement; and

b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

"Competitor" means:

(a) Galaxy Casino S.A., Wynn Resorts (Macau), S.A., Venetian Macau, S.A., MGM-Pansy Ho JV or any company(with the exception of SJM) to which has been or will be granted a gaming concession or sub-concession for the operation of Games of Fortune or Chance in Casino in Macau,

(b) any individual or company which has direct or indirect shareholding in any of the companies referred to in the foregoing paragraph (a) or in their group of companies;

(c) any of the subsidiaries, associated companies or group companies of any of those companies or persons referred to in the foregoing paragraphs (a) or (b); and

(d) any junket promoters authorized in Macau and operating exclusively in any casino operated by any of the companies referred to in the foregoing paragraphs (a) to (c).

"Construction" means the foundation work relating to the relevant part of the Property and the developing, constructing and fitting out of the Development Project and the Property.

"Contractors" means any person or firm appointed from time to time as a contractor by the Borrower to undertake construction works or the supplying of materials, equipments, technologies or services pursuant to any Building Contracts.

"Cost Overrun" shall have the meaning ascribed to it in Clause 8.

"Credit Facilities" means the loan facility to be made available under this Agreement.

"Development Project" means the development of the Property into a luxury hotel with casino facilities. The total construction floor area of the proposed hotel is approximately 106,944 sq.m. (subject to a maximum 10% increase or decrease of the total construction floor area or any other increase or decrease of the total construction floor area as may be approved by the Majority Lenders) and the breakdown construction floor area of Hotel shall be :-

Hotel Area	30,994 sq.m
Casino Area	16,604 sq.m
Total	47,598 sq.m

"Development Project Completion Date" has the meaning as ascribed thereto in **Clause 22.7**.

"Final Maturity Date" means the date which falls seven (7) years from the date of this Agreement.

"Finance Documents" means collectively, this Agreement, any Security Document and any other document designated as such by the Agent and the Borrower and "Finance Document" means any one of them.

"Full Payment" shall have the meaning ascribed to it in **Clause 16.1.**

"GMP Contract" means the guaranteed maximum price contract entered into or to be entered into by the Borrower and Main Contractor in respect of the construction works of the Development Project.

"HIBOR" means, in relation to any relevant sum and any relevant period, the rate determined by the Agent to be the arithmetic

mean (rounded up if necessary to the nearest integral multiple of 1/16%) of:-

(a) the respective rates shown on the Reuters Monitor Screen as being the rate per annum at which Hong Kong Dollar deposits are offered for a period equal or comparable to such period at or about 11:00 a.m. (Hong Kong time) on the Quotation Day; for this purpose "Reuters Monitor Screen" means the display designated as page "HIBOR1=R" on that system for the purpose of displaying offered rates for Hong Kong Dollar deposits; or

(b) if at or about such time on the Quotation Day less than two (2) such rates appear on the Reuters Monitor Screen, the arithmetic mean (rounded upwards to 4 decimal places) of the rates notified to the Agent by each Reference Bank as being the rate per annum at which Hong Kong Dollar deposits in an amount comparable to such sum are quoted by that Reference Bank for such period to the leading banks in the Hong Kong interbank market at or about 11:00 a.m. (Hong Kong time) on the Quotation Day provided that if any Reference Bank does not notify such a rate to the Agent for any relevant period HIBOR for such period shall be determined on the basis of the rates notified by the other Reference Banks to the Agent.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Hong Kong Dollars" and **"HKD"** mean the lawful currency for the time being of Hong Kong.

"Hotel Management Agreement" means the hotel management agreement (if any) to be entered into between the Borrower and *such entity to be determined by the Borrower* (the "**Hotel Management Company**") in respect of the operation and management of the hotel in connection with the Hotel Project.

"Hotel Project" means the construction works related exclusively to the hotel in respect of the Property, not including the premises relating to casinos and/ or gaming activities.

"Interest Period" means an interest period ascertained in accordance with **Clause 9**.

"Interest Payment Date" means the last day of an Interest Period.

"Land Concession Agreement" means the land concession agreement between the Borrower and the Government of Macau SAR in respect of the Property as constituted by an offer letter from the Government of Macau SAR dated 10 November 2005 with reference no. 140/DATSEA/2005 and a declaration of acceptance by the Borrower dated 28 November 2005.

"Lease Agreement" means the agreement entered or to be entered into between the Borrower and SJM in respect of the operation and management of the casino in the Project.

"Loan" means a loan made under Tranche A or Tranche B or the principal amount outstanding for the time being of that Loan.

"Majority Lenders" means at any time Lenders whose aggregate Commitments in the Credit Facilities (as determined by the table setting out the Commitments of the Lenders as at the date of this Agreement in Clause 1 but subject to any assignment or transfer of Commitments by any Lender in accordance with Clause 37 after the date of this Agreement) are equal to or exceed **66%** of the total Commitments. For the purpose of this definition, the Commitment of each Lender and the total Commitments of the Lenders shall not be reduced or cancelled by a drawdown of the Credit Facilities or by the expiry of the Availability Period.

"Margin" has the meaning as ascribed thereto in Clause 9.1.

"Macau" means the Macau Special Administrative Region of the People's Republic of China.

"Main Contractor" means Paul Y. Construction Company Limited or any person or firm appointed from time to time as the main contractor of the Development Project by the Borrower (with the approval of the Majority Lenders whose approval shall not be unreasonably withheld or delayed) to undertake construction works or the supplying of materials, equipment, technology or services pursuant to the GMP Contract.

"Master Layout Plan" shall have the meaning ascribed to it in **Clause 32.1(f).**

"Material Adverse Change" means any situation occurs which in the opinion of the Majority Lenders gives reasonable grounds to believe that an event having a Material Adverse Effect has occurred.

"Material Adverse Effect" means in the opinion of the Majority Lenders, a material adverse effect on:-

(a) the ability of the Borrower or the Guarantor to perform its obligations under any of the Finance Documents to which it is or is to be a party;

(b) the business, operations, assets or financial condition of the Borrower or the Guarantor and the subsidiaries of the Guarantor (as a whole); or

(c) the validity or enforceability of any Finance Document or the rights or remedies of any finance party under the Finance Documents.

"Occupation Permit" means the certificate issued by the Government of Macau SAR to the Borrower confirming that the development of the Property or part thereof has been duly completed and has been made fit for occupation.

"Participation" means in relation to each Lender, in respect of any amount owing to the Lenders hereunder, the proportion of such amount which is owing to that Lender and, in respect of the Advance, the proportion of the amount to be advanced which is to be made available by that Lender and "Participation in the Credit Facilities" shall be construed accordingly.

"Patacas" and **"MOP"** mean the lawful currency for the time being of Macau.

"Potential Event of Default" means any event or circumstance which with the giving of notice, the passage of time, any determination of materiality or the satisfaction of any applicable condition (or any combination of them) would reasonably be expected to become an Event of Default.

"Project" means the construction works related exclusively to the part of the Property attributable to casino and/or gaming activities.

"Project Documents" means Building Contracts, the Lease Agreement, the Hotel Management Agreement, if any, and the Land Concession Agreement.

"Property" shall have the meaning ascribed to it in Clause 3 (*Purpose*).

"**Quantity Surveyor**" means any person or firm appointed by the Borrower from time to time as the quantity surveyor of the Development Project to provide services including cost estimating and cost management, production of bills of quantities and tender and contract documents, financial administration of building contracts and dispute mediation pursuant to any Building Contracts.

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, the first day of that period.

"Reference Bank(s)" means BOC, Macau, BNU, BCM and ICBC(Asia) or any substitute reference bank(s) appointed by the Majority Lenders in agreement with the Borrower.

"Repayment Date" has the meaning given to it in Clause 14.

"SJM" means Sociedade de Jogos de Macau, S.A.

"Security Documents" means the First Legal Mortgage and Assignment of Income, Power of Attorney, Promissory Note (Livrança), Share Pledge Agreement, Repayment Guarantee given by the Borrower, Repayment Guarantee given by the Guarantor, Completion Guarantee, Funding Undertaking, First Legal Charge over the Banking Accounts, Assignment of Insurance Policies, Assignment of Building Contracts, Subordination Agreement, Assignment of Hotel Management Agreement (if any), Assignment of SJM Lease Agreement, Floating Charge, and any other document executed from time to time by whatever person as a further guarantee of or security for all or any part of the Borrower's obligations under this Agreement, each capitalised term used in this definition of "Security Documents" shall have the meaning ascribed to it in Clause 22 (Security Documents).

"Shareholders" shall mean the shareholders of the Borrower which are pledgors to the Share Pledge Agreement.

"Subordinated Lenders" shall have the meaning ascribed to it in the Subordination Agreement. **"Tranche A"** means the term loan facility to finance the Hotel Project, the principal amount of which is specified in Clause 4.

"Tranche B" means the term loan facility to finance the Project, the principal amount of which is specified in Clause 4.

"Transfer Certificate" means the certificate substantially in the form set out in **Annex II**.

This Agreement is made, subject to the following terms and conditions which the parties hereto have committed to comply with:-

CLAUSE ONE

(Syndicated Credit Facilities)

Through this Agreement, the Lenders give their Commitment to participate in the Credit Facilities by means of different Tranches, named as "A" and "B" up to the following limits all in Hong Kong Dollars:-

	TRANCHE A [HKD]	TRANCHE B [HKD]	TOTAL Commitment [HKD]	PRO-RATA
BOC, MACAU	450,000,000.00	—	**450,000,000.00**	**35%**
BNU	65,000,000.00	385,000,000.00	**450,000,000.00**	**35%**
BCM	75,000,000.00	75,000,000.00	**150,000,000.00**	**12%**
ICBC(Asia)	110,000,000.00	—	**110,000,000.00**	**9%**
BESOR	70,000,000.00	—	**70,000,000.00**	**5%**
LCH, Macau	50,000,000.00	—	**50,000,000.00**	**4%**

CLAUSE TWO

(Principal)

1. The Principal amount of the Credit Facilities is **HKD1,280,000,000.00 (One Billion Two Hundred and Eighty Million Hong Kong Dollars),** equivalent for fiscal purposes to **MOP1,317,120,000.00 (One Billion Three Hundred and Seventeen Million and One Hundred and Twenty Thousand Macau Patacas)** (the "Facility Amount").

2. The respective Commitment of each Lender in the relevant portion is stated in Clause One (the "Participation Percentage").

CLAUSE THREE

(Purpose)

The purpose of the Credit Facilities is to provide the necessary funds to the Borrower to the construction costs of the Development Project, situated in Site A1, Baixa da Taipa-Lote, BT17, Taipa, Macau, presently included under number described at the Lands Registry under no.21407, folio 125 of the Book B49 (the "**Property**").

CLAUSE FOUR

(Utilisation of the Credit Facilities)

The Credit Facilities shall be utilised in two different Tranches, as follows:-

- Tranche "A": HKD820,000,000.00 (Eight Hundred and Twenty Million Hong Kong Dollars).
- Tranche "B": HKD460,000,000.00 (Four Hundred and Sixty Million Hong Kong Dollars).

CLAUSE FIVE

(Purpose and utilisation)

1. Tranche "A" is to be used to finance the construction costs of the Hotel Project.

2. Tranche "B" is to be used to finance the construction costs of the Project.

CLAUSE SIX

(Availability Drawdown)

1. Tranche "A" and Tranche "B" may be drawn in one or more drawdowns during the Availability Period.

2. Each drawdown shall not be less than HKD10,000,000.00 (Ten Million Hong Kong Dollars) and shall be in integral multiples of HKD1,000,000.00 (One Million Hong Kong Dollars).

3. Each drawdown notice ("Drawdown Notice", a prescribed form of which is attached hereto as Annex I) shall be accompanied by (a) a certificate of the Quantity Surveyor (i) certifying the amount then paid or payable for the construction cost (and in respect of professional fees or materials in connection with the Development Project, copies of relevant fee, notes, invoices or other documentary evidence to such effect) since the date of the last certificate of the Quantity Surveyor and (ii) confirming that the proposed drawdown is in line with the construction progress and the schedule stated in the GMP Contract; (b) a certificate as incorporated in the form of Drawdown Notice that to the best of the Borrower's knowledge and belief, (i) whether or not there is any

Cost Overrun (as defined in Clause 8) and if there is Cost Overrun, the Cost Overrun does not exceed HKD50,000,000 (Fifty Million Hong Kong Dollars) and (ii) the proceeds of the drawdown will only be used for the Hotel Project or Project, as applicable; and (c) if applicable, the documentary evidence of payment as referred to in **Clause 7** (*Payments*) below.

4. All drawdowns shall be authorised upon delivery of documents specified in **Clause 6(3) above** and in the case of the first drawdown, the conditions precedent documents set out in **Clause 32** (Conditions Precedent) satisfactory to the Facility Agent and upon execution of this Agreement and always subject to the condition that no event of default or potential event of default has occurred and is continuing, imputable to the Borrower.

5. All drawdowns must be made on a Business Day and shall be requested in writing to the Facility Agent by the Borrower no later than five(5) Business Days prior to the date of the intended drawdown, unless a shorter period has been expressly agreed by all Lenders.

6. The Drawdown Notice once received shall be considered irrevocable.

7. Any amounts undrawn of Tranche “A” and Tranche “B” at the expiry of the Availability Period shall be cancelled.

8. The Facility Agent shall notify each Lender at or before 5.00pm of the third Business Day prior to the intended drawdown to make the necessary funding in accordance with their Participating Percentage in this Agreement, unless a shorter period has been expressly agreed by all Lenders.

CLAUSE SEVEN

(Payments)

All drawdowns must be made either to an account the Borrower has maintained with the Facility Agent or in a manner otherwise agreed by the Facility Agent. The Borrower agrees that for all payment of construction costs or other costs of materials, equipment, technologies or services to complete the Development Project, such payment shall be made to the Main Contractor or if the circumstances require, to the relevant Contractor directly. The Borrower shall provide documentary evidence reasonably satisfactory to the Facility Agent that payment referred to in the immediately foregoing sentence has been made upon the delivery of the next Drawdown Notice or within any such longer period of time as may be agreed by the Facility Agent (acting reasonably).

CLAUSE EIGHT

(Cost Overrun)

1. Cost Overrun shall mean any amount by which, the aggregate of (i) the amount certified by the Quantity Surveyor as the

amount of construction costs of the Development Project so far spent and paid by the Borrower at any time and (ii) the Quantity Surveyor's estimated outstanding construction costs for the completion of the Development Project at that time in excess of HKD1,448,000,000.00. (One Thousand Four Hundred and Forty Eight Million Hong Kong Dollars)

2. The Borrower and/or the Guarantor shall be fully responsible for the payment of all Cost Overrun not covered by the "Facility Amount" in accordance with the terms and conditions of the "Funding Undertaking".

3. If at any time hereafter there is a Cost Overrun which exceeds HKD50,000,000.00(Fifty Million Hong Kong Dollars), no further drawdowns can be made under any Tranche unless and until (a) the Facility Agent has received a Quantity Surveyor's certificate or payment invoices or any other satisfactory evidence that all such Cost Overrun, has been paid by the Borrower and/or Guarantor in full, if any such Cost Overrun has become due and payable, to the Main Contractor and/or other relevant parties in relation to the Development Project or (b) if any such Cost Overrun (or any part thereof) has not yet become due and payable, the Borrower shall provide documentary evidence reasonably satisfactory to the Facility Agent that it has sufficient financial resources to meet with such Cost Overrun.

CLAUSE NINE

(Interest)

1. Interest rate applicable to the Tranches “A” and “B” shall be 2.2% per annum (“Margin”) over HIBOR.

2. Interests are calculated on a daily basis and based on the actual number of days elapsed and a 365 days/year.

3. The interest period for each Loan (“Interest Period”) shall be 1, 3 or 6 months, as selected by the Borrower in the Drawdown Notice or if the Loan has already been borrowed, in a written notice to the Facility Agent delivered at least five (5) Business Days before the expiry of the preceding Interest Period for that Loan provided that:-

i) each successive Interest Period shall commence on the last day of the preceding Interest Period;

ii) if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not);

iii) any Interest Period that begins on the last Business Day of a calendar month(or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in the calendar month which it is to end;

iv) no Interest Period with respect to any Loan shall extend beyond Final Maturity Date stated in this Agreement and if any Interest Period would otherwise extend beyond a Repayment Date, it shall nevertheless end on that Repayment Date;

v) Notwithstanding any other provision of this Agreement or any Drawdown Notice to the contrary, the first Interest Period for a Loan (other than the first Loan) shall end on the last day of the then current Interest Period of an existing Loan so that all the Loans will be consolidated into, and treated as, a single Loan on the last day of such current Interest Period.

4. The Borrower shall pay interest on each drawdown in respect of each Interest Period on the Interest Payment Date.

CLAUSE TEN

(Market Disruption)

1. If in relation to any Interest Period:-

(a) at or about noon in Macau on the Quotation Day for the relevant Interest Period the Reuters Screen Rate is not available or the Reuters Screen Rate is zero or negative and none or only one of the Reference Banks supplies a rate to the Agent to determine HIBOR for the relevant Interest Period; or

(b) before close of business in Macau on the Quotation Day for the relevant Interest Period, the Agent receives notifications from at least two Lenders (whose participations in a Loan together exceed 35 per cent of that Loan) that the cost to them of obtaining matching deposits in Hong Kong interbank market would be in excess of HIBOR,

the Facility Agent shall promptly notify the Borrower and the Lenders accordingly, and no further drawdowns can be made under any Tranche unless and until an alternative basis is agreed in accordance with **Clause 10.2**.

2. Immediately following the notification from the Facility Agent in accordance with **Clause 10.1**, the Borrower and the Facility Agent, in consultation with the Lenders, shall negotiate in good faith with a view to agreeing upon an alternative basis for funding the Loan and determining the applicable interest rate, periods and payment dates. If an alternative basis is agreed in writing within a period of thirty (30) days after such notification or such longer period for discussion as the Borrower and the Facility Agent and Lenders may agree, the alternative basis shall take effect in accordance with its terms.

3. If an alternative basis is not so agreed and the Advance has been made, the Borrower shall pay interest to each Lender on its Participation in the Loan affected by the circumstances set out in **Clause 10.1** for the relevant Interest Period at the rate per annum equal to the aggregate of (a) the Margin and (b) the cost (expressed as an annual interest rate as set out in a certificate provided to the

Borrower through the Facility Agent showing reasonable details of such cost) to each respective Lender of funding its Participation in the Loan from whatever source it may reasonably select during the relevant Interest Period.

4. If an alternative basis is not so agreed pursuant to **Clause 10.2:-**

(a) if no Advance has been made, the Credit Facilities shall be cancelled and all sums outstanding under this Agreement shall be paid to the Facility Agent at the end of the period for negotiation ascertained in accordance with **Clause 10.2;** or

(b) if one or more Advances have been made, the Facility Agent may require the Borrower or the Borrower may request, to prepay the Loan(s), in each case, by giving written notice to the other specifying a prepayment date which is not less than thirty (30) days after such notice is given. On the specified date the Credit Facilities shall be cancelled and the Borrower shall prepay the Loans in full together with interest thereon from the beginning of the relevant Interest Period to the date of prepayment. For this purpose, the interest rate from time to time applicable to each Lender's Participation in the Loan shall be the rate ascertained in accordance with **Clause 10.3** in relation to the relevant Interest Period.

CLAUSE ELEVEN

(Default Interest)

If the Borrower fails to repay the principal and/or fees and other charges under this Agreement when due and payable, it shall pay a default interest on the sums outstanding, such default interest shall be 3% per annum over the applicable interest rate as stated in **Clause 9.** So long as the unpaid sum remains outstanding, interest accrued, including the default interest, on such unpaid sum shall be compounded at the end of each successive period of thirty (30) days.

CLAUSE TWELVE

(Capitalisation)

Fees and all other costs, charges and expenses provided for in this Agreement when due and not settled shall be converted into principal; relevant interest periods shall be selected by the Facility Agent (acting reasonably).

CLAUSE THIRTEEN

(Fees)

1. The Borrower shall pay to the Facility Agent (for the account of the Coordinating Lead Arrangers) an arranger fee in the amount and at the times agreed in the Mandate Letter signed between Borrower and the Coordinating Lead Arrangers on 18 October 2005.

2. The Borrower shall pay to the Facility Agent (for the account of the Facility Agent and the Security Agent) an agency fee in the amount and at the times agreed in the Mandate Letter signed between Borrower and the Coordinating Lead Arrangers on 18 October 2005.

3. The Borrower shall pay to the Facility Agent (for the account of all the Lenders in accordance with the arrangements agreed by the Coordinating Lead Arrangers and the Lenders prior to the date of this Agreement) a management fee in the amount and at the times agreed in the Mandate Letter signed between Borrower and the Coordinating Lead Arrangers on 18 October 2005.

4. The Borrower shall pay to the Facility Agent for the account of all the Lenders an "Undrawn Commitment Fee" of 0.5% per annum payable on the daily undrawn and uncancelled balance of Tranche "A" and "B" facility amount, calculated on an actual/365-day basis during the Availability Period. The commitment fee shall be payable in arrears on the last day of each successive period of three (3) months which ends during the Availability Period and on the last day of the Availability Period.

CLAUSE FOURTEEN

(Repayment)

1. All the Loans outstanding at the end of the Availability Period shall be repaid by the Borrower to the Lenders, through the Facility Agent, by twenty (20) consecutive quarterly equal instalments commencing three(3) months after the last day of the Availability Period and on each succeeding day which falls three months thereafter (each a **"Repayment Date"**).

2. On the Final Maturity Date the Borrower shall pay all the then outstanding amounts under the Credit Facilities together with all accrued interest, fees and other moneys owing by the Borrower under Tranche "A" and "B".

CLAUSE FIFTEEN

(Cancellation and Prepayments)

1. Cancellation of the undrawn commitment during the Availability Period of Tranche "A" and Tranche "B" or voluntary prepayment of any Loan of Tranches "A" and "B" shall be permitted, without penalty, with effect on the last day of the then current Interest Period in the case of voluntary prepayment, provided that written advice is given to the Facility Agent by the Borrower no later than seven (7) Business Days prior to the date of the intended cancellation or intended prepayment (as applicable).

2. However, any Loan prepaid shall be subject to a penalty fee charge of 0.25% flat on the prepaid amount, which shall be distributed among the Lenders on pro-rata basis according to their Commitments, if the source of such prepayment comes from the Borrower's refinancing with any financial institution(s) other than the Lenders.

3. Each prepayment (if in part) of a Loan shall not be less than HKD10,000,000.00 (Ten Million Hong Kong Dollars) and shall be in integral multiples of HKD10,000,000.00 (Ten Million Hong Kong Dollars).

4. Amounts cancelled shall not be re-drawn and the amount prepaid cannot be re-borrowed.

CLAUSE SIXTEEN

(Mandatory Prepayment)

1. Unless and until all the then outstanding amounts under the Credit Facilities together with all accrued interest, fees and other moneys owing by the Borrower under Tranche "A" and "B" are paid or repaid in full ("Full Repayment"), all sums to be received by the Borrower from SJM and Hotel Management Company (if any) under the Lease Agreement and Hotel Management Agreement (if any) and any other income received by the Borrower in connection with the Development Project shall be deposited into one or more than one interest-bearing account (the "Charged Account(s)") which is or is to be opened and maintained with the Facility Agent (subject to the right of the Borrower to withdraw any credit balance of the Charged Account(s) that exceeds in aggregate, HKD110,000,000 (One hundred and Ten million Hong Kong Dollars) in accordance with **Clauses 33.5 and 34.5 below**). In addition, unless and until the Borrower and/ or the Guarantor has made the Full Repayment, all the following proceeds shall be deposited into the Charged Account upon receipt by the Borrower and shall be applied towards prepayment of the Loans on the then next Interest Payment Date by the Facility Agent debiting the relevant prepayment amount from the relevant Charged Account on such next

Interest Payment Date:-

a) 100% of net cash proceeds received by the Borrower as a result of any incurrence of borrowed money by the Borrower after the date of this Agreement other than the borrowed money by the Borrower permitted by **Clause 34.2** or as otherwise agreed by all the Lenders**;**

b) 100% of net cash proceeds of any equity issuance of the Borrower after the date of this Agreement other than equity injection required for the construction or operation of the Hotel Project and the Project;

c) 100% of net cash proceeds received by the Borrower in connection with any asset sale except for:-

(i) any sale proceeds received from an asset being sold, transferred or disposed of but to be replaced by assets of a similar or better quality or condition; and

(ii) any sale proceeds other than as referred to in the above paragraph (i) where the aggregate amount of such sale proceeds does not exceed HKD8,000,000.00 (eight million Hong Kong Dollars) (or its equivalent in any other currency(ies)) in any financial year of the Borrower.

d) 100% of net cash proceeds or liquidated damages paid to or received by the Borrower as a result of a default or breach under any of the Project Documents except for:-

(i) any cash proceeds or liquidated damages that the Borrower certifies to the Agent that it will reinvest or apply those proceeds within six (6) months of such receipt to replace or invest in investments that are permitted or not restricted under this Agreement;

(ii) any cash proceeds or liquidated damages that are to meet liabilities payable to third parties in relation to the Development Project which liabilities were the subject of payment of such cash proceeds or liquidated damages received or recovered. The Borrower shall notify the Facility Agent in writing of such receipt and provide documentary evidence thereof to the Facility Agent; and

(iii) any individual receipts of cash proceeds or liquidated damages (other than as referred to in the above paragraphs (i) and (ii)) which, when aggregated with all other such cash proceeds or liquidated damages received by the Borrower, do not exceed HKD8,000,000.00(Eight Million Hong Kong Dollars) (or its equivalent in any other currency(ies)) in any financial year of the Borrower.

e) 100% of the net cash proceeds received by the Borrower under any insurance policy relating to the Development Project except for:-

(i) any cash insurance proceeds that the Borrower certifies to the Agent (with reasonable details as to the amount of cash insurance proceeds received and the estimate of the amount required to carry out such replacement or reinstatement referred to in this sub-paragraph (i)) that it will use such proceeds to replace or reinstate the assets(s) or pay the liability (owing to a third party) to which such proceeds relate within six (6) month of receipt; and

(ii) any cash insurance proceeds (other than as referred to in the above paragraph (i) which, when aggregated with all other such cash insurance proceeds received by the Borrower, do not exceed HKD8,000,000.00(eight million Hong Kong Dollars) (or its equivalent in any other currency(ies)) in any financial year of the Borrower,

for the avoidance of doubt, in the case of receipt in the Charged Account of any cash insurance proceeds in the circumstances set out in sub-paragraph (i) or (ii) of this paragraph (e), the Security Agent shall permit withdrawal by the Borrower from the Charged Account of an amount not exceeding such cash insurance proceeds.

2. The expression **"net cash proceeds"** used in the above paragraphs a) to e) means any cash proceeds received by the Borrower less any tax, fee, cost and expense incurred or payable by the Borrower in connection with the obtaining of such cash proceeds.

3. Any prepayment resulting from the no. 1 of this Clause will be applied to the then remaining principal outstanding of the Credit Facilities in inverse chronological order of maturity of the instalments for repayment of Tranche "A" and Tranche "B".

4. The Borrower and the Guarantor undertake to maintain at all times the ratio of the total outstanding and any undrawn facility amount to the completed market value of Development Project as determined by the then latest independent valuation report delivered by the Borrower pursuant to Clause 35.6 ("Loan-to-Value Ratio") to be 60% or below.

5. If the Loan-to-Value Ratio exceeds 60% as determined from time to time, the Borrower, failing which the Guarantor, undertakes to prepay the Loans within thirty (30) days from the date the Facility Agent has served notice to the Borrower, the prepayment amount of which shall not exceed any amount required to reduce the said ratio to or not more than 60%.

CLAUSE SEVENTEEN

(Costs, Expenses and Charges)

1. The Borrower and the Guarantor shall reimburse the Lenders, the Facility Agent and the Security Agent for all reasonable expenses including legal, printing, signing and publicity and other out-of pocket expenses incurred in connection with the negotiation, syndication, preparation, drafting and execution of this Agreement irrespective of whether or not the Facility is implemented, cancelled, unutilized or otherwise withdrawn, and any subsequent amendments, supplements, variations thereto or replacement thereof in connection with the Credit Facilities.

2. The Borrower shall within five (5) Business Days of demand, pay all stamp and other similar duties and taxes (if any) to which this Agreement or any Security Document may be subject.

3. The Borrower shall within five (5) Business Days of demand, pay to the Lenders and the Facility Agent all costs, charges and expenses (including legal expenses) incurred by the Lenders and the Facility Agent in connection with the judicial or extra judicial enforcement of this Agreement.

4. The Borrower agrees to increase the amount of payment which is subject to a withholding or deduction on interest, fees and other income to be derived from this Agreement and imposed by the Government of Macau. As a result of this increase the Lenders entitled to the payment will be entitled as well to receive the same amount it would have received if there had been no such withholding or deduction.

5. The Borrower shall, within five (5) Business Days of a demand of the Lender, indemnify the Lender against any tax (excluding tax on overall income) incurred by that Lender as a result of:-

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Agreement or

(b) compliance with any law or regulation made after the date of this Agreement which affects a Lender to the extent that it is attributable to that Lender's Participation or funding or performing its obligations under this Agreement.

CLAUSE EIGHTEEN

(Application of Payments)

1. Unless otherwise agreed in writing, if the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, such payment made by the Borrower shall be applied to discharge the sums due and payable, under the Credit Facilities in the following order:-

a) unpaid fees, penalties (including such penalties, if any, as mentioned in **Clause 15.2)**, expenses, charges and indemnity, in each case payable but unpaid under this Agreement;

b) Default interest due but unpaid;

c) Contractual interest due but unpaid;

d) Principal repayment.

2. Notwithstanding the foregoing, any principal repayment under the Credit Facilities shall be applied towards repayment of any indebtedness under Tranche “A” and Tranche “B” on a pro-rata basis.

3. The amount so repaid under the Tranche “A” and Tranche “B” shall be in pro-rata basis to the Lenders in accordance with their Participation Percentage as stated in or resulting from Clause 1.

CLAUSE NINETEEN

(Assumption of Compliance)

1. The Facility Agent may assume that compliance of the obligation by each Lender for delivery of the funds to the Facility Agent corresponding to the pro-rata share of each Lender will be made promptly. However, the Facility Agent shall give to the Lenders a prior written notice of not later than three (3) Business Days for the delivery of the funds.

2. The Facility Agent may also assume that compliance by the Borrower of its payment obligation of fees, expenses, interest as well as repayment of principal and any other sum payable under this Agreement will be made on a timely basis.

CLAUSE TWENTY

(Registration)

1. The Facility Agent shall maintain in its records control accounts showing all the transactions and payments made under this Agreement.

2. Accurate entries made to the accounts or the records maintained in accordance with the previous paragraph shall, in the absence of manifest error, be sufficient evidence of the existence and extent of the Borrower's obligations appearing therein.

3. Balances shown in the control accounts kept by the Facility Agent shall, in the absence of manifest error, be binding and demandable on the relevant due dates.

CLAUSE TWENTY ONE

(Changes of the Circumstances)

If the introduction of, or a change in, any applicable law or in the interpretation or application thereof by any governmental or other regulatory authority charged with the administration thereof or a court of competent jurisdiction makes it unlawful for any Lender to give effect or maintain its obligations as contemplated by this Agreement, such Lender shall forthwith notify the Borrower and the Facility Agent whereupon such Lender's Commitment in relation to the Credit Facilities shall cease and the Borrower shall on

the next Interest Payment Date of each Loan occurring after such notification, or, if earlier, the latest date as shall be permitted by law, prepay (without premium or penalty) to the Facility Agent for the account of such Lender the whole of the outstanding credit amount of such Lender's participation in the Credit Facilities together with all interest accrued thereon and other moneys due to that Lender to the date of such prepayment and that such Lender's outstanding Commitment in the undrawn balance of the relevant Tranche(s) shall also be cancelled.

CLAUSE TWENTY TWO

(Security Documents)

For the repayment of the principal amount of HKD1,280,000,000.00 (One Billion Two Hundred and Eighty Million Hong Kong Dollars), interests without limitation of time and all other moneys due or to become due from the Borrower to the Lenders under this Agreement, the Borrower undertakes to constitute the following securities in favour of the Security Agent ("Security Documents"):-

1. **First Legal Mortgage and Assignment of Income** - First legal mortgage for HKD1,280,000,000.00(One Billion Two Hundred and Eighty Million Hong Kong Dollars) over the right resulting from the leasehold of the Property, as well as all present and future constructions erected thereon and assignment of all operating incomes, rental proceeds, and all other income generated from the Development Project.

2. **Power of Attorney** - A Power of Attorney executed by the Borrower to the Security Agent conferring the powers, inter alia, to handle the Property without prior consent of the Borrower, when an Event of Default occurs and continues and was not remedied within ninety (90) calendar days from the date of receipt of the notification in this respect from the Agent and the Majority Lenders have agreed to accelerate the Credit Facilities pursuant to **Clause 28.2**., to complete the Development Project, to lease, alienate and otherwise dispose the Property, including the land lease right of the Property.

3. Promissory Note **(Livrança)** - Legal notarized "Livrança" (promissory note) issued by the Borrower and endorsed by the Guarantor, in the amount of HKD1,280,000,000.00(One Billion Two Hundred and Eighty Million Hong Kong Dollars), with the maturity date left in blank. The Security Agent is hereby authorised to fill in the maturity date whenever there occurs and continues any Event of Default and the Lenders have agreed to accelerate the Credit Facilities under Clause 28.2.

4. **Share Pledge Agreement** - First legal charge over all the issued shares representing 100% of the Borrower's capital by the Shareholders.

5. **Repayment Guarantee by the Borrower** – Unconditional and irrevocable repayment guarantee given by the Borrower of all principal, interest and other moneys due in respect of the Facility.

6. **Repayment Guarantee by the Guarantor** - Unconditional and irrevocable repayment guarantee given by the Guarantor of all principal, interest and other moneys due in respect of the Credit Facilities.

7. **Completion Guarantee** - A joint and several, unconditional and irrevocable undertaking of the Borrower and Guarantor to procure the completion of the Project and the Hotel Project on or before 30th November 2006 and 30th September 2007 respectively (the " **Development Project Completion Date**"); the casino and hotel are to commence operations by no later than 30th January 2007 and 30th November 2007 respectively. "Completion of the Project and/or Hotel Project" shall mean the issuance of the Occupation Permit for the relevant phase developments.

8. **Funding Undertaking** - A joint and several, unconditional and irrevocable guarantee given by the Borrower and the Guarantor to guarantee that all Cost Overrun (actual and projected) if exceeds HKD50,000,000.00 (Fifty Million Hong Kong Dollars), in respect of the Development Project shall be, as soon as reasonably practicable, funded by the Borrower and/or the Guarantor before any further drawdown may be made under the Credit Facilities. The obligations of the Guarantor under the Funding Undertaking will continue irrespective of whether any Event of Default has occurred until the Credit Facilities are repaid in full.

9. **First legal charge over the banking account(s)** (the "Charged Account(s)") into which, all operating incomes, sales and rental proceeds and all other income generated from the Development Project shall be deposited(subject to the exceptions set out in **Clause 16**).

10. **Assignment of Insurance Policies** - Assignment of the Borrower's interests in insurance policies relating to the Development Project and the original policies (if not available, certified copy by the insurance company thereof) shall be lodged with the Security Agent together with the premium receipt.

11. **Assignment of Building Contracts** - Assignment of the Building Contracts, contractor's guarantee and other relevant contracts with the right to receive and use the copy of all the building plans and specifications in relation to the Development Project.

12. **Subordination Agreement** - Assignment and subordination of all existing and future loans and advances extended to the Borrower by the Guarantor, its subsidiaries, affiliates and their directors except for interest thereon and trade debts incurred by the Borrower in its ordinary course of business. The principal amount of such subordinated indebtedness shall not be payable or repayable until the Facility is fully repaid.

13. **Assignment of Hotel Management Agreement** - Assignment of the right and benefits of the Borrower in the Hotel

Management Agreement, if any, authorizing the Security Agent to take over the position of Borrower to enter into the Hotel Management Agreement with Hotel Management Company, if any, without prior consent of the Borrower when an Event of Default has occurred and is continuing and the Majority Lenders have agreed to accelerate the Credit Facilities under Clause 28.2.

14. **Assignment of SJM Lease Agreement** - Assignment of the right and benefits of the Borrower in the Lease Agreement authorizing the Security Agent to take over the position of Borrower (as landlord) under the Lease Agreement with SJM without prior consent of the Borrower when an Event of Default has occurred and is continuing and the Majority Lenders have agreed to accelerate the Credit Facilities under Clause 28.2; provided that in such case, the Security Agent shall not be allowed to transfer or further assign the benefits and rights of the Lease Agreement to any party which is a Competitor.

15. **Floating Charge** – Floating charge over the Borrower's chattels, receivables, equipment and other assets which are not subject to any Security Documents referred to in the foregoing paragraphs of this **Clause 22**.

None of the Security Documents referred to in this **Clause 22** shall become enforceable or be enforced by the Lenders or the Security Agent on their behalf unless and until (a) an Event of Default has occurred and is continuing; and (b) the Majority Lenders have agreed to accelerate the Credit Facilities pursuant to **Clause 28.2**.

CLAUSE TWENTY THREE

(Pari Passu)

This Credit Facilities shall constitute direct, senior, unconditional and secured obligations of the Borrower and the Guarantor and will at all rank *pari passu* with all other present and future senior, secured obligations of the Borrower and the Guarantor.

CLAUSE TWENTY FOUR

(Debit Entries and Set-off)

For payment of any unsettled sums due under this Agreement, the Facility Agent may following an Event of Default which is continuing debit any bank account(s) held or co-held by the Borrower or the Guarantor with the Facility Agent as well as to set-off with any amount standing to the credit of the Borrower and the Guarantor, if any.

CLAUSE TWENTY FIVE

(Pro Rata Reimbursement)

All sums in cash received by the Facility Agent and/or the Lenders through legal proceedings or other means shall be distributed to the Lenders on pro rata basis according to their respective Commitment as stated in or resulting from Clause 1.

CLAUSE TWENTY SIX

(Obligations Several)

1. The obligation of each Lender under this Agreement and in particular, the obligation of each Lender to participate in each drawdown, is several; and no Lender shall be in any way liable or responsible for any failure by any other Lender to meet any of its obligations under or pursuant to this Agreement.

2. The non-fulfilment by any Lender of the obligations assumed herein shall not relieve the remaining Lenders of their obligations under this Agreement.

3. The non-fulfilment by any Lender shall not exempt the Borrower and the Guarantor to perform their own obligations under this Agreement towards the remaining Lenders, or the responsibilities that they have already assumed towards such Lenders, if any.

4. Without prejudice to the provisions of the previous paragraphs and subject always to Clause 40.4, any Lender may commence and institute legal proceedings or otherwise take any other actions that it deems as necessary so as to maintain and protect its own rights and the rights of the other Lenders.

CLAUSE TWENTY SEVEN

(Events of Default)

1. The following circumstances or events shall constitute an Event of Default, whether or not caused by a reason outside the control of the Borrower and the Guarantor:

a) The Borrower and/or Guarantor fails to pay any principal, interest, fees or any other sum payable under this Agreement on the day which the same is due and payable hereunder unless its failure to pay is caused by administrative or technical error acceptable to the Agent; or in the case of any sum expressed to be payable hereunder on demand, upon any such demand for the payment thereof being made;

b) The Borrower and/or Guarantor fails to perform or observe any of its obligations under this Agreement or any Security Document to which it is a party and such failure is not capable of remedy, or if it is capable of remedy, such failure continues for a period of or over sixty (60) days (or any other longer period as the Lenders may agree) from the day of service by the Facility Agent on the Borrower of notice requiring the same to be remedied; or

c) Misrepresentation in this Agreement or any Security Documents or other documents delivered by the Borrower in connection with the Credit Facilities which proves to have been incorrect or misleading in any material respect; or

d) Cross default as stated below:-

i) Any financial indebtedness of Borrower or Guarantor is not paid when due nor within any originally applicable grace period.

ii) Any financial indebtedness of Borrower or Guarantor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default.

iii) Any creditor of the Borrower or Guarantor becomes entitled to declare any financial indebtedness of Borrower or Guarantor due and payable prior to its specified maturity as a result of an Event of Default.

iv) No Event of Default will occur under this Clause if at any time, the aggregate amount of financial indebtedness falling within paragraph i) to iii) above is less than 10% of the total principal amount of the Credit Facilities mentioned in **Clause 2**; or

e) The Borrower is in breach of any term of the land title document of the Property in any material respect or the Government of Macau re-enters or threatens to re-enter upon the Property or any part thereof; or

f)(i) any Building Contract is terminated or otherwise ceases to remain in full force and effect for any reason due to any default on the part of the Borrower or the Guarantor, or

(ii) the Main Contractor ceases to perform its essential duties and obligations under the GMP Contract, unless in any such case, within a period of sixty (60) days after such termination or cessation, the Borrower has appointed a substitute Contractor and has entered into a new Building Contract and in the case of substituting the Main Contractor or the Quantity Surveyor, with the Majority Lenders' prior written approval (which approval shall not be unreasonably withheld or delayed) and the Construction is re-commenced as soon as practicable immediately thereafter; or

g) The Property or any material part thereof is:-

(i) seized or expropriated by legal process, or

(ii) subject to compulsory purchase or acquisition whether subject to compensation or not, or

(iii) wholly or substantially destroyed; or

h) Major construction work in connection with the Development Project has stopped for a continuous period of sixty (60) days or more and it is not re-commenced as soon as practicable after the Facility Agent has served a written notice on the Borrower requiring the same to be remedied; or

i) It becomes impossible or unlawful for:-

(i) the Borrower or the Guarantor to fulfil any of undertakings or obligations in this Agreement or in any other Security Documents which has a Material Adverse Effect and the same is not removed or replaced by another undertaking or obligation of the Borrower with substantially the same economic value, or

(ii) the Lenders to exercise any right vested in the Lenders under this Agreement or any other Security Documents other than the circumstances referred to in **Clause 21** (Change of the Circumstances); or

j) Anything is done or suffered or omitted to be done by either the Borrower or the Guarantor which (in the reasonable opinion of the Majority Lenders after obtaining proper legal advice) materially adversely puts or would reasonably be expected to materially adversely put in jeopardy the security created by any Security Document and which is either not waived by the Lenders in writing or is not remedied within 45 days after the Facility Agent has served a written notice requiring it to be remedied if it is capable of being remedied; or

k) There occurs, in the reasonable opinion of the Majority Lenders, a material adverse change in the financial condition of the Borrower or the Guarantor which materially and adversely affects or is reasonably be expected to materially and adversely affect its ability to perform its obligations under this Agreement and/or any other Security Document to which it is a party; or

l) The commencement of legal proceedings or other extra-judicial dispute against the Borrower and/or the Guarantor which materially and adversely affects or is reasonably be expected to adversely affect the Borrower and/or the Guarantor to perform their respective financial obligation under this Agreement; or

m) (i) Any order is made for the winding-up, insolvency or liquidation of any of the Borrower and the Guarantor or for the appointment of a liquidator or receiver of the Borrower or the Guarantor over all or any substantial part of its business or assets or (ii) by reason of actual or anticipated financial difficulties, the Borrower or the Guarantor (aa) stops or suspends payment to its creditors or any class of its creditors; or (bb) is unable or under applicable law is deemed to be unable or admits its inability to pay debts as they fall due, or (cc) seeks to enter into any composition or other arrangement with its creditors or any class of creditors or (dd) commences any process for the relief of debtors, or is declared or becomes insolvent or bankrupt.

(n) Fail to register the Security Documents (where registration is necessary) within the prescribed deadline and fail to make good any such failure within fourteen (14) days of notice from the Facility Agent or change its contents without approval by the Security Agent or revocation of the Power of Attorney or any other Security Documents which has a Material Adverse Effect.

2. The Borrower shall notify the Facility Agent promptly in writing of any occurrence of an Event of Default upon it becoming aware of its occurrence unless the Borrower is aware that a notification of the same Default has already been provided by the Guarantor.

CLAUSE TWENTY EIGHT

(Compulsory Prepayment)

1. Upon the occurrence of any of the events referred to in the **Clauses 16.1 (a) to (e) and 16.5** (Mandatory Prepayment) and which is continuing, the Facility Agent may demand the immediate performance by the Borrower of the corresponding prepayment obligations stipulated therein.

2. Upon the occurrence of any Events of Default which is continuing, the Facility Agent shall, if so instructed by the Majority Lenders, give notice ("Enforcement Notice") of acceleration to the Borrower and the Guarantor and demand immediate repayment of all sums owing under the Credit Facilities.

3. Upon the occurrence of any Events of Default which determines the right of the Majority Lenders to demand compulsory prepayment and which is continuing, the following shall be observed:-

a) If the Majority Lenders do not decide to declare the Credit Facilities due and payable and not demand compulsory prepayment from the Borrower and the Guarantor, no Lender may declare its own share in the Credit Facilities as due and payable and in such capacity.

Any Lender disagreeing with such decision of the Majority Lenders not to accelerate shall immediately notify the Facility Agent

and Security Agent so that the Facility Agent and Security Agent shall notify the other Lenders of the decision of that Lender and inquire the interest of the other Lenders to taking up, totally or in part, the respective Commitment of that Lender in this Agreement.

b) If the Majority Lenders decide to declare the Credit Facilities as immediate due and payable, any Lender that intends to act otherwise manner with regards to the part corresponding to that Lender's share in this Agreement and possibly to take up the Commitment of the other Lenders, either in full or in part, shall give immediate notice to the Facility Agent of its decision, upon which the Facility Agent and the Security Agent shall accordingly give notice to the other Lenders so as to take the necessary actions.

CLAUSE TWENTY NINE

(Legal Proceedings)

Without prejudice to the provisions of Clause 27 (*Events of Default)* but subject always to Clause 28.2(Compulsory Prepayment), in the event of breach of this Agreement by the Borrower and/or the Guarantor, the Security Agent shall reserve the right to take legal action against the Borrower and the Guarantor, either jointly or separately.

CLAUSE THIRTY

(Inter-bank Relations)

The Facility Agent and Security Agent shall act as the representative of the Lenders pursuant to Clause 40 below.

CLAUSE THIRTY ONE

(Notices)

1. Every notice or communication under this Agreement shall be given by way of letter, fax or email and delivered to the following addresses:-

A) BORROWER:-

"GREAT WONDERS, INVESTMENTS, LIMITED",

Registered office: 19/F., Zhu Kuan Building, Avenida Xian Xing Hai, Macau.

Fax: (853)755165

Email address: clarencechung@melco.hk.cn
stsang@melco.hk.cn

B) Guarantor:-

MELCO PBL ENTERTAINMENT (GREATER CHINA) LIMITED

Correspondence address: 38/F., The Centrium, 60 Wyndham Street, Central, Hong Kong

Fax: (852)3162-3579

Email address: clarencechung@melco.hk.cn
stsang@melco.hk.cn

C) Facility Agent:-

Bank of China Limited, Macau Branch

Registered Office: Bank of China Building, Avenida Doutor Mário Soares nº 323, Macau.

Fax: (853) 792-1677, (853) 792-1659

Email address: wong_wengtim@bocmacau.com
ieong_chikuong@bocmacau.com
ho_kuanleng@bocmacau.co
iong_luisa@bocmacau.com

D) Security Agent:-

Bank of China Limited, Macau Branch

Registered Office: Bank of China Building, Avenida Doutor Mário Soares nº 323, Macau.

Fax: (853) 792-1677, (853) 792-1659

Email address: wong_wengtim@bocmacau.com
ieong_chikuong@bocmacau.com
ho_kuanleng@bocmacau.co
iong_luisa@bocmacau.com

E) Lenders:-

i. Bank of China Limited, Macau Branch

Registered Office: Bank of China Building, Avenida Doutor Mário Soares nº 323, Macau.

Fax: (853) 792-1677, (853) 792-1659

Email address: wong_wengtim@bocmacau.com

ieong_chikuong@bocmacau.com
ho_kuanleng@bocmacau.co
iong_luisa@bocmacau.com

ii. Banco Nacional Ultramarino, S.A.

Registered Office: Avenida de Almeida Ribeiro, No. 22, Macau.

Fax: (853)355653

Email address: jaugusto@bnu.com.mo
rkan@bnu.com.mo
vrosario@bnu.com.mo
violetc@bnu.com.mo

iii. Banco Comercial de Macau, S.A.

Registered Office: Avenida da Praia Grande, No. 572, Macau.

Fax: (853)791-0276

Email Address: sam_tks@bcm.com.mo
ida_cfk@bcm.com.mo

iv. Industrial and Commercial Bank of China (Asia) Limited

Registered Office: 33/F., ICBC Tower, 3 Garden Road, Central, Hong Kong.

Fax: (852) 2588-1188

Email Address: marcoleungbcasia.com
stanley.szeto@icbcasia.com

v. Banco Espírito Santo do Oriente, S.A.

Registered Office: Avenida Doutor Mário Soares, 323, Ed. Banco da China, 28 Andar, “A” e “E-F”, Macau.

Fax: (853)785228

Email Address: cfreire@besor.com.mo
vilmaloi@besor.com.mo

vi. Liu Chong Hing Bank Limited, Macau Branch

Avenida da Praia Grande, No. 693, Edifício Tai Wah, R/C, Loja “A”, Macau.

Fax: (853)339982

Email Address: mklam@lchbank.com

2. The addresses mentioned above, including fax numbers and email address, may be changed by written notice to the other parties (and if such written notice is given by the Borrower or the Guarantor, it shall be delivered to the Agent on behalf of the Lenders), however such changes shall only become effective after receipt of the concerned notification by the respective addressees.

3. Communications and notices by fax shall be considered as and when a transmission report is received by the person sending that fax; communications and notices by letters, shall be considered as received on the third day after they have been posted; and email shall be effective when actually received in readable form.

CLAUSE THIRTY TWO

(Conditions Precedent)

1. Before the first drawdown of any of the Tranches, the Borrower should fulfil all of the following conditions:-

a) Delivery to the Security Agent certified copies of the Borrower's constitutional documents (Certificate of Registration in Macau Commercial Registry);

b) Delivery to the Security Agent of a copy of the resolution of the Board of Directors of the Borrower approving and authorising the borrowing of the Credit Facilities under the provisions of this Agreement and the Security Documents to which it is a party and authorising its appropriate officers to execute this Agreement and such Security Documents and to give all notices and take all other actions required by the Borrower under this Agreement and such Security Documents;

c) Legal opinion about the validity and effectiveness of this Agreement and the Security Documents and the enforceability of the Security Documents, according to the Laws of Macau S.A.R.;

d) Execution of this Agreement and all Security Documents satisfactory to the Lenders and their legal counsel(s);

e) Delivery to the Facility Agent of a certified copy of the GMP Contract signed between the Borrower and the Main Contractor, contents of which should include without limitation (1) the construction works progress schedule and (2) the estimated construction costs.;

f) Satisfactory evidence that the principal plans and specifications of the Development Project known as the master layout plan (the **"Master Layout Plan"**) has been approved by the Land, Public Works and Transport Bureau of Macau S.A.R. and delivery to the Facility Agent of a true and complete copy of such Master Layout Plan certified by a Quantity Surveyor, currently being LEVETT & BAILEY CHARTERED QUANTITY SURVEYORS LTD. or the architect of the Borrower, currently being OMAR YEUNG ARCHITECT & ASSOCIATES, or such other person or entity acceptable to the Facility Agent acting on behalf of the Lenders;

g) A certificate issued by Quantity Surveyor, currently being LEVETT & BAILEY CHARTERED QUANTITY SURVEYORS LTD or the architect of the Borrower, currently being OMAR YEUNG ARCHITECT & ASSOCIATES, or such other person or entity acceptable to the Facility Agent acting on behalf of the Lenders, in form and substance satisfactory to the Agent acting on behalf of the Lenders confirming that (i) consents of all government departments (including the Land, Public Works and Transport

Bureau of Macau S.A.R.) required for commencement of construction of the Hotel Project and Project have been duly obtained, (ii) all administrative fee and premium (if any) payable for such consents have been duly paid in full, (iii) according to the approved Master Layout Plan, the Project when completed will comprise of those development set out in the Development Project;

h) Submission of certified true copies of service contracts/appointment letters (including supplements and amendments thereto) signed with the architect and the Quantity Surveyor respectively.

i) Receipt of executed forms of the Project Documents (other than the GMP Contract) including but not limited to the Lease Agreement and Land Concession Agreement;

j) The Borrower shall open and maintain the Charged Account (as mentioned in **Clauses 16.1 and 22.9**) with the Facility Agent; and

k) No Event of Default or Potential Event of Default has occurred and is continuing.

2. The Security Agent shall verify the conditions precedent and confirm its fulfilment to the Facility Agent.

CLAUSE THIRTY THREE

(Covenants and Undertakings)

The Borrower undertakes if requested by the Agent, as soon as practicable after the execution of the relevant assignment, to inform the relevant counter-parties of all the assignments signed or to be signed pursuant to the provisions of this Agreement. For so long as any amount is outstanding under this Agreement:-

1. The Borrower shall not carry on any business (or invest in any company) other than owning, developing, selling, leasing and managing the Development Project, the Hotel Project and the Project and any other business incidental thereto and it shall conduct and carry on its business in a proper and efficient manner;

2. The appointments by the Borrower of the Main Contractor and Quantity Surveyor in respect of the Development Project and their replacement are subject to the prior written consent of the Majority Lenders which shall not be unreasonably withheld or delayed;

3. The Borrower shall undertake to achieve completion of the Hotel Project and Project on or before the relevant dates set out in **Clause 22.7 ("Completion Guarantee ")**;

4. As soon as reasonably practicable upon request and/or when the same is available, the Borrower shall deliver a copy of the latest Building Contract(s), construction time schedule, Master Layout Plan, foundation plans and general building plans to the Facility Agent for review by the Lenders from time to time;

5. All pre-sale of any asset, pre-let and sale/rental proceeds, rental deposits and other income from the Development Project are to be deposited into the "Charged Account" maintained with the Facility Agent except that if the credit standing to the aggregate balance of all the Charged Account(s) at any time exceeds HKD110,000,000.00 (One Hundred and Ten Million Hong Kong Dollars), the Borrower will be free to withdraw any excess amount for any purpose it sees fit except for the prepayment of principal of any shareholder's loan as referred to in Clause 34.5., but in the event of the occurrence of an Event of Default which is continuing, any amount, regardless of exceeding HKD110,000,000.00 (One Hundred and Ten Million Hong Kong Dollars) or not, is prohibited to be withdrawn from any Charged Account;

6. A Contractor's all risk policy for HKD1, 370,000,000.00 (One Billion Three Hundred and Seventy Million Hong Kong Dollars) covering the Development Project in-course-of Construction, issued by an insurance company approved by the Security Agent (such approval shall not be unreasonably withheld or delayed) and with the Security Agent interest as loss payee noted must continue to be maintained and the original policy (if not available, certified copy by the insurance company thereof) should be lodged

with the Security Agent together with the premium receipt. This policy is to be replaced in due course by a fire and allied perils policy including landslip and subsidence for the full replacement cost of the Development Project after the Occupation Permit for the entire Development Project is issued;

7. The Borrower shall at all times use its best commercial endeavours to keep and maintain the Development Project in a good and substantial state of repair and condition after Development Project Completion Date and upon request of the Majority Lenders, allow the Security Agent to review the state of repair of the Development Project at reasonable time and after reasonable notice of appointment is given to the Borrower;

8. The Borrower undertakes to inform the Lenders as soon as practicable after it becoming aware of any increase in the estimated amount to be spent in order to complete the Development Project, with particular reference to the latest architect's/Quantity Surveyor's estimated amount, if such increase is more than 10% of the total facility amount of the Credit Facilities;

9. In the event of occurrence of any Cost Overrun exceeding HKD50,000,000.00(Fifty Million Hong Kong Dollars), drawings under the Credit Facilities shall be suspended until such Cost Overrun have been fully funded by the Borrower and/or the Guarantor. Subsequent drawings after the occurrence of such Cost Overrun referred to in the foregoing sentence shall be made against

(a) Quantity Surveyors' Certificate(s) or payment invoice(s) acceptable to Facility Agent showing that such Cost Overrun has already been paid in full if such Cost Overrun has become due and payable; and (b) if any such Cost Overrun (or any part thereof) has not yet become due and payable, documentary evidence reasonably satisfactory to the Facility Agent that the Borrower has sufficient financial resources to meet with such Cost Overrun;

10. In case the actual Construction progress is more than One Hundred and Twenty (120) calendar days behind the progress specified in the construction work progress schedule delivered to the Facility Agent pursuant to Clause 32.1(e) and the Borrower has failed to take reasonable measures to catch up with or minimize the delay of such actual Construction progress, the Facility Agent at the instruction of Majority Lenders shall appoint a receiver to take over this Development Project;

11. Obtain the prior written approval of the Majority Lenders for any amendments, additions and waivers of the terms and conditions of the Lease Agreement and the Hotel Management Agreement (if any) and the Master Layout Plan if such amendment, addition or waiver is materially adverse to the interest of the Borrower;

12. Promptly notify the Facility Agent in writing of any litigation, arbitration or administrative proceedings which is current,

pending or threatened that it is aware of against the Borrower or any of its subsidiaries which would have a material adverse effect on the business, assets or financial conditions of the Borrower;

13. Promptly notify the Facility Agent in writing as soon as it becomes aware of any occurrence of event which has or would reasonably be expected to have any Material Adverse Effect;

14. Obtain and promptly renew, or procure the same to be obtained and renewed, from time to time and comply with the terms of, all consents, licences, approvals or authorisations of all governmental agencies and authorities and courts, and register the same with such governmental agencies and authorities and courts, required for the Borrower's corporate existence, the holding by the Borrower of the land use right of the Property and the Development Project , the Construction by the Borrower, or the execution, delivery and performance, legality, priority, validity, enforceability and admissibility in evidence of this Agreement and the Security Documents;

15. Promptly pay or cause to be paid all taxes, rates, duties and other charges, whether imposed by governmental or other authorities, validly due and payable upon the Borrower or in respect of the Development Project except for any such taxes, rates,

duties and other charges which are contested by the Borrower in good faith through appropriate measures and sufficient reserves in are available to pay those amounts of taxes, rates, duties and other charges;

16. Melco International Development Limited and Publishing & Broadcasting Limited shall, either directly or indirectly maintain in aggregate at least 51% shareholding interests in the Borrower;

17. Melco International Development Limited shall, either directly or indirectly, maintain the single largest effective shareholding interests in the Borrower and maintain management control in the Borrower;

18. Melco PBL Entertainment (Greater China) Limited (the "Guarantor") shall maintain at least 51% direct or indirect shareholding interests in Mocha Slot Group Limited;

19. The Borrower shall use its reasonable endeavours to procure that the Lease Agreement made between the Borrower and SJM shall not be terminated;

20. Without the Majority Lenders' consent, the Borrower shall not amend, modify or agree to any amendment or modification of the Hotel Management Agreement (if any) and the Lease Agreement or waive any of the terms and conditions thereof in any such manner which may have Material Adverse Effect;

21. After the date falling Twelve (12) months after the Development Project Completion Date, the Borrower will comply with the following financial covenants:-

i) Total assets minus total liabilities (excluding subordinated shareholder's loans) and intangible asset shall at least be HKD730,000,000.00 (Seven Hundred and Thirty Million Hong Kong dollars);

ii) Maintain a consolidated bank borrowing to earnings before interest, taxes, depreciation & amortization ("EBITDA") Ratio not greater than 2:1;

iii) Maintain a consolidated bank borrowing to equity plus subordinated shareholder's loan ratio not greater than 2:1.

CLAUSE THIRTY FOUR

(Negative undertakings)

The Borrower also undertakes that for so long as any amount is outstanding under this Agreement:-

1. Not to make loans or advance moneys to or guarantee or indemnify the liability of any person, firm or company that have not been expressly authorized by the Majority Lenders other than trade credits granted by the Borrower in the ordinary course of its business in the aggregate amount not exceeding HKD30,000,000.00 (Thirty Million Hong Kong Dollars) at any time;

2. No borrowings by the Borrower other than (i) this Credit Facilities; (ii) subordinated shareholders' loans and any future shareholder loans or loans from subsidiaries of the Guarantor or the Borrower and their affiliated companies and their directors to be

subordinated to the indebtedness of the Borrower under this Agreement in accordance with or pursuant to the Subordination Agreement; (iii) any refinancing of this Credit Facilities (subject however to **Clause 15.2 above**) and (iv) other trade debts incurred during the ordinary course of business of the Borrower, but the aggregate amount of such trade debts cannot at any time, exceed HKD50,000,000.00(fifty million Hong Kong Dollars);

3. Save as provided below, no further encumbrance shall be created over the assets, property and undertakings of the Borrower. In particular, the Borrower shall not in any event create any mortgage or charge (save and except those created in favour of the Lenders for securing the Credit Facilities) over the Property and buildings of the Development Project or any income of the Development Project or any money in the Charged Account(s). The foregoing provisions shall not apply to and the Borrower is permitted to create:-

(a) any encumbrance created or contemplated to be created under or pursuant to any Project Document;

(b) any netting or set-off arrangements entered into by the Borrower in the ordinary course of business of its banking arrangements for the purpose of netting debt and credit balances;

(c) any encumbrance created in favour of a plaintiff or defendant in any proceedings as security for costs or expenses;

(d) any encumbrance in connection with any hire-purchase or operating lease agreement in connection with any equipment acquired in the ordinary course of business of the Borrower;

(e) any encumbrance securing unpaid taxes which are being contested in good faith by appropriate measures and sufficient reserves in are available to pay the amount of those unpaid taxes;

(f) any encumbrance arising by operation of law;

(g) any encumbrance arising out of retention of title provisions in a supplier's conditions of supply in respect of the goods or materials acquired by the Borrower in its ordinary course of business;

(h) any finance lease arrangements or any encumbrance arising from any finance lease arrangements entered into in its ordinary course of business;

(i) any encumbrance over goods, documents of title to goods and related documents and insurances and their proceeds to secure liabilities of the Borrower in respect of a letter of credit, trust receipts, import loans or shipping guarantees issued or granted for all or part of the purchase price and cost of shipment, insurance and storage of goods acquired by the Borrower in its ordinary course of business;

(j) any existing encumbrance and the replacement of the indebtedness so secured; or

(k) any encumbrance created or permitted by the Security Documents;

4. Not to repay or redeem any of its share capital or total investment in the Borrower by the Guarantor.

5. No repayments on the principal amount of the loans by the Borrower to its shareholders are allowed throughout the life of the Credit Facilities without consent from the Majority Lenders. For the avoidance of doubt, subject always to the foregoing restrictions, if the aggregate credit standing to the balance of all the Charged Account(s) at any time exceeds HKD110,000,000.00(One Hundred and Ten Million Hong Kong Dollars), the Borrower will be free to withdraw any excess amount for any purpose it sees fit, including but not limited to payments in the form of interest and/or dividend to its shareholders but not to prepay any principal amount of the shareholders' loan, and for the avoidance of doubt, in the event of the occurrence of an Event of Default which is continuing, any amount, regardless of exceeding HK$110,000,000.00 (One Hundred and Ten Million Hong Kong Dollars) or not, is prohibited to be withdrawn from any Charged Account;

6. Not to terminate, cancel, amend the articles of association of the Borrower if any such amendment has or would reasonably be expected to have a Material Adverse Effect;

7. Not to change the nature of its business, whether by a single transaction or a number of related or unrelated transaction and whether at one time or over a period of time and whether by disposal, acquisition or otherwise and

8. Not to lease all or any part of the Property to any person (other than SJM under the Lease Agreement) without the consent of the Agent (such consent not to be unreasonably withheld or delayed). However, the Agent will be deemed to have given its consent within 14 days after the Borrower has requested it unless consent is expressly refused by the Agent within that 14 days' period.

CLAUSE THIRTY FIVE

(Information Undertakings)

The Borrower shall submit to the Facility Agent the following:

1. Before the issuance of the Occupation Permit of the entire Development Project, quarterly construction progress reports prepared by the Quantity Surveyor within two (2) months from the relevant quarter end during the construction period, which shall incorporate a cost summary depicting:-

a) Actual percentage of work completed versus projected percentage in the construction work progress schedule contained in the Building Contract with all major variances (if any) explained and showing the time schedule for completion.

b) Actual cost incurred versus projected costs with all major variances (if any) explained.

c) Any adjustment on the Quantity Surveyor's estimated amount for completion of the Construction work.

2. Audited annual financial statements of the Borrower and audited annual consolidated financial statements of the Guarantor within one hundred and eighty (180) days of its financial year-end, and unaudited half-yearly financial statements of the Borrower and unaudited consolidated half-yearly financial statements of the Guarantor within one hundred and twenty (120) days of half year; and other relevant financial information which the Facility Agent may reasonably request from time to time.

3. When delivering any financial statements under Clause 35.2 to the Agent after 12 months from the Development Project Completion Date, the Borrower shall at the same time deliver to the Agent the certificate of financial covenants compliance (signed by a director of the Borrower) showing the Borrower's compliance with those financial covenants required under Clause

33.21(Covenants and Undertakings).

4. The Borrower undertakes to prepare and deliver to the Agent (within ten (10) days from the end of each of its financial years) a corporate structure chart (signed by a director of the Borrower) showing its ultimate shareholders'(Melco International Development Limited and Publishing & Broadcasting Limited) shareholdings in it (direct and indirect).

5. The Guarantor shall prepare and deliver to the Agent (within ten (10) days from the end of each of its financial years) corporate structure chart (signed by a director of the Guarantor) on its shareholdings in Mocha Slot Group Limited (direct and indirect).

6. The Borrower shall deliver to the Facility Agent a valuation report of the Hotel Project prepared by an independent professional valuer appointed by the Borrower and addressed to the Lenders in form and substance acceptable to the Facility Agent within sixty (60) days of the end of each financial year of the Borrower.

7. Acting on the instruction of the Majority Lenders, the Facility Agent shall have the right to instruct an independent appraiser acceptable to the Majority Lenders to prepare an up to date valuation of the Development Project from time to time at the expense of the Borrower but, in each case, no more than twice per calendar year and the Borrower shall be (a) notified of such proposed appointment and (b) consulted with the fee quote of the proposed appraiser before such appointment is made.

CLAUSE THIRTY SIX

(Taxation)

All payments by the Borrower and/or the Guarantor shall be made free and clear of any present and future taxes, duties, withholdings, levies, or other deductions of whatever nature. In the event that any such taxes and/or the Guarantor shall make additional payments (gross up) such that the receiving party shall receive the full amount as if no such taxes and/or withholdings have been imposed. Stamp duties, if any, levied in connection with the Credit Facilities shall be for the account of the Borrower and/or the Guarantor.

CLAUSE THIRTY SEVEN

(Transferability)

Each Lender may, with prior written consent of the Borrower by delivery to the Facility Agent the Transfer Certificate in the form set out in **Annex II** completed and executed by the Lender (the **"Existing Lender"**) and the proposed transferee (the **"New Lender"**) together with a fee for the account of the Agent of HKD8,000.00 (Eight Thousand Hong Kong Dollars) (such consent not be unreasonably withheld or delayed where the transferee is a bank or other financial institution duly registered in the applicable jurisdiction), assign or transfer its rights and obligations, or part thereof, under the Credit Facilities to other financial institutions. If (a) a Lender assigns or transfers any of its rights or obligations under this Agreement or changes its facility office and (b) as a result

of the circumstances existing at the date the assignment, transfer or change occurs, the Borrower or the Guarantor would be obliged to make a payment to the new Lender or Lender acting through its new facility office under Clause 36 (Taxation) or Clause 17.5, then the new Lender or the Lender acting through its new facility office is only entitled to receive payment under those Clauses to the same extent as the existing Lender or Lender acting through its previous facility office would have been if the assignment, transfer or change had not occurred.

CLAUSE THIRTY EIGHT

(Waiver of immunity)

The Borrower irrevocably and unconditionally waives any immunity to which it or its property may at any time be or become entitled, whether characterized as sovereign immunity or otherwise, from any set off or legal action in Hong Kong or elsewhere, including immunity from service of process, immunity from jurisdiction of any court or tribunal, and immunity of any of its property from attachment prior to judgment or from execution of a judgment.

CLAUSE THIRTY NINE

(Representation and Warranties)

1. Each of the Borrower and Guarantor makes the following representation and warranties:-

a) It has the power to enter into and perform, and has taken all necessary actions to authorise the entry into, performance and delivery of this Agreement.

b) Subject to the provisions of any legal opinion delivered to the Facility Agent in accordance with Clause 32.1(c), this Agreement constitutes its legal, valid and binding obligations enforceable.

c) All authorisations required in connection with the entry into, performance, validity and enforceability of this agreement have been obtained and are in full force and effect.

2. The entry into and performance by its agreement do not and will not:-

a) Conflict with any law and regulation or judicial or official order binding on it;

b) Conflict the constitutional documents of the Borrower.

3. No litigation, arbitration or administrative proceeding which has a Material Adverse Effect is currently taking place or pending or, to the knowledge of the Borrower, threatened against the Borrower or its assets or revenues;

4. The Borrower and the Guarantor are not in default under any law, regulation, judgement, order, authorization, agreement or obligation applicable to it or its assets or revenues, in each case, the consequences of which default have or would reasonably be expected to have a Material Adverse Effect, and no Event of Default is continuing;

5. No encumbrance exists over all or any part of the property, assets or revenues of the Borrower except as created by the Security Documents or as previously disclosed in writing to the Security Agent or as permitted under Clause 34.3;

6. The Borrower has no indebtedness to any party except (a) indebtedness arising in the ordinary course of its business or (b) as previously disclosed in writing to the Facility Agent or (c) as permitted by Clause 34(2) or (d) under any other Finance Documents;

7. The most recent audited financial statements of the Borrower for the time being (including the audited profit and loss account and balance sheet) were prepared in accordance with applicable laws and regulations of Macau and generally accepted accounting principles and if applicable, policies consistently applied and show a true and fair view of the financial position and the operations of the Borrower as at the end of, the relevant financial period to which they relate and, as at the end of such period the Borrower did not have any significant liabilities (contingent or otherwise) or any unrealized or anticipated losses which are in each case, not disclosed

by or reserved against in such financial statements, and there has been no Material Adverse Change in the business or financial condition of the Borrower since the date of such then most recent financial statements;

8. All factual information provided by the Borrower in connection with the Credit Facilities is true and accurate in all material respects and all forecasts and projections contained therein were arrived at after due and careful consideration on the part of the Borrower and were, in its considered opinion, fair and reasonable when made; the Borrower is not aware of any fact which has not been disclosed in writing to the Agent which would reasonably be expected to have a Material Adverse Effect on any such information given;

9. The Borrower is generally subject to civil and commercial law and to legal proceedings and neither the Borrower nor any of its assets or revenues is entitled to any immunity or privilege (sovereign or otherwise) from any set-off, judgement, execution, attachment or other legal process;

10. The representation and warranties set out in this Clauses 39.1(a), (b), 39.3, 39.6 to 39.8 are made on the date of this Agreement and are deemed to be repeated by the Borrower on each drawdown date and the first day of each Interest Period during the

subsistence of this Agreement and/ or the Security Documents with reference to the facts and circumstances then existing and in the case of Clause 39.8, with reference to the latest audited financial statements of the Borrower delivered under Clause 35.2.

CLAUSE FORTY

(Agent)

1. Each Lender irrevocably appoints the Facility Agent and Security Agent as its facility agent and security agent respectively for the purposes of this Agreement and authorises the Facility Agent and Security Agent (whether or not by or through employees or agents) to take such action on such Lender's behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to the Facility Agent or (as the case may be) Security Agent by this Agreement and the relevant Security Documents, together with such powers and discretions incidental thereto. Each of the Facility Agent and Security Agent does not have any duties, obligations or liabilities to the Lenders beyond those expressly stated in this Agreement or the Security Documents and specifically (but without prejudice to the generality of the foregoing) the Facility Agent and Security Agent shall not be obliged to take any action or exercise any rights, remedies, powers or discretions under or pursuant to this Agreement beyond those which the Majority Lenders

or (as the case may be)all the Lenders shall specifically instruct the Facility Agent and Security Agent in writing to take as provided in Clause 40.3 and then only to the extent stated in such specific written instructions.

2. Each of the Lenders hereby expressly authorises the Security Agent to enter into and execute all the other Security Documents and to hold the same for itself and as agent for each Lender in the manner contemplated by this Agreement.

3.(a) Subject to this Clause 40.3(b) and other relevant provisions in this Agreement, the Agent may, with the consent of the Majority Lenders or (as the case may be) all the Lenders amend, modify or otherwise vary or waive breaches of, or defaults under, or otherwise excuse performance of, any provision of this Agreement and the Security Documents. Any such action so authorised and effected by the Agent shall be promptly notified to the Lenders by such Agent and shall be binding on all the Lenders.

(b) Except with the prior written consent of the Majority Lenders, the Agent shall not have authority on behalf of the Lenders to waive any breach of, or default by, any party, or otherwise excuse performance of any party's obligations to the Lenders under, or agree to amend, those provisions of the Security Documents which expressly provide for any matter to be determined by reference to

approval, consent, opinion or instruction of the Majority Lenders or waive any Event of Default under, or agree to amend, under any Clause of this Agreement. Subject to the foregoing provisions of this sub-clause (b) and subject as hereinafter provided, except with the prior written consent of the Majority Lenders, the Agent shall not have authority on behalf of the Lenders to waive any other breach of, or other default by, any party, or otherwise excuse performance, of any of its non-payment obligations to the Lenders or any of them under this Agreement and the Security Documents. Except with the consent of all the Lenders, neither Agent shall have authority on behalf of the Lenders to waive or excuse performance by either the Borrower of its payment obligations (whether in respect of principal, interest or otherwise) or to agree with either Borrower any amendment to this Agreement which would (i) reduce the Margin, (ii) extend the due date or reduce the amount of any payment of principal, interest or other amount payable to the Lenders under this Agreement, (iii) change the currency in which any amount is payable under this Agreement, (iv) increase any Lender's Commitments, (v) extend the period within which any Advance may be made under the Credit Facilities, (vi) change the definition of "Majority Lenders" in this Agreement, (vii) change this Clause 40.3, (viii) release the Guarantor from its guarantee or other payment

obligations under the Repayment Guarantee, (ix) change Clause 25 or (x) any other provisions which expressly require the consent of all the Lenders.

4. None of the Lenders shall have any independent power to enforce the Security Documents or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to the Security Documents or otherwise have any direct recourse to the Security Documents except acting through the Agent. Subject to its being indemnified to its satisfaction, the Agent shall take such action (including, without limitation, the exercise of all rights, discretions or powers and the granting of consents or releases) or, as the case may be, refrain from taking such action under or pursuant to the Security Documents as the Majority Lenders shall specifically direct the Agent in writing (and so that only the Majority Lenders shall be entitled to give any such directions to the Agent) but unless there is evidence to the contrary, the Borrower, the Guarantor, the Shareholders and the Subordinated Lenders may assume that such directions have been given to the Agent. Unless and until the Agent shall have received such directions, the Agent shall not take any action under the Security Documents.

5. With respect to its own Commitments and participation (if any) in any Advance as a Lender, the Agent (in its capacity as a Lender) shall have the same rights and powers under this Agreement as in the case of any other Lender and may exercise the same as though it were not performing the duties and functions delegated to it as the Agent under this Agreement and the term "Lenders" shall, unless the context clearly otherwise indicates, include the Agent in its separate capacity as a Lender. This Agreement shall not and shall not be construed so as to constitute a partnership between the parties or any of them.

6. Neither the Agent nor the Agent-Related Persons shall:-

(a) be obliged to request any certificate, valuation or opinion under Clause 35 (Information Undertakings) or to make any enquiry as to the use of the proceeds of the Credit Facilities unless so required in writing by the Majority Lenders, in which case the Agent shall promptly make the appropriate request to the Borrower, or be obliged to make any enquiry as to any default by the Borrower in the performance or observance of any of the provisions of the Security Documents or as to the existence of an Event of Default or Potential Event of Default unless the Agent has actual knowledge thereof or has been notified in writing thereof by a

Lender, in which case the Agent shall promptly notify the Lenders of the relevant event or circumstance; or

(b) be liable to any Lender for any action taken or omitted by it under or in connection with the Security Documents (or any of them) or the Credit Facilities unless caused by its gross negligence or wilful misconduct.

For the purposes of this Clause 40.6, the Agent shall not be treated as having actual knowledge of any matter of which the corporate finance or any other division outside the corporate lending or loan administration departments of the person for the time being acting as the Agent may become aware in the context of corporate finance or advisory activities from time to time undertaken by the Agent for the Borrower, the Guarantor, the Shareholders, the Subordinated Lenders or any of their respective Subsidiaries or associated companies.

7.(a) The Agent shall promptly notify each Lender of the contents of each notice, certificate or other document received by the Agent from the Borrower under or pursuant to Clause 33 (Covenants and Undertakings) or from the Agent who in turn receives it from the Guarantor under or pursuant to the Repayment Guarantee or from any other security party under the other Security Documents.

(b) The Agent shall (subject to its being indemnified to its satisfaction) take such action or, as the case may be, refrain from taking such action with respect to any Event of Default or Potential Event of Default of which the Agent has actual knowledge as the Majority Lenders may direct.

8. The Agent may deem and treat (i) each Lender as the person entitled to the benefit in respect of its participation in the Loans as a Lender for all purposes of this Agreement unless and until a Transfer Certificate signed by the transferor Lender and the transferee has been delivered to the Agent and (ii) the office set opposite the name of each Lender in Clause 1 or, as the case may be, in any relevant Transfer Certificate as such Lender's facility office unless and until a written notice of change of facility office shall have been received by the Agent; and the Agent may act upon any such notice unless and until the same is superseded by such further notice.

9. The Agent and the Agent-Related Persons shall be entitled to rely on any written communication, instrument or document believed by it to be genuine and correct and appropriately signed or sent by the proper person and shall be entitled to rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it.

10. Each Lender acknowledges that it has not relied on any statement, opinion, forecast or other representation made by the Coordinating Lead Arrangers, the Agent, or the Agent-Related Persons to induce it to enter into this Agreement or any other Finance Document to which it is party and that it has made and will continue to make, without reliance on the Coordinating Lead Arrangers, the Agent, or the Agent-Related Persons and based on such documents as it considers appropriate, its own appraisal of the creditworthiness of the Borrower, the Guarantor and its Subsidiaries, the Shareholders and the Subordinated Lenders and its own independent investigation of the financial condition and affairs of the Borrower, the Guarantor, the Shareholders, the Subordinated Lenders or the value of the securities given in connection with the making and continuation of the Credit Facilities under this Agreement. Neither the Coordinating Lead Arrangers, the Agent nor the Agent-Related Persons shall have any duty or responsibility, either initially or on a continuing basis to provide any Lender with any credit or other information with respect to the Borrower, the Guarantor, the Shareholders, the Subordinated Lenders or any of their respective Subsidiaries whether coming into their or its possession before the making of any Advance or at any time or times thereafter, other than as provided in this Clause 40.7(a).

11. Neither the Coordinating Lead Arrangers, the Agent nor the Agent-Related Persons shall have any responsibility to any Lender on account of the failure of the Borrower, the Guarantor, the Shareholders and/or the Subordinated Lenders to perform its/their obligations under the Security Documents to which it is a party (or any of them) or for the financial or other condition of the Borrower, the Guarantor, the Shareholders, the Subordinated Lenders or any of their respective Subsidiaries, or for the completeness or accuracy of any statements, representations or warranties in the Security Documents to which it is a party (or any of them) or any document delivered under the Security Documents (or any of them) or for the execution, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Security Documents (or any of them) or of any certificate, report or other document executed or delivered under the Security Documents (or any of them) or otherwise in connection with the Credit Facilities or their negotiation or for acting (or, as the case may be, refraining from acting), in each case, in good faith in accordance with the instructions of the Majority Lenders.

12. Each of the Coordinating Lead Arrangers, the Agent and the Agent-Related Persons may, without any liability to account to

the Lenders, accept deposits from, lend money to, and generally engage in any kind of banking or trust business with, the Borrower, the Guarantor, the Shareholders, Subordinated Lenders or any of their respective Subsidiaries or associated companies or any of the Lenders as if it were not the Coordinating Lead Arrangers, the Agent or the Agent-Related Persons as the case may be.

13. Each Lender shall reimburse the Agent and the Agent-Related Persons (rateably in accordance with its Commitments or participation in the Loans), to the extent the Agent and the Agent-Related Persons are not reimbursed by the Borrower, the Guarantor for the reasonable charges and expenses incurred by the Agent and the Agent-Related Persons in connection with, the enforcement of, or the preservation of any rights under, or in carrying out its duties under, the Security Documents (or any of them) including (in each case) the fees and expenses of legal or other professional advisers incidental thereto. Each Lender shall indemnify the Agent and the Agent-Related Persons (rateably in accordance with its Commitments or participation in the Loans) against all liabilities, damages, costs and claims whatsoever incurred by the Agent and the Agent-Related Persons in connection with the performance of its duties in accordance with the provisions of the Security Documents (or any of them) or any action taken by the Agent and the Agent-Related

Persons in accordance with the provisions of the Security Documents, unless such liabilities, damages, costs or claims arise from the Agent's or the Agent-Related Persons' own gross negligence or wilful misconduct.

14. (a) Either the Agent may retire from its appointment as Agent under this Agreement and the Security Documents after having given to the Borrower and each Lender not less than 30 days' notice of its intention to do so, provided that no such retirement shall take effect unless there has been appointed by the Lenders as a successor agent which is either:-

(i) a Lender in Macau as nominated by the Majority Lenders in consultation with the Borrower or, failing such a nomination after 30 days from the date of such notice,

(ii) any reputable and experienced bank or financial institution with an office in Macau nominated by the Agent after consultation with the Borrower.

Provided that the Agent may in its notice of resignation nominate (and accordingly appoint) any of its Affiliates as successor Agent without the consent of any other party.

(b) Upon any such successor as aforesaid being appointed, the retiring Agent shall be discharged from any further obligation

under this Agreement and the Security Documents and its successor and each of the other parties to this Agreement and the Security Documents shall have the same rights and obligations among themselves as they would have had if such successor had been a party to this Agreement and the Security Documents in place of the retiring Agent.

15. A Reference Bank who is also a Lender under this Agreement may retire from its appointment as Reference Bank under this Agreement after having given to the Agent and the Borrower not less than 30 days' prior written notice of its intention to do so.

16. If a Reference Bank who is also a Lender under this Agreement retires as Reference Bank under this Agreement or where such Reference Bank which is also a Lender novates and transfers all its rights and obligations under this Agreement or if all the Commitment of any such Reference Bank (where such Reference Bank is a Lender) is cancelled pursuant to the terms of this Agreement and all its participation in the Loan are prepaid under Clause 21, it shall be replaced as a Reference Bank by such bank or financial institution as the Agent (after consultation with the Borrower) shall designate by notice to the Borrower and the Lenders.

Except as specifically provided in this Agreement, the Coordinating Lead Arrangers have no obligations of any kind to any other party to this Agreement under or in connection with this Agreement.

CLAUSE FORTY ONE

(Governing Law)

This Agreement shall be governed by and constructed in accordance with the laws of the Macau Special Administrative Region.

CLAUSE FORTY TWO

(JURISDICTION)

The Parties hereto agree that any legal action or proceedings in connection with this Agreement are subordinated to the non-exclusive jurisdiction of the Courts of the Macau Special Administrative Region.

CLAUSE FORTY THREE

(MISCELLANEOUS)

The Parties hereto agree that, notwithstanding the provisions of any other Finance Document or other agreement which may exist between any of them, in the case of any inconsistency between this Agreement and any other Finance Documents, the terms of this Agreement shall always prevail.

CLAUSE FORTY FOUR

(COPIES)

This Agreement is made in five copies, one for the Security Agent, one for ICBC (Asia), one for the Borrower, one for the Guarantor and the fifth copy shall be filed with the office of Dr. Leonel Alberto Alves, Lawyer.

Macau, 13 February, 2006

First Parties:

BANK OF CHINA LIMITED, MACAU BRANCH

Mr. Cheong, Chi Sang

/s/

BANCO NACIONAL ULTRAMARINO, S.A.

Mr. Kan Cheok Kuan

/s/

Mr. João de Brito Augusto

/s/

BANCO COMERCIAL DE MACAU, S.A.

Mr. Leonel Leonardo Guerreiro da Costa

/s/

Mr. Chan, Sou Chao

/s/

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

Mr. Leung, Kang Yui Marco

/s/

Mr. Yung, Lap Kay

/s/

BANCO ESPÍRITO SANTO DO ORIENTE, S.A.

Mr. José Manuel Trindade Morgado

/s/

Mr. Carlos José Nascimento Magalhães Freire

/s/

LIU CHONG HING BANK LIMITED, MACAU BRANCH

Mr. Lam, Man King

/s/

Mr. Lee, Siu Kau

/s/

Second Party:

GREAT WONDERS, INVESTMENTS, LIMITED

Mr. Ho, Lawrence Yau Lung

/s/ _____ [company chop]

Mr. Chung, Yuk Man

/s/ _____

Third Parties:

MELCO PBL ENTERTAINMENT (GREATER CHINA) LIMITED

Mr. Ho, Lawrence Yau Lung

/s/ _____ [company chop]

Mr. Chung, Yuk Man

/s/ _____

WITNESS BY:

LEONEL ALBERTO ALVES

Lawyer

/s/ _____ [firm's chop]

ANNEX I

DRAWDOWN NOTICE

To: BANK OF CHINA LIMITED

Macau Branch

Facility Agent

16/F, Bank of China Building, Avenida Doutor Mário Soares nº 323, Macau.

Ref: Syndicated Credit Facilities Agreement of HKD1,280,000,000.00 (One Billion Two Hundred and Eighty Million Hong Kong Dollars)

Referring to the Syndicated Credit Facilities Agreement signed on 13 February 2006 (hereinafter the "Agreement") between our company (Great Wonders, Investments, Limited) and the Lenders, we hereby:

1. Notify the Facility Agent for the drawdown of HKD. . . . referring to the Tranche . . .

2. Declare that the above amount shall be destinated for use in the [Hotel Project] [Project];

3. Certify that [there is no Cost Overrun for the Development Project] [there is Cost Overrun in the amount of HK[•] and such Cost Overrun does not exceed HK$50,000,000.00]

4. Confirm that at present, there is no Event of Default or Potential Event of Default as stipulated in the Agreement continuing.

Macau, ...

Great Wonders, Investments, Limited

ANNEX II

FORM OF TRANSFER CERTIFICATE

To: BANK OF CHINA LIMITED, MACAU BRANCH
16/F., Bank of China Building
Avenida Doutor Mário Soares,nº 323
Macau

For the attention of:

From: [*The Existing Lender*] (the **"Existing Lender"**) and [*The New Lender*] (the **"New Lender"**)

Dated:

Great Wonders, Investments, Limited
– HKD1,280,000,000.00 Facility Agreement dated 13 February 2006
(the "Facility Agreement")

1. We refer to the Facility Agreement. This is a Transfer Certificate. Terms defined in the Facility Agreement shall have the same meaning in this Transfer Certificate.

2. We refer to Clause 37 (*Transferability*):-

   (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Commitment, rights and obligations referred to in the Schedule in accordance with Clause 37 (*Transferability*).

   (b) The proposed transfer date is [_____].

   (c) The facility office and address, fax number and attention details for notices of the New Lender are set out in the Schedule.

   (d) The Existing Lender hereby assigns, with effect from the transfer date specified in paragraph (c) above, a portion of the rights held by it (in its capacity as Lender) under or in connection with the Finance Documents (other than the Facility Agreement) which correspond to the rights and obligations under the Facility Agreement transferred pursuant hereto.

3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Clause 26.

4. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on all counterparts were on a single copy of this Transfer Certificate.

5. This Transfer Certificate is governed by the law of Macau Special Administrative Region.

THE SCHEDULE

Commitment/rights and obligations to be transferred

Transfer Details:

Nature: Great Wonders, Investments, Limited – a HKD1,280,000,000.00 term loan facility

Final Maturity: [ ]

Participation Transferred	***Tranche A***	***Tranche B***
Commitment Transferred:	[ ]	[ ]
Loan Transferred:	[ ]	[ ]

Administration Details:

New Lender's Receiving Account:	[ ]
Address:	[ ]
Telephone:	[ ]
Facsimile:	[ ]
Attn/Ref:	[ ]

[Existing Lender]	**[New Lender]**
By:	By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [_____].

BANK OF CHINA LIMITED, MACAU BRANCH (as Facility Agent)

By:

Exhibit 10.7

FACILITY AGREEMENT

dated 4 September 2006

for

PBL ENTERTAINMENT (MACAU) LIMITED
as Borrower

arranged by
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED,
BANC OF AMERICA SECURITIES ASIA LIMITED,
BARCLAYS CAPITAL and **DEUTSCHE BANK AG, HONG KONG BRANCH**
as Coordinating Lead Arrangers

with

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
acting as Agent

and

ANZ FIDUCIARY SERVICES PTY LIMITED
acting as Security Trustee

and

BANK OF AMERICA N.A., HONG KONG BRANCH as Account Bank

SUBCONCESSION FACILITY

CONTENTS

THIS AGREEMENT is dated 4 September 2006 and made between:

(1) **PBL ENTERTAINMENT (MACAU) LIMITED** (the "**Borrower**");

(2) **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, BANC OF AMERICA SECURITIES ASIA LIMITED, BARCLAYS CAPITAL** and **DEUTSCHE BANK AG, HONG KONG BRANCH** as coordinating lead arrangers (whether acting individually or together the "**Arrangers**");

(3) **THE FINANCIAL INSTITUTIONS** listed in Schedule 1 (*The Original Lenders*) as lenders (the "**Original Lenders**");

(4) **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED** as agent of the other Finance Parties (the "**Agent**");

(5) **ANZ FIDUCIARY SERVICES PTY LIMITED** as security trustee for the Finance Parties (the "**Security Trustee**"); and

(6) **BANK OF AMERICA N.A., HONG KONG BRANCH** as account bank (the "**Account Bank**").

IT IS AGREED as follows:

SECTION 1
INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**APLMA**" means the Asia Pacific Loan Market Association.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Availability Period**" means the period from and including the date of this Agreement to and including the date falling 30 days thereafter.

"**Available Commitment**" means, prior to the making of the Utilisation Request, a Lender's Commitment or, thereafter, zero.

"**Available Facility**" means the aggregate for the time being of each Lender's Available Commitment.

"**Bank Guarantees**" means the guarantees procured by the Sponsors to be granted by a bank or other financial institution pursuant to and maintained in accordance with Clause 19.13 (*Sponsor Guarantees*).

"**Bank Guarantor**" means the grantor of a Bank Guarantee.

"**Borrowings**" means, (without double counting) at any time, the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution (excluding any given in respect of trade credit arising in the ordinary course of business and otherwise not exceeding, in aggregate, $5,000,000 or its equivalent);

(g) any amount raised by the issue of redeemable shares which are redeemable before the Final Maturity Date;

(h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply;

(i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and

(j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

"**Break Costs**" means the amount (if any) by which:

(a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period,

provided that Break Costs shall not include any loss of margin.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in the Macau SAR, the Hong Kong SAR, London, Melbourne, Sydney and New York City.

"**Capital Stock**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all classes of membership interests in a limited liability company, any and all classes of partnership interests in a partnership, any and all equivalent ownership interests in a person and any and all agreements, warrants, rights or options to acquire any of the foregoing.

"**Change of Control**" means, save to the extent set out in and contemplated by the Corporate Restructuring Memorandum, the occurrence of any of the following:

(a) the Sponsors cease collectively to beneficially own, directly or indirectly in the aggregate, (i) prior to any Permitted Public Offering, 90% (measured by voting power) and 90% (measured by size of equity interest) of the outstanding Capital Stock of the Borrower, (ii) after any Permitted Public Offering, at least 65% (measured by voting power) and at least 65% (measured by size of equity interest) of the outstanding Capital Stock of the Borrower, or (iii) at any time PBL ceases to own at least 50% of the Sponsors' combined percentage of the outstanding Capital Stock of the Borrower;

(b) prior to any Permitted Public Offering, the Sponsors cease collectively to have, directly or indirectly, the power to direct the management and operations of the Borrower, including the power to appoint or remove all, or the majority, of the board of directors of the Borrower; or

(c) there ceases to be a majority of directors on the board of the Borrower who were elected with the approval of a majority of the directors of Melco PBL Entertainment whose election to the board of Melco PBL Entertainment was in turn approved by the Sponsors collectively (or by directors whose election was approved by the Sponsors collectively),

provided that for the purposes of this definition, PBL shall be treated as owning 100% of the Capital Stock of Mancon Nominees Pty Limited so long as PBL owns at least 99.99% of the Capital Stock of Mancon Nominees Pty Limited and this definition and the criteria set out in this definition shall be read and construed accordingly.

"**Closing Certificate**" means the certificate to be delivered by PBL pursuant to Clause 5.6 (*Closing Conditions and Conditions Subsequent*).

"**Closing Declaration**" means the declaration to be delivered by the Borrower pursuant to Clause 5.6 (*Closing Conditions and Conditions Subsequent*).

"**Closing Date**" means the date upon which Completion occurs.

"**Commitment**" means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading " **Commitment**" in Schedule 1 (*The Original Lenders*) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Commitment Letter**" means the letter dated 4 September 2006 between the Sponsors, the Borrower and the Arrangers.

"**Completion**" means the satisfaction of each of the conditions specified in article V of the Wynn Agreement, the closing of the Grant of Subconcession in accordance with article III of the Wynn Agreement and the issue of the Subconcession to the Borrower, the execution and delivery of the Subconcession Contract by all parties thereto and the occurrence of the effective date specified in article 108 thereof.

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the APLMA as set out in Schedule 5 (*APLMA Form of Confidentiality Undertaking*) or in any other form agreed between the Borrower and the Agent.

"**Constitutional Documents**" means, collectively, in relation to any person, any certificate of incorporation, memorandum and articles of association, bylaws, shareholders' agreement, certificate of formation, limited liability company agreement, partnership agreement and any other formation or constituent documents applicable to such person.

"**Corporate Restructuring**" means the implementation and completion of the transactions set out in and contemplated by the Corporate Restructuring Memorandum.

"**Corporate Restructuring Memorandum**" means the corporate restructuring paper entitled "PBL Entertainment (Macau) Limited - Corporate Restructuring Memorandum" in an agreed form, prepared by PBL and dated 31 August 2006, describing the ownership structure of the Group and its key assets (including the Subconcession, the Project and the Mocha Slot Business) and Great Wonders and its key assets (including the Crown Macau Project) as at the date hereof and following the transfer of ownership in the Borrower upon the approval of the government of the Macau SAR which is expected to occur following the acquisition of the Subconcession by the Borrower.

"**Crown Macau Project**" means the design, development, construction, ownership and maintenance of a hotel and casino in Taipa, Macau SAR by Great Wonders, the operation of the hotel by Great Wonders or Melco PBL Hotel (Crown Macau) Limited), its Affiliate which at the date hereof is a Subsidiary of Melco PBL Entertainment (Greater China) Limited, and the

leasing and operation of the casino in accordance with the Subconcession and the documentation entered into by, *inter alia*, Great Wonders in connection with the foregoing and in connection with its financing.

"**Default**" means an Event of Default or any event or circumstance specified in Clause 20 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Security Trustee.

"**Disbursement Account**" means the account referred to in Clause 5.5 (*Limitations on Utilisations*)

"**EBITDA**" means the profits of the Borrower, on an unconsolidated basis, from ordinary activities before taxation:

(a) **before deducting** any Finance Charges;

(b) **before deducting** any amount attributable to the amortisation of intangible assets or the depreciation of tangible assets;

(c) **before taking into account** any items treated as exceptional or extraordinary items (other than, for the avoidance of doubt, any such item arising as a consequence of any delay in the opening of the Crown Macau Project);

(d) **before taking into account** any realised and unrealised exchange gains and losses including those arising on translation of currency debt; and

(e) **before taking into account** any gain or loss arising from an upward or downward revaluation of any asset,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Borrower from ordinary activities before taxation.

"**Equity**" means, at any time, the aggregate of:

(a) the amounts paid up by each Sponsor Group Shareholder by way of subscription for shares in the Borrower; and

(b) the amounts advanced to the Borrower and outstanding at such time by way of Sponsor Group Loans.

"**Event of Default**" means any event or circumstance specified as such in Clause 20 (*Events of Default*).

"**Facility**" means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**Fee Letter**" means any letter or letters dated on or about the date of this Agreement between the Arrangers and the Borrower (or the Agent and the Borrower or the Security Trustee and the Borrower) setting out any of the fees referred to in Clause 11 (*Fees*).

"**Final Maturity Date**" means the fifteenth Repayment Date.

"**Finance Charges**" means, for any period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Borrowings whether paid, payable or capitalised by the Borrower in respect of that period:

(a) **including** the interest element of leasing and hire purchase payments;

(b) **including** any accrued commission, fees, discounts and other finance payments payable by the Borrower under any interest rate hedging arrangement;

(c) **deducting** any accrued commission, fees, discounts and other finance payments owing to the Borrower under any interest rate hedging instrument;

(d) **deducting** any accrued interest owing to the Borrower on any deposit or bank account;

(e) **including** an amount equal to interest (paid, payable or capitalised) in respect of the Notes (whether by the Borrower or Melco PBL International, but without including the same amount twice); and

(f) **excluding** any other interest (capitalised or otherwise) in respect of any Subordinated Debt,

together with the amount of any cash dividends or distributions paid or made by the Borrower in respect of that period.

"**Finance Document**" means this Agreement, the Sponsor Guarantees, the Bank Guarantees, the Commitment Letter, any Fee Letter, any document to be entered into in connection with the satisfaction of the Subconcession Facility Extension Conditions and any other document designated as such by the Agent and the Borrower.

"**Finance Party**" means the Agent, an Arranger, the Security Trustee, the Account Bank or a Lender.

"**Financial Indebtedness**" means (without double counting, where relevant) any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution (excluding any given in respect of trade credit arising in the ordinary course of business and otherwise not exceeding, in aggregate, $5,000,000 or its equivalent);

(i) any amount raised by the issue of redeemable shares which are redeemable before the Final Maturity Date;

(j) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and

(k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

"**First Repayment Date**" means 31 December 2007.

"**Funds Flow Memorandum**" means the memorandum setting out the flow of funds to be utilised for payment of the Premium Price in the agreed form.

"**GAAP**" means, in relation to the Borrower, generally accepted accounting principles in the United States, in relation to Melco, generally accepted accounting principles in Hong Kong and, in relation to PBL, generally accepted accounting principles in Australia.

"**Governmental Authority**" means, as to any person, the government of the Macau SAR, any other national, state, provincial or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, in each case having jurisdiction over such person, or any arbitrator with authority to bind such person at law.

"**Grant of Subconcession**" means the grant of the Subconcession to the Borrower on the terms of the Wynn Agreement.

"**Great Wonders**" means Great Wonders, Investments, Limited.

"**Group**" means the Borrower, its Subsidiaries and the Sponsor Group Shareholders.

"**Holding Company**" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"**Hong Kong SAR**" means the Hong Kong Special Administrative Region.

"**Intercreditor Agreement**" means the intercreditor agreement contemplated by the Term Sheet.

"**Interest Period**" means, in relation to the Loan, each period determined in accordance with Clause 9 (*Interest Periods*) and in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default Interest*).

"**Land Concession Performance Bond**" means the performance bond issued or to be issued to Macau SAR to secure Melco Hotel's obligations under the land concession contract to be entered into in respect of the Project.

"**Legal Requirements**" means all laws, statutes, orders, decrees, injunctions, licenses, permits, approvals, agreements and regulations of any Governmental Authority having jurisdiction over the matter in question.

"**Legal Reservations**" means any general principles of law or equity or their equivalent in any relevant jurisdiction which limit the obligations of the Borrower and are specifically referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*).

"**Lender**" means:

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 21 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

"**Leverage**" means with respect to any Quarter Date the ratio of Total Debt on such Quarter Date to EBITDA in respect of any twelve month period ending on such Quarter Date.

"**LIBOR**" means, in relation to the Loan:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for US dollars or the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

at or about 11:00 a.m. (London time) on the Quotation Day for the offering of deposits in US dollars for a period comparable to the Interest Period for the Loan.

"**Loan**" means the loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

"**Macau SAR**" means the Macau Special Administrative Region.

"**Majority Lenders**" means:

(a) if there is no Loan then outstanding, a Lender or Lenders whose Commitments aggregate more than 66 $^{2}/_{3}$% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66 $^{2}/_{3}$% of the Total Commitments immediately prior to the reduction); or

(b) at any other time, a Lender or Lenders whose participations in the Loan then outstanding aggregate more than 66 $^{2}/_{3}$% of the Loan.

"**Margin**" means 3 per cent. per annum.

"**Material Adverse Effect**" means a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) of the Borrower or the prospects of the Group taken as a whole;

(b) the ability of the Borrower to perform its obligations under the Finance Documents; or

(c) the validity or enforceability of the Finance Documents or the rights or remedies of any Finance Party under the Finance Documents.

"**Melco**" means Melco International Development Limited.

"**Melco Hotels**" means Melco Hotels and Resorts (Macau) Limited.

"**Melco PBL Entertainment**" means Melco PBL Entertainment (Macau) Limited.

"**Melco PBL International**" means Melco PBL International Limited.

"**Mocha Slot Business**" means the assets comprised in the Mocha Slot electronic gaming machine lounge business carried on at the date hereof by the Mocha Slot Group.

"**Mocha Slot Group**" means Mocha Slot Group Limited, Mocha Slot Management Limited and Mocha Café Limited.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

"**Moody's**" means Moody's Investors Service, Inc or its successor.

"**Notes**" means the USD600 million (or such other amount as may be agreed) notes proposed to be issued by Melco PBL International, or any other alternative debt issued as referred to in footnote 24 of the Term Sheet.

"**Other Security**" shall have the meaning given to it in Clause 23.1 (*Trust*).

"**Party**" means a party to this Agreement.

"**PBL**" means Publishing and Broadcasting Limited.

"**Permitted Public Offering**" means the proposed initial primary offering to the public of ordinary shares in Melco PBL Entertainment and the listing thereof on the NASDAQ Stock Market and any subsequent primary or secondary offering to the public of ordinary shares in Melco PBL Entertainment which, in aggregate, including the initial offering, will, following allotment, comprise no more than 35% of the then outstanding Capital Stock of Melco PBL Entertainment.

"**Premium Price**" means the premium payable to Wynn Macau for the grant of the Subconcession under the Wynn Agreement.

"**Project**" means the design, development, construction, ownership, operation, management and maintenance of the "City of Dreams" hotel and casino complex by Melco Hotels and, in respect of the operation and management of any casino or gaming areas therein, the Borrower, as contemplated in the Term Sheet and in accordance with the Subconcession.

"**Project CP Satisfaction Date**" means the date on which all conditions precedent to the initial utilisation of the Project Facilities contemplated by the Term Sheet have been satisfied.

"**Project Facilities**" means the "Project Facilities" referred to in the Term Sheet to be provided to the Borrower and others.

"**Quarter Date**" means each of 31 March, 30 June, 30 September and 31 December.

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period.

"**Reference Banks**" means the principal London offices of Australia and New Zealand Banking Group Limited, Bank of America, N.A., Barclays Bank PLC and Deutsche Bank AG or such other banks as may be appointed by the Agent in consultation with the Borrower.

"**Relevant Interbank Market**" means the London interbank market.

"**Repayment Date**" means:

(a) the First Repayment Date; and

(b) each Quarter Date thereafter,

but if any such date is not a Business Day, then that Repayment Date shall be deemed to be the immediately succeeding Business Day.

"**Repayment Instalment**" means each instalment for repayment of the Loan referred to in Clause 6.1 (*Repayment of Loan*).

"**Repeating Representations**" means each of the representations set out in Clauses 17.1 (*Status*) to 17.6 (*Governing law and enforcement*), Clause 17.9(a) (*No default*), Clause 17.10 (*No misleading information*), Clause 17.11 (*Pari passu ranking*) and Clause 17.12 (*No proceedings pending or threatened*).

"**Screen Rate**" means the British Bankers' Association Interest Settlement Rate for dollars for the relevant period, displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lenders.

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Selection Notice**" means a notice substantially in the form set out in Part II of Schedule 3 (*Requests*) given in accordance with Clause 9 (*Interest Periods*).

"**SJM**" means Sociedade de Jogos de Macau, S.A.

"**Sponsor Group Loans**" means Financial Indebtedness advanced by one or more of the Sponsor Group Shareholders directly or indirectly to the Borrower.

"**Sponsor Group Shareholder**" means any direct or indirect shareholder of the Borrower which is a Sponsor, a Subsidiary of a Sponsor or which would be a Subsidiary of a Sponsor were the rights and interests of each Sponsor in respect thereof combined.

"**Sponsor Guarantees**" means the guarantees granted or to be granted by the Sponsor Group Shareholders, in the case of PBL pursuant to paragraph 3(b) of Schedule 2, Part I (*Conditions precedent to initial Utilisation*), and maintained in accordance with Clause 19.13 (*Sponsor Guarantees*).

"**Sponsor Guarantor**" means the grantor of a Sponsor Guarantee.

"**Sponsors**" means Melco and PBL and "**Sponsor**" means each of them.

"**Standard & Poor's**" or "**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor.

"**Subconcession**" means the binding trilateral agreement to be entered into by and between Macau SAR, Wynn Macau (as concessionaire for the operation of casino games of chance and other casino games in the Macau SAR, under the terms of the 24 th June 2002 concession contract by and between the Macau SAR and Wynn Macau) and the Borrower, comprising a set of instruments from which shall flow an integrated web of rights, duties and obligations by and for all and each of the Macau SAR, Wynn Macau and the Borrower (the nominative administrative contract known as the subconcession contract for the operation of casino games of chance and other casino games in the Macau SAR, executed by Wynn Macau and the Borrower, to be the most significant instrument thereof), pursuant to the terms of which the Borrower shall be entitled to operate casino games of chance and other casino games in the Macau SAR as an autonomous subconcessionaire in relation to Wynn Macau.

"**Subconcession Bank Guarantee**" means the bank guarantee to be provided under article 61 of the Subconcession Contract in the form required by the Macau SAR.

"**Subconcession Bank Guarantee Facility**" means the facility extended or to be extended to the Borrower by the Subconcession Bank Guarantor in accordance with the terms of the Subconcession Bank Guarantee Facility Agreement for the issuance of the Subconcession Bank Guarantee.

"**Subconcession Bank Guarantee Facility Agreement**" means the agreement in the form of the letter of request signed or to be signed by the Borrower and addressed to the Subconcession Bank Guarantor.

"**Subconcession Bank Guarantor**" means Banco Nacional Ultramarino, S.A.

"**Subconcession Contract**" means the nominative administrative contract for the operation of games of chance and other casino games in the Macau SAR to be executed by Wynn Macau and the Borrower together with the following letters to be entered into: (i) letter from the Government of the Macau SAR to be addressed to the Borrower and copied to Wynn Macau, with regard to the confirmation by the Government of the Macau SAR of the nominative administrative contract referred to above; (ii) letter from the Borrower to be addressed to the Government of the Macau SAR, with regard to the confirmation of the rights and obligations of the Borrower towards the Government of the Macau SAR, and (iii) letter from the Government of the Macau SAR to be addressed to the Borrower, with regard to the confirmation of the rights and obligations of the Government of the Macau SAR towards the Borrower.

"**Subconcession Facility Extension Conditions**" means the issue of confirmation by the Agent to the Borrower in writing that it has received in form and substance acceptable to it, evidence:

(a) that Leverage on at least two consecutive Quarter Dates is less than 4.00:1 based on the quarterly financial statements delivered pursuant to Clause 18.1 (*Financial statements*) together with an auditor's certificate in relation to such calculation;

(b) of the execution and delivery of such documents and the taking of all other such actions as the Agent may reasonably require in connection with the creation, granting and perfection of the guarantees and Security (except any such guarantees and Security that relate to assets of the Project which did not come into existence in circumstances where the Project CP Satisfaction Date has not occurred) referred to in the Term Sheet in favour of the Finance Parties, including the receipt of satisfactory legal opinions;

(c) that the Borrower, the Sponsors and the Lenders have agreed, done and implemented such amendments, supplements and further acts and other things as the Agent reasonably considers consequential upon the failure to achieve the Project CP Satisfaction Date (including without limitation to ensure satisfaction of the Investment Plans (as defined in the annex to the Subconcession Contract) under the Subconcession Contract) and the implementation (other than in connection with any guarantees or Security that relate to assets of the Project which did not come into existence in circumstances where the Project CP Satisfaction Date has not occurred) of the acts, matters and other things contemplated by the Term Sheet (including the entry into, satisfaction of conditions under and compliance with the further "Finance Documents" as defined, and on the terms and by the parties contemplated, therein (other than in connection with any guarantees or Security that relate to assets of the Project which did not come into existence in circumstances where the Project CP Satisfaction Date has not occurred) and including the entry into of such financial and other covenants as the Agent may reasonably require and the adjustment of the provisions of this Agreement including without limitation Clauses 19.3, 19.4, 19.10, 19.11 and 19.12 as the Borrower may reasonably require and the Agent, acting reasonably, may agree, taking into account, in addition to the matters specified above, the consequence and effect of the failure to achieve the Project CP Satisfaction Date on the operations of the Borrower and its Subsidiaries thereafter); and

(d) that the conditions subsequent referred to in paragraph (b) of Clause 5.6 (*Closing Conditions and Conditions Subsequent*) have been satisfied, the legal opinions in paragraphs 3(a) and (b) of Schedule 2, Part III (*Conditions Subsequen*t) in relation to the Subconcession Contract have been updated at such time and the matters referred to in Clause 19.14 (*Corporate Restructuring and SJM agreements*) have been completed.

"**Subconcession Facility Trigger Date**" means 31 December 2007.

"**Subordinated Debt**" means Financial Indebtedness owed by the Borrower that is fully subordinated, on terms reasonably acceptable to the Agent, to the claims of the Finance Parties hereunder.

"**Subsidiary**" means, in relation to any company or corporation, a company or corporation:

(a) which is controlled, directly or indirectly, by the first mentioned company or corporation;

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Term Sheet**" means the term sheet attached to the Commitment Letter (including and taking into account the footnotes therein as the terms in such term sheet are varied by agreement in writing between the parties to the Commitment Letter from time to time).

"**Total Commitments**" means the aggregate of the Commitments, being $500,000,000 at the date of this Agreement.

"**Total Debt**" means, at any time, the aggregate amount of all obligations of the Borrower for or in respect of Borrowings but:

(a) **excluding** any such obligations in respect of Subordinated Debt (but **including** any such obligations in respect of the Notes and, if such obligations would not otherwise be included herein, all obligations of Melco PBL International in respect of the Notes), the Subconcession Bank Guarantee Facility, Land Concession Performance Bond and any Sponsor Group Loans referred to in paragraph (x) of Schedule 2, Part II (*Closing Declaration/Certificate*) made pursuant to the Funds Flow Memorandum; and

(b) **including**, in the case of finance leases, only the capitalised value therefor,

and so that no amount shall be included or excluded more than once.

"**Transaction Documents**" means the Wynn Agreement, the Subconcession Contract and the Finance Documents.

"**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

"**Transfer Date**" means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

(b) the date on which the Agent executes the Transfer Certificate.

"**Unpaid Sum**" means any sum due and payable but unpaid by the Borrower under the Finance Documents.

"**Utilisation**" means the utilisation of the Facility.

"**Utilisation Date**" means the date of the Utilisation, being the date on which the Loan is to be made.

"**Utilisation Request**" means a notice substantially in the form set out in Part I of Schedule 3 (*Requests*).

"**Wynn Agreement**" means the Agreement dated 4 March 2006 relating to the grant by Wynn Macau (subject to the approval of the Government of Macau SAR) of the Subconcession to the Borrower and made between Wynn Resorts, Limited, Wynn Macau and PBL, as amended or supplemented by an amendment agreement between the same parties dated 1 June 2006 and the side letter from Wynn Resorts, Limited to PBL dated 1 June 2006.

"**Wynn Macau**" means Wynn Resorts (Macau) S.A.

1.2 **Construction**

(a) Unless a contrary indication appears any reference in this Agreement to:

(i) The "**Agent**", an "**Arranger**", the "**Security Trustee**", the "**Account Bank**", any "**Finance Party**", any "**Lender**", any "**Sponsor Guarantor**" or any "**Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Trustee, any person for the time being appointed as Security Trustee in accordance with this Agreement;

(ii) a document in "**agreed form**" is a document:

(1) in a form initialled by or on behalf of the Borrower and the Agent on or before the signing of this Agreement for the purposes of identification; or

(2) if not falling within paragraph (1) above, in form and substance satisfactory to the Agent and the Borrower (each acting reasonably) and initialled by or on behalf of the Agent and the Borrower for the purposes of identification;

(iii) "**assets**" includes present and future properties, revenues and rights of every description (including any part thereof);

(iv) "**Barclays Capital**" means Barclays Capital, the investment banking division of Barclays Bank PLC;

(v) a "**Finance Document**" or a "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended, replaced or restated;

(vi) "**guarantee**" means any written guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

(vii) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(viii) a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) of two or more of the foregoing;

(ix) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(x) a provision of law is a reference to that provision as amended or re-enacted; and

(xi) a time of day is a reference to Hong Kong time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default is "**continuing**" if it has not been remedied or waived.

(e) In the event of any conflict between this Agreement and the Commitment Letter and Term Sheet with respect to the Subconcession Facility (as defined in the Commitment Letter), the terms of this Agreement shall prevail.

1.3 **Currency Symbols and Definitions**

"**$**" and "**dollars**" denote lawful currency of the United States of America.

1.4 **Third party rights**

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

SECTION 2
THE FACILITY

2. THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrower a dollar term loan facility in an aggregate amount equal to the Total Commitments.

2.2 Finance Parties' rights and obligations

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from the Borrower shall be a separate and independent debt.

(c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

3. PURPOSE

3.1 Purpose

The Borrower shall apply all amounts borrowed by it under the Facility towards payment to Wynn Macau of the Premium Price under the Wynn Agreement.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrower may not deliver a Utilisation Request unless the Agent has received all of the documents and other evidence listed in Schedule 2, Part I (*Conditions precedent to Utilisation*) in form and substance satisfactory to the Agent. The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the proposed Loan; and

(b) the Repeating Representations to be made by the Borrower are true in all material respects by reference to the facts and circumstances then existing.

4.3 **Maximum number of Loans**

The Borrower may not request that a Loan be divided.

SECTION 3
UTILISATION

5. UTILISATION

5.1 Delivery of a Utilisation Request

The Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than noon on the proposed Utilisation Date.

5.2 Completion of a Utilisation Request

(a) The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period;

(ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and

(iii) the proposed Interest Period complies with Clause 9 (*Interest Periods*).

(b) Only one Loan may be requested in the Utilisation Request.

5.3 Currency and amount

(a) The currency specified in the Utilisation Request must be dollars.

(b) The amount of the proposed Loan must be $500,000,000 or if less, the Available Facility.

5.4 Lenders' participation

(a) If the conditions set out in this Agreement have been met each Lender shall make its participation in the Loan available by the Utilisation Date through its Facility Office directly into the Disbursement Account.

(b) The amount of each Lender's participation in the Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) The Agent shall promptly (and in any event no later than 3:00 p.m. on the Utilisation Date) notify each Lender of the amount of the Loan and the amount of its participation in the Loan.

5.5 Limitations on Utilisations

The Facility may only be utilised once. Such Utilisation shall be made on or prior to the Closing Date **provided that**, pending disbursement to Wynn Macau, the proceeds thereof are held in an interest bearing account in the name of the Borrower with the Account Bank in the Hong Kong SAR in accordance with the Funds Flow Memorandum on terms, notwithstanding anything to the contrary in any account opening documentation, that:

(a) they are only repayable to the Borrower by way of disbursement to Wynn Macau and application towards payment of the Premium Price under the Wynn Agreement in accordance with the Funds Flow Memorandum upon receipt by the Account Bank of the Closing Certificate and the Closing Declaration; and

(b) if the Closing Date does not occur and such disbursement is not made within 20 Business Days of the Utilisation Date, the Borrower shall immediately prepay the Loan and all other amounts outstanding under this Agreement and the Fee Letters (and the Account Bank shall transfer the amount standing to the credit of the account to the Agent for application accordingly) and all outstanding Available Commitments shall be cancelled.

5.6 **Closing Conditions and Conditions Subsequent**

(a) On the Closing Date, the Borrower and PBL shall deliver to the Agent and the Account Bank a declaration and a certificate respectively each in the form required by Schedule 2, Part II (*Closing Declaration/Certificate*) and delivery of such declaration or certificate (as the case may be) shall be a condition to the release of funds from the Disbursement Account pursuant to paragraph (a) of Clause 5.5 (*Limitations on Utilisations*).

(b) (i) Within 45 days after the Closing Date, the Borrower shall deliver to the Agent the documents and evidence listed in paragraphs 1(a), (b) and (c) and paragraphs 3 and 4 of Schedule 2, Part III (*Conditions Subsequent*) each in form and substance satisfactory to the Agent (acting on the instructions of all Lenders).

(ii) By the date falling 4 months after the Closing Date, the Borrower shall deliver to the Agent the document listed in paragraphs 1(d) and 2 of Schedule 2, Part III (*Conditions Subsequent*) in form and substance satisfactory to the Agent (acting on the instructions of all Lenders).

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

6.1 Repayment of Loan

(a) The Borrower shall repay the Loan made to it:

(i) in full on the date of initial utilisation of the Project Facilities; or

(ii) if the date of initial utilisation of the Project Facilities does not occur on or before the Subconcession Facility Trigger Date, in instalments by repaying on each Repayment Date an amount which reduces the amount of the outstanding Loan by an amount equal to the relevant percentage of the amount of the Loan borrowed by the Borrower as at the close of business in Hong Kong on the last day of the Availability Period as set out in the table below:

Repayment Date	Repayment Instalment
First Repayment Date	3.00%
Second Repayment Date	3.00%
Third Repayment Date	5.50%
Fourth Repayment Date	5.50%
Fifth Repayment Date	5.50%
Sixth Repayment Date	5.50%
Seventh Repayment Date	6.00%
Eighth Repayment Date	6.00%
Ninth Repayment Date	6.00%
Tenth Repayment Date	6.00%
Eleventh Repayment Date	8.00%
Twelfth Repayment Date	8.00%
Thirteenth Repayment Date	8.00%
Fourteenth Repayment Date	8.00%
Fifteenth Repayment Date	16.00%
	100.00%

provided that the Borrower shall repay the full amount of the remaining balance of the Loan on the date of initial utilisation of the Project Facilities.

(b) The Borrower may not reborrow any part of the Facility which is repaid.

7. **PREPAYMENT AND CANCELLATION**

7.1 **Illegality**

If, at any time, it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled;

(c) the Borrower shall repay that Lender's participation in the Loan on the last day of the Interest Period occurring after the Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent; and

(d) The amount of the Repayment Instalment (if there is more than one) for each Repayment Date falling after such prepayment shall be reduced *pro rata* by the amount prepaid.

7.2 **Voluntary cancellation**

The Borrower may, if it gives the Agent not less than 14 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole (but not part) of the Available Facility.

7.3 **Voluntary prepayment of Loan**

(a) The Borrower may, if it gives the Agent not less than 14 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of $5 million).

(b) The Loan may only be prepaid after the last day of the Availability Period (or, if earlier, the day on which the Available Facility is zero).

(c) The amount of the Repayment Instalment (if there is more than one) for each Repayment Date falling after such prepayment shall be reduced *pro rata* by the amount prepaid.

7.4 **Right of repayment and cancellation in relation to a single Lender**

(a) If:

(i) any sum payable to any Lender by the Borrower is required to be increased under paragraph (c) of Clause 12.2 (*Tax gross-up*); or

(ii) any Lender claims indemnification from the Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13 (*Increased costs*),

the Borrower may, whilst the circumstance giving rise to the requirement or indemnification continues, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loan.

(b) On receipt of a notice referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.

(c) On the last day of the Interest Period which ends after the Borrower has given notice under paragraph (a) above (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loan.

(d) The amount of the Repayment Instalment (if there is more than one) for each Repayment Date falling after such prepayment shall be reduced *pro rata* by the amount prepaid.

7.5 **Failure to achieve Project CP Satisfaction Date or satisfy Subconcession Facility Extension Conditions**

If the Project CP Satisfaction Date does not occur by the Subconcession Facility Trigger Date, then unless the Subconcession Facility Extension Conditions have been satisfied, the Majority Lenders may thereafter determine that the repayment schedule for the Facility be reviewed and the Borrower and the Agent shall thereafter enter into good faith discussions concerning the review. If, within three months after the Subconcession Facility Trigger Date, a rescheduling has not been agreed and any necessary amendments made to the Finance Documents in accordance with the terms thereof, any Lender may at any time after the expiry of such three month period, require the Agent to demand repayment of its participation in the Loan in full. Upon such demand to the Borrower, such participation, together with accrued interest and all other amounts accrued under the Finance Documents in respect thereof, shall become immediately due and payable. The amount of the Repayment Instalment (if there is more than one) for each Repayment Date falling after such prepayment shall be reduced *pro rata* by the amount prepaid.

7.6 **Non-committed debt**

If, whether in breach of the Commitment Letter or otherwise, any of the persons referred to in paragraph 6 thereof (other than the Excluded Subsidiaries (as defined in the Term Sheet)) raise Financial Indebtedness referred to (and subject to the exclusions) in sub-paragraph (a) or (b) of such paragraph 6, the Loan, together with accrued interest and all other amounts outstanding under the Finance Documents, shall become immediately due and payable.

7.7 **Restrictions**

(a) Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

(c) The Borrower may not reborrow any part of the Facility which is prepaid.

(d) The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Borrower or the affected Lender, as appropriate.

SECTION 5
COSTS OF UTILISATION

8. INTEREST

8.1 Calculation of interest

(a) The rate of interest on the Loan for each Interest Period (other than the first Interest Period) is the percentage rate per annum which is the aggregate of the applicable:

(i) Margin; and

(ii) LIBOR.

(b) The rate of interest on the Loan for the first Interest Period is the percentage rate per annum which is the aggregate of:

(i) the Margin; and

(ii) the average of the rates as notified to the Agent and the Borrower by each Lender as soon as practicable and in any event before interest is due to be paid in respect of the first Interest Period to be that which expresses as a percentage rate per annum the cost to each Lender of funding its participation in the Loan from whatever source it may reasonably select.

8.2 Payment of interest

The Borrower shall pay accrued interest on the Loan on the last day of each Interest Period.

8.3 Default interest

(a) If the Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below is 2.00 per cent higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Borrower on demand by the Agent.

(b) If any overdue amount consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period:

(i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan; and

(ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 2.00 per cent. higher than the rate which would have applied if the overdue amount had not become due.

(c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 **Notification of rates of interest**

The Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

9. INTEREST PERIODS

9.1 **Selection of Interest Periods**

(a) The Borrower may select an Interest Period for the Loan in the Utilisation Request or (if the Loan has already been borrowed) in a Selection Notice.

(b) Each Selection Notice is irrevocable and must be delivered to the Agent by the Borrower not later than noon on the third Business Day prior to the commencement of the next Interest Period.

(c) If the Borrower fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will be one Month.

(d) Subject to this Clause 9, the Borrower may select an Interest Period of one, two or three Months or any other period agreed between the Borrower and the Agent (acting on the instructions of all the Lenders).

(e) An Interest Period shall not extend beyond a Repayment Date.

(f) Each Interest Period shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.

9.2 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10. CHANGES TO THE CALCULATION OF INTEREST

10.1 **Absence of quotations**

Subject to Clause 10.2 (*Market disruption*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

10.2 **Market disruption**

(a) If a Market Disruption Event occurs in relation to the Loan for any Interest Period, then the rate of interest on each Lender's share of the Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in the Loan from whatever source it may reasonably select.

(b) In this Agreement "**Market Disruption Event**" means:

(i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR for dollars and the relevant Interest Period; or

(ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in the Loan exceed 50 per cent. of the Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR.

10.3 **Alternative basis of interest or funding**

(a) If a Market Disruption Event occurs and the Agent or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

10.4 **Break Costs**

(a) The Borrower shall, within seven days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11. FEES

11.1 **Commitment fee**

(a) If Utilisation of the Facility is not made within seven days of the date of this Agreement, the Borrower shall pay to the Agent (for the account of each Lender) a fee in dollars computed at the rate of 1.5 per cent. per annum on that Lender's Available Commitment for the Availability Period.

(b) The accrued commitment fee is payable on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

11.2 **Arrangement fee**

The Borrower shall pay to the Arrangers an arrangement fee in the amounts and at the times agreed in a Fee Letter.

11.3 **Agency fee**

The Borrower shall pay to the Agent (for its own account) an agency fee in the amounts and at the times agreed in a Fee Letter.

11.4 **Security Agent fee**

The Borrower shall pay to the Security Trustee (for its own account) the Security Trustee fee in the amounts and at the times agreed in a Fee Letter.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

12. **TAX GROSS UP AND INDEMNITIES**

12.1 **Definitions**

(a) In this Agreement:

"**Protected Party**" means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

"**Tax Payment**" means either the increase in a payment made by the Borrower to a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 12 a reference to " **determines**" or "**determined**" means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross-up**

(a) The Borrower shall make all payments to be made by it under the Finance Documents without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrower.

(c) If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If the Borrower is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing

authority (**provided that** the Borrower shall not be obliged to provide any such evidence from a Governmental Authority to the extent that such Governmental Authority does not provide it).

12.3 **Tax indemnity**

(a) The Borrower shall (within seven days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) would have been compensated for by an increased payment under Clause 12.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 12.2 (*Tax gross-up*) applied.

(c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.

(d) A Protected Party shall, on receiving a payment from the Borrower under this Clause 12.3, notify the Agent.

(e) A Protected Party shall, as soon as practicable after a request from the Agent, provide a certificate confirming the amount of the loss, liability or cost referred to in paragraph (a) above and the basis thereof.

12.4 **Tax Credit**

If the Borrower makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and

(b) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Borrower which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Borrower.

12.5 **Stamp taxes**

The Borrower shall pay and, within seven days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

13. **INCREASED COSTS**

13.1 **Increased costs**

(a) Subject to Clause 13.3 (*Exceptions*) the Borrower shall, within seven days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(ii) compliance with any law or regulation,

made after the date of this Agreement.

(b) In this Agreement "**Increased Costs**" means:

(i) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 **Increased cost claims**

(a) A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.

(b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 **Exceptions**

(a) Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by the Borrower;

(ii) compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 12.3 (*Tax indemnity*) applied); or

(iii) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

(b) In this Clause 13.3, a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 12.1 (*Definitions*).

14. **OTHER INDEMNITIES**

14.1 **Currency indemnity**

(a) If any sum due from the Borrower under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against the Borrower;

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall as an independent obligation, within seven days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 **Other indemnities**

The Borrower shall, within seven days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by the Borrower, a Sponsor Guarantor or a Bank Guarantor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 26 (*Sharing among the Finance Parties*);

(c) funding, or making arrangements to fund, its participation in the Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(d) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

14.3 **Indemnity to the Agent**

The Borrower shall within seven days of demand indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

14.4 **Indemnity to the Security Trustee**

The Borrower shall within seven days of demand indemnify the Security Trustee and any Delegate against any cost, loss or liability incurred by any of them as a result of:

(a) the taking, holding, protection or enforcement of the Sponsor Guarantees or any Other Security; and

(b) the exercise of any of the rights, powers, discretions and remedies vested in the Security Trustee or the Delegate by the Finance Documents, any Other Security or by law.

15. MITIGATION BY THE LENDERS

15.1 **Mitigation**

(a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 12 (*Tax gross-up and indemnities*) or Clause 13 (*Increased costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of the Borrower under the Finance Documents.

15.2 **Limitation of liability**

(a) The Borrower shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 (*Mitigation*).

(b) A Finance Party is not obliged to take any steps under Clause 15.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

16. **COSTS AND EXPENSES**

16.1 **Transaction expenses**

The Borrower shall promptly on demand pay the Agent, the Arrangers and the Security Trustee the amount of all costs and expenses (including legal fees) reasonably incurred by any of them (and, in the case of the Security Trustee, by any Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of the Finance Documents and any other documents referred to in this Agreement.

16.2 **Amendment costs**

If the Borrower or a Sponsor Guarantor requests an amendment, waiver or consent the Borrower shall, within seven days of demand, reimburse the Agent and the Security Trustee for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent and the Security Trustee (and, in the case of the Security Trustee, by any Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 **Security Trustee's ongoing costs**

(a) In the event of (i) a Default or (ii) the Security Trustee considering it necessary or expedient or (iii) the Security Trustee being requested by the Borrower or the Majority Lenders to undertake duties which the Security Trustee and the Borrower agree to be of an exceptional nature and/or outside the scope of the normal duties of the Security Trustee under the Finance Documents, the Borrower shall pay to the Security Trustee any additional remuneration that may be agreed between them.

(b) If the Security Trustee and the Borrower fail to agree upon the nature of the duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved by the Borrower or, failing approval, nominated (on the application of the Security Trustee) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Borrower) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.

16.4 **Enforcement costs and preservation costs**

The Borrower shall, within seven days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

SECTION 7
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

17. REPRESENTATIONS

The Borrower makes the representations and warranties set out in this Clause 17 to each Finance Party on the date of this Agreement.

17.1 Status

(a) It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.

(b) It has the power to own its assets and carry on its business as it is being conducted.

17.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document to which it is a party are, subject to Legal Reservations, legal, valid, binding and enforceable obligations.

17.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its or assets in any way which might reasonably be expected to have a Material Adverse Effect.

17.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

17.5 Validity and admissibility in evidence

All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect or will be by the Closing Date.

17.6 **Governing law and enforcement**

Subject to Legal Reservations:

(a) the choice of English law as the governing law of the Finance Documents to which it is a party will be recognised and enforced in its jurisdiction of incorporation; and

(b) any judgment obtained in England in relation to a Finance Document to which it is a party will be recognised and enforced in its jurisdiction of incorporation.

17.7 **Deduction of Tax**

Subject to Legal Reservations, it is not required to make any deduction for or on account of Tax in its jurisdiction of incorporation or where it is resident for Tax purposes from any payment it may make under any Finance Document to which it is a party.

17.8 **No filing or stamp taxes**

Subject to Legal Reservations, under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents to which it is a party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents to which it is a party or the transactions contemplated by the Finance Documents to which it is a party.

17.9 **No default**

(a) No Event of Default is continuing or might reasonably be expected to result from the making of the Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which might have a Material Adverse Effect.

17.10 **No misleading information**

(a) All written factual information supplied by the Borrower or any Sponsor Group Shareholder to the Finance Parties was true and accurate in all material respects as at either the date it was given or the date it was stated and was not at such date misleading in any material respect.

(b) The Wynn Agreement contains all the terms of the Grant of Subconcession.

17.11 **Pari passu ranking**

Its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

17.12 **No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge) been started or threatened against it.

17.13 **Taxation**

(a) It has duly and punctually paid and discharged all Taxes imposed upon it or its assets within the time period allowed without incurring penalties (save to the extent that (i) payment is being contested in good faith, (ii) it has maintained adequate reserves for those Taxes and (iii) payment can be lawfully withheld).

(b) It is not materially overdue in the filing of any Tax returns.

(c) No claims are being or, to the knowledge of the Borrower, are reasonably likely to be, asserted against it with respect to Taxes which if adversely determined would be reasonably likely to have a Material Adverse Effect.

17.14 **Repetition**

The Repeating Representations are deemed to be made by the Borrower (by reference to the facts and circumstances then existing) on the date of the Utilisation Request, at the Closing Date and the first day of each Interest Period.

18. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 18 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents to which the Borrower is a party or any Commitment is in force.

18.1 **Financial statements**

The Borrower shall supply to the Agent in sufficient copies for all the Lenders as soon as the same become available, but in any event within:

(a) 120 days after the end of each of its financial years commencing with the financial year ending 31 December 2006, the Borrower's audited financial statements for that financial year;

(b) 120 days after the end of each of their respective financial years, the audited consolidated financial statements of each Sponsor for that financial year, in the form required by, in the case of Melco, the regulations of the Hong Kong Stock Exchange and, in the case of PBL, the regulations of the Australian Stock Exchange;

(c) 45 days after the end of each quarter of each of its financial years (commencing, in the case of the Borrower, with the quarter ending 31st March, 2007) the unaudited financial statements of each Sponsor and the Borrower for that period.

18.2 **Requirements as to financial statements**

(a) Each set of financial statements delivered by the Borrower pursuant to Clause 18.1 (*Financial statements*) shall be certified by, or shall be attached to and covered by a declaration signed by an authorised signatory (in the case of the Borrower) by, a director of the relevant company as fairly representing its financial condition as at the date as at which those financial statements were drawn up.

(b) The Borrower shall procure that each set of financial statements delivered pursuant to Clause 18.1 (*Financial statements*) is prepared using GAAP.

18.3 **Information: miscellaneous**

The Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) all documents dispatched by the Borrower to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against it, and which might, if adversely determined, have a Material Adverse Effect; and

(c) promptly, such further information regarding its financial condition, business and operations as any Finance Party (through the Agent) may reasonably request.

18.4 **Notification of default**

(a) The Borrower shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

(b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a declaration signed by an authorised signatory on its behalf declaring that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

18.5 **"Know your customer" checks**

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status or other circumstances of the Borrower or the composition of its shareholders after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with " **know your customer**" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any

prospective new Lender to carry out and be satisfied it has complied with all necessary " **know your customer**" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary " **know your customer**" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

19. GENERAL UNDERTAKINGS

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents to which the Borrower is a party or any Commitment is in force.

19.1 Authorisations

The Borrower shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents to which it is a party and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document to which it is a party.

19.2 Compliance with laws

The Borrower shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents to which it is a party.

19.3 Negative pledge

(a) The Borrower shall not create or permit to subsist any Security over any of its assets.

(b) The Borrower shall not:

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Borrower;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset ("**Quasi-Security**").

(c) Paragraphs (a) and (b) above do not apply to:

(i) save in the case of the Disbursement Account referred to in Clause 5.5(b) (*Limitations on Utilisations*), any netting or set-off arrangement entered into by the Borrower in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(ii) any lien arising by operation of law and in the ordinary course of trading;

(iii) any Security or Quasi-Security entered into pursuant to or permitted under any Finance Document or any agreements in connection with the Notes subject to the Intercreditor Agreement being entered into or pursuant to any Lease Agreement (as defined in the Term Sheet) entered into in compliance with the conditions set out under "Lessors and Lease Arrangements" in the Term Sheet or required by the Subconcession Bank Guarantor in connection with the Subconcession Bank Facility subject to the Intercreditor Agreement being entered into or;

(iv) any pledge over its shares in Great Wonders in favour of the lenders to the Crown Macau Project and any subordination and/or assignment of shareholder loan to Great Wonders in favour of the lenders to the Crown Macau Project;

(v) any pledge over its shares in Melco Hotels in favour of the holders of the Notes subject to granting a first priority pledge in favour of the Security Trustee and the Intercreditor Agreement being entered into; or

(vi) any Security or Quasi-Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security or Quasi-Security other than any permitted under paragraphs (i) to (v) above) does not exceed $5 million (or its equivalent in another currency or currencies).

19.4 **Disposals**

(a) The Borrower shall not, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

(b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal:

(i) made in the ordinary course of business of the Borrower; or

(ii) of assets in exchange for cash or other assets comparable or superior as to type, value and quality or of assets which are obsolete; or

(iii) permitted by the terms of Clauses 19.3, 19.5, 19.10, 19.11 or 19.12.

19.5 **Merger**

The Borrower shall not enter into any amalgamation, demerger, merger or, save as contemplated by the Corporate Restructuring Memorandum, corporate reconstruction.

19.6 **Change of business**

Save as contemplated by the Corporate Restructuring Memorandum, the Borrower shall ensure there is no substantial change made to the general nature of its business from that carried on at the date of this Agreement.

19.7 **Insurance**

The Borrower shall maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business in Macau.

19.8 **Taxation**

The Borrower shall duly and punctually pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties (save to the extent that (i) payment is being contested in good faith, (ii) adequate reserves are being maintained for those Taxes and (iii) payment can be lawfully withheld).

19.9 **Acquisitions**

(a) Save pursuant to any Lease Agreement entered into in compliance with the conditions set out under "Lessors and Lease Arrangements" in the Term Sheet or with any solvent reorganisation approved by the Agent or as contemplated by the Corporate Restructuring Memorandum, the Borrower shall not acquire any business or undertaking or, save in connection with the operations of the Borrower and its Subsidiaries from time to time, any other assets.

(b) Save in accordance with the Corporate Restructuring Memorandum or any solvent reorganisation approved by the Agent, the Borrower will not acquire any company other than a "shelf" company, being a company which has not carried on business or incurred any liabilities prior to acquisition.

19.10 **Loans and Guarantees**

(a) Save pursuant to any Lease Agreement entered into in compliance with the conditions set out under "Lessors and Lease Arrangements" in the Term Sheet, the Borrower shall not give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person (except in each case as required under any of the Finance Documents or the Subconcession Contract or the documents to be entered into in connection with the Notes subject to the Intercreditor Agreement being entered into, the Subconcession Bank Guarantee Facility or the Land Concession Performance Bond).

(b) The Borrower shall not make any loans (save for loans to its Subsidiaries from time to time funded by Equity constituting Subordinated Debt (other then, save for Melco Hotels, Equity funded out of the proceeds of the Notes)) or grant any credit (save in the ordinary course of business).

19.11 **Dividends**

The Borrower shall not pay, make or declare any dividend or other distribution (including the payment of any management, advisory or other fees to any Sponsor Group Shareholder or other Affiliate) in respect of any financial year, save as contemplated in the Funds Flow Memorandum or in accordance with any revenue sharing arrangement between the Borrower and any Lessor pursuant to any Lease Agreement (as such terms are defined in the Term Sheet).

19.12 **Financial Indebtedness**

The Borrower shall not incur or allow to remain outstanding any Financial Indebtedness, save for Financial Indebtedness arising by reason of any guarantee or indemnity or any other voluntary assumption of liability permitted under Clause 19.10 or:

(a) arising under the Finance Documents, the Notes, the Subconcession Bank Guarantee Facility Agreement, the Land Concession Performance Bond or in respect of Equity;

(b) contemplated by the Corporate Restructuring Memorandum or the Funds Flow Memorandum; or

(c) which, when aggregated with any other such Financial Indebtedness, other than any permitted under paragraphs (a) and (b) above does not exceed $5 million (or its equivalent in another currency or currencies),

and (save in the case of Financial Indebtedness arising under the Finance Documents, the Notes, the Subconcession Bank Guarantee Facility Agreement or the Land Concession Performance Bond) shall not repay or prepay any amount of principal (including capitalised interest) or pay any interest, fees or other amounts in respect thereof save to the extent contemplated by the Corporate Restructuring Memorandum or the Funds Flow Memorandum.

19.13 **Sponsor Guarantees**

The Borrower shall ensure that:

(a) subject to paragraph (b) below,

(i) until such time as step 4 referred to in the Corporate Restructuring Memorandum has been completed (save in relation to paragraph 34 of step 4 thereof) and the guarantees referred to in sub-paragraph (ii) below are in full force and effect, a guarantee granted (or in the case of a guarantee from a bank or other financial institution procured,) by PBL, of the performance by the Borrower of its payment obligations under this Agreement, which is:

(A) granted in favour of the Security Trustee;

(B) provided by:

(yy) PBL; or

(zz) a bank or other financial institution reasonably acceptable to the Agent,

rated at least A- by S&P (or its equivalent by Moody's) in respect of its long term senior unsecured debt obligations; and

(C) otherwise in the agreed form and in respect of which the Agent has received the legal opinion pursuant to paragraph 4(c) of Schedule 2, Part I (*Conditions precedent to Utilisation*) in form and substance reasonably satisfactory to it,

is maintained in full force and effect subject to paragraph (c) of Clause 20.2 (*Other obligations*) and subject to the proviso to Clause 20.14 (*Acceleration*); and

(ii) thereafter, a several guarantee granted (or in the case of a guarantee from a bank or other financial institution procured) by Melco or another Sponsor Group Shareholder, and a several guarantee granted (or in the case of a guarantee from a bank or other financial institution procured), by PBL, each in respect of the performance by the Borrower of 50% of its payment obligations under this Agreement and which are:

(A) granted in favour of the Security Trustee;

(B) provided by:

(yy) such Sponsor Group Shareholder; or

(zz) a bank or other financial institution reasonably acceptable to the Agent,

rated (and which, throughout the term of the guarantee, continues to be rated) at least A- by S&P (or its equivalent by Moody's) in respect of its long term senior unsecured debt obligations in the case of a Sponsor Group Shareholder and long term unsecured and unsubordinated foreign currency debt in the case of a Bank Guarantor; and

(C) otherwise in the agreed form and in respect of which the Agent has received legal opinions, in the case of PBL, pursuant to paragraph 4(c) of Schedule 2, Part I (*Conditions precedent to Utilisation*) in form and substance reasonably satisfactory to it,

are maintained in full force and effect, subject to paragraph (c) of Clause 20.2 (*Other obligations*) and subject to the proviso to Clause 20.14 (*Acceleration*).

(b) The Borrower will not be required to procure the maintenance of any of the guarantees referred to in (a)(i) or (ii) above on and from the earlier of (i) the date on which the initial utilisation of the Project Facilities has occurred and (ii) the date on which the Subconcession Facility Extension Conditions have been satisfied, **provided that**, at such time, no amount payable by the Borrower under the Finance Documents to which it is a party remains unpaid.

19.14 **Corporate Restructuring and SJM agreements**

The Borrower shall ensure that, as soon as is practicable and, in any event, within 4 months of the Closing Date:

(a) the Corporate Restructuring has been completed (save in relation to paragraph 34 under step 4 of the Corporate Restructuring Memorandum); and

(b) neither it nor any of its Subsidiaries nor any of its or their assets are party or subject to any arrangement with or any claim of any kind, whether existing or future, actual or contingent, by SJM or any of its Affiliates (including any arrangements in respect of the leasing, operation or management of any casino or gaming area),

and promptly following completion of the Corporate Restructuring (save in relation to paragraph 34 under step 4 of the Corporate Restructuring Memorandum) ensure that all Sponsor Group Loans constitute Subordinated Debt.

19.15 **Transaction Documents and other documents**

(a) The Borrower shall promptly pay or ensure the payment of the Premium Price payable to Wynn Macau under the Wynn Agreement as and when it becomes due and otherwise comply, and ensure compliance by PBL, with the Funds Flow Memorandum.

(b) The Borrower shall:

(i) otherwise comply, and ensure compliance by PBL, with the Wynn Agreement;

(ii) procure that PBL agrees to hold its rights and any claims and remedies arising under the Wynn Agreement for the benefit of, and accounts in respect thereof to, the Borrower; and

(iii) take, and ensure PBL takes, all reasonable and practical steps to preserve and enforce such rights (including any rights of the Borrower) and pursue any claims and remedies arising under the Wynn Agreement and the Borrower shall ensure that PBL accounts in respect thereof (and in respect of any proceeds thereof) to the Borrower.

(c) The Borrower shall not, and shall ensure PBL does not, amend, vary, novate, supplement, supersede, waive or terminate any term of a Transaction Document or any other document delivered to the Agent pursuant to paragraph (b) of Clause 5.6 (*Closing Conditions and Conditions Subsequent*) except in writing and:

(i) prior to or on the Closing Date, with the prior written consent of the Agent; or

(ii) after the Closing Date, in a way which could not reasonably be expected materially and adversely to affect the interests of the Finance Parties.

19.16 **Project**

The Borrower shall, and shall take all such actions and do all such things reasonably necessary to, diligently pursue, and to ensure Melco Hotels diligently pursues, the Project taking into account all circumstances affecting the progress of the Project as disclosed to the Agent by the Borrower in writing from time to time.

19.17 **Subconcession Contract**

The Borrower shall comply (and ensure each of its direct and indirect shareholders to the extent they have any such obligations complies) with and take all reasonable and practical steps to preserve and enforce its rights and pursue any claims and remedies arising under the Subconcession Contract.

20. **EVENTS OF DEFAULT**

Each of the events or circumstances set out in Clause 20 is an Event of Default.

20.1 **Non-payment**

The Borrower or any Sponsor Guarantor does not pay within 2 Business Days of its due date any amount payable pursuant to a Finance Document to which it is respectively a party at the place at and in the currency in which it is expressed to be payable.

20.2 **Other obligations**

(a) The Borrower or a Sponsor Guarantor does not comply with any provision of the Finance Documents (other than those referred to in Clause 20.1 (*Non-payment*)).

(b) No Event of Default under paragraph (a) will occur if the failure to comply is capable of remedy and is remedied within 15 Business Days of the Agent giving notice to the Borrower or such Sponsor Guarantor or, if earlier, the Borrower becoming aware of the failure to comply.

(c) The long term senior unsecured debt obligations rating of any Sponsor Guarantor or the long term unsecured and unsubordinated foreign currency debt rating of any Bank Guarantor falls below BBB+ stable by S&P (or its equivalent by Moody's) and such Sponsor Guarantor or Bank Guarantor is not replaced within 30 days of such downgrade by a grantor with a long term senior unsecured debt obligations rating in the case of a Sponsor Guarantor or a long term senior unsecured and unsubordinated foreign currency debt rating in the case of a Bank Guarantor of at least A- by S&P (or its equivalent by Moody's).

20.3 **Misrepresentation**

Any representation or statement made or deemed to be made by the Borrower or a Sponsor Guarantor in the Finance Documents to which it is respectively a party or any other document delivered by or on behalf of the Borrower or a Sponsor Guarantor
under or in connection with any Finance Document to which it is respectively a party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

20.4 **Cross default**

(a) Any Financial Indebtedness of the Borrower or a Sponsor Guarantor is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any Borrower or a Sponsor Guarantor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of the Borrower or a Sponsor Guarantor is cancelled or suspended by a creditor of the Borrower or a Sponsor Guarantor as a result of an event of default (however described).

(d) Any creditor of the Borrower becomes entitled to declare any Financial Indebtedness of the Borrower due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under this Clause 20.4 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is respectively less than:

(i) $5 million (or its equivalent in any other currency or currencies) in the case of the Borrower; or

(ii) $25 million (or its equivalent in any other currency or currencies) in the case of a Sponsor Guarantor.

20.5 **Insolvency**

(a) The Borrower or a Sponsor Guarantor is unable or admits inability to pay its debts as they fall due, or by reason of actual or anticipated financial difficulties suspends making payments on any of its debts (which, in aggregate, in the case of the Borrower or any Sponsor Guarantor, exceed the amount respectively specified in relation to it in Clause 20.4(e) (*Cross default*)) or commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness (which, in aggregate, in the case of the Borrower or any Sponsor Guarantor, exceeds the amount respectively specified in relation to it in Clause 20.4(e) (*Cross default*)).

(b) A moratorium is declared in respect of any indebtedness of the Borrower or a Sponsor Guarantor (which, in aggregate, in the case of the Borrower or any Sponsor Guarantor, exceeds the amount respectively specified in relation to it in Clause 20.4(e) (*Cross default*)).

20.6 **Insolvency proceedings**

Any corporate action, legal proceedings or other formal procedure or formal step (other than any which the Borrower can demonstrate to the reasonable satisfaction of the Agent is frivolous or vexatious) is taken in relation to:

(a) the suspension of payments (which, in aggregate, in the case of the Borrower or any Sponsor Guarantor, exceeds the amount respectively specified in relation to it in Clause 20.4(e) (*Cross default*)), a moratorium of any indebtedness (which, in aggregate, in the case of the Borrower or any Sponsor Guarantor, exceeds the amount respectively specified in relation to it in Clause 20.4(e) (*Cross default*)), winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Borrower or a Sponsor Guarantor;

(b) a composition, compromise, assignment or arrangement with any creditor of the Borrower or a Sponsor Guarantor (which, in aggregate, exceeds the amount respectively specified in relation to it in Clause 20.4(e) (*Cross Default*));

(c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory or interim manager or other similar officer in respect of the Borrower or a Sponsor Guarantor or any of its assets (in the case of the Borrower) or any material portion of its assets (in the case of any Sponsor Guarantor); or

(d) enforcement of any Security over any assets of the Borrower (which exceeds the amount specified in Clause 20.4(e)(i)(*Cross Default*)) or any material portion of the assets of a Sponsor Guarantor,

or any analogous procedure or step is taken in any jurisdiction and in all such cases such legal proceedings, procedure or step is not dismissed or withdrawn within 15 Business Days thereafter or if earlier the date of appointment of such person referred to in Clause 20.6(c).

20.7 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Borrower or a Sponsor Guarantor in respect of a final judgment in an aggregate amount equivalent to:

(a) $5 million (or its equivalent in any other currency or currencies) in the case of the Borrower;

(b) $25 million (or its equivalent in any other currency or currencies) in the case of a Sponsor Guarantor,

and is either not discharged or the Borrower or any Sponsor is unable to satisfy the Agent acting on the instructions of the Majority Lenders that there is no substantial basis for such action in each case within 15 Business Days.

20.8 **Unlawfulness and invalidity**

(a) It is or becomes unlawful for the Borrower, a Sponsor Guarantor or a Bank Guarantor to perform any of its obligations under the Finance Documents to which it is a party.

(b) Any material obligation of the Borrower or any Sponsor Guarantor or Bank Guarantor under any of the Finance Documents to which it is a party are not or cease to be legal, valid, binding or enforceable.

(c) Any Finance Document ceases to be in full force and effect or any subordination created or expressed to be created under the Intercreditor Agreement is not or ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

20.9 **Repudiation**

The Borrower, a Sponsor Guarantor or a Bank Guarantor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

20.10 **Subconcession Contract**

(a) Any call or drawing is made by the Macau SAR under the Subconcession Bank Guarantee unless the Subconcession Bank Guarantee is fully reinstated within 30 days thereof in accordance with the Subconcession and no other Event of Default has occurred or will result from such reinstatement.

(b) Any temporary administrative intervention is made by the Macau SAR pursuant to article 79 of the Subconcession Contract.

(c) The Macau SAR gives any notice of or takes any other formal step which may lead to the unilateral discharge or termination of the Subconcession Contract pursuant to article 80 thereof or otherwise, any of the events specified in article 80(2) occurs, or the Macau SAR gives notice pursuant to article 80(3) of the Subconcession Contract and the Borrower fails to comply with the terms thereof within the grace period specified therein.

(d) The Subconcession Contract is not issued to the Borrower, does not become or ceases to be effective, is repudiated by the Borrower or any other party thereto (or the Borrower or such party evidences an intention to do so) or any agreement is made for its discharge or termination.

20.11 **Abandonment**

The Borrower abandons or otherwise ceases (in the determination of the Agent, acting reasonably, after taking account of all circumstances affecting the progress of the Project disclosed to it in writing by the Borrower from time to time) to take all such actions or do all such things reasonably necessary to diligently pursue or to ensure that Melco Hotels diligently pursues the Project.

20.12 **Change of Control**

A Change of Control occurs.

20.13 **Material adverse change**

Any event or circumstance occurs which the Majority Lenders reasonably believe might have a Material Adverse Effect.

20.14 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

(a) cancel the Total Commitments whereupon they shall immediately be cancelled;

(b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable;

(c) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or

(d) exercise or direct the Security Trustee to exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents,

provided that notwithstanding the foregoing, if any of the events or circumstances set out in any of Clauses 20.2 to 20.9 inclusive occurs with respect to:

(i) PBL; or

(ii) any Sponsor Guarantor procured by Melco,

(each an "**Event**") in circumstances where there has been no Event of Default under Clause 20.1, then in the case of paragraph (i) above, Melco and in the case of paragraph (ii) above, PBL respectively, may within 10 Business Days following the date upon which it becomes aware of such Event give notice to the Agent whereupon the Finance Parties must and hereby agree not to exercise their rights under this Clause 20.14 in respect of any such Events and shall promptly upon receipt by the Agent of such notice, and hereby agree to, meet and negotiate in good faith with Melco, or as the case may be, PBL, to agree a replacement Sponsor Guarantor or other arrangements acceptable to the Finance Parties.

If no agreement can be reached within 10 Business Days following the date upon which Melco or, as the case may be, PBL becomes aware of such Event, the Agent may, and shall if directed by the Majority Lenders, by notice to the Borrower provided an Event of Default is at that time continuing, exercise any of its rights under this Clause 20.14.

SECTION 8
CHANGES TO PARTIES

21. CHANGES TO THE LENDERS

21.1 Assignments and transfers by the Lenders

Subject to this Clause 21, a Lender (the "**Existing Lender**") may:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the " **New Lender**").

21.2 Conditions of assignment or transfer

(a) An Existing Lender must, prior to 30 April 2007, obtain the consent of the Borrower and, thereafter, consult with the Borrower for no more than 7 days before it may make an assignment or transfer in accordance with Clause 21.1 (*Assignments and transfers by the Lenders*) unless, in either case, the assignment or transfer is:

(i) to another Lender or an Affiliate of a Lender;

(ii) made at a time when an Event of Default is continuing.

(b) An assignment will only be effective on:

(i) receipt by the Agent of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and

(ii) performance by the Agent of all necessary "**know your customer**" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.

(c) A transfer will only be effective if the procedure set out in Clause 21.5 (*Procedure for transfer*) is complied with.

(d) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax gross-up and indemnities*) or Clause 13 (*Increased costs*),

then the New Lender or Lender acting through its

new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

(e) the restrictions in this Clause 21.2 (*Conditions of assignment or transfer*) shall also apply *mutatis mutandis* to each Lender in respect of any participations or sub-participations which are proposed to be entered into prior to 30 April 2007.

21.3 **Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of $1,500.

21.4 **Limitation of responsibility of Existing Lenders**

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of the Borrower or any Sponsor Guarantor;

(iii) the performance and observance by the Borrower or any Sponsor Guarantor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the Borrower and each Sponsor Guarantor and their related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of the Borrower and each Sponsor Guarantor and their related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause 21; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by the Borrower or any Sponsor Guarantor of its obligations under the Finance Documents or otherwise.

21.5 **Procedure for transfer**

(a) Subject to the conditions set out in Clause 21.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "**know your customer**" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) On the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents the Borrower and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the " **Discharged Rights and Obligations**");

(ii) the Borrower and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Borrower and the New Lender have assumed and/or acquired the same in place of the Borrower and the Existing Lender;

(iii) the Agent, the Arrangers, the Security Trustee, the Account Bank, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arrangers, the Security Trustee, the Account Bank and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "**Lender**".

21.6 **Disclosure of information**

Any Finance Party may disclose to:

(a) any of its Affiliates;

(b) its head office and any other branch;

(c) any other Finance Party;

(d) any of its professional advisers and other persons providing services to it;

(e) the Borrower or any Sponsor Group Shareholder;

(f) any person permitted by the Borrower or any Sponsor Group Shareholder;

(g) any person to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation; and

(h) any other person:

(i) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement; or

(ii) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement, the Borrower or any Sponsor Guarantor,

any information about the Borrower, any Sponsor Guarantor, the Group and the Finance Documents as that Finance Party shall consider appropriate if, in relation to paragraphs (h)(i) and (h)(ii) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

22. **CHANGES TO THE OBLIGORS**

The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

SECTION 9
THE FINANCE PARTIES

23. ROLE OF THE SECURITY TRUSTEE AND THE ACCOUNT BANK

23.1 **Trust**

The Security Trustee declares that it shall hold the Sponsor Guarantees and any other Security granted to and accepted by it as security for the Borrower's obligations under this Agreement ("**Other Security**") on trust for the Finance Parties on the terms contained in this Agreement. Each of the Parties to this Agreement agrees that the Security Trustee shall have only those duties, obligations and responsibilities expressly specified in this Agreement (and no others shall be implied).

23.2 **Account Bank**

Each of the Parties to this Agreement agrees that the Account Bank shall have only those duties, obligations and responsibilities contemplated herein (and no others shall be implied) and the Account Bank shall not be, nor shall it be construed to be, the agent or a trustee or fiduciary of any person.

23.3 **No Independent Power**

The Finance Parties shall not have any independent power to enforce, or have recourse to, any of the Sponsor Guarantees or Other Security or to exercise any rights or powers arising under the Sponsor Guarantees or any Other Security except through the Security Trustee.

23.4 **Instructions**

Each of the Security Trustee and the Account Bank shall:

(a) unless a contrary indication appears in a Finance Document, or any document evidencing Other Security, act in accordance with any instructions given to it by the Agent and shall be entitled to assume that (i) any instructions received by it from the Agent are duly given by or on behalf of the Majority Lenders or, as the case may be, the Lenders in accordance with the terms of the Finance Documents and (ii) unless it has received actual notice of revocation, that any instructions or directions given by the Agent have not been revoked;

(b) in the case of the Account Bank, in relation to any withdrawal from the Disbursement Account, be entitled to act upon (i) a request of the Borrower only if confirmed by the Agent or (ii) a request by the Agent;

(c) be entitled to request instructions, or clarification of any direction, from the Agent as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers and discretions and may refrain from acting unless and until those instructions or clarification are received by it; and

(d) be entitled to carry out all dealings with the Lenders through the Agent and may give to the Agent any notice or other communication required to be given by it to the Lenders.

23.5 **Security Trustee's Actions**

Subject to the provisions of this Clause 23.5:

(a) the Security Trustee may, in the absence of any instructions to the contrary, take such action in the exercise of any of its powers and duties under the Finance Documents or any Other Security which in its absolute discretion it considers to be for the protection and benefit of all the Finance Parties; and

(b) at any time after receipt by the Security Trustee of notice from the Agent directing the Security Trustee to exercise all or any of its rights, remedies, powers or discretions under any of the Finance Documents or any Other Security, the Security Trustee may, and shall if so directed by the Agent, take any action as in its sole discretion it thinks fit to enforce the Sponsor Guarantees or, as the case may be, any Other Security.

23.6 **Discretions**

The Security Trustee and the Account Bank may:

(a) assume (unless it has received actual notice to the contrary in its capacity as Security Trustee for the Finance Parties or Account Bank) that (i) no Default has occurred and the Borrower, each Sponsor Guarantor and any grantor of Other Security is not in breach of or default under its obligations under any of the Finance Documents or any Other Security and (ii) any right, power, authority or discretion vested in any person has not been exercised;

(b) if it receives any instructions or directions from the Agent to take any action in relation to the Sponsor Guarantees or any Other Security or the Disbursement Account, assume that all applicable conditions under the Finance Documents or any Other Security (as the case may be) for taking that action have been satisfied;

(c) engage, pay for and rely on the advice or services of any lawyers, accountants or other experts (whether obtained by it or by any other Finance Party) whose advice or services may at any time seem necessary, expedient or desirable;

(d) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Finance Party, the Borrower, a Sponsor Guarantor or grantor of Other Security, upon a certificate signed by or on behalf of that person; and

(e) refrain from acting in accordance with the instructions of the Agent or Lenders (including bringing any legal action or proceeding arising out of or in connection with the Finance Documents or any Other Security) until it has received any indemnification and/or security that it may in its absolute discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in bringing such action or proceedings.

23.7 **Obligations**

(a) The Security Trustee shall promptly inform the Agent of:

(i) the contents of any notice or document received by it in its capacity as Security Trustee from the Borrower or a Sponsor Guarantor under any Finance Document or a grantor of Other Security in respect thereof; and

(ii) the occurrence of any Default or any default by the Borrower or a Sponsor Guarantor or a grantor of Other Security in the due performance of or compliance with its obligations under any Finance Document or Other Security of which the Security Trustee has received notice from any other party to a Finance Document or Other Security.

(b) The Account Bank shall open and maintain the Disbursement Account in the manner contemplated by Clause 5.5 (*Limitations on Utilisations*) and shall promptly inform the Agent of:

(i) any deposit to or withdrawal from the Disbursement Account and the amount thereof; and

(ii) the contents of any notice or document received by it in its capacity as Account Bank from the Borrower (including any request for withdrawal from the Disbursement Account).

(c) The Account Bank shall not exercise any right of netting or set-off over the monies standing to the credit of the Disbursement Account without the prior consent of the Agent.

23.8 **Excluded Obligations**

Neither the Security Trustee nor the Account Bank shall:

(a) be bound to enquire as to the occurrence or otherwise of any Default or the performance, default or any breach by the Borrower or a Sponsor Guarantor or a grantor of Other Security of its obligations under any of the Finance Documents or Other Security;

(b) be bound, in the case of the Account Bank, to check the application by the Borrower of any funds withdrawn by it from the Disbursement Account;

(c) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;

(d) be bound to disclose to any other person (including any Finance Party) (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty;

(e) be under any obligations other than those which are specifically provided for in the Finance Documents or Other Security; or

(f) have or be deemed to have any duty, obligation or responsibility to, or relationship of trust or agency with, the Borrower, any Sponsor Guarantor or grantor of Other Security.

23.9 **Exclusion of liability**

Unless caused directly by its gross negligence or wilful misconduct, neither the Security Trustee nor the Account Bank shall accept responsibility or be liable for:

(a) the adequacy, accuracy and/or completeness of any information supplied by it or any other person in connection with the Finance Documents or Other Security or the transactions contemplated in the Finance Documents or Other Security, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents or Other Security;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or Other Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or Other Security;

(c) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents or Other Security or otherwise, whether in accordance with an instruction from an Agent or otherwise;

(d) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents or Other Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents or Other Security; or

(e) any shortfall which arises on the enforcement of the Sponsor Guarantees or Other Security.

23.10 **No proceedings**

No Party (other than, in respect of its officer, employee or agent, the Security Trustee or the Account Bank) may take any proceedings against any officer, employee or agent of the Security Trustee or the Account Bank in respect of any claim it might have against the Security Trustee or the Account Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or Other Security and any officer, employee or agent of the Security Trustee or the Account Bank may rely on this Clause subject to Clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

23.11 **Own responsibility**

It is understood and agreed by each Finance Party that at all times that Finance Party has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigation into all risks arising under or in connection with the Finance Documents or Other Security including but not limited to:

(a) the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower, the Sponsor Guarantors or any grantor of Other Security;

(b) the legality, validity, effectiveness, adequacy and enforceability of each of the Finance Documents and Other Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents or Other Security;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against the Borrower, the Sponsor Guarantors or any grantor of Other Security or any other person or any of their respective assets under or in connection with the Finance Documents or Other Security, the transactions contemplated in the Finance Documents or Other Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under to or in connection with the Finance Documents or Other Security; and

(d) the adequacy, accuracy and/or completeness of any information provided by any person in connection with the Finance Documents or Other Security, the transactions contemplated in the Finance Documents or Other Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with the Finance Documents or Other Security,

and each Finance Party warrants to the Security Trustee and the Account Bank that it has not relied on and will not at any time rely on the Security Trustee or the Account Bank in respect of any of these matters.

23.12 **Refrain from Illegality**

The Security Trustee and the Account Bank may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction which would or might otherwise render it liable to any person, and the Security Trustee and the Account Bank may do anything which is, in its opinion, necessary to comply with any law, directive or regulation.

23.13 **Business with the Borrower**

The Security Trustee and the Account Bank may accept deposits from, lend money to, and generally engage in any kind of banking or other business with the Borrower, a Sponsor Guarantor or any grantor of Other Security.

23.14 **Winding up of Trust**

If the Security Trustee, with the approval of the Majority Lenders, determines that (a) all of the obligations guaranteed by any of the Sponsor Guarantees or secured by any Other Security have been fully and finally discharged and (b) none of the Finance Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to the Borrower pursuant to the Finance Documents, the trusts set out in this Agreement shall be wound up and the Security Trustee shall release, without recourse or warranty, all of the Sponsor Guarantees and any Other Security and the rights of the Security Trustee under each of the Sponsor Guarantees and any Other Security.

23.15 **Perpetuity Period**

The perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of eighty years from the date of this Agreement.

23.16 **Powers Supplemental**

The rights, powers and discretions conferred upon the Security Trustee by this Agreement shall be supplemental to the Trustee Acts 1925 and 2000 and in addition to any which may be vested in the Security Trustee by general law or otherwise.

23.17 **Trustee division separate**

In acting as trustee for the Finance Parties, the Security Trustee shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments and any information received by any other division or department of the Security Trustee may be treated as confidential and shall not be regarded as having been given to the Security Trustee's trustee division.

23.18 **Disapplication**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Acts 1925 and 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

23.19 **Resignation of Security Trustee**

(a) The Security Trustee may resign and appoint one of its Affiliates as successor by giving notice to the other Parties (or to the Agent on behalf of the Lenders).

(b) Alternatively the Security Trustee may resign by giving notice to the other Parties (or to the Agent on behalf of the Lenders) in which case the Majority Lenders may appoint a successor Security Trustee.

(c) If the Majority Lenders have not appointed a successor Security Trustee in accordance with paragraph (b) above within 30 days after the notice of resignation was given, the Security Trustee (after consultation with the Agent) may appoint a successor Security Trustee.

(d) The retiring Security Trustee shall, at its own cost, make available to the successor Security Trustee such documents and records and provide such assistance as the successor Security Trustee may reasonably request for the purposes of performing its functions as Security Trustee under the Finance Documents and any Other Security.

(e) The Security Trustee's resignation notice shall only take effect upon (i) the appointment of a successor and (ii) the transfer of all of the Sponsor Guarantees and any Other Security to that successor.

(f) Upon the appointment of a successor, the retiring Security Trustee shall be discharged from any further obligation in respect of the Finance Documents or Other Security but shall remain entitled to the benefit of Clauses 24 (*Role of the*

Agent and the Arrangers) and this Clause 23.19 (*Resignation of Security Trustee*). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) The Majority Lenders may, by notice to the Security Trustee, require it to resign in accordance with paragraph (b) above. In this event, the Security Trustee shall resign in accordance with paragraph (b) above.

23.20 **Delegation**

(a) The Security Trustee may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by any of the Finance Documents or Other Security.

(b) The delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions as the Security Trustee may think fit in the interests of the Finance Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any delegate or sub-delegate.

23.21 **Additional trustees**

(a) The Security Trustee may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it (i) if it considers that appointment to be in the interests of the Finance Parties or (ii) for the purposes of conforming to any legal requirements, restrictions or conditions which the Security Trustee deems to be relevant or (iii) for obtaining or enforcing any judgment in any jurisdiction, and the Security Trustee shall give prior notice to the Borrower and the Agent of that appointment.

(b) Any person so appointed shall have the rights, powers and discretions (not exceeding those conferred on the Security Trustee by this Agreement) and the duties and obligations that are conferred or imposed by the instrument of appointment.

(c) The remuneration that the Security Trustee may pay to any person, and any costs and expenses incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Trustee.

23.22 **Closure of Disbursement Account**

Following withdrawal of the balance thereof in accordance with the terms contemplated by Clause 5.5(b) (*Limitations on Utilisations*), the Account Bank shall close the Disbursement Account and shall thereafter cease to have any obligations hereunder in its capacity as Account Bank (albeit without prejudice to any accrued liabilities it may have hereunder).

24. ROLE OF THE AGENT AND THE ARRANGERS

24.1 Appointment of the Agent

(a) Each of the Arrangers and the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the Arrangers and the Lenders authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

24.2 Duties of the Agent

(a) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(d) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, an Arranger or the Security Trustee) under this Agreement it shall promptly notify the other Finance Parties.

(e) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

24.3 Role of the Arrangers

Except as specifically provided in the Finance Documents, the Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

24.4 No fiduciary duties

(a) Nothing in this Agreement constitutes the Agent or any Arranger as a trustee or fiduciary of any other person.

(b) Neither the Agent, the Security Trustee, the Account Bank nor any Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

24.5 Business with the Borrower

The Agent, the Security Trustee, the Account Bank and the Arrangers may accept deposits from, lend money to and generally engage in any kind of banking or other business with the Borrower and the Sponsor Guarantors.

24.6 Rights and discretions of the Agent

(a) The Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 20.1 (*Non-payment*)), nor shall it be bound to enquire as to the occurrence or otherwise of any Default; and

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

(c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor any Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

24.7 **Majority Lenders' and Individual Lender's instructions**

(a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties other than the Security Trustee and the Account Bank.

(c) An individual Lender shall be entitled to direct the Agent to give instructions to the Security Trustee in relation to any action under the Sponsor Guarantees but in respect only of any monies owed by the Borrower to such Lender in the circumstances set out under Clause 7.5 (*Failure to achieve Project CP Satisfaction Date or satisfy Subconcession Facility Extension Conditions*) or in circumstances where any other monies owed by the Borrower under the Finance Documents are owed to such Lender but not all the Lenders.

(d) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the relevant Lenders) until it has received such security as it may require for any cost, loss or liability which it may incur in complying with the instructions.

(e) In the absence of instructions from the Majority Lenders, (or, if appropriate, the relevant Lenders) the Agent may act (or refrain from taking action) as it considers in its absolute discretion to be in the best interest of the Lenders.

(f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

24.8 **Responsibility for documentation**

Neither the Agent nor any Arranger:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Arrangers, the Borrower, any Sponsor Group Shareholder or any other person given in or in connection with any Finance Document; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document.

24.9 **Exclusion of liability**

(a) Without limiting paragraph (b) below, the Agent will not be liable for any action taken by it or for refraining from taking any such action under or in connection with any Finance Document, or for exercising or failing to exercise any judgment, discretion or power thereunder, or for any shortfall which arises on the enforcement of any Finance Document unless directly caused by its gross negligence or wilful misconduct.

(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this Clause subject to Clause 1.4 (*Third Party Rights*) and the provisions of the Contracts (Rights of Third Parties) Act 1999.

(c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Agent or any Arranger to carry out any " **know your customer**" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Arrangers that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or any Arranger.

24.10 **Lenders' indemnity**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify each of the Agent, the Security Trustee and the Account Bank, within three Business Days of demand, against any cost, loss or liability incurred by the Agent, the Security Trustee or the Account Bank (otherwise than by reason of the Agent's, the Security Trustee's or the Account Bank's gross negligence or wilful misconduct) in acting as Agent, Security Trustee or Account Bank under the Finance Documents (unless the Agent, the Security Trustee or the Account Bank has been reimbursed by the Borrower pursuant to a Finance Document), save that in relation to any instructions given pursuant to paragraph (c) of Clause 24.7 (*Majority Lenders' and Individual Lender's instructions*), references to each Lender in this Clause 24.10 (*Lenders' indemnity*) shall be construed as a reference to the Lender giving directions (or, if more than one such Lender, such Lenders' in proportion to their Commitments or, following the first Utilisation Date, their proportions of the Loan owed to such Lenders at such time).

24.11 **Resignation of the Agent**

(a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the Lenders and the Borrower.

(b) Alternatively the Agent may resign by giving notice to the Lenders and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent.

(c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Borrower) may appoint a successor Agent.

(d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(e) The Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 24. Its successor and each of the other Parties

shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Borrower, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.

24.12 **Confidentiality**

(a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

24.13 **Relationship with the Lenders**

(a) The Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Each Lender shall supply the Agent with any information that the Security Trustee may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Trustee to perform its functions as Security Trustee. Each Lender shall deal with the Security Trustee exclusively through the Agent and shall not deal directly with the Security Trustee.

24.14 **Credit appraisal by the Lenders**

Without affecting the responsibility of the Borrower for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Arrangers that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of the Borrower and any Sponsor Guarantor;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(c) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(d) the adequacy, accuracy and/or completeness of any other information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

24.15 **Agent's Management Time**

Any amount payable to the Agent under Clause 14.3 (*Indemnity to the Agent*), Clause 16 (*Costs and expenses*) and Clause 24.10 (*Lenders' indemnity*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Borrower and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 11 (*Fees*).

24.16 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

24.17 **Reliance and engagement letters**

Each Finance Party confirms that each of the Arrangers and the Agent has authority to accept on its behalf and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arrangers or Agent, the terms of any reliance letter or engagement letters relating to any reports or letters provided by any advisers in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

25. **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

26. **SHARING AMONG THE FINANCE PARTIES**

26.1 **Payments to Finance Parties**

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from the Borrower other than in accordance with Clause 27 (*Payment mechanics*) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 27 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the " **Sharing Payment**") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 27.5 (*Partial payments*).

26.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the Borrower and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 27.5 (*Partial payments*).

26.3 **Recovering Finance Party's rights**

(a) On a distribution by the Agent under Clause 26.2 (*Redistribution of payments*), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the Borrower shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

26.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Lender which has received a share of the relevant Sharing Payment pursuant to Clause 26.2 (*Redistribution of payments*) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

(b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the Borrower will be liable to the reimbursing Finance Party for the amount so reimbursed.

26.5 **Exceptions**

(a) This Clause 26 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the Borrower.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 10
ADMINISTRATION

27. PAYMENT MECHANICS

27.1 Payments to the Agent

(a) On each date on which the Borrower or a Lender is required to make a payment under a Finance Document, the Borrower or the Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Agent specifies.

27.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 27.3 (*Distributions to the Borrower*), Clause 27.4 (*Clawback*) and Clause 24.16 (*Deduction from amounts payable by the Agent*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency.

27.3 Distributions to the Borrower

The Agent may (with the consent of the Borrower or in accordance with Clause 28 (*Set-off*)) apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

27.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

27.5 Partial payments

(a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Agent shall apply that payment towards the obligations of the Borrower under the Finance Documents in the following order:

(i) first, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent, the Security Trustee, the Account Bank and the Arrangers under the Finance Documents;

(ii) secondly, in or towards payment *pro rata* of any accrued interest, fee or commission due but unpaid under this Agreement;

(iii) thirdly, in or towards payment *pro rata* of any principal due but unpaid under this Agreement; and

(iv) fourthly, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by the Borrower or a Sponsor Guarantor.

27.6 **No set-off by Borrower**

All payments to be made by the Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

27.7 **Business Days**

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

27.8 **Currency of account**

(a) Subject to paragraphs (b) and (c) below the dollar is the currency of account and payment for any sum from the Borrower or any Sponsor Guarantor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than the dollar shall be paid in that other currency.

28. **SET-OFF**

A Finance Party may if an Event of Default is continuing set off any matured obligation due from the Borrower under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the

obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

29. **NOTICES**

29.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

29.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Borrower, that identified with its name below;

(b) in the case of each Lender, that identified with its name below or notified in writing to the Agent; and

(c) in the case of the Agent, the Security Trustee or the Account Bank, that identified with its name below,

or any substitute address or fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

29.3 **Delivery**

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 29.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent, the Security Trustee or the Account Bank will be effective only when actually received by the Agent, the Security Trustee or the Account Bank and then only if it is expressly marked for the attention of the department or officer identified with the Agent's, Security Trustee's or Account Bank's signature below (or any substitute department or officer as the Agent, the Security Trustee or the Account Bank shall specify for this purpose).

(c) All notices from or to the Borrower shall be sent through the Agent.

(d) Any communication or document made or delivered to the Borrower in accordance with this Clause will be deemed to have been made or delivered to the Guarantor.

29.4 **Notification of address and fax number**

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 29.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

29.5 **Electronic communication**

(a) Any communication to be made between the Agent and the Security Trustee, the Account Bank or a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent, the Security Trustee, the Account Bank and the relevant Lender:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Agent and a Lender, the Security Trustee or the Account Bank will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Agent, the Security Trustee or the Account Bank only if it is addressed in such a manner as the Agent, the Security Trustee or the Account Bank shall specify for this purpose.

29.6 **English language**

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

30. CALCULATIONS AND CERTIFICATES

30.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

30.2 Certificates and Determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

30.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

31. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

32. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

33. AMENDMENTS AND WAIVERS

33.1 Required consents

(a) Subject to Clause 33.2 (*Exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrower and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause.

33.2 Exceptions

(a) An amendment or waiver that has the effect of changing or which relates to:

(i) the definition of "**Majority Lenders**" in Clause 1.1 (*Definitions*);

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iv) a change in currency of payment of any amount under the Finance Documents;

(v) an increase in or an extension of any Commitment or any additional obligation on a Lender to lend money or provide any other form of credit;

(vi) a change to the Borrower or (other than in accordance with Clause 19.13 (*Sponsor Guarantees*)) the Sponsor Guarantors;

(vii) any provision which expressly requires the consent of all the Lenders;

(viii) Clause 2.2 (*Finance Parties' rights and obligations*), Clause 4.1 (*Initial conditions* precedent), Clause 7.5 (*Failure to achieve Project CP Satisfaction Date or satisfy Subconcession Facility Extension Conditions*), Clause 7.6 (*Non-committed debt*), Clause 19.13 (*Sponsor Guarantees*), Clause 21 (*Changes to the Lenders*) or this Clause 33; or

(ix) the release of either of the Sponsor Guarantees or any Other Security unless permitted under this Agreement,

shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of the Agent, the Security Trustee, the Account Bank or an Arranger may not be effected without the consent of the Agent, the Security Trustee, the Account Bank or the Arranger.

34. **COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 11
GOVERNING LAW AND ENFORCEMENT

35. **GOVERNING LAW**

This Agreement is governed by English law.

36. **ENFORCEMENT**

36.1 **Jurisdiction**

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a "**Dispute**").

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 36.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

36.2 **Service of process**

Without prejudice to any other mode of service allowed under any relevant law, the Borrower:

(a) irrevocably appoints ACP Media (UK) Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(b) agrees that failure by an agent for service of process to notify the Borrower of the process will not invalidate the proceedings concerned.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1
THE ORIGINAL LENDERS

Name of Original Lender	Commitment
Australia and New Zealand Banking Group Limited	US$125,000,000
Bank of America, N.A.	US$125,000,000
Barclays Bank PLC	US$125,000,000
Deutsche Bank AG, Hong Kong Branch	US$125,000,000
Total	US$500,000,000

SCHEDULE 2

Part I
Conditions precedent to Utilisation

1. **Borrower and PBL**

(a) A copy of the Commercial Certificate incorporating the Articles of Association of the Borrower and a copy of the Constitutional Documents of PBL.

(b) A copy of:

(A) the resolutions of the directors of the Borrower attaching copies of the mandates from four of the directors of the Borrower authorising one director to sign such resolutions; and

(B) an extract of the resolutions of the board of directors of PBL,

in each case:

(i) approving (and in the case of PBL, approving and/or ratifying) the terms of, and the transactions contemplated by, the Wynn Agreement, the Subconcession Contract and the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Transaction Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents, certificates, declarations and notices (including, in the case of the Borrower, the Utilisation Request, the Closing Declaration and any Selection Notice in respect of the Facility) and, in the case of PBL, the Closing Certificate, to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above in relation to the Finance Documents and related documents.

(d) A declaration of an authorised signatory of the Borrower and a certificate of an authorised signatory of PBL declaring (in the case of the Borrower) and confirming (in the case of PBL) that borrowing or guaranteeing, as appropriate, the Total Commitments or the entry into or performance under any of the Transaction Documents to which it is a party would not cause any borrowing, guarantee or similar limit or any other Legal Requirement binding on it, to be exceeded.

(e) A declaration of an authorised signatory of the Borrower and a certificate of an authorised signatory of PBL declaring (in the case of the Borrower) and certifying (in the case of PBL) that each document, copy document and other evidence

relating to it (and, in the case of the Borrower, each other document, copy document or other evidence) specified in Part I of this Schedule is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Utilisation Request.

2. **Transaction Documents**

A copy of the Wynn Agreement.

3. **Finance Documents**

(a) This Agreement executed by the Borrower.

(b) A guarantee executed by PBL in favour of the Security Trustee in respect of the Borrower's obligations under or in relation to this Agreement.

(c) The Commitment Letter executed by the Sponsors and the Borrower and the Arrangers and the Fee Letters executed by the Borrower and the Arrangers.

4. **Legal opinions**

The following legal opinions, each substantially in the form distributed to the Original Lenders prior to signing of this Agreement:

(a) A legal opinion of Manuela António Law Office, legal advisers to the Borrower, as to Macanese law;

(b) A legal opinion of Henrique Saldanha, legal advisers to the Agent, the Security Trustee and the Arrangers, as to Macanese law;

(c) A legal opinion of Corrs Chambers Westgarth, legal advisers to PBL as to New South Wales law; and

(d) A legal opinion of Clifford Chance, legal adviser to the Agent, the Security Trustee and the Arrangers, as to English law.

5. **Other documents and evidence**

(a) Copy letter from Bank of America N.A., Hong Kong Branch to the Agent confirming that the Disbursement Account has been established.

(b) Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 11 (*Fees*) and Clause 16.1 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date.

(c) Copy of a letter from the agent for service of process referred to in Clause 36.2 (*Service of process*) confirming that it has accepted its appointment.

(d) A copy of the Funds Flow Memorandum.

(e) A copy of the Corporate Restructuring Memorandum.

Part II

Closing Declaration/Certificate

A declaration of the Borrower (signed by an authorised signatory) and a certificate of PBL (signed by an authorised signatory) each addressed to the Agent and the Account Bank declaring (in the case of the Borrower) and certifying (in the case of PBL) that:

(i) each of the matters specified in clauses 3.1, 3.2, 5.1 and 5.2 of the Wynn Agreement has been satisfied or, with the consent of the Agent, waived (other than payment of the Premium Price under clause 3.2(b)(i) of the Wynn Agreement which will be satisfied upon disbursement from the Disbursement Account);

(ii) except as specified in this Agreement, the Wynn Agreement has not been amended, varied, novated, supplemented, superseded, waived or terminated except with the consent of the Agent;

(iii) the Borrower is not aware of any breach of any warranty or any claim under the Wynn Agreement;

(iv) paragraphs 1 to 4 of step 1 and paragraphs 5 to 17 of step 2 in the Corporate Restructuring Memorandum have been completed;

(v) as contemplated by of the Corporate Restructuring Memorandum, the issued share capital of the Borrower is as follows:

Shareholder	No. of Shares in the Borrower
PBL Asia Limited	8,999 Class B Shares
Petelex Pty Limited	1 Class B Share
Manuela Antonio	1,000 Class A Shares

(vi) all of the shares in the Borrower referred to in sub-paragraph (v) above are fully paid;

(vii) following the entry into the Subconcession Contract and upon receipt of the relevant consents and approvals from the Macau SAR:

(a) PBL Asia Limited will be issued with a further 1,791,000 Class B Shares in the Borrower (bringing its total shareholding in the Borrower to 1,799,999 Class B Shares);

(b) Manuela Antonio will be issued with a further 199,000 Class A shares in the Borrower (bringing her total shareholding in the Borrower to 200,000 Class A shares);

(viii) all of the shares in the Borrower referred to in paragraph (vii) above will be issued fully paid;

(ix) by the date of entry into the Subconcession Contract but prior to or simultaneously with disbursement from the Disbursement Account, Sponsor Group Loans in an aggregate amount of US$320,000,000 will have been advanced by PBL Asia Investments Limited (as to US$160,000,000) and Melco Leisure and Entertainment Group Limited (as to US$160,000,000) to the Borrower;

(x) prior to or simultaneously with disbursement from the Disbursement Account, the Borrower will have the sum available to it of US$405,000,000 made up of:

amounts to be used for subscriptions for shares in the Borrower	US$ 85,000,000
Sponsor Group Loans	US$320,000,000

(xi) of this amount of US$405,000,000 a sum of US$100,000,000 is currently held in a deposit account at Bank of America N.A, Hong Kong Branch in the joint names of PBL and Wynn Macau and will be applied for the same purposes as the proceeds of the Facility in accordance with the Funds Flow Memorandum and a sum of US$300,000,000 will, simultaneously with disbursement from the Disbursement Account, be applied for the same purpose as the proceeds of the Facility in accordance with the Funds Flow Memorandum and as set out in the Sponsor Group Loan Letters and the remaining $5,000,000 will be applied in accordance with the Funds Flow Memorandum.

Part III
Conditions Subsequent

1. **Transaction Documents**

(a) A copy of the following Transaction Documents executed by the parties to those documents:

(i) the Subconcession Bank Guarantee Facility Agreement and the Subconcession Bank Guarantee; and

(ii) the Subconcession Contract.

(b) A copy of the letter dated 4th March 2006 terminating the previous arrangement with SJM in respect of Great Wonders.

(c) A copy of a termination agreement dated 15th March 2006 in relation to the Mocha Slot service arrangement between Melco, Mocha Slot Group Limited, Mocha Slot Management Limited and SJM pursuant to which the parties thereto agree that the existing service agreements with SJM relating to the operation of electronic machine lounges and related leases and/or sub-leases of the relevant premises relating to Mocha Slot Business will be terminated.

(d) A declaration of the Borrower (signed by an authorised signatory) and a certificate of PBL (signed by an authorised signatory) each addressed to the Agent declaring (in the case of the Borrower) and certifying (in the case of PBL) that pursuant to the agreement referred to in paragraph 1(c) above, the termination of the service agreements contemplated therein has occurred.

2. **Corporate Restructuring**

A declaration of the Borrower (signed by an authorised signatory) addressed to the Agent declaring that paragraphs 28 to 33 of step 4 of the Corporate Restructuring Memorandum has been completed.

3. **Legal opinions**

The following legal opinions:

(a) A legal opinion of Manuela António Law Office, legal advisers to the Borrower, as to Macanese law; and

(b) A legal opinion of Henrique Saldanha Advogados & Notarios, legal advisers to the Agent, the Security Trustee and the Arrangers, as to Macanese law.

4. **Authorisation**

A copy of any other Authorisation or other document, opinion or assurance reasonably requested by the Agent and notified to the Borrower as being necessary or desirable (based on legal advice) in connection with the entry into and performance of the

transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document in accordance with its terms.

SCHEDULE 3

REQUESTS

Part I
Utilisation Request

From: [*Borrower*]

To: [*Agent*]

Dated:

Dear Sirs

PBL Entertainment (Macau) Limited – $500 Million Facility Agreement dated [4] September 2006 (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	[ ] (or, if that is not a Business Day, the next Business Day)
Currency of Loan:	[ ]
Amount:	[ ] or, if less, the Available Facility
Interest Period:	[ ]

3. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Utilisation Request.

4. The proceeds of this Loan should be credited to [account].

5. This Utilisation Request is irrevocable.

Yours faithfully

_____

authorised signatory for
[*name of Borrower*]

Part II

Selection Notice

From: [*Borrower*]

To: [*Agent*]

Dated:

Dear Sirs

PBL Entertainment (Macau) Limited – $500 Million Facility Agreement
dated [4] September 2006 (the "Agreement")

1. We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
2. We refer to the following Loan made under the Agreement and the Interest Period ending on [ ].
3. We request that the next Interest Period for the above Loan is [ ].
4. This Selection Notice is irrevocable.

Yours faithfully

authorised signatory for
[*name of Borrower*]

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: [ ] as Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated:

PBL Entertainment (Macau) Limited – $500 Million Facility Agreement
dated [4] September 2006 (the "Agreement")

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to Clause 21.5 (*Procedure for transfer*):
   (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Commitment, rights and obligations referred to in the Schedule in accordance with Clause 21.5 (*Procedure for transfer*).
   (b) The proposed Transfer Date is [ ].
   (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 29.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 21.4 (*Limitation of responsibility of Existing Lenders*).
4. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
5. This Transfer Certificate is governed by English law.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[*insert relevant details*]
[*Facility Office address, fax number and attention details for notices and account details for payments,*]

[Existing Lender]	[New Lender]
By:	By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [ ].

[Agent]

By:

SCHEDULE 5
APLMA FORM OF CONFIDENTIALITY UNDERTAKING

To:

From:

Dated:

Dear Sirs

PBL Entertainment (Macau) Limited -$500 Million Facility Agreement
dated [4] September 2006 (the "Agreement")

We understand that you are considering participating in the Facilit[y/ies]. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. *Confidentiality Undertaking* You undertake:

   (a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;

   (b) to keep confidential and not disclose to anyone the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us in connection with the Facilit[y/ies];

   (c) to use the Confidential Information only for the Permitted Purpose;

   (d) to use all reasonable endeavours to ensure that any person to whom you pass any Confidential Information (unless disclosed under paragraph 2(b) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and

   (e) not to make enquiries of any member of the Group or any of their officers, directors, employees or professional advisers relating directly or indirectly to the Facilit[y/ies].

2. *Permitted Disclosure* We agree that you may disclose Confidential Information:

   (a) to members of the Participant Group and their officers, directors, employees and professional advisers to the extent necessary for the Permitted Purpose and to any auditors of members of the Participant Group;

   (b) (i) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group; or

(c) with the prior written consent of us and the Borrower.

3. *Notification of Required or Unauthorised Disclosure* You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under paragraph 2(b) or upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. *Return of Copies* If we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under paragraph 2(b) above.

5. *Continuing Obligations* The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease (a) if you become a party to or otherwise acquire (by assignment or sub participation) an interest, direct or indirect in the Facilit[y/ies] or (b) twelve months after you have returned all Confidential Information supplied to you by us and destroyed or permanently erased all copies of Confidential Information made by you (other than any such Confidential Information or copies which have been disclosed under paragraph 2 above (other than sub-paragraph 2(a)) or which, pursuant to paragraph 4 above, are not required to be returned or destroyed).

6. *No Representation; Consequences of Breach, etc* You acknowledge and agree that:

(a) neither we nor any of our officers, employees or advisers (each a " **Relevant Person**") (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Group or be otherwise liable to you or any other person in respect to the Confidential Information or any such information; and

(b) we or members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person or member of the Group may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.

7. *No Waiver; Amendments, etc* This letter sets out the full extent of your obligations of confidentiality owed to us in relation to the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.

8. *Inside Information* You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose.

9. *Nature of Undertakings* The undertakings given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of the Borrower and each other member of the Group.

10. *Third party rights*

    (a) Subject to paragraph 6 and paragraph 9 the terms of this letter may be enforced and relied upon only by you and us and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.

    (b) Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Group to rescind or vary this letter at any time.

11. *Governing Law and Jurisdiction* This letter (including the agreement constituted by your acknowledgement of its terms) shall be governed by and construed in accordance with the laws of England and the parties submit to the non-exclusive jurisdiction of the English courts.

12. *Definitions* In this letter (including the acknowledgement set out below):

    "**Confidential Information**" means any information relating to the Borrower, the Group, and the Facilit[y/ies] including, without limitation, the information memorandum, provided to you by us or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you after that date, other than from a source which is connected with the Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

    "**Group**" means the Borrower and each of its holding companies and subsidiaries and each subsidiary of each of its holding companies (as each such term is defined in the Companies Act 1985);

"**Participant Group**" means you, each of your holding companies and subsidiaries and each subsidiary of each of your holding companies (as each such term is defined in the Companies Act 1985); and

"**Permitted Purpose**" means considering and evaluating whether to enter into the Facilit[y/ies].

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

authorised signatory for
[ ]

To: [Arranger]
The Borrower and each other member of the Group

We acknowledge and agree to the above:

authorised signatory for
[ ]

SIGNATURES

THE BORROWER

PBL ENTERTAINMENT (MACAU) LIMITED

By: /s/

Address: 1st Floor, Room 13
25 Avenida Dr. Mario Soares
Macau

Attention: The directors

Telephone: +853 591 128

Fax: +853 345 678

With a copy to :-

Publishing and Broadcasting Limited

Address : Level 2, 54 Park Street
Sydney
New South Wales 2000
Australia

Attention : Company Secretary

Fax: +61 2 9282 8828

Melco International Development Limited

Address : 38th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong

Attention : Clarence Chung, Chief Operating Officer
Samuel Tsang, Group Legal Counsel and Company Secretary

THE ARRANGERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By: /s/

Address: 31st Floor, One Exchange Square
8 Connaught Road, Central
Hong Kong

Attention: Vikas Batra (Executive Director & Head of Project & Structure Finance, Asia)

Telephone: +852 2843 7209

Fax: +852 2230 5709

BANC OF AMERICA SECURITIES ASIA LIMITED

By: /s/

Address: 42/F Two International Finance Centre
8 Finance Street
Hong Kong

Attention: Russell McCormack (relationship/credit issues)
Danny Chu/Chan Yuen Hong (operational/funding issues)

Telephone: +852 2847 6888

Fax: +852 2847 5886

BARCLAYS CAPITAL

By: /s/

Address: 42nd Floor, Citibank Tower
3 Garden Road Central
Hong Kong

Attention: Head of Loan Administration

Telephone: +852 2903 2345/+852 2903 2347

Fax: +852 2903 2395

DEUTSCHE BANK AG, HONG KONG BRANCH

By:	/s/	/s/ ***Chris Gammons***
Address:	51/F Cheung Kong Center	
	2 Queen's Road Central	
	Hong Kong	
Attention:	Chris Gammons/Melissa Lu/Deepak Dangayach (legal and documentation issues) Jackie Leung/Johnny Lee (loan ops/admin)	
Telephone:	+852 2203 8047/+852 2203 7463/+852 2203 7087/+852 2203 8130	
Fax:	+852 2203 7215/+852 2203 7241	

THE AGENT

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By:	/s/
Address:	Level 17 530 Collins Street Melbourne, Vic 3000 Australia
Attention:	Manager - PBL Entertainment (Macau) Ltd transaction
Telephone:	+61 3 9273 5555
Fax:	+61 3 8542 5286 (International) 1300 557 263 (Domestic)

THE SECURITY TRUSTEE

ANZ FIDUCIARY SERVICES PTY LIMITED

By:	/s/
Address:	Level 17 530 Collins Street Melbourne, Vic 3000 Australia
Attention:	The Security Trustee - PBL Entertainment (Macau) Ltd transaction
Telephone:	+61 3 9273 5555
Fax:	+61 3 8542 5286 (International) 1300 557 263 (Domestic)

THE ACCOUNT BANK

BANK OF AMERICA N.A., HONG KONG BRANCH

By:	/s/
Address:	42/F Two International Finance Centre 8 Finance Street Hong Kong
Attention:	Russell McCormack (relationship/credit issues) Danny Chu/Chan Yuen Hong (operational/funding issues)
Telephone:	+852 2847 6888
Fax:	+852 2847 5886

THE LENDERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By:	/s/
Address:	Level 17 530 Collins Street Melbourne, Vic 3000 Australia
Attention:	John Raftopoulous (Manager - Project & Structured Finance)
Telephone:	+61 3 9273 2899
Fax:	+61 3 9273 2111

BANK OF AMERICA, N.A.

By:	/s/
Address:	42/F Two International Finance Centre 8 Finance Street Hong Kong
Attention:	Russell McCormack (relationship/credit issues) Danny Chu/Chan Yuen Hong (operational/funding issues)
Telephone:	+852 2847 6888
Fax:	+852 2847 5886

BARCLAYS BANK PLC

By:	/s/
Address:	Loan Operations 10 The South Colonnade London E14 4PU UK
Attention:	Mark Williams/Sue Penfold
Telephone:	+44 207 773 6436/+44 207 773 6420
Fax:	+44 207 773 6811

DEUTSCHE BANK AG, HONG KONG BRANCH

By:	/s/	/s/
Address:	51/F Cheung Kong Center 2 Queen's Road Central Hong Kong	
Attention:	Chris Gammons/ Melissa Lu/Deepak Dangayach (legal and documentation issues)	
	Jackie Leung/Johnny Lee (loan ops/admin)	
Telephone:	+852 2203 8047/+852 2203 7463/+852 2203 7087/+852 2203 8130	
Fax:	+852 2203 7215/+852 2203 7241	

Exhibit 10.8

THIS AGREEMENT is made the day of 9th May, 2006

BETWEEN:-

(1) **Dr. Ho, Stanley Hung Sun**, Hong Kong Identity Card No. D054666(7) and having his residential address at 1 Repulse Bay Road, Hong Kong (the "**Vendor**"); and

(2) **Melco PBL International Limited** , a company incorporated in the Cayman Islands and having its registered office at the offices of Walkers SPV Limited, Walker House, Mary Street, PO Box 908 GT, George Town, Grand Cayman, Cayman Islands (the "**Purchaser**").

WHEREAS:

(A) Mocha Slot Group Limited (the "**Company**") is a company incorporated in the British Virgin Islands whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and as at the date hereof has an issued capital of US$100.00 divided into 100 ordinary shares of US$1.00 each (together, the "**Shares**" and each, a "**Share**"). The Vendor is the legal and beneficial owner of 20 Shares (the "**Sale Shares**"), constituting 20% of the entire issued share capital of the Company and a shareholders' loan (the " **Sale Loan**") in the amount of HK$45,706,919.58 due and owing from the Company to the Vendor .

(B) The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares and the Sale Loan upon the terms and conditions hereinafter set out.

NOW IT IS HEREBY AGREED as follows:

1.1 Interpretation

In this Agreement, unless the context requires otherwise:

"**Company**" has the meaning as defined in the recitals to this Agreement;

"**Completion**" means completion of the sale and purchase of the Sale Shares as specified in Clause 4;

"**Completion Date**" means the date of this Agreement;

"**Consideration**" means the consideration for the Shares being the sum specified in Clause 3;

"**Hong Kong**" means the Special Administrative Region of the People's Republic of China;

"**Sale Loan**" has the meaning as defined in the recitals to this Agreement;

"**Loan Assignment Deed**" means the deed of assignment to effect the assignment of the Sale Loan to be entered into by the Vendor, the Purchaser and the Company at Completion, substantially in the form as set out in the Schedule to this Agreement;

"**Sale Shares**" has the meaning as defined in the recitals to this Agreement; and

"**Shares**" has the meaning as defined in the recitals to this Agreement.

1.2 References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

1.3 References herein to Clauses and Schedules are to clauses in and schedules to this Agreement unless the context requires otherwise and the Schedules to this Agreement shall be deemed to form part of this Agreement.

1.4 The expressions of the "**Vendor**" and the "**Purchaser**" shall, where the context permits, include their respective successors, personal representatives and permitted assigns.

1.5 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

1.6 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.

2. Sale of Sale Shares and Sale Loan

Subject to the terms of this Agreement, the Vendor shall sell as beneficial owner and the Purchaser shall purchase all (but not part only) of the Sale Shares and the Sale Loan, in each case free from all liens, charges and encumbrances and together with all rights now or hereafter attaching thereto.

3. Consideration

The Consideration in respect of the Sale Shares and the Sale Loan shall be the aggregate sum of HK$295,706,919.58, with HK$250,000,000.00 being the consideration for the Sale Shares and HK$45,706,919.58 being the consideration for the Sale Loan, payable in cash on Completion by the delivery to the Vendor by the Purchaser of a cheque drawn in favour of the Vendor or as he in writing may direct (whose receipt shall be an absolute discharge therefor).

4. Completion

4.1 Completion shall take place at 38/F., The Centrium, 60 Wyndham Street, Central, Hong Kong on the Completion Date or at such other place and time as shall be mutually agreed in writing by the parties.

4.2 At Completion, the Vendor shall:

(a) deliver or cause to be delivered to the Purchaser duly executed instruments of transfer in respect of all of the Sale Shares in favour of the Purchaser (or its nominees) accompanied by the relevant certificates for all of the Sale Shares;

(b) deliver or cause to be delivered to the Purchaser the Loan Assignment Deed duly executed in favour of the Purchaser by the Vendor; and

(c) deliver or cause to be delivered to the Purchaser such other documents and take such further actions as may be reasonably required to give to the Purchaser good title to all of the Sale Shares and the Sale Loan and to enable the Purchaser or its nominees to become the registered holders of the Sale Shares.

4.3 Subject to Clause 4.4, the Purchaser shall:-

(a) pay the Consideration to the Vendor in accordance with Clause 3 at Completion; and

(b) deliver or cause to be delivered to the Vendor the Loan Assignment Deed duly executed by the Purchaser as assignee.

4.4 Without prejudice to any other remedies available to the Purchaser, if in any respect the provisions of Clause 4.2 are not complied with by the Vendor on the Completion Date the Purchaser may:

(a) defer Completion to a date not more than 14 days after the Completion Date (and so that the provisions of this Clause 4.4 shall apply to Completion as so deferred); or

(b) proceed to Completion so far as practicable (without prejudice to its rights hereunder); or

(c) rescind this Agreement.

5. Representations, Warranties and Undertakings

5.1 The Vendor hereby represents, warrants and undertakes to the Purchaser as at the date of this Agreement and as at the Completion Date as follows:-

(a) the Vendor is the beneficial and legal owner of all of the Sale Shares and the Sale Loan free and clear of any lien, charge or encumbrance whatsoever and the Company has not exercised any lien over any of the Sale Shares or the Sale Loan and there is outstanding no call on any of the Sale Shares and all of the Sale Shares are fully paid; and

(b) this Agreement, when executed and delivered by the Vendor, constitutes a legal, valid and binding obligation of the Vendor, enforceable against him in accordance with its terms, subject to bankruptcy, insolvency, moratorium or any similar laws.

5.2 If, prior to Completion, any of the representations, warranties or undertakings as set out in Clause 5.1 are found to be untrue, misleading or incorrect or have not been fully carried out in any material respect the Purchaser shall not be bound to complete the purchase of the Shares and the Purchaser may by notice rescind this Agreement without liability on its part. The right conferred upon the Purchaser by this Clause is in addition to and without prejudice to any other rights and remedies of the Purchaser.

5.3 The Purchaser hereby represents, warrants and undertakes to the Vendor as at the date of this Agreement and as at the Completion Date that this Agreement, when executed and delivered by the Purchaser, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganisation, moratorium or any similar laws.

6. Miscellaneous

6.1 Each party shall pay its own costs and disbursements of and incidental to this Agreement.

6.2 Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its address or fax number set out below (or such other address or fax number as the addressee has by five (5) days' prior written notice specified to the other parties):

To the Vendor: address :
Penthouse, 39/F., West Tower,
Shun Tak Centre, 200 Connaught Road, Central,
Hong Kong

Fax Number: 2858 1014
Attention: Mr. Andrew Shum, assistant of Dr. Stanley Ho

To the Purchaser: address :
38/F., The Centrium,
60, Wyndham Street, Central
Hong Kong

Fax Number: 3162 3579
Attention: Mr. Samuel Tsang

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (i) if given or made by prepaid registered post or by hand, when actually delivered to the relevant address; (ii) if given or made by fax, when despatched upon receipt by the sender of machine printed confirmation of receipt, provided it is received before 5 p.m. (place of receipt) on a business day, otherwise it shall be deemed to have been delivered at 9 a.m. (place of receipt) on the next business day.

6.3 No failure or delay by the Purchaser in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by the Purchaser of any breach by the Vendor of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

6.4 This Agreement (together with any documents referred to herein) constitutes the whole agreement between the parties and it is expressly declared that no variations hereof shall be effective unless made in writing.

6.5 The provisions of this Agreement including the representations, warranties and undertakings herein contained, insofar as the same shall not have been fully performed at Completion, shall remain in full force and effect notwithstanding Completion.

6.6 The Vendor and the Purchaser shall do and execute or procure to be done and executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this Agreement.

6.7 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

SIGNED by	)
Dr. Ho, Stanley Hung Sun	)
	) /s/
in the presence of:	)
	)
SIGNED by	)
	)
for and on behalf of	)
Melco PBL International Limited	) /s/
in the presence of:	)
	)

SCHEDULE

FORM OF LOAN ASSIGNMENT DEED

THIS DEED OF ASSIGNMENT is made on , 2006

BETWEEN:

(1) **Dr. Ho, Stanley Hung Sun**, Hong Kong Identity Card No. D054666(7) and having his residential address at 1 Repulse Bay Road, Hong Kong (the "**Assignor**"); and

(2) **Melco PBL International Limited** , a company incorporated in the Cayman Islands and having its registered office at the offices of Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands (the "**Assignee**").

WHEREAS:

(A) Mocha Slot Group Limited (the "**Company**") is at the date hereof indebted to the Assignor in the amount of HK$45,706,919.58 (the " **Loan**").

(B) Pursuant to the terms of an agreement (the "**Agreement**") dated on or about the date hereof between the Assignor and Assignee, the Assignor agreed to assign all of its rights, interests, benefits and title in and to the Loan to the Assignee and/or its nominee on and subject to the terms and conditions of the Agreement and this Deed.

NOW THIS DEED WITNESSES as follows:

1. The Assignor as beneficial owner hereby assigns to the Assignee all of the Loan due and owing to it and the full benefit and advantage thereof and all rights, interests, benefits and title therein and to hold the same unto the Assignee absolutely.

2. The Assignor represents and warrants to the Assignee that as at the date hereof:

   (i) the Company is indebted to the Assignor in the full amount of the Loan;

   (ii) it has not assigned or charged or otherwise encumbered its rights, interests, benefits or title therein and to the Loan in favour of any third party;

   (iii) it has the full power and authority to enter into and perform this Deed; and

   (iv) the Company has not acquired any right of set off or counterclaim against the Assignor in respect of the Loan or any part thereof.

3. The Assignor hereby authorises the Assignee to give notice, on behalf of the Assignor, of the assignment of the Loan under this Deed to Mocha Slot Group Limited in such form as the Assignee reasonably considers to be necessary or desirable to perfect the assignment of the Loan.

4. This Deed shall be governed by and construed in all respects in accordance with the Laws of Hong Kong Special Administrative Region of the Peoples' Republic of China ("Hong Kong") and the Parties hereto submit to the non-exclusive jurisdiction of the Hong Kong Courts.

IN WITNESS whereof the Parties have caused this Deed to be executed under seal the day and year first above written.

SIGNED, SEALED AND DELIVERED by	)
Dr. Ho, Stanley Hung Sun	)
	)
in the presence of:	)

THE COMMON SEAL OF	)
Melco PBL International Limited	)
was hereunto affixed	)
in the presence of:	)

THIS DEED OF ASSIGNMENT is made on 9th day of May, 2006

BETWEEN:

(1) **Dr. Ho, Stanley Hung Sun**, Hong Kong Identity Card No. D054666(7) and having his residential address at 1 Repulse Bay Road, Hong Kong (the "**Assignor**"); and

(2) **Melco PBL International Limited** , a company incorporated in the Cayman Islands and having its registered office at the offices of Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands (the "**Assignee**").

WHEREAS:

(A) Mocha Slot Group Limited (the "**Company**") is at the date hereof indebted to the Assignor in the amount of HK$45,706,919.58 (the " **Loan**").

(B) Pursuant to the terms of an agreement (the "**Agreement**") dated on or about the date hereof between the Assignor and Assignee, the Assignor agreed to assign all of its rights, interests, benefits and title in and to the Loan to the Assignee and/or its nominee on and subject to the terms and conditions of the Agreement and this Deed.

NOW THIS DEED WITNESSES as follows:

1. The Assignor as beneficial owner hereby assigns to the Assignee all of the Loan due and owing to it and the full benefit and advantage thereof and all rights, interests, benefits and title therein and to hold the same unto the Assignee absolutely.

2. The Assignor represents and warrants to the Assignee that as at the date hereof:

   (i) the Company is indebted to the Assignor in the full amount of the Loan;

   (ii) it has not assigned or charged or otherwise encumbered its rights, interests, benefits or title therein and to the Loan in favour of any third party;

   (iii) it has the full power and authority to enter into and perform this Deed; and

   (iv) the Company has not acquired any right of set off or counterclaim against the Assignor in respect of the Loan or any part thereof.

3. The Assignor hereby authorises the Assignee to give notice, on behalf of the Assignor, of the assignment of the Loan under this Deed to Mocha Slot Group Limited in such form as the Assignee reasonably considers to be necessary or desirable to perfect the assignment of the Loan.

4. This Deed shall be governed by and construed in all respects in accordance with the Laws of Hong Kong Special Administrative Region of the Peoples' Republic of China ("Hong Kong") and the Parties hereto submit to the non-exclusive jurisdiction of the Hong Kong Courts.

IN WITNESS whereof the Parties have caused this Deed to be executed under seal the day and year first above written.

SIGNED, SEALED AND DELIVERED by	)
Dr. Ho, Stanley Hung Sun	)
	) /s/ [personal seal]
in the presence of:	)

THE COMMON SEAL OF	)
Melco PBL International Limited	)
was hereunto affixed	) /s/ [company seal]
in the presence of:	)

Exhibit 10.9

For reference only

SALE AND PURCHASE AGREEMENT

PARTY A:

MOCHA SLOT GROUP LIMITED , a company incorporated in the British Virgin Islands, with a registered Macau branch in Macau, at Rua de Foschan, n.º 51, Edifício Centro Comercial San Kin Ip, 3º andar F, registered with the Macau Commercial and Moveable Assets Registry under the number 20117, herein duly represented by LAWRENCE HO and TED CHAN, as the Company representatives, hereinafter referred to as Party A;

PARTY B

PBL DIVERSÕES (Macau), S.A. , a company with its registered office in Macau, at Av. Dr. Mário Soares, n.º 25, Edifício Montepio, n.º 1, compartimento 13, registered with the Commercial and Moveable Assets Registry under number 24325, herein duly represented by Manuela António, hereinafter referred to as Party B;

Whereas;

a. Party A is the owner and lawful holder of the several moveable assets affected to the operation of the slot machine halls known as “Mocha Clubs”, among others the gaming equipment and machines for operation of games of chance that are listed in **Schedules I and II** which are an integral part of this agreement;
b. It was recently attributed to Party B a subconcession to explore games of fortune and chance and other games in casinos in the Macau SAR, under which Party B

will be exploring directly the abovementioned “Mocha Clubs” and therefore needs to acquire the equipment inherent to such activity.

This sale and purchase agreement is executed freely and in good faith and will be ruled by the following terms and conditions, which the parties hereby stipulate and accept and of which the precedent recitals are an integral part of and that the parties hereby declare to be essential conditions to the execution of this agreement.

Clause 1

Party A undertakes to sell to Party B free of any duties or charges, the moveable assets listed in the attached schedules one and two of this agreement, and Party B undertakes to buy the mentioned assets.

Clause 2

For the purchase mentioned in the preceding clause Party B shall pay the consideration of in the amount of MOP$1,00 (one pataca).

Clause 3

The payment of the consideration mentioned in the previous clause is made on the date of execution of this agreement and Party A gives the duly acquittance of such payment.

Clause 4

The equipment and machines listed in **Schedules I** and **II** sold under the terms of this agreement are delivered to Party B on the date of execution of this agreement.

Clause 5

This agreement is governed by the legislation in force in the Macau SAR and the courts of the Macau SAR shall have jurisdiction to decide on any conflicts which are not settled by agreement of the parties.

This contract shall have only one original, which will be filed in the lawyer's office that will testify this agreement, and two certified copies will be extracted and delivered to which one of the parties.

Party A

/s/

/s/

Party B

/s/

Witness

[Schedule I and Schedule II: description of equipment and machines at Mocha Clubs]

Exhibit 10.10

15th March, 2006

Sociedade de Jogos de Macau, S.A.
Avenida de Lisboa, Hotel Lisboa, 9th Floor
Macau

Dear Sirs,

Agreement in relation to the
Mocha Slot Service Arrangement

Please be informed that Publishing and Broadcasting Limited (" **PBL**") has recently entered into an agreement with Wynn Resorts (Macau) S.A. (" **Wynn**") pursuant to which a wholly-owned subsidiary of PBL, which being a company under incorporation in Macau (" **PBL Macau**") will, subject to the approval from the Macau Government, acquire from Wynn a Gaming Subconcession for carrying out gaming business in Macau and upon obtaining of such Gaming Subconcession, our company ("**Melco**"), which being the existing holding company of Mocha Slot Group Limited (" **Mocha Slot**") and Mocha Slot Management Limited ("**Mocha Management** "), will subscribe for 40% effective equity interests in PBL Macau.

By referring to :

(1) the six existing service agreements entered into between Mocha Management and your company (" **SJM**") in relation to the provision of slot machines and various auxiliary services by Mocha Management to your slot halls under the brandname of "Mocha Slot" (collectively " **Service Agreements**") respectively located at **Hotel Royal**, **Kingsway Commercial Centre**, **San Kin Yip Building** (also known as Casino Kam Pek), **Hotel Taipa Square**, **Hotel Taipa** and **Hotel Sintra** together another originally planned slot hall at **Master Hotel** (in respect of which no service agreement has been executed yet) (collectively "**Venues**"); and

(2) the underlying tenancy/ sub-tenancy agreements entered into between SJM (as tenant, or as the case may be, sub-tenant) and the respective landlords (or, as the case may be, tenants under the head-leases) of the Venues,

we write to confirm the following agreements have been reached between Melco, Mocha Slot, Mocha Management and SJM:

(a) in order to facilitate Mocha Management to maintain continuation of the slot business operations at the Venues (other than the slot hall at **San Kin Yip Building**, which will be subject to such arrangement as mentioned in **paragraph (f) below**) after PBL Macau has obtained the Gaming Subconcession, both Mocha Management and SJM will amicably terminate the Service

Agreements on the date upon which PBL Macau has obtained the Gaming Subconcession **provided that** notwithstanding anything to the contrary contained herein, if requested by Mocha Management and for so long as Melco has not actually become a shareholder of PBL Macau and the Macau Government has not raised any objection to the continuation of the Service Agreements, SJM shall defer the effective termination date of the Service Agreements to a later date (which such date to be notified by Melco or Mocha Management to SJM by separate written notice) upon which :

(i) the Macau Government has granted the pre-approval for Mocha Management to enter into similar service agreements with PBL Macau (if such pre-approval has not been granted by the Macau Government at the same of time of the grant of Gaming Subconcession to PBL Macau); and

(ii) Mocha Management is ready to sign such similar service agreements with PBL Macau.

In respect of the termination of the Service Agreements, each of Mocha Management and SJM has agreed to waive all claims, rights and compensation, if any, against the other (save and except for claim(s) in relation to any antecedent breach of any of the Service Agreements).

(b) In respect of the termination notice, it is agreed between Mocha Management and SJM that, subject to the approval of the Macau Government , the six month notice period as stipulated in the Service Agreements be waived provided that if the Macau Government refuses to grant such approval, then :

(i) this letter agreement shall be deemed as a mutual termination notice of the Service Agreements by each of Mocha Management and SJM to the other; and

(ii) the effective termination date of the Service Agreements shall be the day immediately after the expiration of the six month notice period from the date hereof if the obtaining of the Gaming Subconcession by PBL Macau and the grant of the pre-approval by the Macau Government for Mocha Management to enter into similar service agreements with PBL Macau, have occurred and taken place during the said six month period, or

(iii) the effective termination date of the Service Agreements shall be the actual date upon which PBL Macau has obtained the Gaming Subconcession (which such date may fall on any day after the said six month period) if, for whatever reasons, PBL Macau fails to obtain the Gaming Subconcession within the said six month period **provided always that** if requested by Mocha Management and for so long as Melco has not actually become a shareholder of PBL Macau and the Macau Government has not raised any objection to the continuation of the Service Agreements, SJM shall defer the effective termination date of the Service Agreements to a later date as contemplated in the **proviso to paragraph (a) above**.

(c) SJM will amicably terminate all sub-leases entered into between it (as sub-tenant) and Mocha Slot (which being the immediate holding company of Mocha Management) (as tenant under the relevant head-leases) in respect of the three slot halls respectively located at **Hotel Royal**, **Kingsway Commercial Centre** and **Hotel Taipa Square** upon the effective termination date of the Service Agreements and in respect of the termination of such sub-leases, each of Mocha Slot and SJM has agreed to waive all claims, rights and compensation, if any, against the other (save and except for claim(s) in relation to any antecedent breach of any of such sub-leases);

(d) subject to the obtaining of the relevant landlords' consents as mentioned in **paragraph (e) below** and the execution of the formal written assignments, SJM will assign its tenant's rights and obligations under the respective tenancy agreements in respect of the three slot halls located at **Hotel Taipa**, **Hotel Sintra** and **Master Hotel** to PBL Macau (as tenant) upon the effective termination date of the Service Agreements;

(e) both Mocha Management and SJM acknowledge that the assignments of the leases by SJM mentioned in **paragraph (d) above** are subject to the consent of the respective landlords and in this respect, Mocha Management shall be responsible for obtaining such consent(s) provided that :

(i) if requested by Mocha Management, SJM shall provide all necessary assistances to Mocha Management, including but not limited to the participation in any negotiation with the relevant landlords, for obtaining such consent(s); and

(ii) Mocha Management shall reimburse and pay SJM for all reasonable out of pocket expenses incurred in connection with the provision of such assistances;

(f) in consideration of the performance of its obligations by SJM hereunder, upon the effective termination date of the Service Agreements, Mocha Slot shall early terminate and surrender the lease of the slot hall located at **San Kin Yip Building** (the "**Premises**") provided that :

(i) upon the said termination of the lease, Mocha Slot shall have the sole discretion to determine whether or not to reinstate any or all alterations and remove any or all additions decoration or partition so erected or installed at the Premises (collectively " **Reinstatement**") and Mocha Slot shall be entitled to remove all its properties and assets, including but not limited to, the electronic gaming machines, signage and equipment from the Premises (collectively "**Properties Removal**");

(ii) SJM shall be responsible, at its own costs, for procuring the consent or approval, of the landlord of the Premises, namely Bright Super International Limited, its successors or assigns (collectively " **Bright Super**") for the early termination and

surrender of the lease by Mocha Slot without compensation and in this respect, SJM shall give an undertaking to Bright Super to settle in full any claims by Bright Super resulting from the early termination of the lease as principal obligor in lieu of Mocha Slot; and

(iii) SJM shall indemnify and keep Mocha Slot, Melco, Mocha Management and their respective directors and employees harmless from and against all costs, claims, demands, liabilities, expenses, damages, losses (including but not limited to the losses in relation to any forfeiture of rental deposit by Bright Super for such early termination of the lease) which Mocha Slot, Melco or Mocha Management may incur or suffer as a result of any claims made by the relevant landlord, namely Bright Supper, against Mocha Slot for such earlier termination and surrender of the lease, the Properties Removal and/ or any performance or non-performance of the Reinstatement;

(g) unless and until the effective termination date of the Service Agreements, the terms of the Service Agreements shall remain valid, effective and binding on both Mocha Management and SJM and each of them shall continue to comply with the terms thereof for maintaining the status quo of the existing slot business operation at the Venues (other than the unopened slot hall at Master Hotel);

(h) unless and until the effective termination/ assignment of the relevant leases or sub-leases of the Venues as mentioned above :

(i) the relevant leases or sub-leases shall remain valid, effective and binding on the relevant parties and the relevant parties to such leases or sub-leases shall continue to comply with the terms thereof; and

(ii) each relevant party to the said lease(s) or sub-lease(s) (the "**defaulting party**") shall indemnify and keep the other relevant party (the "**non-defaulting party**") harmless from and against all costs, claims, demands, liabilities, expenses, damages, losses which the non-defaulting party may incur or suffer as a result of the breach of the terms of the relevant lease(s) or sub-lease(s) by the defaulting party and any third party's claims relating to such breach.

(i) each of Melco (if applicable), Mocha Slot, Mocha Management and SJM will execute all documents, do all things and take all steps as may be necessary or legally required to give effect to the undertakings and obligations of the respective parties as set out in the foregoing paragraphs;

(j) each of Melco and SJM shall bear its own legal cost, any government levies (including but not limited to stamp duty) and registration fee (if applicable) (collectively "**Costs and Expenses**") for preparation and execution of this letter agreement and it is further agreed that all Costs and Expenses, if any:

(i) in relation to the termination of the Service Agreements as mentioned in **paragraph (a) above,** shall be borne equally by Mocha Management and SJM;

(ii) in relation to the termination of the relevant sub-leases as mentioned **in paragraph (c) above**, shall be borne equally by Mocha Slot and SJM;

(iii) in relation to the assignment of leases as mentioned in **paragraph (d) above**, shall be borne solely by Melco/ Mocha Slot or Mocha Management; and

(iv) in relation to the early termination and surrender of the lease of the Premises by Mocha Slot as mentioned in **paragraph (f) above**, shall be borne solely by SJM.

(k) if required, each of Mocha Management and SJM shall, as soon as reasonably practicable after the date hereof, notify the Macau Government about the agreements reached by the relevant parties hereunder and seek its consent on the waiver of the six month notice period as mentioned in **paragraph (a) above** and to act in compliance with the instructions or rulings, if any, that may be made by the Macau Government in connection with the termination of the Service Agreements.

(l) all parties hereto agree that this letter agreement shall be governed by and construed in accordance with the laws in effect in the Macau SAR and the parties hereto submit to the jurisdiction of the courts of the Macau SAR.

Please confirm your agreement to the above by signing on this letter.

Yours faithfully,
For and on behalf of

/s/ /s/
Melco International Development Limited

For and on behalf of

/s/ /s/
Mocha Slot Group Limited

For and on behalf of

/s/ /s/
Mocha Slot Management Limited

We confirm our agreement to the terms and conditions set forth in this letter agreement.

For and on behalf of
Sociedade de Jogos de Macau, S.A.

/s/ /s/

Exhibit 10.11

FIRST SUPPLEMENTARY AGREEMENT TO JOINT VENTURE

THIS FIRST SUPPLEMENTARY AGREEMENT TO JOINT VENTURE AGREEMENT IS ENTERED INTO THIS 08TH DAY OF FEBRUARY, 2005, BETWEEN:

1. **SOCIEDADE DE TURISMO E DIVERSÕES DE MACAU, SARL ,** a company incorporated in Macau, having its head office at Avenida de Lisboa, 2nd Floor, New Wing, Hotel Lisboa, Parish of Sé, Macau (hereinafter "STDM"),

and

2. **MELCO INTERNATIONAL DEVELOPMENT LIMITED** , a company incorporated in Hong Kong, having its registered office at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong (hereinafter "Melco International");

and

3. **MELCO ENTERTAINMENT LIMITED**, a wholly-owned subsidiary of MELCO INTERNATIONAL DEVELOPMENT LIMITED, incorporated in the Cayman Islands with Limited Liability, having its Registered Office at the offices of Walkers SPV Limited, Walker House, Mary Street, PO BOX 908GT, George Town, Grand Cayman, Cayman Islands (hereinafter "Melco Entertainment").

WHEREAS,

(A) By deed executed in the Finances Department of Macau on 1st June 1989 ("the Concession Contract"), Nova Taipa - Urbanizações, Limitada ("NTU") acquired, at provisory title, the concession by lease of the land for construction located at Baixa da Taipa, described with the Land Registry Office of Macau under the n° 21407, folio 125 of the Book B 49;

(B) By the Dispatch n° 29/SATOP/93 the Concession Contract was revised in order to make possible the construction of a hotel;

(C) By a contract dated September 8th, 2004 entered into between NTU and STDM ("the Transfer Contract"), NTU has agreed to give up the rights and obligations included in the Concession Contract regarding a parcel of land having an area of 5,230 square meters and marked as "Phase 4 (BT17)" in the plan annexed to the Transfer Contract ("Phase 4 BT17") so that STDM or its nominee could request the concession of that parcel of land;

(D) NTU has established contacts with the Government of the Special Administrative Region of Macau and has obtained the Government's understanding to accept the proposed renunciation and new grant of concession of Phase 4 aforesaid;

(E) STDM has agreed with Melco International to jointly own and develop Phase 4 (BT17) into a *six star* hotel with casino and electronic gaming machine lounge through a joint venture company incorporated and initially owned 100% by STDM;

(F) STDM and Melco International entered into that certain Joint Venture Agreement (entitled Heads of Agreement) dated September 08, 2004 (the "First Agreement"), pursuant to which a company named Great Wonders Investments Limited ("Great Wonders" or "Joint Venture Company") was incorporated;

(G) As per agreement signed on 11th November, 2004 (the "Second Agreement"), STDM agreed to sell to Melco International 20% of the shareholding of the Joint Venture Company,

(H) STDM and Melco International desire to reorganize their interest in the said joint venture to more accurately reflect the parties' intent at the time of forming the Joint Venture and in consideration for the development of the Phase 4 (BT17);

(I) STDM and Melco Group have agreed to transfer to Melco Group the control of 70% of the shareholding of the Joint Venture Company.

(J) Melco International desires to assign its position in the Joint Venture Company and in the First Agreement and the Second Agreement, to its wholly-owned subsidiary Melco Entertainment.

(K) Melco Entertainment has agreed to acquire the position of its parent company Melco International in the Joint Venture Company and the First Agreement and the Second Agreement.

NOW THEREFORE, in consideration of the foregoing and the respective covenants, agreements and conditions hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

1. New Partner.

By this supplementary agreement:-

(a) Melco International nominates Melco Entertainment, a wholly-owned subsidiary of Melco International, to take its place as purchaser under the Second Agreement;

(b) as a result of Melco International's nomination, STDM will, on signing of this Agreement, transfer to Melco Entertainment directly 20% of STDM's shareholding in the Joint Venture Company in accordance with the terms of the Second Agreement;

(c) STDM and Melco International agree to reorganize the First Agreement and the Second Agreement in order to transfer to Melco Group 70% of the shareholding of the Joint Venture Company.

2. Transfer.

Upon signing of this Agreement, Melco International will transfer to Melco Entertainment 50% of the shareholding of the Joint Venture Company.

3. Agreements Binding on STDM and Melco Entertainment. With effect from the completion of the transfers mentioned in Clause l(b) and Clause 2, each of STDM and Melco Entertainment agrees to observe and comply with and be bound by all terms and conditions of the First Agreement and the Second Agreement which have not been performed and fulfilled as if Melco International was replaced by Melco Entertainment as a party thereof.

4. Melco International's obligation During the continuance of the First Agreement and the Second Agreement, Melco International will ensure Melco Entertainment will carry out its obligations and observe and comply with the terms and conditions on its part contained in the First Agreement and the Second Agreement.

IN WITNESS whereof the parties have executed this Agreement on the day and year first above written.

SIGNED for and on behalf of Sociedade de Turismo e Diversões de Macau, SARL by Dr. Stanley Ho in the presence of:-	)))))	/s/
SIGNED for and on behalf of Melco International Development Limited by Mr. Lawrence Ho in the presence of:-	))))	/s/
SIGNED for and on behalf of Melco Entertainment Limited by Mr. Lawrence Ho in the presence of:-	))))	/s/

Exhibit 10.12

THIS AGREEMENT is made this 17th day of March, 2005

BETWEEN:-

(1) SOCIEDADE DE TURISMO E DIVERSÕES DE MACAU, SARL, a company incorporated in Macau, having its head office at Avenida de Lisboa, 2nd Floor, New Wing, Hotel Lisboa, Parish of Sé, Macau ("STDM");

(2) MELCO INTERNATIONAL DEVELOPMENT LIMITED, a company incorporated in Hong Kong, having its registered office at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong ("Melco");

(3) MELCO ENTERTAINMENT LIMITED, a company incorporated in Cayman Islands, having its registered office at the offices of Walkers SPV Limited, Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands ("Melco Entertainment").

WHEREAS:-

(A) By an Agreement dated 8th September, 2004 entered into between STDM and Melco ("the First Sale Agreement"), the parties thereto agreed to form a joint venture company in connection with the development of a six star hotel with a casino and an electronic gaming machine lounge on a parcel of land having an area of 5,230 square meters and marked as "Phase 4 (BT17)" in the plan annexed to a contract dated 8th September, 2004 entered into between Nova Taipa — Urbanizações, Limitada and STDM ("Phase 4"), which area forms part of the land described with the Land Registry Office of Macau under the n° 21407, folio 125 of the Book B49. Subsequent to the First Sale Agreement, a Macau company known as Great Wonders, Investments, Limited ("Great Wonders") has been formed as the said joint venture company.

(B) Pursuant to the First Sale Agreement, STDM has sold and Melco has purchased 50% of STDM's shareholding in Great Wonders on the terms and subject to the conditions therein mentioned.

(C) Pursuant to another Agreement dated 11th November, 2004 entered into between STDM and Melco ("the Second Sale Agreement"), STDM has sold and Melco has purchased 20% of STDM's shareholding in Great Wonders on the terms and subject to the conditions therein mentioned.

(D) Pursuant to a First Supplemental Agreement of Joint Venture dated 8th February 2005 entered into between STDM, Melco and Melco Entertainment ("First Supplemental Agreement of Joint Venture"), Melco has caused Melco Entertainment to take its place under the First Sale Agreement and the Second Sale Agreement such that:

(i) Melco Entertainment now holds 70% shareholding in Great Wonders in place of Melco; and

(ii) STDM and Melco Entertainment agree to observe and be bound by all terms and conditions of the First Sale Agreement and the Second Sale Agreement which have not been performed and fulfilled as if Melco was replaced by Melco Entertainment as a party thereof.

(E) STDM and Melco have agreed for the sale and purchase of STDM's remaining 30% shareholding in Great Wonders on the terms and conditions hereinafter contained.

(F) Melco Entertainment is a subsidiary of Melco.

NOW IT IS AGREED as follows:-

1. As soon as practicable and in any event not later than 21 days after the fulfilment of the condition precedent mentioned in Clause 5 hereof, STDM shall sell to Melco, and Melco shall buy from STDM, STDM's remaining 30% shareholding in Great Wonders at a price of HK$400,000,000 (Hong Kong dollars four hundred million) ("the Transfer Price").

2. (a) If the Concession of Phase 4 has been granted to Great Wonders by the time the sale and purchase of shareholding is due to complete under Clause 1 hereof, Melco shall settle the Transfer Price on completion of the sale and purchase under Clause 1 as follows:

   (i) Melco shall pay a sum of HK$200,000,000 in cash to STDM;

   (ii) Melco shall issue to STDM such number of its shares as is equal to the product of the division of the amount of HK$200,000,000 by the closing trade price of its shares on the day this Agreement is signed between the parties.

   (b) If the Concession of Phase 4 has not been granted to Great Wonders by the time the sale and purchase of shareholding is due to complete under Clause 1 hereof, Melco shall settle the Transfer Price as follows:

   (i) Melco shall pay a sum of HK$200,000,000 in cash to STDM on completion of the sale and purchase under Clause 1;

   (ii) Melco shall issue to STDM such number of its shares as is equal to the product of the division of the amount of HK$200,000,000 by the closing trade price of its shares on the day this Agreement is signed between the parties, on the date on which the Concession of Phase 4 is granted to Great Wonders.

3. If the Concession of Phase 4 is not granted to Great Wonders on or before 1st September 2005, Melco shall have the right to re-sell STDM's 30% shareholding in Great Wonders to STDM. In such an event, STDM shall be obliged to re-purchase and retake the said shareholding from Melco, and

(a) STDM shall, upon receiving 7 days' notice from Melco requiring it to do so, repay the sum of HK$200,000,000 (which shall be treated as the price for the resale and repurchase) to Melco;

(b) Melco's obligation to issue shares to STDM under Clause 2(b)(ii) shall cease and terminate immediately.

4. (a) STDM, Melco and Melco Entertainment agree that, upon completion of the sale and purchase of the shareholding between STDM and Melco under Clauses 1 and 2 hereof, STDM shall cease to have any interest in Great Wonders, and the joint venture established between STDM and Melco/Melco Entertainment pursuant to the First Sale Agreement and the Second Sale Agreement, as amended and supplemented by the First Supplemental Agreement of Joint Venture, shall terminate and cease to have further force and effect between STDM and Melco/Melco Entertainment. Accordingly, Clause 3 of the Second Sale Agreement shall cease to have further force and effect between STDM, Melco and Melco Entertainment Notwithstanding anything herein contained in this sub-clause (a), the foregoing provisions shall not affect the rights and liabilities of STDM and Melco/Melco Entertainment that have accrued before completion of the said sale and purchase.

(b) Upon such completion,. STDM shall cause the directors of Great Wonders appointed by it to resign as directors of Great Wonders.

5. (a) STDM and Melco acknowledge that the transaction outlined in Clauses 1 and 2 hereof ("the Transaction") is a connected and notifiable transaction of Melco for the purposes of the Main Board Listing Rules of Hong Kong Stock Exchange. STDM and Melco expressly agree that this Agreement and the Transaction are subject to the condition precedent ("the Condition Precedent") that all required shareholder approvals and authorizations in respect of Melco, pursuant to the said Listing Rules, necessary in connection with the Transaction are obtained before 30 th June, 2005 ("the Condition Precedent Fulfilment Date").

(b) If the Condition Precedent is not fulfilled on or before the Condition Precedent Fulfilment Date, then, unless STDM and Melco otherwise agree, STDM may, by notice to Melco and Melco Entertainment, terminate this Agreement and the obligations of the parties hereunder. In such an event, the provisions of this Agreement shall forthwith terminate and cease to have effect, and no party shall have further liability under this Agreement, provided that such termination shall be without prejudice to the rights of the parties in respect of any antecedent breach caused by any party before such termination.

6. (a) The parties acknowledge and declare that the sale and purchase of shareholding provided under Clauses 1 and 2 hereof shall be between STDM and Melco and not STDM and Melco Entertainment.

(b) The parties agree to do all acts, and things (including, without limitation, making and submitting all requests, applications, drawings and surrenders) and execute and deliver all forms, applications, plans, proposals, agreements, documents and deeds that are or may be necessary to carry out and effect the foregoing provisions of this Agreement.

7. (a) STDM represents and warrants to Melco as follows:

(i) that it is the legal and beneficial owner of the 3,000 shares in Great Wonders registered in its name and that such shares are free from all charges, liens, encumbrances and other security or third party rights and interests;

(ii) that Great Wonders has not carried on any business or activity except applying for the Concession of Phase 4 or in connection with the development of Phase 4 ("the said purposes");

(iii) that it has not entered into any contract, commitment, liability or obligation whatsoever except for or in connection with the said purposes.

(b) STDM agrees to indemnify Melco against all losses, costs, expenses, claims, damages and liabilities which Melco incurs, pays or suffers by reason of the fact that any of the representations or warranties mentioned in paragraph (a) of this clause is false, misleading or incorrect.

8. This Agreement shall be governed by Macau laws and the parties submit to the non-exclusive jurisdiction of Macau Courts.

IN WITNESS whereof the parties have executed this Agreement on the day and year first above written.

/s/ [Company Chop]

SIGNED for and on behalf of
Sociedade de Turismo e Diversões de Macau, SARL
by Dr. Stanley Ho

/s/

SIGNED for and on behalf of
Melco International Development
Limited by Mr. Lawrence Ho

/s/

SIGNED for and on behalf of
Melco Entertainment Limited
by Mr. Lawrence Ho

Exhibit 10.13

(Translation)

(Published in Macau Official Gazette no.: 9 of March 1, 2006
Order of the Secretary for Public Words and Transportation no.: 20/2006

Whereas:

1. By deed of March 7 1980, drawn on pages 49 and following of Book 179 and February 12, 1982, drawn on page 94 and following of Book 193, both issued by the Macau Finance Department (DSF), the land lease of a plot of land with an area of 160 000 sqm, rectified to 178 000 sqm, located in the Taipa Island Central District, was granted to the company "Sociedade de Investimento das Ilhas Limitada", for development through the construction of a residential, business and industrial complex (tourist facilities), equipped with social and public facilities.

2. Afterwards, by means of a deed of June 1, 1989, drawn on pages 102 and following, of DSF's Book 269, the rights over the land lease grant of the plot of land referred in the previous paragraph, in what concerned the undeveloped part, now with an area of 187 301 sqm due to the new geometric configuration resulting from the Taipa Central District urbanization plan, were transferred to "Nova Taipa – Urbanizações, Limitada", a company with Registered Office in Macau at n/no. Avenida de Lisboa, 9th floor of the Old Wing of the Lisboa Hotel, registered with the Registry of Companies in Macau under no: 2868, on page 71 of Book C8.

3. The above referred deed also entitled the revision of the respective land lease agreement, by modifying its development plan with the construction of a complex of buildings for residential, business, office and car parking purposes, according to the above mentioned plan.

4. According to the agreement, the above mentioned plot of land includes the main streets and landscape areas which, after construction, shall revert to the grantor of the land, as well as the secondary streets plan and the tree-areas, after development of the blocs to be built.

5. Since the concessionaire intended to build a three star hotel in the area designated for offices, the land lease agreement was again revised, by the order no.: 29/SATOP/93, published in the Macau Official Gazette no.: 9, of March 1, 1993, pursuant to which the area of the plot of land was reduced to 95 795 sqm, due to the reversion of some land parcels to the public and private domains of the Macau Special Administrative Region.

6. Pursuant to article two of the agreement revising the land lease grant, approved by Order no.: 29/SATOP/93, the full development of the plot of land should occur within a overall term of sixty-six months, starting from the publication of that Order, and should follow the phases established therein.

7. The term for development of the several phases, as well as the overall term, were afterwards extended, however, when the later expired, on November 20, 2004, the concessionaire had not yet completed the development of the plot of land.

8. Although the concessionaire showed its interest in concluding the development and continued to execute the relevant works, and although the grantor of the land had not loose interest in pursuing the development, certain is that the term of validity of the land lease grant (25 years as of March 7, 1980, date when the public deed of the initial land lease agreement was executed) had ended and since the law does not allow the renewal of the said land lease grant, the contracting parties could not under the law new term for the development of the plot of land, in order to comply with their obligations.

9. In fact, the renewal of the land lease agreement, provided in Article 55, no.: 1 of the Law no. 6/80/M, of 5 June 1980, (Land Ordinance) and provided in Clause two, paragraph 2, of the Land Lease Agreement, is only possible in what concerns to the parcels of the plot of land where constructions have been concluded and have the respective Occupation permit, since the land lease agreement only become definitive with respect to such parcels of the plot of land, as provided in Clause eleven, paragraph 2.

10. In what concerns the undeveloped areas of the plot of land – 64 893 sqm – the land lease grant must be considered temporary, in accordance with, both Article 49 and Article 133 of the Land Ordinance, and may not be renewed and therefore an extension of the term for conclusion of the relevant development is may not be set forth.

11. In these circumstances, after meetings held at the Public Works Department (DSSOPT) with representatives of the concessionaire, the latter filed a petition with the Chief Executive on July 13, 2004, requesting the issue of a declaration that grant had lapsed the land lease of such parcel of the plot of land, and consequently reverted to the private domain of the Macau Special Administrative Region and the land lease grant of the a part of the aforementioned parcel, corresponding to lot BT2/3, BT19/25/30 and BT35 in favor of, and the land lease grant of the remaining part, which corresponds to lot BT17, to the company “Melco Hotéis e Resorts (Macau), Limitada”.

12. The grounds for filing the petition for obtaining the land lease grant were, in summary, that a substantial part of the development, around 300 000 sqm of units for residential and business purposes, and that social facilities delivered to the Region had been concluded, and it was not possible to conclude the whole project before the end of the term of the land lease, due to circumstances beyond its control, namely the long period of recession in the Macau real estate market and the Asian financial crises.

13. Notwithstanding, the grantor considers that the above described situation is not exclusively or mainly due to the difficulties arising out of the said economic conjuncture, because, if the concessionaire had performed the works according to the terms provided in the agreement, the development would have been practically concluded when the crises that real estate sector, considering the interest of the contracting parties in the complete execution of the development planned for the site, the grant decided to continue the procedure in the terms requested by the concessionaire.

14. After preparing the procedures, the DSSOPT computed the considerations to be paid for the land lease grant of the above referred lots, and drew the relevant draft agreement, which were accepted by the companies "Nova Taipa – Urbanizações, Limitada" and "Great Wonders, Investments, Limited", the latter was, in the meanwhile, incorporated and will be held by the company "Melco Hotéis e Resorts (Macau), Limitada" and by "Sociedade de Turismo e Diversões de Macau, S.A.R.L.", both of which, by a petition submitted on November 15, 2004 requested for Lot BT17 to be granted to the latter company.

15. Thus, pursuant to the agreement that constitutes Annex I hereof, it is hereby declared that the land lease grant of the undeveloped parcel of land with an area of 63 356 sqm, marked "A", "A1", "A4", "A5a", "A5b", "B1", "B5", "D5a" and "D5b" of the map issued by the Macau Cartography and Cadastre Bureau no.: 560/1989, on February 2, 2005, described with the Property Registry Office (CRP) under number 21 407 on page 125 of Book B49, and the undeveloped parcel of land with an area of 1 537 sqm, marked "B4" in the same map, which is not described with the CRP. Consequently the above referred parcels of land shall revert to the Macau Special Administrative Region, free from liens or any encumbrances or, whereof the areas marked "A", "A1", "A4", "A5a", "A5b", "B1" and "B4" shall become part of the private domain of the Territory and the areas marked "B5", "D5" and "D5b" shall become part of its public domain.

16. It is granted simultaneous to "Nova Taipa – Urbanizações, Limitada", by lease, being waived a public auction, the plot of land with an area of 58 738 sq meters, composed of the parcels marked "A", "A4", "A5a" and "A5b" in the hereinbefore referred map, which are an integral part of the plot of land to be reverted, described with the CRP under number 21 407, and the parcel marked "B4", also to be reverted, which is not described with the CRP, and also the parcel marked "A5c" in the same map, also not described with the CRP.

    On the other hand, it is granted by lease, being waived a public auction, to the company "Grande Maravilhas, Investimentos S.A.", with Registered Office in Macau at 2 to 4 Avenida de Lisboa, Old Wing of Lisboa Hotel, 9th floor, registered with the Registry of Companies under no.: 19 596 (SO), the plot of land with an area of 5 230 sqm, named Lot BT17, at the Taipa Central District, marked "A1" and "B1" in the above said map no.: 560/1989, which is an integral part of the plot of land, described with the CRP under no.: 21407, which was also to be reverted.

17. Both the above referred land lease grants are governed by the clauses contained in the agreements which constitute Annexes II and III of the present Order.

18. The procedures followed their normal course, and were sent to the Land Commission which, in the meeting held October 13 2005, issued a favorable opinion to the approval the petition.

19. The opinion of the Land Commission was confirmed by the order of His Excellency the Chief Executive, dated November 5 th 2005, drawn upon the favorable opinion of the Secretary for Public Works, on November 4th 2005.

20. Pursuant of Article 125 of Law no. 6/80/M of July 5,1980 the terms and conditions of the agreements contained in the present order were notified to the petitioners and expressly accepted by them, by a declaration submitted on November 24 th 2005, signed by Chan Wai Lun, also known as Chan Wai Lun, Anthony, married, resident in Hong Kong at 39 Shun Tak Center, 200, Connaught Road, Central, and Wu Thomas Jefferson, single, of age, resident in Hong Kong, at Twenty five, Perkins Road, Jardin's Lookout, in the capacity of managers of Group A and B and in representation of the company "Nova Taipa – Urbanizações, Limitada", and by a declaration submitted November 29 th 2005, signed by Ho, Lawrence Yau Lung, married, resident in Hong Kong at 35 Block Link, and Tsui Che Yin Frank, married, resident in Hong Kong at 13 A, Block 4, Braemar Hill Mansions, Braemar Hill Road, in the capacity of Directors or on behalf of the company "Great Wonders, Investments, Limited", capacity and powers verified respectively at the Private Notary Offices of Carlos Duque Simões and Zhao Lu, according to the certification drawn upon the said declarations.

21. The installments of the land grant premium referred in Clause Eight, subparagraph 1) of the agreements that forms Annex II and Annex III of the present order, were paid on November 23rd and 25th 2005, at the Finance Department Treasury, through the receipts no. 127/2005 and no. 126/2005, issued by the Land Commission on November 10th 2005, the duplicates thereof are filed with the relevant process.

22. The securities referred in Clause nine of the agreements that form Annex II and Annex III of the present Order, were given by "Nova Taipa – Urbanizações, Limitada", by means of a Bank Guarantee no.: LG225305 issued by Seng Heng Bank Limited, on November 23rd 2005, and by the company "Great Wonders, Investments, Limited", through a cash deposit with the receipt no.: 145/ARR/2005, issued by DSF on November 28th 2005.

Thus, using the powers conferred by Article 64 of the Basic Law of the Macau Special Administrative Region and in accordance with Articles 29, 41, 49 and following, 57, 166 and 167 of Law no.: 6/80/M, of July 5th, 1980, the Secretary for Public Works hereby decrees:

1. Pursuant to the agreement which forms Annex I of the present Order, whereof it is an integral part, it is hereby declared that are considered as partly lapsed the land lease grant exarated by the Public Deeds dated March 7th 1980 and February 12th 1982, revised by the Public Deed of June 1st 1989, all executed at DSF, and by Order no.: 29/SATOP/93, in concern to the undeveloped parcel of the plot of land with an area of 63 356 sqm, described with the CRP under number 21 407 on page 125 of Book B49, and the undeveloped parcel of land with an area of 1 537 sqm not described in the CRP, both located in the Taipa Central District, Taipa Island.

2. As consequence of the aforementioned land lease grant being considered as partly lapsed hereinbefore referred to, the referred parcels of land revert to the possession of the Macau Special Administrative Region, free from any liens or encumbrances, and the marked "A", "A1", "A4", "A5a", "A5b", "B1" and "B4" in the DSCC map number 560/1989, of February 2nd 2005, attached hereto, shall become part of the private domain of the Region and the areas marked "B5", "D5a" and "D5b" in the map , shall become part of its public domain.

3. It is hereby granted to the company "Nova Taipa – Urbanizações Limitada", by lease, being waived a public auction, in accordance with the terms of the agreement referred to in paragraph 1 above, the plot of land with an area of 58 738 sqm located in the Taipa Central District, Taipa Island, composed of the parcels marked "A", "A4", "A5a" and "A5b" in the map hereinbefore referred to, which are an integral part of the building described with the CRP under no.: 21 407, on page 125 of Book B49 and the parcels marked "B4" and "A5c" in the same map, not described with the CRP, for the construction of complex of buildings for residential, business, 3 star hotel, social facilities and car parking purposes.

4. It is hereby granted to the company "Great Wonders, Investments, Limited", by lease being waived a public auction, in accordance with the terms of the agreement referred to under paragraph 1 hereof, the plot of land with an area of 5 230 sqm, located in the Taipa Island, named Lot BT17 of the Taipa Central District, to be detached from the plot of land described with the CRP under no.: 21407, on page 125 of Book B49, for the construction of a 5 star hotel.

5. The land lease grant referred to in paragraphs 3 and 4 hereof are governed by the terms provided respectively, in the agreement that forms Annex II and the agreement that forms Annex III of the present Order, whereof they are an integral part.

6. The present Order shall enter immediately into force

Macau on the 20th day of February 2006

The Secretary for Public Works and Transportation
Au Man Long

Annex I

(**Process no.: 6 036.03 of the Public Works Department and Process no.: 37/2005 of the Land Commission**)

Lease Agreement
Between:

The Macau Special Administrative Region, henceforth, the First Grantor;

"Nova Taipa – Urbanizações, Limitada", henceforth, the Second Grantor; and

"Great Wonders, Investments, Limited", henceforth, the Third Grantor.

Article One – Object of the Agreement

1. By means of the present agreement the First Grantor, the Second Grantor and the Third Grantor agree as follows:

    1) The declaration that is considered as partly lapsed for the benefit in favor of the Second Grantor the land lease grant of the plot of land with an area of 63 356 sqm (sixty-three thousand three hundred and fifty-six square meters), marked "A", "A1", "A4", "A5a", "A5b", "B1", "B5", "D5a" and "D5b", in the DSCC map no.: 560/1989, of February 2 nd 2005, described with the CRP under no.: 21 407, on page 125 of Book B49, and the parcel of plot of land with 1 537 sqm (one thousand five hundred and thirty-seven sqm), marked "B4" in the same map, not described with the CRP, located in the Taipa Central District, Taipa Island, executed be the means of deeds signed at the DSF (Finance Department) on March 7 th 1980 and February 12th 1982, revised by a deed signed at the DSF on June 1st 1989 and by Order no.: 29/SATOP/93, published in the Macau Official Gazette no.: 9/1993, of May 1st, since the term of the lease expired on March 6th 2005 without its being concluded its development.

    2) The reversion to the First Grantor of the plot of land with an area of 63 924 sqm (sixty-three thousand nine hundred and twenty-four square meters), marked "A", "A1", "A4", "A5a", "A5b", "B1" and "B4" in the above referred map, free from any liens or encumbrances, which shall become part of its private domain;

    3) The reversion to the First Grantor of the land parcel with an area of 737 sqm (seven hundred and thirty-seven square meters), marked "B5" in the same map, free from any liens or encumbrances, which shall become landscape an part of it its public domain;

    4) The reversion to the First Grantor of two land parcels, one with an area of 157 sqm (one hundred and fifty-seven square meters, and another with 75 sqm (seventy-five square meters), marked, respectively, "D5a" and "D5b" in the same plan , free from any liens or encumbrances, which shall become a public sidewalk and part of its public domain;

5) The land lease grant to the Second Grantor, of the plot of land with an area of 58 738 sqm (fifty-eight thousand seven hundred and thirty-eight square meters), composed of the parcels marked “A”, “A4”, “A5a” and “A5b”, in the above referred map, which are an integral part of the property described with the CRP under number 21 407, on page 125 of Book B49, and by the parcels marked “A5c” and “B4” in the same map, both not described with the CRP, to which has been given an overall value of MOP 586 206 730,00 (five hundred and eighty-six million two hundred and six thousand seven hundred and thirty Patacas);

6) The land lease grant to the third Grantor, of the part of plot of land with an area of 5 230 sqm (five thousand two hundred and thirty square meters), marked “A1” and “B1” in the same plant, to be detached from the plot of land described with the CRP under number 21 407 on page 125 of Book B49, to which is given the value of MOP149 727 854,00 (one hundred and forty-nine million seven hundred and twenty-seven thousand eight hundred and fifty-four Patacas)

2. The lease of the plot of lands identified in subparagraphs 5) and 6) of the previous paragraph is governed by the clauses of the agreements that forms Annexes II and III of the Order that is the title of the present Agreement.

Article Two - Jurisdiction

The Courts of the Macau Special Administrative Region shall have jurisdiction to resolve any dispute arising out of the present Agreement.

Annex II

Contract agreed between:

The Macau Special Administrative Region, as First Grantor;
and
“Nova Taipa – Urbanizações, Limitada”, as Second Grantor.

Clause One - Object of the Agreement

The object of the present agreement is the definition of the terms of the land lease being waived a public auction, of the plot of land with an overall area of 58 738 sqm (fifty-eight thousand seven hundred and thirty-eight square meters), composed of four land parcels with the areas of 23 843 sqm (twenty-three thousand eight hundred and forty-three square meters, 27 932 sqm (twenty-seven thousand nine hundred and thirty two square meters), 4 623 sqm (four thousand six hundred and twenty-three square meters) and 759 sqm (seven hundred and fifty-nine square meters), respectively marked "A", "A4", "A5a", and "A5b" in the map no.: DSCC 560/1989, of February 2 nd 2005, which are an integral part of the property described with the CRP under number 21 407, and other two land parcels with areas of 1 537 sqm (one thousand five hundred and thirty-seven square meters) and 44 sqm (forty-four square meters), respectively marked with letters "B4" and "A5c" in the same map, both not described with the CRP, all located in the Taipa Central District, Taipa Island, granted to the Second Grantor by the agreement which forms Annex I of the Order which approved the present Agreement, hereinafter simply referred to as the plot of land.

Clause Two - Term of the Lease

1. The lease is valid for a term of 25 (twenty-five) years, as of the date of publication in the Official Gazette of the Order which id the title of the present Agreement.
2. The hereinbefore provided lease term provided in the preceding paragraph, may be successively renewed, in accordance with applicable laws.

Clause three - Development and designated purpose of the Plot of land

1. The Plot of land shall be developed with the construction of a complex of buildings, subject to a condominium (strata title) composed of parcel "A", named as bloc BT2/3, parcels "A4" and "B4", designated lot 19/25/30, and parcels "A5a", "A5b" and "A5c", named as lot BT35, all marked in the DSCC map no.: 560/1989 of February 2 nd 2005.
2. The purpose and overall areas of construction in all blocs, identified in the preceding number, are the following:

1)	Residence	384 350 sqm
2)	Business	24 048 sqm
3)	Three star hotel	58 159 sqm
4)	Car parking	89 124 sqm
5)	Social areas	5 085 sqm

3. The development of lot BT19/25/30, marked "A4" and "B4" in the DSCC map no.: 560/1989 of February 2 nd 2005, shall be made in 3 (three) phases, consisting of a group of buildings (distinct blocs) subject to a condominium property scheme.

4. The development of the plot of land shall comply with the terms laid down in the development plan, to be drawn and submitted by the Second Grantor, subject to the approval of the First Grantor.

5. The land parcels are marked “B4”, “A5b” and “A5c” in the above identified map and which are located at the ground level under the arcade, are destined, for the movement pedestrians and goods without any restrictions, keeping open the spaces between the columns, and shall not be subject to any kind of temporary or permanent occupation, being designated as the sidewalk area under the arcade.

6. The Second Grantor must maintain completely unoccupied up to a depth of 1.20 (one point twenty) meters, all the land subjacent to the strips defined in the previous paragraph, except for the space occupied by the foundations of the arcade’s piles, which is destined for water, electricity, gas and telecommunications infrastructures to be implanted in the area.

Clause Four – Rent

1. In accordance with Order no.: 50/81/M of March 21 st, 1981 the Second Grantor shall pay the following annual fee (rent):

    1) During the period of execution of the works of development of the plot of land, MOP$9.00 (nine Patacas) per square meter, in the total amount of MOP528 642.00 (five hundred and twenty-eight thousand six hundred and forty-two Patacas);

    2) As the respective occupation permits of the buildings to be constructed on the land are gradually issued, the Second Grantor shall pay:

        (1) $4.50 (four Patacas and fifty cents) per square meter of gross residential construction area;

        (2) $6.50 (six Patacas and fifty cents) per square meter of gross business construction area;

        (3) $10.00 (ten Patacas) per square meter of gross hotel construction area;

        (4) $4.50 (four Patacas and fifty cents) per square meter of car parking gross construction area.

Clause Five (Term of the Development of the land)

1. The development of the plot of land shall be made within the overall term of 66 (sixty six) months, as of the date of the publication in Official Gazette of the Order that is the title of the present agreement.

2. The rents shall be revised every five years, as of the publication in the Official Gazette of the Order that is the title to the present Agreement, notwithstanding the immediate application of new rent amounts provided in legislation that may be published while this Agreement is in force.

3. The term provided in the previous paragraph includes the period necessary for the submission of the design documents by the Second Grantor and their assessment by the First Grantor.

Clause six - Special Obligations

1. The Second Grantor is subject to the following special obligations, whose costs shall be exclusively borne by the same:

    1) The clearance of the plot of land marked "A", "A3", "A4", "A5b", "A5c", "B3", "B4", "B5", "D5a" and "D5b" in the DSCC map no.: 560/1989 of February 2nd 2005, the removal from the same of all constructions, materials and infrastructures that may exist there;

    2) The execution, in compliance with the design documents to be submitted by the Second Grantor and to be approved by the First Grantor, and with the provisions of the Official Alignment Plan no.: 2004A050, approved on October 20th 2004, of the infrastructure in the central park of parcels "A3" and "B3", named as Bloc BT20, marked in the hereinbefore referred map;

    3) The execution, in accordance with the design documents to be submitted by the Second Grantor and to be approved by the First Grantor, and the provisions of the Official Alignment Plan no.: 2004A062, approved January 4th 2005, of the following infrastructures:

        (1) Public sidewalk in the parcels marked "D5" and "D5b" in the hereinbefore referred map;

        (2) Landscaping at the parcels marked "B5" in the same map;

        (3) The delivery to the First Grantor, free from liens and encumbrances, within the term of thirty days as of the issuance of the occupation permit for the buildings to be constructed in the plot of land, of the following facilities covering an area of 5 085 sqm (five thousand and eighty-five square meters):

            a) 3 (three) kindergarten;

            b) Pre-Primary schools.

2. The construction of the infrastructures referred in subparagraph 3) of the previous shall be concluded before the issuance of the occupation permits for the buildings to construct on lot BT35.

3. Without prejudice of the preceding paragraph, the execution of the central park referred to in paragraph 1, subparagraph 2) above, shall be concluded before the issuance of any occupation permits for the buildings to be constructed upon the plot of land.

4. In case of force Majeure or other facts for which may not be held liable, and for the purposes of issuing the occupation permit to the buildings to be constructed on the plot of land, the Second Grantor shall give security in the amount of $25 866 000.00 (twenty-five million eight hundred and sixty-six thousand Patacas), by means of a through deposit or bank guarantee, in the terms that are accepted by the First Grantor, in order to assure compliance with the obligation of executing the central park referred to in paragraph 1, subparagraph 2) above.

5. The above mentioned security shall be returned to the Second Grantor after the fulfillment of the obligation provided in paragraph 1 subparagraph 2) hereof.

6. The First Grantor reserves the right, after giving prior notice thereof, to substitute the Second Grantor, in the direct execution of some or all of the infrastructures which constitute the special obligations referred in paragraph 1., subparagraphs 2) and 3) above, however, al costs arising thereof shall be borne by the Second Grantor.

7. The Second Grantor guarantees the good execution and the quality of the materials used in the construction of the infrastructures referred in subparagraphs 2) and 3) of paragraph 1 of this clause, for a period of 2 (two) years as of the provisional acceptance of such works, and must repair and correct any defects that may be found during that period.

8. The Second Grantor must perform any legal acts which are necessary for the transfer of the facilities referred in paragraph 1, subparagraph 4) of the present Clause, including its registration with the Property Registry Office and the registration for tax purposes with the Finance Department.

Clause Seven – Fines

1. In case of noncompliance with the term provided in Clause Five hereof, the Second Grantor shall be liable to a fine up to the amount of $ 5 000.00 (five thousand Patacas) for each day of delay, until 60 (sixty) days; beyond that period and up to an overall maximum period of 120 (one hundred and twenty) days, the Second Grantor is liable to a fine up to the double of that amount, except if there are special reasons, which are duly justified, and accepted by the First Grantor.

2. The Second Grantor shall not be held liable in case of Force Majeure or other relevant facts, which are in accordance with evidence, out of its control.

3. Force Majeure cases are those that exclusively result of events which are unpredictable and unstoppable.

4. For the purposes of Paragraph no.: 2 above, the Second Grantor is obliged to inform the First Grantor, as soon as possible, in written the occurrence of the referred facts.

Clause eight – Premium of the Agreement

The Second Grantor shall pay the First Grantor, as premium for the agreement, the overall amount of $586 206 730,00 (five hundred and eighty-six million two hundred and six thousand seven hundred and thirty Patacas), in the following manner:

1) $547 119 730.00 (five hundred and forty-seven million one hundred and nineteen thousand seven hundred and thirty Patacas), in cash, paid upon the acceptance of the terms of the present Agreement, as referred to under Article 125 of Law no.: 6/80/M of July 5th;

2) $39 087 000.00 (thirty-nine million eighty-seven thousand Patacas, in kind, by the construction of the infrastructures referred to in Clause six, No. 1, subparagraphs 2) and 4) above.

Clause nine – Security

1. Pursuant to Article 126 of Law No. 6/80/M, of July 5, 1980, the Second Grantor shall give a security in the amount of $528 642,00 (five hundred and twenty-eight thousand six hundred and forty-two Patacas), by means of a deposit or bank guarantee which is accepted by the First Grantor.

2. The value of the security hereinbefore referred shall always be updated in the same proportion as the relevant annual rent.

3. The security referred in the above paragraph 1 shall be returned by the DSF to the Second Grantor, at its request, after exhibition of the buildings occupation permit approval license issued by the DSSOPT.

Clause ten - Transfer

1. The transfer of any rights or obligations arising from the land lease grant of the plot of land destined for construction of a three star hotel, due to the nature thereof, shall be dependent upon the prior authorization of the First Grantor, and the transferee shall be subject to the revision of the terms provided in the present Agreement.

2. The transfer of any rights or obligations arising from the land lease grant of the remaining land destined for residential, business and parking purposes, until the plot of land is not fully developed, depends on the prior authorization of the First Grantor, and the transferee is subject to the revision of the terms provided in the present Agreement.

3. No authorization is required for transfers of parts of the plot of land destined for residential, business and parking purposes to the extent the buildings constructed thereon are concluded after the issuance, by the DSSOPT, of the building's occupation permit.

Due to the characteristics of the development, the transfer of any rights or obligations arising from the land lease grant, in what concerns units to be constructed in lot BT19/25/30 on each phase is henceforth authorized, after their conclusion and once the respective occupation permits license are obtained,

5. In order to guarantee the necessary financing for the project, the Second Grantor may draw a voluntary mortgage over the lease rights on the plot of land hereby granted, in favour of any credit institution with registered office or branch in the Macau Special Administrative Region, in accordance with Article 2 of Decree-Law No.: 51/83/M, of December 26th, 1983.

Clause eleven – Supervision

During the development period, the Second Grantor shall permit the access to the leased plot of land and construction sites, to any representatives of Government departments that may appear there in the performance of their supervisory activities, giving them the necessary assistance and means to succeed in the performance of their functions.

Clause twelve – Lapse

1. The present Agreement shall lapse in the following cases:
    1) After the expiry term to which the aggravated fine provided in Clause seven, No. 1 above is applicable;
    2) Unauthorized change of the purpose of the land lease grant concession, before the development of the plot of land is concluded;
    3) Interruption of the development of the plot of land for a period which is greater than 90 (ninety) days, except in case there are special reasons, which are duly justified and accepted by the First Grantor.

2. The lapse of this Agreement is declared by order of the Chief Executive, to be published in the Official Gazette.

3. The lapse of this Agreement shall result in the reversion of the plot of land to the First Grantor, free and vacant, without payment of any compensation to the Second Grantor.

Clause thirteen – Rescission

1. The present agreement may be rescinded upon the occurrence of any of the following events:
    1) Default on the punctual payment of rent;
    2) Unapproved change to the development of the plot of land and/or the purpose of the land lease grant;
    3) Transfer any rights or obligations arising out of the land lease grant, in breach of Clause ten above;
    4) Noncompliance with the obligations provided in Clause six above;
2. The rescission of the Agreement shall be declared by Order of the Chief Executive, to be published in the Official Gazette.

Clause fourteen – Jurisdiction

The Judicial Court of Macau shall have jurisdiction to resolve any disputes arising out of the present Agreement.

Clause fifteen – Applicable Law

In case of gaps, the present Agreement is governed by Law No. 6/80/M of July 5 th, 1980, and other applicable legislation.

Annex III

Contract agreed between:

The Macau Special Administrative Region, as First Grantor and
"Great Wonders, Investments, Limited", as Second Grantor.

Clause one – Object of the Agreement

The object of the present Agreement is to define the conditions of the terms of the land lease grant being waived a public auction of a plot of land with an area of 5 230 sq meter (five thousand two hundred and thirty square meters), located in the Taipa Central District, named as lot BT17, marked "A1" and "B1" map No. 560/1989 issued by DSCC, on February 2, 2005, to be detached from the plot of land described with the CRP, under number 21 407, granted to the Second Grantor by means of the agreement that forms the Annex I of the Order which is the title of the present Agreement, henceforth simply named as plot of land.

Clause two – Term of the lease

1. The lease is valid for a term of 25 (twenty-five) years as of the date of the publication in the Official Gazette of the Order which is the tile of the present Agreement.
2. The lease term provided in the preceding paragraph, may be successively renewed, in accordance with of applicable laws.

Clause three - Development and Designated Purpose of the Plot of Land

1. The plot of land shall be developed with the construction of a 5 star hotel, with the following gross area of construction:

1)	Five star hotel	82 704 sq meters
2)	Parking	11 810 sq meters
3)	Free area	1 323 sq meters

2. The development of the plot of land shall be comply with the terms laid down in the development plan to be drawn and submitted by the Second Grantor and subject to the approval of the First Grantor.
3. The parcel of land marked "B1" in the hereinbefore identified map which is located at the ground level, under the arcade, with a width of 2 (two) meters and a minimum height of 5 (five) meters counted as of the level, is destined, keeping the spaces between the columns open to the free movement of pedestrians, for the free use of pedestrians and goods, without any restrictions and not be subject to any kid of temporary or permanent occupation, being designated as the sidewalk area under the arcade.

Clause four – Rent

1. In accordance with Decree Order No. 50/81/M of March 21, 1981, the Second Grantor shall pay the following annual rent:
    1) During the period of execution of the works for the development of the plot of land, $30.00 (thirty) Patacas per square meter, in the total amount of $156 900.00 (one hundred and fifty-six thousand nine hundred Patacas);
    2) After the conclusion of the works for the development of the plot of land, an overall amount of $1 371 890.00 (one million three hundred and seventy-one thousand eight hundred and ninety Patacas), distributed as follows:
        (1) Hotel: 82 704 sq meters x $15.00/ sq meters $1 240 560.00

(2) Parking: 11 810 sq meters x $10.00/ sq meters $118 100.00

(3) Free area: 1 323 sq meters x $10.00/ sq meters $13 230.00

2. The rents shall be revised every five years, as of the publication in the Official Gazette of the Order that is the title of the present Agreement, notwithstanding the immediate application of new rent amount provided in legislation that may be published while this Agreement is in force.

Clause five – Term of the development of the land

1. The development of the plot of land shall be made within the overall term of 26 (thirty-six) months, as of the date of publication in the Official Gazette of the Order that is the title of this Agreement.
2. The term provided in the preceding paragraph includes the necessary time periods for the submission of the design documents projects by the Second Grantor and for their assessment by the First Grantor.

Clause six – Special Obligations

The Second Grantor shall have as special obligations, whose costs shall be exclusively borne by the same, clearance and removal from the land plot of any provisional constructions, materials and infrastructures that may exist there.

Clause seven – Fines

1. In case of noncompliance with the terms set out in Clause five above, the Second Grantor shall be liable to pay a fine up to the amount of $5 000.00 (five thousand Patacas), for each day of delay, until 60 (sixty) days; beyond such period and up to a overall maximum period of 120 (one hundred and twenty) days, the Second Grantor is liable to pay a fine up to the double of that amount, except if there are special reasons which are duly justified and accepted by the First Grantor.
2. The Second Grantor shall not be held liable under the previous paragraph in case of Force Majeure or other evidently relevant facts, which are out of its control.
3. Force Majeure is considered the exclusive result of events which are unpredictable and unstoppable.

4. For the purposes of paragraph No.: 2 above, the Second Grantor shall inform as soon as possible, in written, the First Grantor, of the occurrence of the aforementioned facts.

Clause eight –Premium of the Agreement

The Second Grantor shall pay to the First Grantor, as premium for the agreement the overall amount of $149 727 854.00 (one hundred and forty-nine million seven hundred and twenty-seven thousand eight hundred and fifty-four Patacas), in the following manner:

1) $50 000 000.00 (fifty million Patacas), on the acceptance of the terms of the present Agreement, as referred in Article 125 of Law 6/80/M of July 5, 1980;

2) The remaining amount of $99 727 854,00 (ninety-nine million seven hundred and twenty-seven thousand eight hundred and fifty four Patacas) which accrues interest at the annual rate of 5%, shall be paid in 4 (four) bi-annual installments in the amount of $26 509 446.00 (twenty-six million five hundred and nine thousand four hundred and forty-six Patacas) each, whereof the first shall mature six months after the publication in the Official Gazette of the Order which is the title of the present Agreement.

Clause nine – Security

1. Pursuant to Article 126 of Law 6/80/M, of July 5, 1980, the Second Grantor shall give a security in the amount of $156 900.00 (one hundred and fifty six thousand nine hundred Patacas) by means of a deposit or bank guarantee which is acceptable to the First Grantor.
2. The value of the security hereinbefore referred shall always be updated in the same proportion as the relevant annual rent.
3. The security referred in the above paragraph 1 shall be returned by the DSF to the Second Grantor, at his request, after exhibition of the building's occupancy permit issued by the DSSOPT.

Clause ten – Transfer

1. The transfer of any rights or obligations arising out of the present land lease grant, due to its nature, shall be dependent upon the authorization of the First Grantor and the transferee shall be subject to provisions of the terms and conditions provided in the present Agreement.

2. In order to guarantee the necessary financing for the project, the Second Grantor may draw a voluntary mortgage over the lease rights hereby granted in favor of any credit institution of or with registered office in the Macau Special Administrative Region, in accordance with Article 2 of the Decree-Law N.º 51/83/M, of December 26, 1983.

Clause eleven – Building's Occupancy Permit

The building's occupancy permit shall be issued only after the presentation of evidence that the premium referred in Clause eight above has been fully paid.

Clause twelve - Supervision

During the development period, the Second Grantor shall permit the access to the leased plot of land plot and to site, to any representatives of Government departments that may appear there in performance of their supervisory activity, giving them all the necessary assistance and means to accomplish the performance of their functions.

Clause thirteen – Lapse

1. The present Agreement shall lapse in the following cases:
    1) After the expiry of the term to which the aggravated fine provided in Clause seven, No.: 1 above is applicable;
    2) Unauthorized change of the purpose of the land lease grant before the development of the plot of land is concluded;
    3) Interruption of the development of the plot of land for a period which is greater than 90 (ninety) days, except in case there are for special reasons which are duly justified and accepted by the First Grantor.
2. The lapse of this Agreement shall be declared by order of the Chief Executive, to be published in the Official Gazette.
3. The lapse of this Agreement shall result in the reversion of the plot of land to the First Grantor, free and vacant, without the payment of any compensation to the Second Grantor.

Clause fourteen – Rescission

1. The present agreement may be rescinded upon the occurrence of any of the following events:
    1) Default on the punctual payment of the rent;
    2) Unapproved change of the development of the plot of land and/or the purpose of the land lease grant in case the development of the plot of land is already concluded;
    3) Transfer of any rights or obligations in breach of Clause ten above;

4) Noncompliance with the obligations provided in Clause eight above;

2. The rescission of the Agreement shall be declared by Order of the Chief Executive to be published in the Official Gazette.

Clause fifteen – Jurisdiction

The Judicial Courts of Macau shall have jurisdiction to resolve any disputes arising out of the present Agreement.

Clause sixteen – Applicable Law

In case of omissions the present Agreement shall be governed by Law No.: 6/80/M of July 5, 1980, and other applicable legislation.

Exhibit 10.14

CONTRACT DOCUMENT

for

THE DESIGN AND CONSTRUCTION OF THE
HOTEL AND CASINO

at

JUNCTION OF AVENIDA
DR. SUN YAT SEN AND AVENIDA DE KWONG TUNG,
TAIPA, MACAU

for

GREAT WONDERS, INVESTMENTS, LIMITED

NOVEMBER 2004

LEVETT AND BAILEY CHARTERED QUANTITY SURVEYORS LTD.
Quantity Surveyor

PAUL Y. CONSTRUCTION COMPANY, LIMITED
Contractor

CONTENTS

1.0 CONTRACT AGREEMENT

CONTRACT AGREEMENT

This Agreement is made the 24th November 2004

Between Great Wonders, Investments, Limited of Special Administrative Region of Macau, at. Avenida de Lisboa, w/n, Hotel Lisboa Old Wing (hereinafter called "the Employer") of the one part, and

Paul Y. Construction Company Limited of 31/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Hong Kong (hereinafter called "the Contractor") of the other part.

Whereas

A. the Employer wishes to obtain the design and construction of a Hotel and Casino Development at Junction of Avenida Dr. Sun Yat Sen and Avenida de Kwong Tung, Taipa, Macau Special Administrative Region, Peoples' Republic of China (hereinafter called "the Works") and for which Works he has issued to the Contractor his requirements (hereinafter referred to as "the Employer's Requirements") ;

B. the Contractor has submitted proposals for the design and construction of the Works (hereinafter referred to as the 'Contractor's Proposals') to meet the Employer's Requirements which include an estimate of the Prime Cost of the Works based on the Contractor's Proposals;

C. the estimate of the Prime Cost is detailed in Schedule 3 hereto; and

D. the Employer has examined the Contractor's Proposals and the estimate of the Prime Cost and, subject to the Conditions hereinafter contained, is satisfied that they appear to meet the Employer's Requirements.

The Employer and the Contractor agree as follows :

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to.

2. In consideration of the payments to be made by the Employer to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Employer to carry out the design and construction of the Works, in conformity with the provisions of the Contract.

3. The Employer hereby covenants to pay the Contractor, in consideration of the undertaking by the Contractor to carry out the design and construction of the Works, such sums as may become payable under the provisions of the Contract at the times and in the manner prescribed by the Contract.

4. Without prejudice to the respective rights and obligations under this Agreement, the Employer and the Contractor shall, in the spirit of mutual trust and co-operation, work towards the proper and timely completion of the Works and endeavour to maintain the Prime Cost plus the Percentage Fee within the Guaranteed Maximum Price as defined in clause 5 hereinbelow. A Project Executive Committee shall be formed and maintained for the duration of the Contract to implement this objective.

5. Based on the Contractor's Proposals and the estimate of the Prime Cost, the Employer and the Contractor hereby agree an Initial Contract Price for the Works in the sum of HK$1,448,000,000.00 [initials]. Based on the Employer's Requirements and Contractor's Proposal, both parties shall develop the design and agree a Guaranteed Maximum Price (GMP) for the Works with the Employer within 3 months from the Effective Date of the Contract. It is further agreed that, should the Employer and the Contractor failed to agree a Guaranteed Maximum Price within the said 3 months, then the Initial Contract Price shall be deemed for all purposes to be the Guaranteed Maximum Price of the Contract. The provisions regarding GMP is set out in detail in Annex 2 of Part II of the Conditions.

6. The term "the Quantity Surveyor" shall mean Levett and Bailey Chartered Quantity Surveyors Limited of 20/F, Eastern Central Plaza, 3, Yiu Hing Road, Shaukeiwan, Hong Kong or, in the event of his ceasing to be the Quantity Surveyor for the purpose of this Agreement, such other person as the Employer shall nominate for that purpose.

7. The term "Prime Cost" in this Agreement shall mean the costs ascertained in accordance with the definition contained in Schedule 1 hereto.

8. The documents identified in Appendix A of the Agreement shall form part of the Contract.

As Witness the hands of the said parties

SIGNED by: /s/_____
For and on behalf of the **Employer** in the presence of
Witness: /s/_____
Name: Frank Tsui
Address: 19/F, Zhu Kuan Building
Avenida Xian Xing Hai
Macau

Date: 24/11/04

SIGNED by: /s/ [Company's chop]
For and on behalf of the **Contractor** in the presence of
Witness: /s/_____
Name: Lei Pui Mau
Address: Avenida Xian Hing Hai
19/F, Flat J, Guifidu
Zhu Kuan Macau

Date: 24/11/04

APPENDIX A – CONTRACT DOCUMENTS

The Contract shall comprise of the following :

1.0 The Contract Agreement

2.0 Not used.

3.0 The Conditions of Contract

3.1 The Conditions of Contract, Part I - General Conditions

3.2 The Conditions of Contract, Part II - Particular Conditions

3.3 The Schedules.

Schedule 1 - Definition of Prime Cost

Schedule 2 - Percentage Fee

Schedule 3 - Estimate of the Prime Cost

Schedule 4 - Work by Others

4.0 The Employer's Requirements.

4.1 The Employer's Requirements as appended hereto.

4.2 It is stipulated herewith that the Hotel forming part of the Works shall be designed and constructed to the standard of a Park Hyatt Hotel current at the time of its completion. The current version of the following documents bound in with the Contract documents and appended thereto together with all relevant updating revisions as may be published or issued by Hyatt International Technical Services from time to time and instructed to the Contractor under clause 14 of the General Conditions shall form part of the Employer's Requirements insofar as they are intended to be outline design guidelines and standards and are subject to modification to suit local statutory requirements and local conditions :

4.2 (a) Hyatt International Technical Services – Design Recommendations & Minimum Standard

4.2 (b) Hyatt International Technical Services – Engineering Recommendations & Minimum Standard

5.0 The Contractor's Proposals.

5.1 The Contractor's Proposal, comprising:

5.1 (a) List of Design Consultants to be appointed

5.1 (b) Outline Specifications, Design brief for M&E services and Schedule of Area

5.1 (c) Presentation Drawings dated 1 November 2004

5.1 (d) Proposed Master Programme (To be submitted separately and within 21 days after the Effective Date)

5.1 (e) List of Work Packages by Sub-Contractors, Specialist Sub-Contractors / Suppliers

5.1 (f) Procedure for the Appointment of Packages Sub-Contractors

5.1 (g) Project Quality Plan

5.2 Not used.

2.0 (NOT USED)

3.0 THE CONDITIONS OF CONTRACT

PART I – GENERAL CONDITIONS

1. The Contract

Definitions **1.1** In the Conditions of Contract ("the Conditions"), which include Part I (the General Conditions) and Part II (the Particular Conditions) of these Conditions, the following words and expressions defined below shall have the meanings assigned to them, except where the context requires otherwise:

1.1.1 Documents

1.1.1.1 "Contract" means the Contract Agreement, the Conditions of Contract (Parts I and II), and Schedules, the Employer's Requirements, the Contractor's Proposal and such further documents as may be expressly incorporated in the Contract Agreement.

1.1.2 Dates, Times and Periods

1.1.2.1 Intentionally blank.

1.1.2.2 "Effective Date" means the date to be inserted on Page 1 of the Contract Agreement on which the Contract entered into legal force and effect.

1.1.2.3 "Commencement Date" means the date on which the Contractor receives the notice to commence issued by the Employer under Sub-Clause 8.1., or the date as specified in the Contract as the Commencement Date.

1.1.2.4 "Time for Completion" means the time for achieving practical completion of the Works or a Section (as the case may be), as stated in Part II (or as extended under Sub-Clause 8.3), calculated from the Commencement Date.

1.1.2.5 "day" means a calendar day and "year" means 365 days, unless otherwise stipulated in the Contract.

1.1.3 Completion

1.1.3.1 "Practical Completion Certificate" means a certificate of practical completion issued by the Employer under Clause 9.

1.1.3.2 "Certificate of Making Good Defects" means the certificate issued by the Employer under Sub-Clause 12.4.

1.1.3.3 "Final Certificate" means the certificate issued by the Employer under Sub-Clause 13.7 and 13.9.

1.1.4 Money and Payments

1.1.4.1 "Guaranteed Maximum Price" means the sum stated in the Contract as the maximum price payable by the Employer to the Contractor for the total of the Prime Cost for the design, execution and completion of construction of the Works or the relevant Section of the Works (as may be the case) together and the total Percentage Fee calculated in accordance with Schedule 2, and subject to the terms and conditions for the Guaranteed Maximum Price stated in Part II.

1.1.4.2 "Retention Money" means the accumulated retention monies retained by the Employer under Sub-Clause 13.5.

1.1.4.3 "Provisional Sum" means a sum (if any) specified in the Contract and designated as such, for the execution of any part of the Works or for the supply of Plant, Materials or services.

1.1.4.4 "Prime Cost" means the costs ascertained in accordance with the definition contained in the Schedule 1 hereto.

1.1.4.5 "Percentage Fee" means fees ascertained in accordance with the definition in Schedule 2 hereto.

1.1.4.6 "Interim Payment Certificate" means any payment certificate issued by the Employer under Clause 13, other than the Final Certificate.

1.1.5 Other Definitions

1.1.5.1 "Contractor's Equipment" means all plant, equipment, machinery, apparatus and other things (other than Temporary Works) required for the execution and completion of the Works and the remedying of any defects, but does not include Plant, Materials, or other things intended to form or forming part of the Permanent Works.

1.1.5.2 "Construction Documents" means all drawings, calculations, computer software (programs), samples, patterns, models, operation and maintenance manuals, and other manuals and information of a similar nature, to be prepared or provided by the Contractor for the purpose of the Contract.

1.1.5.3 "Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

1.1.5.4 "Macau" means the Macau Special Administrative Region of the People's Republic of China.

1.1.5.5 "Materials" means things of all kinds (other than Plant) to be provided and incorporated in the Permanent Works by the Contractor, including the supply-only items (if any) which are to be supplied by the Contractor as specified in the Contract.

1.1.5.6 "Permanent Works" means the permanent works to be designed and executed in accordance with the Contract.

1.1.5.7 "Plant" means plant, equipment, machinery and apparatus intended to form or forming part of the Permanent Works, including the supply-only items (if any) which are to be supplied by the Contractor as specified in the Contract.

1.1.5.7a "Project" means the Hotel and Casino Development to be designed and constructed under the Contract

1.1.5.8 "Section" means a part of the Works specifically defined in Part II as a Section (if any).

1.1.5.9 "Site" means the places provided by the Employer where the Permanent Works are to be executed and to which Plant and Materials are to be delivered, and any other places as may be specifically designated in the Contract as forming part of the Site.

1.1.5.10 "Temporary Works" means all temporary works of every kind (other than Contractor's Equipment) required for the execution and completion of the Works and the remedying of any defects.

1.1.5.11 "Unforeseeable" means not reasonably foreseeable by a competent and experienced contractor by the Commencement Date.

1.1.5.12 "Variation" means any alteration and/or modification to the Employer's Requirements, which is instructed by the Employer or approved as a variation by the Employer, in accordance with Clause 14.

1.1.5.13 "Works" means the Permanent Works and the Temporary Works or either of them as appropriate including the design of the same relevant to the Project undertaken by the Contractor.

Headings and Marginal Notes **1.2** The headings and marginal notes are not part of these Conditions, and shall not be taken into consideration in their interpretation.

Interpretation **1.3** Words importing persons or parties shall include firms and corporations and any organization having legal capacity. Words importing the singular also include the plural and vice versa where the context requires. Works importing one gender also include other genders.

Applicable Law **1.4** The law of the Hong Kong Special Administrative Region shall be the applicable law of this Contract.

1.5 [Not Used]

Priority of Documents **1.6** The documents forming the Contract are to be taken as mutually explanatory of one another. If there is an ambiguity or discrepancy in the documents, the Employer shall issue any necessary clarification or instruction to the Contractor, and the priority of the documents shall be as follows:

a) The Contract Agreement;

b) The Conditions of Contract, Part II;

c) The Conditions of Contract, Part I;

d) The Schedules to the Conditions of Contract;

e) The Employer's Requirements;

f) The Contractor's Proposals and all other documents forming part of the Contract.

1.7 [Not Used]

Communication **1.8** Wherever provision is made for the giving or issue of any notice, instruction, consent, approval, certificate or determination by any person, unless otherwise specified such communication shall be in writing and shall not be unreasonably withheld or delayed.

Wherever provision is made for a communication to be "written" or "in writing", this means any hand-written, type-written or printed communication, including the agreed systems of electronic transmission stated in Part II.

All certificates, notices or written orders to be given to the Contractor by the Employer or the Employer, and all notices to be given to the Employer or to the Employer by the Contractor, shall either be delivered by hand against written acknowledgement of receipt, or be sent by airmail or one of the agreed systems of electronic transmission. The addresses for the receipt of such communications shall be as stated in the Contract Agreement.

Provisions of Construction Documents **1.9** The Construction Documents shall be in the custody and care of the Contractor. Unless otherwise stated in the Employer's Requirements, the Contractor shall provide four copies for the use of the Employer.

Employer's Use of Contractor's Documents **1.10** Copyright in the Construction Documents and other design documents made by or on behalf of the Contractor shall (as between the parties) remain the property of the Contractor. The Contractor shall be deemed to give to the Employer a non-terminable transferable non-exclusive and royalty-free right throughout the actual or intended working life of the Works (whichever is longer) to copy, use and communicate any such documents (including making and using modifications) for the purposes of completing, operating, maintaining, altering, adjusting, repairing and/or demolishing the Works or such relevant part of the same. They shall not, without the Contractor's consent, be used, copied or communicated to a third party by the Employer for other purposes.

Contractor's Use of Employer's Documents **1.11** Copyright in the Employer's Requirements and other documents issued by the Employer to the Contractor shall (as between the parties) remain the property of the Employer. The Contractor may, at his cost, copy, use and communicate any such documents for the purposes of the Contract. They shall not, without the Employer's consent, be used, copied or communicated to a third party by the Contractor, except as necessary for the purposes of the Contract.

Confidential Details **1.12** The Contractor shall disclose to the Employer all such confidential details as the Employer may reasonably require in order to verify the Contractor's compliance with the Contract, except those details listed in Part II.

Compliance with Statutes, Regulations and Laws * **1.13** The Contractor shall, in all matters arising in the performance of the Contract, comply with, give all notices under, and pay all fees required by, the provisions of any national or state statute, ordinance or other law, or any regulation of any legally constituted public authority having jurisdiction over the design and construction of the Works including all requirements and works as may be stipulated by the relevant authorities in connection with the issuance of permits and licenses for the use of the completed Works .

The Contractor is not responsible for the application and obtaining permits and licenses pertaining to the use of the completed Works eg. restaurant license, hotel license and gaming license etc.

Assignment **1.15** Neither Party shall assign the whole or any part of the Contract or any benefit or interest in or under the Contract. However, either Party:

(a) may assign the whole or any part of the Contract or any benefit or interest in or under the Contract with the prior agreement of the other Party, such agreement shall be at the sole discretion of the other Party, and

(b) may, as security in favour of a bank or financial institution, assign its right to any moneys due, or to become due, under the Contract.

Sub-letting **1.16** (1) The sub-letting of any portion of the Works shall not relieve the Contractor from any liability or obligation under the Contract. The Contractor shall remain wholly responsible for carrying out and completing the Works in all respects in accordance with the Contract and shall be responsible for the acts, defaults and neglects of all sub-contractors, their servants and agents, or their sub-contractors of any tier as if they were the acts, defaults or neglects of the Contractor.

(2) It shall be a condition in any sub-letting by the Contractor that :

(a) the employment of the sub-contractor under the sub-contract shall determine immediately upon the determination (for any reason) of the Contractor's employment under this Contract; and

(b) the sub-contract shall also provide that

(i) subject to Clause 7 of these Conditions, unfixed Plant and Materials delivered to, placed on or adjacent to the Works by the sub-contractor and intended therefor shall not be removed except for use on the Works unless the Contractor has consented in writing to such removal, which consent shall not be unreasonably withheld;

(ii) Where, in accordance with Sub-Clause 13.5 of these Conditions, the value of any such Plant or Materials has been included in the amount due as an Interim Payment and that Interim Payment has been discharged by the Employer in the favour of the Contractor, such Plants or Materials shall be and become the property of the Employer and the sub-contractor shall not deny that such Plants or Materials are and have become the property of the Employer;

(iii) provided that if the Contractor shall pay the sub-contractor for any such Plant or Materials before the value therefor has, in accordance with Sub-Clause 13.5, been included in the amount due as an Interim Payment and before that Interim Payment has been discharged by the Employer in favour of the Contractor, such Plant or Materials shall upon such payment by the Contractor be and become the property of the Contractor;

(iv) the operation of Sub-Clauses 1.16 (2) (b) (i) to (iii) hereof shall be without prejudice to any property in any Plants or Materials passing to the Contractor as may be provided in any other provisions in the Contract.

Novation of Sub-Contracts of work or design

1.17 It shall be a condition of any sub-letting to which Sub-Clause 1.16 refers that the sub-contract shall provide that the sub-contractor shall enter into a novation agreement of the sub-contract with the Employer if the Employer so requires upon the determination of the Contractor's employment under this Contract.

2. The Employer

General Obligations

2.1 The Employer shall provide the Site and shall pay the Contractor in accordance with Clause 13.

Access to and Possession of the Site

2.2 The Employer shall grant the Contractor right of possession of the Site on the Date for Possession stated in the Contract.

If the Contractor suffers delay and/or incurs direct loss and / or expense from failure on the part of the Employer to grant right of possession of the Site by the Date for Possession, the Contractor shall give notice to the Employer. After receipt of such notice the Employer shall proceed in accordance with Sub-Clause 2.7 to agree or determine:

(a) any extension of time to which the Contractor is entitled under Sub-Clause 8.3, and

(b) the amount of such direct loss and / or expense, which in his opinion has not been been included in the definition of Prime Cost in Schedule 1, to be included as part of the Prime Cost, plus the Percentage Fee,

and shall notify the Contractor accordingly.

Duties and Authorities

2.3 The Employer shall carry out the duties specified in the Contract. The Employer is empowered to exercise the authorities specified in or necessarily to be implied from the Contract. If the Contractor suffers delay to the regular progress of the Works and/or incur expense as a result of delay, impediment or prevention by the Employer or due to his default in carrying out his duties and/or his authorities properly, the Contractor shall give notice to the Employer. After receipt of such notice the Employer shall proceed in accordance with Sub-Clause 2.7 to agree or determine:

(a) any extension of time to which the Contractor is entitled under Sub-Clause 8.3, and

(b) the amount of such direct loss and / or expense, which in his opinion has not been been included in the definition of Prime Cost in Schedule 1, to be included as part of the Prime Cost, plus the Percentage Fee,

and shall notify the Contractor accordingly.

Contractor's liability not to be relieved **2.4** Any proposal, inspection, examination, testing, consent, approval or similar act by the Employer (including absence of disapproval) shall not relieve the Contractor from any responsibility, including responsibility for his errors, omissions, discrepancies, and non-compliance with Sub-Clauses 5.3 and 5.4.

Authority to Delegate **2.5** The Employer may from time to time delegate any of his duties to assistants or other Consultants employed by him, and may at any time revoke any such delegation. Any such delegation or revocation shall be in writing and shall not take effect until a copy has been delivered to the Contractor.

Any determination, instruction, inspection, examination, testing, consent, approval or similar act by any such assistant of the Employer, in accordance with the delegation, shall have the same effect as though it had been an act of the Employer.

Instructions **2.6** Unless it is legally or physically impossible, the Contractor shall comply with instructions given by the Employer in accordance with the Contract.

Employer to Attempt Agreement **2.7** When the Employer or his delegate is required to determine value, loss and / or expense, or extension of time, he shall consult with the Contractor in an endeavour to reach agreement. If agreement is not achieved, the matter shall be referred to the Project Executive Committee for resolution.

It is expressly stipulated that the obligations and liabilities of the Employer and the Contractor shall not be affected in any way by reason of the existence of matters being referred to the Project Executive Committee as stipulated in sub-clause 2.8 for resolution.

Project Executive Committee **2.8** A Project Executive Committee (PEC), comprising of two representatives each from the Employer, the Contractor and the Quantity Surveyor shall be established and maintained in accordance with Annex 1of the Particular Conditions.

3 Not used.

4. The Contractor

General Obligations **4.1** The Works shall be wholly in accordance with the Contract and shall include any work which is necessary to satisfy the Employer's Requirements, the Contractor's Proposals, the Contract Agreement, Appendices and Schedules, or is implied by the Contract, or arises from any obligation of the Contractor, and all works not mentioned in the Contract but which may be inferred to be necessary for stability or completion or the safe, reliable and efficient operation of the Works.

The Contractor shall design all of the Works in line with the Employer's Requirements to the satisfaction of the Employer and shall, upon obtaining the approval of the Employer to such design, carry out the procurement of such work on a competitive basis, and to execute the construction and completion of the Works within the Time for Completion. The Contractor shall provide all superintendence, labour, Plant, Materials, Contractor's Equipment, Temporary Works and all other things including all construction documents, whether of a temporary or permanent nature, required in and for such design, execution and completion.

The Contractor shall take full responsibility for the adequacy, stability and safety of all Site operations, of all methods of construction and of all the works, irrespective of any approval or consent by the Employer.

Contractor's Representatives **4.2** Unless the Contractor's Representative is named in the Contract, the Contractor shall, within 14 days of the Commencement Date, submit to the Employer the name and particulars of the person the Contractor proposes to appoint.

The Contractor's Representative shall give his whole time to directing the preparation of the Construction Documents and the execution of the Works. Except as otherwise stated in the Contract, the Contractor's Representative shall receive (on behalf of the Contractor) all notices, instructions, consents, approvals, certificates, determinations and other communications under the Contract.

Co-ordination of the Works **4.3** The Contractor shall be responsible for the co-ordination and proper execution of the Works, including co-ordination of other contractors and attending upon other contractors and other relevant parties and authorities to the extent specified in the Employer's Requirements. The Contractor shall, afford all reasonable opportunities for the carrying outof the works by:

(a) any other contractors employed by the Employer and their workmen,

(b) the workmen or employees of the Employer, and

(c) the workmen of any legally constituted public authorities who may be employed in the execution on or near the Site of any work not included in the Contract, which the Employer may require, and

(d) the relevant authorities or utilities companies who may be performing their duties in connection with the Works

The Contractor shall obtain, co-ordinate and submit to the Employer for his information all details (including details of work to be carried out off the Site) from Subcontractors. The Contractor shall be responsible for the locations of their work or materials, in order to ensure that there will be no conflict of the said Subcontractor's work with the work of other Subcontractors, the Contractor or other contractors.

Subcontractors **4.4** The Contractor shall not subcontract the whole of the Works. Unless otherwise stated in Part II:

(a) the Contractor shall follow the procedures stipulated in the Contract for the procurement of subcontractors for supply of materials and/or the carrying out of part of the Works;

(b) the Contractor shall ensure the provisions in clause 1.16 are stipulated in the subcontracts under sub-clause 4.4 (a);

The Contractor shall be responsible for observance by all Subcontractors of all the provisions of the Contract.

Proprietary Products and materials **4.5** The Contractor shall ensure that all proprietary products and materials insofar as they are specified in the design and approved by the Employer, shall be provided in the Works. No deviation nor alternative as to origin, brandname, place of manufacture etc. shall be allowed. Notwithstanding this, the Contractor may propose alternative to such proprietary products and materials, any cost or other benefit of such alternative, and also the time required for the Employer's decision so as not to affect the Works, to the Employer for consideration. The Employer may, at his sole discretion, accept such alternative and the Employer's acceptance shall be deemed to be a Variation to the Contract. Provided that the Employer's decision is make within the said time specified by the Contractor in proposing the alternative for the Employer's decision, there shall be no extension of time whatsoever due to such Variation.

Setting Out **4.6** The Contractor shall set out the works in relation to original points, lines and levels of reference specified in the Employer's Requirements or, if not specified, given by the Employer in writing.

Unforeseeable Ground Conditions **4.7** If during the course of the Works, the Contractor encounters adverse ground conditions which in his opinion could not be reasonably foreseen at the time of his submission of the Contractor's Proposal, he shall give notice in writing to the Employer. The Employer shall, upon receipt of such notice, make due inspection and investigation and proceed to agree or determine in accordance with Sub-clause 2.7

(a) any extension of time to which the Contractor is entitled under Sub-clause 8.3,

(b) the amount of such direct loss and/or expense, which in his opinion has not been included in the definition of Prime Cost in Schedule 1, to be included as part of the Prime Cost, plus the Percentage Fee, and notify the Contractor accordingly.

Programme **4.8** The Contractor shall submit a programme to the Employer, for information, within such period as may be stated in the Contract or, if no period is so stated, within 28 days of the Commencement Date. The programme shall include the following:

(a) the order in which the Contractor proposes to carry out the Works (including each stage of design, procurement, manufacture, delivery to Site, construction, erection, testing and commissioning),

(b) all major events and activities in the production of Construction Documents,

(c) the periods for the pre-construction reviews and for any other submissions, approvals and consents specified in the Employer's Requirements, and

(d) the sequence of all tests specified in the Contract.

(e) the timing for all relevant statutory inspections for Occupation Permit of the relevant sections

The Contractor shall, on a regular basis, update the programme for the Works for the Employer's information.

Fossils **4.9** All fossils, coins, articles of value or antiquity, and structures and other remains or things of geological or archaeological interest discovered on the Site shall (as between the parties) be the property of the Employer. The Contractor shall take reasonable precautions to prevent his staff, labour or other persons from removing or damaging any such article or thing. The Contractor shall, immediately upon discovery of such article or thing, advise the Employer, who may issue instructions for dealing with it.

If the Contractor suffers delay and/or incurs direct loss and / or expense in following these instructions of the Employer, the Contractor shall give a written notice to the Employer. After receipt of such notice, the Employer shall proceed in accordance with Sub-Clause 2.7 to agree or determine:

(a) any extension to the Time for Completion which the Contractor is entitled under Sub-Clause 8.3, and

(b) the amount of such direct loss and / or expense to be included in the Prime Cost, plus the Percentage Fee ;

and shall notify the Contractor of his determination in writing accordingly.

5 Design

General Obligations **5.1** The Contractor shall carry out, and be responsible for, the design of the Works. The Contractor holds himself, his designers and design sub-contractors as having the experience and capability necessary for the design. The Contractor shall submit to the Employer for his approval the name and particulars of each proposed designer and design sub-contractor, unless these have already been specified in the Contractor's Proposals.

Design Review of Construction Documents **5.2** The Contractor shall prepare Construction Documents including all the designs therein to satisfy all regulatory approvals, to provide suppliers and construction personnel sufficient instruction to execute the Works, and to describe the operation of the completed Works.

In the design of the Works and the preparation of the Construction Documents, the Contractor shall at relevant stages of design and design development, and in all cases upon the request of the Employer, arrange to present the design to the Employer for his review and comments. The Contractor shall also draw the Employer's attention to any deviation from the Employer's Requirement in the design, and seek the Employer's approval in writing to such deviation accordingly. The Contractor shall incorporate all comments by the Employer into his design prior to further design development and construction . In this connection, the Employer may employ any Independent Checkers to check and comment on any of the Contractor's design and the Contractor shall liaise and cooperate with the Employer's Independent Checkers to allow them access to all relevant information in order for them to perform their checking duties.

The construction of the Works shall be in accordance with the Construction Documents prepared on the basis of designs reviewed and approved by the Employer. If the Contractor wishes to modify any design or document which has been reviewed and approved previously by the Employer, notification must be given to the Employer as soon as possible. Any tendering or other form of procurement and/or Works so carried out without the notification to the Employer or his approval shall be at the sole risk of the Contractor and any costs or expenses including any associated rectification costs incurred by the Contractor in such respect shall not be considered as Prime Cost.

Contractor's Undertaking **5.3** The Contractor undertakes that, if legally and physically possible and procurable, the design, the Construction Documents, the execution and the completed Works will be in accordance with the following,:

(a) law in Macau SAR, and

(b) the documents forming the Contract, as may be altered or modified from time to time by Variations.

Technical Standards and Regulations **5.4** The design, the Construction Documents, the execution and the completed Works shall comply with Macau's local requirements, technical standards, building, construction and environmental regulations, regulations applicable to the function of the building, and the standards specified in the Employer's Requirements, applicable to the Contractor's Proposal and Schedules, or defined by law. References in the Contract to such specifications and other matters shall be understood to be references to the edition applicable on or before the Commencement Date, unless stated otherwise. Should there be discrepancies amongst such documents, the document specifying the highest standard of quality and/or workmanship shall prevail. If there were substantial changes to the existing applicable national specifications, technical standards or regulations, or new applicable national specifications, technical standards or regulations come into force after the Commencement Date, the Contractor shall submit proposals for compliance to the Employer. In the event that the Employer determines that such proposals constitute a variation, he shall then initiate a Variation in accordance with Clause 14.

Samples **5.5** The Contractor shall submit the following samples and relevant information to the Employer for review and/or approval :

(a) manufacturer's standard samples of Materials; and

(b) samples (if any) specified in the Employer's Requirements and/or the Contractor's Proposals for the Employer's approval.

Each sample shall be labelled as to origin and intended use in the Works. Approved samples shall be kept in a location at or adjacent to the Site and shall be readily available for referencing.

Construction Drawings, etc. **5.5a** The Contractor shall maintain and keep at all times a complete set of the most up-to-date "for construction" drawings for the execution of the Works, with cross references to relevant specifications and data sheets. These drawings shall be kept on the Site and shall be used exclusively for the purposes of this Sub-Clause. Two copies shall be submitted to the Employer for his record purpose from time to time when there are revisions and two copies of the final set of "for construction" drawings shall be submitted to the Employer clearly stated so prior to the application for Practical Completion by the Contractor.

As-Built Drawings, etc. **5.6** The Contractor shall prepare, and keep up-to-date, a complete set of "as-built" records of the execution of the Works, showing the exact "as-built" locations, sizes and details of the work as executed, with cross references to relevant specifications and data sheets. These records shall be kept on the Site and shall be used exclusively for the purposes of this Sub-Clause. Two copies shall be submitted to the Employer prior to the issue of the Practical Completion Certificate.

In addition, the Contractor shall prepare and submit to the Employer "as-built drawings" of the Works, showing all Works as executed. The drawings shall be prepared as the Works proceed, and shall be submitted to the Employer for his inspection. The Contractor shall obtain the consent of the Employer as to their size, the referencing system, and other pertinent details.

Prior to the issue of any Practical Completion Certificate, the Contractor shall submit to the Employer one electronic copy and four printed copies of the relevant "as-built drawings", and any further Construction Documents specified in the Employer's Requirements.

Operation and Maintenance Manuals **5.7** Prior to the issue of any Practical Completion Certificate, the Contractor shall prepare, and submit to the Employer, operation and maintenance manuals in accordance with the Employer's Requirements and in sufficient detail for the Employer to operate, maintain, dismantle, reassemble, adjust and repair the Works.

Patent Rights **5.8** The Contractor shall procure and indemnify the Employer against all claims of infringement of any patent, registered design, copyright, trade mark or trade name, or other intellectual property right, if:

(a) the claim or proceedings arise out of the design, construction, manufacture or use of the Works;

(b) the infringement (or allegation of infringement) was not the result of part (or all) of the Works being used for a purpose other than that indicated by, or reasonably to be inferred from, the Contract;

(c) the infringement (or allegation of infringement) was not the result of part (or all) of the Works being used in association or combination with any thing not supplied by the Contractor, unless such association or combination was disclosed to the Contractor prior to the Commencement Date or is stated in the Contract; and

(d) the infringement (or allegation of infringement) was not the unavoidable result of the Contractor's compliance with the Employer's Requirements.

The Contractor shall be promptly notified of any claim under this Sub-Clause made against the Employer. The Contractor may, at his cost, conduct negotiations for the settlement of such claim, and any litigation or arbitration that may arise from it. The Employer shall not make any admission which might be prejudicial to the Contractor, unless the Contractor has failed to take over the conduct of the negotiations, litigation or arbitration within a reasonable time after having been so requested.

Except to the extent that the Employer agrees otherwise, the Contractor shall not make any admission which might be prejudicial to the Employer, until the Contractor has given the Employer such reasonable security as the Employer may require. The security shall be for an amount which is an assessment of the compensation, damages, charges and costs for which the Employer may become liable, and to which the indemnity under this Sub-Clause applies.

It is expressly stipulated that all costs incurred by the Contractor under this clause shall not be considered as part of the Prime Cost.

Contractor's Error **5.9** If errors, omissions, ambiguities, inconsistencies, inadequacies or other defects are found in the Design and/or the Construction Documents and/or the Works, they and the Works shall be rectified, notwithstanding any consent or approval of such by the Employer.

Any additional cost arising from such rectification shall be borne by the Contractor and shall not be considered as part of the Prime Cost. For the purpose of this Sub-clause, additional cost shall mean the cost in excess of that which the Employer has to pay under the Prime Cost had there been no default on the part of the Contractor in the Design and/or the Construction Documents and/or the Works.

6 Staff and Labour

Labour Laws **6.1** The Contractor shall comply with all the relevant labour laws of Macau SAR applicable to his employees. The Contractor shall require all such employees to obey all applicable laws and regulations, including those concerning safety at work. Labour laws of Hong Kong SAR shall also be complied with where applicable.

Health and Safety **6.1a** The Contractor shall at all times take all reasonable precautions to maintain the health and safety of the Contractor's staff and labour. In collaboration with local health authorities, the Contractor shall ensure that medical staff, first aid facilities, sick bay and ambulance service are available at all times at the Site and at any accommodation for Contractor's and Employer's personnel, and that suitable arrangement are made for all necessary welfare and hygiene requirements and for the prevention of epidemics.

The Contractor shall appoint such relevant qualified and designated Health and Safety Officer at the Site, responsible for maintaining safety and protection against accidents. The said Health and Safety Officer shall be qualified for this responsibility, and shall have the authority to issue instructions and take protective measures to prevent accidents. Throughout the execution of the Works, the Contractor shall provide whatever is required by the Health and Safety Officer in order for him to exercise his responsibilities.

The Contractor shall send to the Employer details of any accident as soon as practicable after its occurrence. The Contractor shall maintain records and make reports concerning health, safety and welfare of persons, and damage to property, as the Employer may reasonably require.

Contractor's Superintendence **6.2** The Contractor shall provide all necessary superintendence during the design and execution of the Works, and as long thereafter as the Employer may consider necessary for the proper fulfilling of the Contractor's obligations under the Contract. Such superintendence shall be given by sufficient persons having adequate knowledge of the operations to be carried out (including the methods and techniques required, the hazards likely to be encountered and methods of preventing accidents) for the satisfactory and safe execution of the Works.

Contractor's Personnel **6.3** The Contractor shall employ (or cause to be employed) only persons who are appropriately qualified, skilled and experienced in their respective trades or occupations. The Employer may require the Contractor to remove (or cause to be removed) any person employed on the Site or Works, including the Contractor's Representative, who in the opinion of the Employer:

(a) persists in any misconduct,

(b) is incompetent or negligent in the performance of his duties,

(c) fails to conform with any provisions of the Contract, or

(d) persists in any conduct which is prejudicial to safety, health, or the protection of the environment.

If appropriate, the Contractor shall then appoint (or cause to be appointed) a suitable replacement person.

Disorderly Conduct **6.4** The Contractor shall at all times take all reasonable precautions to prevent any unlawful, riotous or disorderly conduct by or amongst his staff and labour, and to preserve peace and protection of persons and property in the neighbourhood of the Works against such conduct.

7 Plant, Materials and Workmanship

Manner of Execution **7.1** All Works under the Contract including all Plant and Materials to be supplied and/or manufactured, shall be executed :

(a) in the manner set out in the Contract, and.

(b) In a proper workmanlike and careful manner, in accordance with recognised good practice, and

(c) With properly equipped facilities and non-hardzardous materials, except as otherwise specified in the Contract.

Delivery to Site **7.2** The Contractor shall be responsible for procurement, transport, receiving, unloading and safe keeping of all Plant, Materials, Contractor's Equipment and other things required for the completion of the Works.

Inspection **7.3** The Employer shall be entitled to have full access, during manufacture, fabrication and preparation at any places where works are being carried out or where materials including natural materials are being obtained, to inspect, examine and test the materials and workmanship, and to check the progress of manufacture, of all Plant and Materials to be supplied under the Contract.

The Contractor shall give the Employer full opportunity to inspect, examine, measure and test any work on Site or wherever carried out including providing access, facilities, permissions and safety equipment. No such activity shall relieve the Contractor from any obligation or responsibility.

Testing **7.4** If the Contract provides for tests, or if such tests are necessary for complying with any statutory requirement or verification of quality and standard of the Works, the Contractor shall provide all documents and other information necessary for testing and such assistance, labour, materials, electricity, fuel, stores, apparatus and instruments as are necessary to carry out such tests efficiently.

Rejection **7.5** If, as a result of inspection, examination or testing, the Employer decides that any Plant, Materials, design or workmanship is defective or otherwise not in accordance with the Contract, the Employer may reject such Plant, Materials, design or workmanship and shall notify the Contractor promptly, stating his reasons. The Contractor shall then promptly make good the defect and ensure that the rejected item complies with the Contract after rectification including carrying out any re-testing as necessary.

Remedial Work **7.5a** Notwithstanding any previous test or certification, the Employer is empowered to instruct the Contractor to :

(a) remove from the Site and replace any Plant or Material which is not in accordance with the Contract,

(b) remove and re-execute any other work which is not in accordance with the Contract, and

(c) execute any work which is urgently required for the safety of the Works, if such arises because of an accident or unforeseeable event and not due to Contractor's own fault in the design of the Works.

The Contractor shall comply with the instruction within a reasonable time, which shall be the time (if any) specified in the Employer's instruction, or immediately if urgency is specified under sub-paragraph (c). It is expressly stipulated that all costs incurred by the Contractor under the above clauses (a) and (b) shall not be considered as part of the Prime Cost.

If the Contractor fails to comply with the instruction, the Employer shall be entitled to employ and pay other persons to carry out the works and all costs and expenses incurred by the Employer shall be deducted from monies payable to the Contractor.

Ownership of Plant and Materials **7.6** Each item of Plant and Materials shall become the property of the Employer at whichever is the earlier of the following times, free from liens and other encumbrances :

(a) When it has been incorporated into the Works; or

(b) when the Contractor has received payment of the value of the Plant and Materials.

8 Commencement, Delays and Suspension

Commencement of Works **8.1** The Contractor shall commence the design and execution of the Works (or Section, as the case may be) as soon as is reasonably possible after the receipt of a notice to this effect from the Employer. The Contractor shall then proceed with the Works with due expedition and without delay, until completion.

Time for Completion **8.2** The Contractor shall complete the whole of the Works, and each Section (if any), within the Time for Completion for the Works or such Section (as the case may be) as stated in Part II.

Extension of Time for Completion **8.3** The Contractor may apply for an extension of the Time for Completion if he is or will be delayed either before or after the Time for Completion by any of the following causes:

(a) a variation (unless an adjustment to the Time for Completion is agreed under Sub-Clause 14.2),

(b) a force majeure event (as defined in Sub-Clause 19.1),

(c) a cause of delay giving an entitlement to extension of time under a Sub-Clause of these Conditions,

(d) any delay, impediment or prevention by the Employer,

(e) any special circumstance of any kind whatsoever

If the Contractor intends to apply for an extension of the Time for Completion, the Contractor shall give notice to the Employer of such intention as soon as possible and in any event within 28 days of the start of the event giving rise to the delay, together with any other notice required by the Contract and relevant to such cause. The Contractor shall keep such contemporary records as may be necessary to substantiate any application, either on the Site or at another location acceptable to the Employer, and such other records as may reasonably be requested by the Employer. The Contractor shall permit the Employer to inspect all such records, and shall provide the Employer with copies as required.

Within 28 days of the first day of such delay (or such other period as may be agreed by the Employer), the Contractor shall submit full supporting details of his application. Except that, if the Contractor cannot submit all relevant details within such period because the cause of delay continued for a period exceeding 7 days, the Contractor shall submit interim details at intervals of not more than 28 days (from the first day of such delay) and full and final supporting details of his application within 21 days of the last day of delay.

The compliance with the above submission requirements by the Contractor are conditions precedent to his application for extension of Time for Completion being considered by the Employer.

The Employer shall proceed in accordance with Sub-Clause 2.7 to agree or determine either prospectively or retrospectively such extension of the Time for Completion as may be due. The Employer shall notify the Contractor accordingly. When determining each extension of time, the Employer shall review his previous determinations and may revise, but shall not decrease, the total extension of time.

Rate of Progress **8.4** If , at any time, the Contractor's actual progress falls behind the programme referred to in Sub-Clause 4.8, or it becomes apparent that it will so fall behind, the Contractor shall submit to the Employer a revised programme taking into account the prevailing circumstances.

Liquidated Damages for Delay **8.5** If the Contractor fails to comply with Sub-Clause 8.2, and the Employer certifies in writing that in his opinion the Works or any Section thereof ought reasonably so to have been completed by the Time for Completion, the Contractor shall pay to the Employer the relevant sum stated in Part II as liquidated damages for such default (which sum shall be the only monies due from the Contractor for such default) for every day or part of a day which shall elapse between the relevant Time for Completion and the date stated in the Completion Certificate; except that the total payment shall not exceed the limit of liquidated damages (if any) stated in Part II.

The Employer may, without prejudice to any other method of recovery, deduct the amount of such damages from any monies due, or to become due, to the Contractor. In the event of an extension of time being granted under Sub-Clause 8.3, the amount due under this Sub-Clause shall be recalculated accordingly, and any over-payment shall be included in the next payment certificate to the Contractor. The payment or deduction of such damages shall not relieve the Contractor from his obligation to complete the Works, or from any other of his duties, obligations or responsibilities under the Contract.

At any time after the Employer become entitled to liquidated damages, the Employer may give notice to the Contractor under Sub-Clause 15.1, requiring the Contractor to complete within a specified reasonable time for completion. Such action shall not prejudice the Employer's entitlements to payment under this Sub-Clause and to terminate under Sub-Clause 15.2

Suspension of Work **8.6** The Employer may at any time instruct the Contractor to suspend progress of part of all of the Works. During suspension, the Contractor shall protect, store and secure such part of the Works against any deterioration, loss or damage.

Consequences of Suspension **8.7** If the Contractor suffers delay and/or incurs loss and/ or expense in following the Employer's instructions under Sub-Clause 8.6, and in subsequent resumption of the work, the Contractor shall give a notice of such effects to the Employer. After receipt of such notice the Employer shall proceed in accordance with Sub-Clause 2.7 to agree or determine:

(a) any extension of time to which the Contractor is entitled under Sub-Clause 8.6, and

(b) the amount of such direct loss and/ or expense to be included in the Prime Cost, plus the Percentage Fee;

and shall notify the Contractor accordingly. The Contractor shall not be entitled to such extension of time and payment of loss and/ or expense and the cost to protect, store and secure such part of the Works during suspension, if the suspension is due to a cause attributable to the Contractor's default.

9 Completion

Completion of the Works **9.1** When the Works have been practically completed and have satisfactorily passed any final acceptance or commissioning test and/or have obtained the relevant statutory approval / licence / permit for occupation that may be prescribed by the Contract, the Contractor may serve notice in writing to that effect to the Employer, accompanied by an undertaking to carry out any outstanding work during the Defects Liability Period, requesting the Employer to issue a certificate of practical completion in respect of the Works. The Employer shall, within 21 days of the date of receipt of such notice either:

(a) issue a certificate of practical completion stating the date on which, in the Employer's opinion, the Works were practically completed in accordance with the Contract, or

(b) give instructions in writing to the Contractor specifying all the work which, in the Employer's opinion, is required to be done by the Contractor before such certificate can be issued, in which case the Contractor shall not be permitted to make any further request for a certificate of practical completion and the provisions of Sub-Clause 9.2 shall apply.

Practical Completion Certificate **9.2** Notwithstanding the provisions of Sub-Clause 9.1, as soon as in the opinion of the Employer the Works have been practically completed and satisfactorily passed any final acceptance or commissioning test which may be prescribed by the Contract, the Employer shall issue a certificate of practical completion in respect of the Works and Practical Completion of the Works shall be deemed for all the purposes of this Contract to have taken place on the day named in such certificate.

The Contractor shall carry out any outstanding work as soon as practicable after the issue of the certificate of practical completion or as reasonably directed by the Employer.

Sectional Completion **9.3** The provisions of Sub-Clause 9.1 and 9.2 shall apply equally to any Section.

(a) The Employer shall give a certificate of practical completion in respect of any part of the Works which has been completed to the satisfaction of the Employer and is required by the Employer for permanent occupation or use before the completion of the Works or any Section.

(b) The Employer, following a written request from the Contractor, may give a certificate of practical completion in respect of any substantial part of the Works which has been completed to the satisfaction of the Employer before the completion of the Works or any Section and is capable of permanent occupation and/ or permanent use by the Employer.

(c) When a certificate of practical completion is given in respect of a part of the Works such part shall be considered as completed and the Defects Liability Period for such part shall commence on the day following the date of completion stated in such certificate.

10 Employer's Taking Over

Taking-Over the Works **10.1** The Works or Section (as the case may be) shall be taken over by the Employer when they have been completed in accordance with Sub-Clause 9.2.

Use by the Employer **10.2** The Employer shall not use any part of the Works unless the Employer has issued a Practical Completion Certificate for such part. If a Practical Completion Certificate has been issued for any part of the Works (other than a Section), the liquidated damages for delay in completion of the remainder of the Works (and of the Section of which it forms part) shall, for any period of delay after the date stated in such Practical Completion Certificate, be reduced in the proportion which the value of the part so certified bears to the value of the Works or Section (as the case may be); such values shall be determined by the Employer in accordance with the provisions of Sub-Clause 2.7. The provisions of this paragraph shall only apply to the rate of liquidated damages under Sub-Clause 8.5, and shall not affect the limit of such damages.

If the Employer does use any part of the Works before the Practical Completion Certificate is issued:

(a) the part which is used shall be deemed to have been taken over at the date on which it is used,

(b) the Employer shall, when requested by the Contractor, issue a Practical Completion Certificate accordingly, and

(c) the Contractor shall cease to be liable for the care of such part from such date, when responsibility shall pass to the Employer.

After the Employer has issued a Practical Completion Certificate for a part of the Works, the Contractor shall be given the earliest opportunity to take such steps as may be necessary to carry out any outstanding work or tests, and the Contractor shall carry out such work or tests as soon as practicable, before the expiry of the Defects Liability Period.

11 Not Used.

12 Defects Liability

Remedying Defects **12.1** The Defects Liability Period commences on the date following the date stated in the Employer's certificate of practical completion in sub-clause 9.1 or 9.3 above. Any defects, shrinkages or other faults which shall appear within the Defects Liability Period and which are due to design faults errors or deficiencies or due to materials or workmanship not in accordance with this Contract shall be specified by the Employer in a Schedule of Defects which he shall deliver to the Contractor from time to time as appropriate and the last of such Schedule of Defects by not later than fourteen days after the expiration of the said Defects Liability Period, and within a reasonable time after receipt of each such Schedule, the defects, shrinkages and other faults therein specified shall be made good by the Contractor entirely at his own cost.

Notwithstanding the provisions above, the Employer may whenever he considers it necessary so to do, issue instructions requiring any defect, shrinkage or other fault which shall appear within the Defects Liability Period and which is due to design faults errors or deficiencies or due to materials or workmanship not in accordance with this Contract to be made good within such reasonable time or times specified in the said instruction, and the Contractor shall within such time or times after receipt of such instructions comply with the same entirely at his own cost. Provided that no such instructions shall be issued after delivery of a Schedule of Defects or after fourteen days from the expiration of the said Defects Liability Period.

Failure to Remedy Defects **12.2** If the Contractor is unable (due to practical difficulties) or fails to remedy the defect or damage by such date, the Employer may (at his sole discretion):

(a) carry out the work himself or by others, in a reasonable manner and at the Contractor's cost, but the Contractor shall have no responsibility for such work: the costs properly incurred by the Employer in remedying the defect or damage shall be recoverable from the Contractor by the Employer; or

(b) determine in accordance with Sub-Clause 2.7 and certify a reasonable reduction in the Prime Cost of the Works, plus the Percentage Fee.

Removal of Defective Work **12.2a** If the defect or damage cannot be remedied expeditiously on the Site and the Employer gives consent, the Contractor may entirely at his own cost remove from the Site for the purpose of repair such items of Work as are defective or damaged. The Employer may require the Contractor to provide some form of security to the Employer in connection with the removal of the said items of Work from the Site and the Contractor shall comply therewith if he desires to obtain the Employer's consent in this respect.

Further tests **12.2b** If the work of remedying of any defect or damage may affect the performance of the Works, the Employer may require the repetition of any of the tests described or prescribed in the Contract for the acceptance of such Works. These tests shall then be carried out by the Contractor entirely at his own costs and risks.

Right of Access **12.3** Until the Certificate of Making Good Defects has been issued, the Contractor shall have the right of access to all parts of the Works and to records of the working and performance of the Works, except as may be inconsistent with any reasonable security restrictions by the organisation responsible for operating the Works.

Certificate of Making Good Defects **12.4** The Certificate of Making Good Defects shall be given by the Employer by the date 28 days after the expiry of the Defects Liability Period of the Works or Section (as the case may be), or as soon after such date as the Contractor has completed all the Works and rectified all the defects, whichever is the latest. The Certificate shall state the date on which the Contractor has completed his obligations on Making Goods Defects.

Unfulfilled Obligations **12.5** After the Certificate of Making Good Defects has been issued, the Contractor and the Employer shall remain liable for the fulfilment of any obligation which remains unperformed at that time. For the purposes of determining the nature and extent of any such obligation, the Contract shall be deemed to remain in force.

13 Contract Price and Payment

The Contract Price **13.1** Payment for the Works shall be made on a prime cost basis plus Percentage Fee subject to the other relevant provisions in these Conditions and the Guaranteed Maximum Price provisions annexed to the Particular Conditions.

Advance Payments **13.2** The Employer may, at his sole discretion, at any time during the Contract and upon the application by the Contractor, make interest-free advance payments to the Contractor for the purpose of the Contractor's mobilization or for other reasons in connection with the Contract. For the purpose of this clause, advance payments shall mean payments of such items of Prime Cost as defined in Schedule 1 of the Contract but which the Contractor could not provide the necessary substantiation at the time of application. The total value of such advance payments, the number and timing of instalments (if more than one) and the method of deductions or set off against subsequent payments by the Employer shall be as stated clearly by the Contractor in his application which are subject to the Employer's acceptance or modification otherwise at the Employer's own discretion.

Any such advance payments being made by the Employer shall be set off as deductions from monies due to the Contractor in subsequent interim payments in the manner agreed between the Employer and the Contractor until the full amount of the advance payments has been set off.

Payment **13.3** The Employer shall at the times and in the manner hereinafter provided pay to the Contractor :

(a) The Prime Cost of the Works, and

(b) The Percentage Fee stated in Schedule 2 hereto.

The Contractor shall ensure that all items of Prime Costs are reasonably incurred, shall check that the amounts as claimed by sub-contractors, suppliers or labour are in accordance with the relevant sub-contracts or contracts of sales or contracts of employment, and shall take all reasonable steps to check the authenticity and reasonable accuracy and appropriateness of the accounts or the extent of work done being claimed. The Employer shall not be obliged to check the accounts, but he may instruct or engage the Quantity Surveyor to check the accounts including the accounts of any sub-contractors and suppliers. Any checking shall not relieve the Contractor of his responsibility and liability herein.

Payment Application **13.4** At monthly interval after the Commencement Date, the Contractor shall submit to the Employer (with copy to the Quantity Surveyor) a detailed and up-to-date account of the prime costs (nett of applicable discounts) payable (before retention) in respect of :

(a) the works properly executed (including design of the Works);

(b) the materials and goods delivered to or adjacent to the Works for use thereon including formwork and scaffolding;

(c) any off-site materials or goods provided that :

(i) Such materials or goods are intended for inclusion in the Works;

(ii) Such materials or goods are in accordance with this Contract;

(iii) The Contractor furnishes to the Employer reasonable proof that the premises where the materials or goods have been assembled or stored are owned or leased by the Contractor;

(iv) Such materials or goods have been and are set apart at the premises where they have been assembled or stored, and have been clearly and visibly marked, individually or in sets, so as to identify the person to whose order they are held, and their destination as being the Works;

(v) The Contractor furnishes to the Employer evidence that such materials or goods are insured against the perils set out in these Conditions;

(vi) The Contractor furnishes to the Employer reasonable proof that the property in such materials or goods has been duly vested in the Contractor and that the conditions set out in paragraphs (i) to (v) of this sub-clause have been complied with.

(d) any deposit payable in respect of materials order for the works.

Interim Payment Certificates

13.5 Within 21 days after the receipt of the Contractor's monthly account, the Quantity Surveyor shall make a recommendation to the Employer of the amount which he considers to be payable in accordance with the provisions in the Contract, The Employer shall then (within 4 working days of receiving the Quantity Surveyor's recommendation) issue a certificate stating the amount due to the Contractor from the Employer and the Contractor shall on presenting any such certificate to the Employer be entitled to payment therefor within the Period for Honouring Certificates as stated in Part II.

The amount stated as due in a payment certificate shall be the sum of the amounts computed in the following paragraphs :

(a) the prime costs (before retention) shown in the Contractor's monthly account which complies with the requirements of this Agreements , plus

(b) the Percentage Fee on prime costs as stated in Schedule 2 of this Agreement; less

(c) an amount of retention, calculated from the total of (a) and (b) above times the percentage retention and subject to a maximum amount both as stated in Part II ;

The said amount retained by virtue of this sub-clause (c) shall be subject to the following rules :

(i) Any payment by the Contractor to designers etc. engaged by him and subject to separate stage payment under their respective agreement shall not be subject to retention.

(ii) The Employer's interest in any amounts to be retained shall be fiduciary as trustee for the Contractor (but without obligation to invest), and the Contractor's beneficial interest therein shall be subject only to the right of the Employer to have recourse thereto from time to time for payment of any amount which he is entitled under the provisions of this Agreement to deduct from any sum due or to become due to the Contractor.

(iii) On the issue of the Practical Completion Certificate for the Works or Sections, the Employer shall issue a certificate for 50% of the total amounts of retention then so retained for the Works or Sections and the Contractor shall be entitled to payment of the said 50% within the Period for Honouring Certificates as stated in Part II.

(iv) On the issue of the Certificate of Completion of Making Good Defects for the Works or Sections, the Employer shall issue a certificate for the residue of the amounts then so retained for the Works or Sections and the Contractor shall be entitled to payment of the said residue within the Period for Honouring Certificates as stated in Part II; (plus or minus) as the case may be.

(d) any amounts to be added or deducted for the advance payments or repayments in accordance with Sub-Clause 13.2; less

(e) any amounts previously paid under this clause; less

(f) deductions which the Employer is entitled to make under this Agreement.

Open Book **13.6** The Contractor shall keep full and accurate accounts of, and all original invoices, records and receipts relating to, all payments made and work performed for the purpose of the Contract. The Contractor shall adopt an "Open Book" policy for this Contract and details of the accounts will be made available (via electronic or other means acceptable to the Employer) for inspection by the Employer. The Contractor shall also provide all justifications and explanations on every prime cost items if so requested by the Employer (and/or the Quantity Surveyor).

Before issuing any certificate under clause 13.5 hereinabove, the Employer may request the Contractor to furnish him reasonable proof that all amounts (less due retentions) included in the calculation of the amount stated as due in previous certificates in respect of any of the Subcontractors, and subject to the terms of payment of the said Subcontract, have been duly discharged, and if the Contractor fails to comply with such request and unless he shall produce to the Employer in writing reasonable cause for withholding or refusing to discharge such amounts as are due and also reasonable proof that he has so informed the Subcontractor, then the Employer may at his sole discretion himself pay such amounts to any Subcontractor concerned and deduct the same from any monies due or become due to the Contractor.

Final Ascertainment of Prime Cost **13.7** Within the Period of Final Ascertainment of Prime Cost as stated in Part II, the Contractor shall prepare and submit to the Employer a full account of the Prime Cost of the Works. Either before or within a reasonable time after the Completion of the Works, the Contractor shall send to the Employer all documents which are necessary for the purposes of the computations required by this Agreement.

So soon as practicable but before the expiration of three months from the end of the Defects Liability Period as stated in Part II or from completion of making good defects under clause 12 of this Agreement or from receipt by the Employer of the documents referred to in the preceding paragraph, whichever is the latest, the Employer shall issue the Final Certificate. The Final Certificate shall state :

(a) the sum of all amounts previously certified; and

(b) the sum of the Prime Cost of the Works (including any ascertained loss and/ or expense) plus the Percentage Fee stated in Schedule 2 hereto,

andthe difference (if any) between the two sums shall

be expressed in the said certificate as a balance due to the Contractor from the Employer or to the Employer from the Contractor as the case may be. Subject to any deductions authorised by this Agreement, the said balance as from the fourteenth day after presentation of the Final Certificate by the Contractor to the Employer shall be a debt payable by the Employer to the Contractor or as the case may be as from the fourteenth day after issue of the Final Certificate shall be a debt payable by the Contractor to the Employer.

Credits **13.8** Credits are to be given by the Contractor for materials, and equipment reverting to the Contractor at the completion of the Contract. The valuation of materials and equipment reverting to the Contractor shall be subject to mutual agreement between the Employer and the Contractor.

Final Certificate **13.9** Unless a written request to concur in the appointment of an arbitrator shall have been given under Clause 20 of these Conditions by either party before the Final Certificate has been issued or by the Contractor within fourteen days after such issue, the said certificate shall be conclusive evidence in any proceedings arising out of this Agreement (whether by arbitration under Clause 20 of these Conditions or otherwise) that the Works have been properly carried out and completed, that the prime cost has been ascertained in accordance with the terms of this Agreement and that any necessary effect has been given to the terms of this Agreement which require an adjustment to be made to the Percentage Fee stated in the Schedule 2 hereto, except and in so far as any sum mentioned in the said certificate is erroneous by reason of :

(a) fraud, dishonesty or fraudulent concealment relating to the Works, or any part thereof, or to any matter dealt with in the said certificate; or

(b) any defect (including any omission) in the Works, or any part thereof which reasonable inspection or examination at any reasonable time during the carrying out of the Works or before the issue of the said certificate would not have disclosed;

or

(c) any accidental inclusion or exclusion of any work, materials, goods or figure in any computation or any arithmetical error in any computation.

Save as aforesaid no certificate of the Employer or the Employer shall of itself be conclusive evidence that any work, materials or goods to which it relates are in accordance with this Agreement.

14 Variations

Right to Vary **14.1** Variations may be initiated by the Employer at any time during the Contract Period. If the Employer requests the Contractor to submit a proposal and subsequently elects not to proceed with the change, the Contractor shall be reimbursed for the cost incurred, including design services and other abortive works in connection with the request.

Variation Procedure **14.2** If the Employer requests a proposal, prior to instructing a Variation, the Contractor shall submit as soon as practicable:

(a) a description of the proposed design and/or work to be performed and a programme for its execution,

(b) the Contractor's proposal for any necessary modifications to the programme according to Sub-Clause 4.18, and

(c) the Contractor's proposal for adjustment to the Guaranteed Maximum Price, Time for Completion and/or modifications to the Contract.

The Employer shall, as soon as practicable after receipt of such proposals, respond with approval, rejection or comments.

If the Employer instructs or approves a Variation, he shall proceed in accordance with Sub-Clause 2.7 to agree or determine adjustments to the Guaranteed Maximum Price and Time for Completion.

Payment in Applicable Currencies **14.3** The Contract Price shall be paid in Hong Kong dollars.

Provisional Sums **14.4** Each Provisional Sum shall only be used, in whole or in part, in accordance with the Employer's instructions. The total sum paid to the Contractor shall include only such amounts for the work, supplies or services to which such Provisional Sums relate as the Employer shall have instructed. For each Provisional Sum, the Employer may order:

(a) work to be executed (including Plant, Materials or services to be supplied) by the Contractor

(b) Plant, Materials or services to be purchased by the Contractor.

The Contractor shall, when required by the Employer, produce quotation, invoices, vouchers and accounts or receipt in substantiation.

15 Default of Contractor

Notice to Correct **15.1** If the Contractor fails to carry out any of his obligations, or if the Contractor is not executing the Works in accordance with the Contract, the Employer may give notice to the Contractor by registered post or recorded delivery requiring him to make good such failure and remedy the same within a specified reasonable time. Any costs arising from the default and the remedy shall not be considered as part of the Prime Cost.

Termination **15.2** If the Contractor:

(a) fails to comply with a notice under Sub-Clause 15.1,

(b) abandons or repudiates the Contract,

(c) without reasonable excuse fails:

(i) to commence the Works in accordance with Sub-Clause 8.1,

(ii) to proceed with the Works in accordance with Clause 8, or

(iii) to demonstrate that sufficient design capability is employed in the design of the Works to achieve completion within the Time for Completion,

(d) becomes bankrupt or makes a composition or arrangement with his creditors or has a winding up order made or (except for purposes of reconstruction or amalgamation) a resolution for voluntary winding up passed or has a liquidator or receiver or manager of his business or undertaking duly appointed or has possession taken by or on behalf of the holders of any debentures secured by a floating charge or of any property comprised in or subject to the floating charge,

(e) fails to comply with a notice issued under Sub-Clause 7.5 within 28 days after having received it, or

(f) assigns the Contract without the required consent,

then the Employer may, after having given 14 days' notice to the Contractor by registered post or recorded delivery, terminate the Contractor's employment under the Contract and expel him from the Site. The Contractor shall then deliver all Construction Documents, and other design documents made by or for him, to the Employer. The Contractor shall not be released from any of his obligations or liabilities under the Contract. The rights and authorities conferred on the Employer and the Employer by the Contract shall not be affected.

The Employer may upon such termination complete the Works himself and/or by any other contractor appointed by the Employer. The Employer or such other contractor may use for such completion so much of the Construction Documents, other design documents made by or on behalf of the Contractor, Contractor's Equipment, Temporary Works, Plant and Materials as he or they may think proper. Upon completion of the Works, or at such earlier date as the Employer thinks appropriate, the Employer shall give notice that the Contractor's Equipment and Temporary Works will be released to the Contractor at or near the Site. The Contractor shall remove or arrange removal of the same from such place without delay and at his cost.

Valuation at Date of Termination **15.3** The Employer shall, as soon as possible after termination under Sub-Clause 15.2, determine and advice the Contractor of the value of the Construction Documents, Plant, Materials, Contractor's Equipment and Works and all sums then due to the Contractor as at the date of termination.

Payment after Termination **15.4** After termination under Sub-Clause 15.2, the Employer shall not be liable to make any further payments to the Contractor until the costs of design, execution, completion and remedying of any defects, damages for delay in completion (if any), and all other costs incurred by the Employer, have been established.

The Employer shall be entitled to recover from the Contractor the extra costs, if any, of completing the Works after allowing for any sum due to the Contractor under Sub-Clause 15.3. If there are no such extra costs, the Employer shall pay any balance to the Contractor.

16 Default of Employer

Contractor's Entitlement to Suspend Work **16.1** If the Employer fails to pay the Contractor the amount due under any certificate of the Employer, and fails to provide the justification which he considers that the Contractor is not entitled to such amount, then within 21 days after the expiry of the time stated in Sub-Clause 13.4 within which payment is to be made, and except for any deduction that the Employer is entitled to make under the Contract, the Contractor may suspend work or reduce the rate of work after giving not less than 7 days' prior notice to the Employer (with a copy to the Quantity Surveyor). Such action shall not prejudice the Contractor's entitlements to payment under Sub-Clause 13.3 and to terminate under Sub-Clause 16.2.

If the Contractor suspends work or reduces the rate of work, and the Employer subsequently pays the amount due (including payment in accordance with Sub-Clause 13.4), the Contractor's entitlement under Sub-Clause 16.2 shall lapse in respect of such delayed payment, unless notice of termination has already been given, and the Contractor shall resume normal working as soon as is reasonably possible.

If the Contractor suffers delay and/or incurs direct loss and/ or expense as a result of suspending work or reducing the rate of work in accordance with this Sub-Clause, the Contractor shall give notice to the Employer. After receipt of such notice, the Employer shall proceed in accordance with Sub-Clause 2.7 to agree or determine:

(a) any extension of time to which the Contractor is entitled under Sub-Clause 8.3, and

(b) the amount of such direct loss and / or expense to be included in the Prime Cost, plus the Percentage Fee which shall be payable to the Contractor,

and shall notify the Contractor accordingly.

Termination **16.2** If the Employer:

(a) fails to pay the Contractor the amount due under any certificate of the Employer within 30 days after the expiry of the time stated in Sub-Clause 13.5 within which payment is to be made (except for any deduction that the Employer is entitled to make under the Contract),

(b) becomes bankrupt or makes a composition or arrangement with his creditors or has a winding up order made or (except for the purposes of reconstruction or amalgamation) a resolution for voluntary winding up passed or has a liquidator or receiver or manager of his business or undertaking duly appointed or has possession taken by or on behalf of the holders of any debentures secured by a floating charge or of any property comprised in or subject to the floating charge,

(c) consistently fails to meet the Employer's obligations under the Contract, or

(d) assigns the Contract without the Contractor's consent,

or, if a prolonged suspension affects the whole of the Works as described in Sub-Clause 8.6, then the Contractor may terminate his employment under the Contract by giving notice to the Employer by registered post or recorded delivery, with a copy to the Quantity Surveyor. Such notice shall take effect 14 days after the giving of the notice.

Cessation of Work and Removal of Contractor's Equipment

16.3 After termination under Sub-Clause 16.2, the Contractor shall:

(a) cease all further work, except for such work as may be necessary and instructed by the Employer for the purpose of making safe or protecting those parts of the Works already executed, and any work required to leave the Site in a clean and safe condition,

(b) hand over all Construction Documents, Plant and Materials for which the Contractor has received payment

(c) hand over those other parts of the Works executed by the Contractor up to the date of termination, and

(d) remove all Contractor's Equipment which is on the Site and repatriate all his staff and labour from the Site.

Any such termination shall be without prejudice to any other right of the Contractor under the Contract.

Payment on Termination

16.4 After termination under Sub-Clause 16.2, the Employer shall pay the Contractor an amount calculated and certified in accordance with Sub-Clause 19.6 plus the amount of any loss or damage, including loss of profit, which the Contractor may have suffered in consequence of termination.

17 Risk and Responsibility

Indemnity

17.1 The Contractor shall indemnify and hold harmless the Employer, the Employer's Representative, their contractors, agents and employees from and against all claims, damages, losses and expenses arising out of or resulting from the Works, including professional services provided by the Contractor.
These indemnification obligations shall be limited to claims, damages, losses and expenses which are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of physical property (other than the Works). Such obligations shall also be limited to the extent that such claims, damages, losses or expenses are caused in whole or in part by a breach of a duty of care, imposed by law on the Contractor or anyone directly or indirectly employed by the Contractor.

Contractor's Care of the Works

17.2 The Contractor shall take full responsibility for the care of the Works from the Commencement Date until the date of issue of the Completion Certificate, when responsibility shall pass to the Employer. If the Employer issues a Completion Certificate for any Section or part of the Works, the Contractor shall cease to be responsible for the care of that Section or part from the date of issue of such Completion Certificate, when responsibility shall pass to the Employer.

The Contractor shall take responsibility for the care of any outstanding work which is required to be completed prior to the expiry of the Contract Period, until the Employer confirms in writing that such outstanding work has been completed.

If any loss or damage happens to the Works, arising from any cause other than the Employer's risks listed in Sub-Clause 17.3, during the period for which the Contractor is responsible, the Contractor shall rectify such loss or damage, at his cost, so that the Works conform with the Contract.

Employer's Risks **17.3** The Employer's risks of loss and damage are:

(a) war, hostilities (whether war be declared or not), invasion, act of foreign enemies,

(b) rebellion, revolution, insurrection, or military or usurped power, or civil war,

(c) ionising, radiations, or contamination by radio-activity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel, radio-active toxic explosive, or other hazardous properties of any explosive nuclear assembly or nuclear component of such assembly,

(d) pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds,

(e) riot, commotion or disorder, unless solely restricted to employees of the Contractor or of his Subcontractors and arising from the conduct of the Works,

(f) loss or damage due to the use or occupation by the Employer of any Section or part of the Works, except as may be provided for in the Contract, and

(g) any operation of the forces of nature against which an experienced contractor could not reasonably have been expected to take precautions.

Consequences of Employer's Risk **17.4** The Contractor shall give notice, to the Employer of an Employer's risk upon it becoming known to the Contractor. If an Employer's risk results in loss or damage, the Contractor shall rectify such loss or damage. If the Contractor suffer delay and/or incurs loss and/ or expense as a result of any Employer's risk, the Contractor shall give further notice to the Employer. After receipt of such further notice the Employer shall proceed in accordance with Sub-Clause 2.7 to agree or determine

(a) any extension of time to which the Contractor is entitled under Sub-Clause 8.3, and

(b) the amount of such loss and/ or expense to be included in the Prime Cost, plus the Percentage Fee, which shall be payable to the Contractor,

and shall notify the Contractor accordingly.

18 Insurance, Warranties and Guarantees

Professional Indemnity Insurance **18.1** The Contractor shall effect professional indemnity insurance, which shall insure the Contractor's liability by reason of professional negligence in the design of the Works. Such insurance shall be for a limit of not less than the amount specified in Part II .
The Contractor shall use his best endeavours to maintain such professional indemnity insurance in full force and effect throughout the periods of his liability under the Contract.

Insurance for Works and Contractor's Equipment **18.2** The Contractor shall insure the Construction Documents, Plant, Materials, and Works in the joint names of the Employer, the Contractor and Subcontractors, against all loss or damage. This insurance shall cover loss or damage from any cause other than the Employer's risks listed in Sub-Clause 17.3 sub-paragraphs (a), (b) (c) and (d) in so far as such insurance is readily obtainable. Such insurance shall be for a limit of not less than the full replacement cost (including profit) and shall also cover the costs of demolition and removal of debris. The coverage shall be no less than that stated in Part II. Such insurance shall be in such a manner that the Employer and the Contractor are covered from the date by which the evidence is to be submitted under Sub-Clause 18.5(a), until one month after the date of issue of the Practical Completion Certificate for the Works. The Contractor shall extend such insurance to provide cover until the date of issue of the Certificate of Making Good Defects, for loss or damage for which the Contractor is liable arising from a cause occurring prior to the issue of the Practical Completion Certificate, and for loss or damage occasioned by the Contractor or Subcontractors in the course of any other operations (including those under Clause 12).

The Contractor shall insure the Contractor's Equipment in the joint names of the Employer, the Contractor and Subcontractors, against all loss or damage. The insurance shall cover loss or damage from any cause other than the Employer's risks listed in Sub-Clause 17.3 sub-paragraphs (a), (b), (c) and (d) in so far as such insurance is readily obtainable. Such insurance shall be for a limit of not less than the full replacement value (including delivery to Site). Such insurance shall be in such a manner that each item of equipment is insured while it is being transported to the Site and throughout the period it is on or near the Site.

Insurance against Injury to Persons and Damage to Property

18.3 The Contractor shall insure against liability to third parties, in the joint names of the Employer, the Contractor and Subcontractors, for any loss, damage, death or bodily injury which may occur to any physical property (except things insured under Sub-Clause 18.2) or to any person (except persons insured under Sub-Clause 18.4), which may arise out of the performance of the Contract and occurring before the issue of the Certificate of Making Good Defects. Such insurance shall be for a limit of not less than the amount specified in Part II.

Insurance for Workers

18.4 The Contractor shall effect and maintain insurance against losses and claims arising from the death or injury to any person employed by the Contractor or any Sub-contractors of any tier, in such a manner that the Employer is fully indemnified under the said policy of insurance. Such insurance shall include workmen's compensation insurance and all other compulsory insurances as may be required by Law.

General Requirements for Insurances

18.5 Each insurance policy shall be consistent with the general terms agreed in writing prior to the Effective Date, and such agreement shall take precedence over the provisions of this Clause.

The Contractor shall, within 28 days of the Effective Date, submit to the Employer:

(a) evidence that the insurances described in this Clause have been effected, and

(b) copies of the policies for the insurances described in Sub-Clauses 18.2 and 18.3

(c) statements from relevant insurance undertakers that the insurances complies fully with the requirements of the Contract.

When each premium has been paid, the Contractor shall submit copy of receipts to the Employer.

The Contractor shall effect all insurances for which he is responsible with insurers and in terms approved by the Employer. Each policy insuring against loss or damage shall provide for payments to be made in the currencies required to rectify such loss or damage. Payments received from insurers shall be used for the rectification of such loss or damage.

The Contractor (and, if appropriate, the Employer) shall comply with the conditions stipulated in each of the insurance policies. The Contractor shall make no material alteration to the terms of any insurance without the prior approval of the Employer. If an insurer makes (or purports to make) any such alteration, the Contractor shall notify the Employer immediately.

If the Contractor fails to effect and keep in force any of the insurances required under the Contract, or fails to provide satisfactory evidence, policies and receipts in accordance with this Sub-Clause, the Employer may, without prejudice to any other right or remedy, effect insurance for the coverage relevant to such default, and pay the premiums due. Such payments shall be recoverable from the Contractor by the Employer, and may be deducted by the Employer from any monies due, or to become due, to the Contractor.

Nothing in this Clause limits the obligations, liabilities or responsibilities of the Contractor or the Employer, under the other terms of the Contract or otherwise. Any amounts not insured or not recovered from the insurers shall be borne by the Contractor and/or the Employer accordingly.

Warranties and Guarantees **18.6** (1) The Contractor shall, within seven (7) days of the Effective Date, deliver at no cost to the Employer,

a) a Direct Warranty in the form appearing in Annex B to these Conditions duly executed by the Contractor; and

b) a duly executed Contractor's Guarantee from Paul Y.-ITC Construction Holdings Limited (the Contractor's Parent Company) in the form appearing in Annex C to these Conditions

Sub-contractors' Warranties and Guarantees **18.7** The Contractor shall, if requested by the Employer, deliver to the Employer, at the Sub-Contractor's cost,

a) a duly executed Sub-Contractor's Warranty in favour of the Employer warranting the due performance of the respective sub-contract or supply contract.

b) a duly executed Sub-Contractor's Guarantee to the Employer from the Sub-Contractor's Guarantor (the Sub-Contractor's Parent Company, if applicable) guaranteeing the undertakings of such Sub-Contractor contained in his respective Warranty to the Employer.

Surety Bond **18.8** The Contractor shall

a) if so requested by the Employer, undertake to submit the Contractor's Performance Bond duly executed by such bank or other institution as the Employer shall have prior approved in writing in the amount equal to 10% of the Initial Contract Price and in the form appearing in Annex A to these Conditions for the due performance of the Contract. The cost of obtaining the bond shall be included in the Prime Cost.

b) if he considers it necessary or appropriate, or if so requested by the Employer, undertake to procure a Sub-Contractor to submit the Sub-Contractor's Performance Bond duly executed by such bank or other institution as the Employer shall have previously approved in writing to be bound to the Contractor in a sum equal to ten percent (10%) of the respective sub-contract price or supply contract price for the due performance of such sub-contract or supply contract. The cost of obtaining the bond shall be deemed to be borne by the subcontractor if this requirement had already included in the sub-contract or supply contract at the time of procurement of the sub-contractor, or otherwise be included in the Prime Cost.

19 Force Majeure

Definition of Force Majeure **19.1** In this Clause, "force majeure" means an event beyond the control of the Employer and the Contractor, which makes it impossible or illegal for a party to perform, including but not limited to:

(a) act of God;

(b) war, hostilities (whether war be declared or not), invasion, act of foreign enemies, mobilization, requisition, or embargo;

(c) rebellion, terrorism, revolution, insurrection, or military or usurped power, or civil war;

(d) contamination by radio-activity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel, radio-active toxic explosive, or other hazardous properties of any explosive nuclear assembly or nuclear component of such assembly;

(e) riot, commotion, disorder, strike or lockout by persons other than the personnel or employees of the Contractor or of his Subcontractors.

Effect of Force Majeure Event **19.2** Neither the Employer nor the Contractor shall be considered in default or in contractual breach to the extent that performance of obligations is prevented by a force majeure event which arises after the Effective Date.

Contractor's Responsibility **19.3** Upon occurrence of an event considered by the Contractor to constitute force majeure and which may affect performance of his obligations, he shall promptly notify the Employer, and shall endeavour to continue to perform his obligations as far as reasonably practicable. The Contractor shall also notify the Employer of any proposals, including any reasonable alternative means for performance, but shall not effect such proposals without the consent of the Employer.

Employer's Responsibility **19.4** Upon occurrence of an event considered by the Employer to constitute force majeure and which may affect performance of his obligations, he shall promptly notify the Contractor, and shall endeavour to continue to perform his obligations as far as reasonably practicable. The Employer shall also notify the Contractor of any proposals, with the objectives of completing the Works and mitigating any increased costs to the Employer and the Contractor.

Payment to Contractor **19.5** If, in consequence of force majeure, the Works shall suffer loss or damage, the Contractor shall be entitled to have included, in an Interim Payment Certificate, the Cost of work properly executed in accordance with the Contract, prior to the event of force majeure. If the Contractor incurs loss and/ or expense in complying with Sub-Clause 19.3, such loss and/or expense plus Percentage Fee shall be determined by the Employer in accordance with the provisions of Sub-Clause 2.7 and shall be payable to the Contractor.

Optional Termination, Payment and Release **19.6** Irrespective of any extension of time, if a force majeure event occurs and its effect continues for a period of 182 days, either the Employer or the Contractor may give to the other a notice of termination, which shall take effect 28 days after the giving of the notice. If, at the end of the 28-day period, the effect of the force majeure continues, the Contract shall terminate. If the Contract is terminated under this Sub-Clause or Sub-Clause 16.2, the Employer shall determine :

(a) the amounts payable for any work carried out for which a price is stated in the Contract;

(b) the Cost of Plant and Materials ordered for the Works which have been delivered to the Contractor, or of which the Contractor is liable to accept delivery: such Plant and Materials shall become the property of (and be at the risk of) the Employer when paid for by the Employer, and the Contractor shall place the same at the Employer's disposal;

(c) any other Cost or liability which in the circumstances was reasonably incurred by the Contractor in the expectation of completing the Works;

(d) the reasonable Cost of removal of Temporary Works and Contractor's Equipment from the Site and the return of such items to the Contractor's works in his country (or to any other destination at no greater cost;) and

(e) the reasonable Cost of repatriation of the Contractor's staff and labour employed wholly in connection with the Works at the date of such termination;

and issue an Interim Payment Certificate in accordance with Clause 13.

Release from Performance **19.7** If under the law of the Contract the Employer and the Contractor are released from further performance, the sum payable by the Employer to the Contractor shall be the same as would have been payable under Sub-Clause 19.6 if the Contract had been terminated under that Sub-Clause.

20 Claims, Disputes and Arbitration

Procedure for Claims **20.1** If the Contractor intends to claim any additional payment under any Clause of these Conditions or otherwise in connection with the Contract, the Contractor shall give notice to the Employer as soon as possible and in any event within 28 days of the start of the event giving rise to the claim.

The Contractor shall keep such contemporary records as may be necessary to substantiate any claim, either on the Site or at another location acceptable to the Employer. Without admitting the Employer's liability, the Employer shall, on receipt of such notice, inspect such records and may instruct the Contractor to keep further contemporary records. The Contractor shall permit the Employer to inspect all such records, and shall (if instructed) submit copies to the Employer.

Within 28 days of such notice, or such other time as may be agreed by the Employer, the Contractor shall send to the Employer a fully detailed claim which includes full supporting particulars of the basis of the claim and of the extension of time and/or additional payment claimed. Where the event giving rise to the claim has a continuing effect, such detailed claim shall be considered as interim. The Contractor shall then, at such intervals as the Employer may reasonably require, send further interim accounts giving the accumulated amount of the claim and any further particulars. Where interim accounts are sent to the Employer, the Contractor shall send a final account within 28 days of the end of the effects resulting from the event of claim.

Within 42 days after receiving a claim or any further particulars supporting a previous claim, or within such other period as agreed between the Employer and the Contractor, the Employer shall respond with approval, or with disapproval and detailed comments on the principles of the claim and he may also request any necessary further particulars within such time.

The Employer shall proceed in accordance with Sub-clause 2.7 to agree or determine (i) the extension of time if any in accordance with Sub-clause 8.3 and/or (ii) the amount of monetary compensation to the Contractor, and inform the Contractor accordingly.

The requirements of this Sub-clause are in additon to those of any other relevant Sub-clauses. If the Contractor fails to observe the above requirement or the requirements in relation to claims in any other relevant Sub-clauses, the Employer shall be discharged from all liabilities in connection with the claim.

Payment of Claims **20.2** The Contractor shall be entitled to have included in any Interim Payment Certificate such amount for any claim as the Employer considers due. If the particulars supplied are insufficient to substantiate the whole of the claim, the Contractor shall be entitled to payment for such part of the claim as has been substantiated.

Resolution of Disputes **20.3** Any dispute arising out of or in connection with the Contract or the execution of the Works, including any dispute as to Contractor's build-up or calculation of loss and/ or expense or any certificate, determination, instruction, opinion or valuation of the Employer, shall be referred to Project Executive Committee for resolution.

Arbitration 20.4 If the dispute or difference is not resolved by the Project Executive Committee, then either the Employer or the Contractor may require that the matter be referred to arbitration in accordance with and subject to the provisions of the Arbitration Ordinance (Cap. 341) of the Hong Kong Special Administrative Region or any statutory modification thereof for the time being in force and any such reference shall be deemed to be a submission to arbitration within the meaning of such Ordinance.

The arbitrator(s) shall have full power to open up, review and revise any certificate, determination, instruction, opinion or valuation of (or on behalf of) the Employer relevant to the dispute.

Arbitration may be commenced prior to or after completion of the Works. The obligations of the Parties shall not be altered by reason of any arbitration being conducted during the progress of the Works.

The Hong Kong International Arbitration Centre Domestic Arbitration Rules shall apply to any arbitration instituted in accordance with this Clause unless the parties agree to the contrary. Notwithstanding Article 8.2 and Article 13 of the Arbitration Rules, the place of meetings and hearings in the arbitration shall be Hong Kong unless the parties otherwise agree.

The reference to arbitration under this Clause shall be a domestic arbitration for the purposes of Part II of the Arbitration Ordinance (Cap. 341).

[End of Part I]

ANNEXES

TO THE

GENERAL CONDITIONS OF CONTRACT

ANNEX

A. FORM OF CONTRACTOR'S PERFORMANCE BOND

B. FORM OF CONTRACTOR'S WARRANTY

C. FORM OF CONTRACTOR'S GUARANTEE

ANNEX A TO THE CONDITIONS

FORM OF CONTRACTOR'S PERFORMANCE BOND

ANNEX TO
GENERAL CONDITONS

FORM OF CONTRACTOR'S PERFORMANCE BOND

BY THIS BOND we _____ a company incorporated in and in accordance with the laws of Hong Kong, whose registered office is situated at _____ ("the Surety") are held and firmly bound unto Great Wonders, Investments, Limited, a company incorporated in and in accordance with the laws of Macau, whose registered office is situated at The **Special Administrative Region of Macau, at. Avenida de Lisboa, w/n, Hotel Lisboa Old Wing** ("the Employer") in the sum of Hong Kong Dollars _____ for the payment of which the Surety irrevocably and unconditionally binds itself, its successors and assigns by these present.

W H E R E A S :

(A) By a Contract in writing dated the _____ ("the Contract") between the Employer of the one part and **Paul Y. Construction Company Limited**, a company incorporated in and in accordance with the laws of Hong Kong, whose registered office is situated at **31/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Hong Kong** ("the Contractor") of the other part, the Contractor agreed to carry out the _____ ("the Works") as more particularly described in the Contract for a consideration of Hong Kong Dollars _____ (HK$_____).

(B) Pursuant to the terms of the Contract, the Contractor agreed to obtain the guarantee of a surety to be bound unto the Employer in the sum of Hong Kong Dollars _____ (HK$_____) ("the Bonded Sum") for the due performance of the Contract by the Contractor.

(C) The terms of the Contract oblige the Contractor to provide a bond to the Employer if so required by the Employer, as security for the due and proper performance by the Contractor of his obligations thereunder.

(D) Except as otherwise provided herein terms and expressions used in this Bond shall bear the same meanings as in the Contract.

NOW THE CONDITIONS of this Bond are:

1. The Surety hereby irrevocably and unconditionally agrees to pay to the Employer the Bonded Sum on the terms and in the manner hereinafter appearing.

2. The condition of the above-written Bond is such that if the Contractor shall duly perform and observe all the terms, provisions, conditions and stipulations of the Contract on the Contractor's part to be performed and observed according to the true purport intent and meaning thereof or if on the default by the Contractor the Surety shall satisfy and discharge the damages sustained by the Employer thereby up to the amount of the above-written Bond then this obligation shall be null and void but otherwise shall be and remain in full force and effect.

3. The obligations of the Surety hereunder shall be a primary, independent and absolute obligation and shall remain in full force and effect and shall not be effected or discharged by (and the Surety hereby waives notice of) any variations to the Works to be carried out under the Contract or other amendments to the Contract including extensions of time for the performance of the Contract or other concessions or waivers granted by the Employer to the Contractor for the performance of the Contractor's obligations and/or by any other concession or waiver by the Employer of any right or remedy the Employer may have against the Contractor and/or by any other bond, security or guarantee now or hereafter held by the Employer for all or any part of the obligations of the Contractor under the Contract or by the release or waiver of any such bond, security or guarantee or the dissolution, insolvency or reorganisation of the Contractor or any other act or thing or omission or delay to any act or thing which may or might in any manner or to any extent varied the Surety's liability as a matter of law or equity.

4. The liability of the Surety under this Bond shall commence on the first Date for Commencement as defined in the Contract and shall cease and terminate on whichever of the following events first occur:

   (i) Payment by the Surety of this Bond in full.

(ii) Issue of the Certificate of Practical Completion in respect of the whole of the Works by the Employer in accordance with the Contract.

5. The liability of the Surety under this Bond shall not be avoided or invalidated by reason of any one or more of the provisions of the Contract being or becoming illegal, invalid or unenforceable nor shall the liability of the Surety be released on the termination of the Contract for any reason whatsoever.

6. Any payment made under this Bond shall be made free and clear of, and without deduction or set off for or on account of, any liability whatsoever including without limitation, any present or future taxes, duties, charges, fees, deductions or withholding of any nature whatsoever and by whomsoever imposed.

7. The benefit of this Bond and all rights and powers hereunder may be assigned by the Employer.

8. This Bond shall be construed and governed in accordance with the laws of Hong Kong SAR and the Surety hereby agrees to submit to the non-exclusive jurisdiction of the Courts of Hong Kong.

IN WITNESS whereof this Bond has been executed, as a Deed, this __ day of _____ 20__.

THE COMMON SEAL OF)
)
)
)
)
)
[the Surety] was hereunto affixed)
in the presence of)

ANNEX B TO THE CONDITIONS

FORM OF CONTRACTOR'S WARRANTY

ANNEX TO
GENERAL CONDITONS

FORM OF CONTRACTOR'S WARRANTY

THIS AGREEMENT is made the __. day of _____. 200__

BETWEEN:

(1) **Paul Y. Construction Co., Limited** a company incorporated in and in accordance with the laws of **Hong Kong** of 31/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Hong Kong ("the Contractor");

AND

(2) **Great Wonders, Investments, Limited** a company incorporated in and in accordance with the laws of **Macau** of Special Administrative Region of Macau, at. Avenida de Lisboa, w/n, Hotel Lisboa Old Wing ("the Employer").

WHEREAS:

(A) The Employer and the Contractor have entered into an agreement ("the Contract") by which the Contractor has undertaken to carry out the design and construction of the Hotel and Casino at **Junction of Avenida Dr. Sun Yat Sen and Avenida de Kwong Tung, Taipa, Macau Special Administrative Region, Peoples' Republic of China.**

(B) The Contract stipulates that the Contractor is obliged to provide the Employer with an executed warranty in the terms hereof.

NOW IT IS HEREBY AGREED as follows:

1. In this Warranty, words and expressions shall have the meanings assigned to them in the Agreement, except where the context otherwise requires.

2. (a) The Contractor warrants and undertakes to the Employer that it shall execute the Works as specified in the Contract, and has carried out and will carry out each and all of the obligations, duties and undertakings of the Contractor under the Contract when and if such obligations, duties and undertakings shall become due and performable, in accordance with the terms of the Contract; and

   (b) The Contractor shall supply to the Employer with all information which Employer may reasonably require from time to time in relation to the progress of the Works to be executed under the Contract.

3. The Contractor agrees that any right or remedy available to the Employer or arising under or in connection with the Contract by reason of any breach, non-compliance or default on the part of the Contractor or any of its officers, servants, agents, subcontractors or suppliers in relation to the Contract shall be available to and exercisable by Employer after the issue of the Certificate of Practical Completion under the Contract,

4. The Contractor warrants and undertakes to the Employer that it has taken out and maintained or if it has not already done so, shall take out and maintain in respect of its obligations under the Contract professional indemnity insurance for a limit of cover of not less than HK$ **HK$50,000,000** for each occurrence or series of occurrences arising out of one event, and with deductibles and excesses not exceeding 10% of the said cover for a period commencing on the date of the Contract and expiring not before 10 (ten) years from the date of the Commencement of the Contract.

5. The Contractor undertakes to indemnify the Employer against each and every liability which the Employer may have to any person whatsoever and against any claims, demands, proceedings, loss, damages, costs and expenses sustained, incurred or payable by the Employer to the extent arising from breach of this Warranty by the Contractor, provided that the Contractor shall have no greater liability to the Employer by virtue of this Clause 5 than the liability of the Contractor to the Employer under the Contract to the extent that the same shall have arisen by reason of any breach by the Contractor of its obligations under the Contract.

6. No allowance of time by the Employer under the Contract nor any forbearance or forgiveness in or in respect of any matter or thing concerning this Warranty or the Contract on the part of the Employer nor anything that the Employer may do or omit or neglect to do, shall in any way release the Contractor from any liability under this Warranty.

7. The Contractor agrees that it will not without first giving the Employer not less than 14 (fourteen) days' prior notice in writing exercise any right it may have to terminate the Contract or its employment thereunder or withhold performance of its obligations under the Contract.

8. Except to the extent (if any) expressly permitted by the Contract, the Contractor shall not assign any of its rights or sub-contract any of its obligations under the Contract without the prior written consent of the Employer.

9. The Contractor acknowledges that the Employer shall be entitled to assign the benefit of this Warranty at any time without the consent of the Contractor being required.

10. Nothing in this Warranty shall be taken as diminishing or increasing any liability on the part of the Contractor under the Contract.

11. The Contractor acknowledges that it has not relied on any information relating to the Contract provided directly or indirectly by the Employer and the Employer shall have no liability or responsibility to the Contractor for any such information in the absence of fraud.

12. (a) The Contractor hereby assigns all of its rights, title and interest in any Project Intellectual Property already in existence at the date hereof to the Employer.

(b) The Contractor agrees that all of its rights, title and interest in any Project Intellectual Property from the date hereof shall on creation or acquisition automatically vest in the Employer.

(c) The Contractor shall do all acts and execute all documents requested by the Employer, including, without limitation, any formal assignments requested by the Employer, to confirm the title of the Employer to Project Intellectual Property created by the Contractor whether in connection with the registration of such title or otherwise.

(d) In respect of any Third Party Intellectual Property, the Contractor shall procure that the beneficial owner thereof shall grant to the Employer a royalty-free, non-exclusive, freely transferable, irrevocable and perpetual licence (carrying the right to grant sub-licences) to use and reproduce the Third Party Intellectual Property for all purposes relating to the Contract Works (including, without limitation, the design, construction, reconstruction, Practical Completion, maintenance, reinstatement, extension, repair and operation of the Contract Works).

(e) In the event of the Contractor ceasing to be employed under the Contract for any reason whatever, the Contractor shall provide to the Employer for the retention and use by them, all drawings, diagrams, specifications, calculations and other data and information which the Contractor has prepared or are within its possession or control relating to the Contract whether or not previously provided.

13. All documents arising out of or in connection with this Warranty shall be served:

(a) upon Great Wonders, Investments, Limited at Special Administrative Region of Macau, at. Avenida de Lisboa, w/n, Hotel Lisboa Old Wing; and

(b) upon the Contractor at 31/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Hong Kong.

14. The Employer and the Contractor may change their respective nominated addresses for service of documents to another address in Hong Kong but only by prior written notice to each other. All demands and notices must be in writing.

15. This Warranty shall be governed by and construed according to the laws for the time being in force in Hong Kong and, subject to Clause 16 below, the Contractor agrees to submit to the non-exclusive jurisdiction of the Courts of Hong Kong.

16. (a) Any dispute or difference of any kind whatsoever between the Employer and the Contractor arising under, out of or in connection with this Warranty shall be referred to arbitration in accordance with the Domestic Arbitration Rules of the Hong Kong International Arbitration Centre for the time being in force. The reference shall be a domestic arbitration for the purpose of Part II of the Arbitration Ordinance (Cap. 341).

(b) In the event that the Employer is of the opinion that the issues in such a dispute or difference will or may touch upon or concern a dispute or difference arising under, out of or in connection with the Agreement ("the Agreement Dispute") then provided that an arbitrator has not already been appointed pursuant to Clause 16(a) above, the Employer may by notice in writing to the Contractor require and the Contractor shall be deemed to have consented to the referral of such dispute or difference to the arbitrator to whom the Agreement Dispute has been or will be referred.

(c) Save as expressly otherwise provided, the arbitrator shall have full power to open up, review and revise any decision, opinion, instruction, notice, order, direction, withholding of approval or consent, determination, certificate, statement of objection, assessment or valuation of the Employer or his Representative under the Contract relating to the dispute or difference.

IN WITNESS whereof this Warranty has been executed as a Deed on the date first above written.

THE COMMON SEAL OF)
GREAT WONDERS, INVESTMENTS, LIMITED)
)
)
)
)
is affixed hereto)
in the presence of:)
)
)
)
)

THE COMMON SEAL OF)
PAUL Y. CONSTRUCTION CO.LTD)
is affixed hereto)
in the presence of:)

OR

SIGNED, SEALED AND DELIVERED)
by Mr. [ ])
for and on behalf of **PAUL Y. CONSTRUCTION CO.LTD**)
as its lawful attorney of **PAUL Y. CONSTRUCTION CO.LTD**)
under Power of Attorney dated [ ])
in the presence of)
as Witness)

ANNEX C TO THE CONDITIONS

FORM OF CONTRACTOR'S GUARANTEE

ANNEX TO
GENERAL CONDITONS

FORM OF CONTRACTOR'S GUARANTEE

This DEED OF GUARANTEE is granted this __ day of _____ 20__ by **PAUL Y.-ITC CONSTRUCTION HOLDINGS LIMITED**, a company incorporated in and in accordance with the laws of Hong Kong, whose registered office is situated at _____ (hereinafter called "the Guarantor") of the one part to **GREAT WONDERS, INVESTMENTS, LIMITED**, a company incorporated in accordance with the laws of Macau, whose registered office is situated at **Special Administrative Region of Macau, at. Avenida de Lisboa, w/n, Hotel Lisboa Old Wing** (hereinafter called "the Employer") of the other part.

WHEREAS:

In consideration of the Employer entering into a Contract for the design and construction **of a Hotel and Casino Development at Junction of Avenida Dr. Sun Yat Sen and Avenida de Kwong Tung, Taipa, Macau Special Administrative Region, Peoples' Republic of China**("the Contract") dated. _____ with Paul Y. Construction Co., Ltd., a company incorporated in and in accordance with the laws of Hong Kong, whose office is situated at **31/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Hong Kong**("hereinafter called the Contractor") whereby the Contractor shall design (to the extent required by the Contract), carry out, complete and maintain the Works as more particularly referred to in the Contract and in accordance with the provisions thereof. The Guarantor has agreed to guarantee the due performance of the Contract in the manner hereinafter appearing.

NOW THIS DEED WITNESSETH that in consideration of the Employer entering into the Contract with the Contractor the Guarantor DOTH hereby agree and covenant with the Employer as follows:-

1. The Guarantor hereby irrevocably and unconditionally guarantees to the Employer the due and punctual performance by the Contractor, its successors and assigns, under the Contract of each and all the obligations, duties and undertakings of the Contractor under and pursuant to the Contract when and if such obligations, duties and undertakings shall become due and performable according to the terms of the Contract. The Guarantor hereby undertakes to indemnify the Employer, its successors and assigns, against all liabilities, losses, damages, costs and expenses suffered or incurred by it by reason of any act, failure, default or omission on the part of the Contractor in performing and observing its obligations under and in connection with the Contract.
2. The Guarantor hereby authorises the Employer and the Contractor to make any addendum or variation to the Contract at their absolute discretion without the prior notice to or consent of the Guarantor and such addendum and/or variation shall not in any way affect the validity or enforceability of this Guarantee. The due and punctual performance of such addendum or variation shall be likewise irrevocably and unconditionally guaranteed by the Guarantor in the same manner as provided hereunder.
3. Without prejudice to clause 2 hereinabove, the Guarantor shall not be exonerated by extension of time being granted to the Contractor by the Employer or by any concession or arrangements granted or made by the Employer to or with the Contractor or by anything that the Employer or the Contractor may do or omit or neglect to do (including without limitation the assertion of or failure to assert or delay in asserting any right or remedy of the Employer or the pursuit of any right or remedy of the Employer or the giving by the Contractor of any security or the release, modification or exchange of such security or the liability of any other person) which but for this provision might exonerate the Guarantor.
4. The Guarantor shall not by paying any sum hereunder or by any means or on any ground claim or recover by the institution of proceedings or the threat of proceedings or otherwise such sum from the Contractor or claim any set-off or counterclaim against the Contractor or prove in competition with the Employer in respect of any payment by the Guarantor hereunder or be entitled in competition with the Employer to claim or have the benefit of any security which the Employer holds or may hold for any money or liabilities due or incurred by the Contractor to the Employer and in case the Guarantor receives any sums from the Contractor in respect of any payment of the Guarantee hereunder the Guarantor shall hold such monies in trust for the Employer so long as any sums are payable (contingently or otherwise) hereunder.
5. The Guarantor shall not be released from liability under this Guarantee by reason of the unenforceability, invalidity, assignment or termination of the Contract for any reason whatsoever.
6. The Employer shall not be obliged, before taking steps to enforce this Guarantee, to take action or proceedings against or to make or file a claim in the bankruptcy or liquidation of the Contractor or any other persons.
7. Any payment to be made hereunder by the Guarantors shall be made without set off or counterclaim and shall be made free and clear of, and without deduction for or on account of, any present or future taxes, duties, charges, fees, deductions or withholdings of any nature whatsoever and by whomsoever imposed.

8. The provisions of this Guarantee shall be binding on and enure to the benefit of the Guarantors and the Employer and their respective successors and assigns. Provided that the Guarantors shall not assign or transfer any of their rights or obligations hereunder without the prior written consent of the Employer.

9. Any claim under this Guarantee shall be made by notice in writing by the Employer and shall be addressed to the Guarantors at their respective registered offices or such other addresses as may have been notified by the Guarantors to the Employer for this purpose. Such notices shall be given by registered post or delivered by hand and shall be deemed to be served if by post seven days after posting and if by personal delivery when delivered.

10. The Guarantors shall be deemed to have full knowledge of terms and conditions of the Contract.

11. Any arbitral award or decision of a court of competent jurisdiction given in a dispute or proceedings arising out of or in connection with the Works (including any award or decision as to the amount or sums of money due and owing from the Contractor to the Employer) shall, to the extent that it concerns or relates to the performance and observance by the Contractor of its obligations, be deemed and are hereby agreed to be binding and conclusive for the purpose of this Guarantee.

12. This Guarentee shall be construed and governed in accordance with the Laws of Hong Kong and the Guarantor hereby agrees to submit to the non-exclusive jurisdiction of the Courts of Hong Kong.

IN WITNESS whereof _____ in exercise of the power conferred on him under a power of attorney dated __ has hereunto set the name _____ and affixed his own seal the day and year first before written.

by)
its attorney in the)
presence of:-)

OR

*IN WITNESS whereof, this Guarantee has been executed, as a Deed, by Paul Y.-ITC Construction Holdings Limited on the day and year first before written.

THE COMMON SEAL OF)
)
)
)
)
)
Paul Y.-ITC Construction)
Holdings Limited was hereunto)
affixed in the presence of:-)

Part II - Particular Conditions

Clause

1.1.2.3 & 8.1	Commencement Date:	The Commencement Date is 1st April 2004
1.1.2.4 & 8.2	Time for Completion:	
	Time for Completion of Section 1:	Section 1 of the Works : 31st July 2006.
	Time for Completion of Section 2:	Section 2 of the Works : 30th June 2007.
1.8	Agreed systems of electronic transmission:	Email between the designated personnel of the Employer and the Contractor
1.12	Confidential details	All the details not specifically mentioned in the Contract documents shall be deemed to be confidential details. No party shall publish or permit to publish or disclose any particulars of the Contract without prior consent in writing from the other party.
2.2	Date for Possession:	The Date for Possession is 1st November 2004
4.8	Time for submission of programme (if none is stated here, then within 28 days of the Commencement Date):	Within 28 days of the Commencement Date

Clause

8 **9** **10** **12** **13**	Sections to apply:	Unless otherwise agreed by the parties, the provisions of the Contract in regard to : (a) Commencement Date, (b) Date for Possession, (c) Time for Completion, (d) Extension of Time for Completion (e) Liquidated Damages for Delay, (f) Practical Completion Certificate, (g) Defects Liability Period, (h) Certificate of Making Good Defects, (i) Release of Retention, (j) Insurances, and (k) Final Certificate shall apply to each Section or Stage with the necessary changes in points of detail as if the Section was subject to a separate and distinct contract between the Employer and the Contractor.
	Section 1:	Refer to Clause 4.02 of Employer's Requirements
	Section 2:	Refer to Clause 4.02 of Employer's Requirements
8.5	Liquidated damages for delay in completion	
	For Section 1:	HK$250,000.00 per day
	For Section 2:	HK$100,000.00 per day
8.5	Limit of Liquidated Damages for delay:	Not applicable
12	Defects Liability Period:	12 calendar months for each of Sections 1 and 2 respectively from the respective date named in the Certificates of Practical Completion of the Works of Sections 1 and 2.
13.1	Guaranteed Maximum Price	The guaranteed maximum price provision annexed to these Particular Conditions is to apply to this Contract

Clause

13.2	Advance Payments	To be agreed between the Employer and the Contractor from time to time and at the sole discretion of the Employer
13.5	Period of Honouring Certificates	10 working days
13.5(c)	Percentage of retention:	10%
	Maximum retention :	An amount which is equal to 5% of the total of the Estimated Prime Cost in Schedule 3 and the Percentage Fee in Schedule 2 to the nearest one thousand dollars
13.7	Period of Final Ascertainment of Prime Cost	12 months from the day named in the Certificate of Practical Completion of Section 2
18.1	Amount of Professional Indemnity Insurance :	Not less than HK$ 50,000,000.00
	Period of Insurance :	10 Years from the Date of Commencement
18.2	Insurance coverage in respect of Works, Plant, Materials and Contractor's Documents:	Not less than; (a) the Guaranteed Maximum Price, plus (b) HK$ 5,000,000.00 for demolition and removal of debris. (See also Section 4.1 Employer's Requirements)
18.3	Limit per occurrence for insurance against injury to persons and damage to property:	Not less than the minimum amount stated in the relevant statute of Macau SAR and the limit stated in the Employer's Requirement whichever is higher (See also Section 4.1 Employer's Requirements)

Annex 1 – Project Executive Committee

1.0 Objectives

1.1 In addition to the procedures contained within the Conditions which determine and identify the functions of the respective parties to the Contract, a Project Executive Committee (PEC) shall be established within fourteen (14) days after the Commencement Date of the Contract.

1.2 The terms of reference for the PEC shall include the regular review of all issues affecting the progress of the Works. Whenever potential areas of dispute arise, the PEC shall endeavour to initiate an appropriate course of action to minimize the effects therefore.

2.0 Project Executive Committee (PEC)

2.1 Structure

The PEC will consist of not more than two (2) representatives from each of the following : -

(a) Employer

(b) Contractor

(c) Quantity Surveyor

At least one of the representatives from each of the parties shall be a partner, director or senior manager within their respective organizations who shall have the full authority to participate in the activities of the PEC.

It may be desirable, on occasions, for other parties such as specialist consultants or Sub-Contractors to attend meetings of the PEC and they shall be permitted to do so at the invitation of any party unless a majority of the PEC shall object to their presence.

2.2 Meetings

The PEC shall meet at not less than one (1) monthly intervals throughout the construction of the Works and shall be under the chairmanship of the Employer.

Any member of the PEC may call a meeting of the PEC upon giving one (1) week's notice in writing to the other parties.

Minutes of each of the meetings shall be prepared by a representative of the Employer or the Quantity Surveyor who shall attend and act as secretary to the PEC and such minutes shall be circulated within seven (7) days of the date on which each meeting is held.

Minutes shall be deemed to be accepted by the parties unless any objections to them (or to any amendments of them) are lodged with the Employer within seven (7) days of receipt by the objecting party.

Neither the Minutes of the PEC meetings nor any discussions which take place at such meetings shall constitute an application or a notice as required by the Conditions.

The abovementioned arrangement of the PEC meetings can be modified at the mutual agreement between the Employer and the Contractor.

Annex 1 – Project Executive Committee (Cont'd)

2.3 Power and Authority

The PEC shall have the power and authority to: -

(a) review all aspects of the Contract and endeavour to ensure that all parties are complying with their respective obligations in accordance with the Contract;

(b) review any difference in opinion e.g. as regards the interpretation in detail of the Employer's Requirements;

(c) review the buildup of the Guaranteed Maximum Price and any difference in opinion therein;

(d) establish any appraisal/assessment systems to appraise the performance of each party and establish any corrective action plans if problems arises. Review the performance of each party in each and every aspects of the Contract accordingly;

(e) review any major design issues and the corresponding design decisions;

(f) assist in and discuss the resolution of problems which have been identified together with any other matters which may affect the timing, quality or cost of the Works;

(g) endeavour to resolve equitably any dispute or difference arising during the course of the Works including any decisions of the Employer.

2.4 Mediation

If the PEC decides that a dispute or difference is to be mediated then the rules which are to apply to such mediation shall be those current at the date of the Contract as published by the Hong Kong Mediation Council.

2.5 Rights

The discussion and review by the PEC of any dispute or difference arising between the Employer and Contractor shall be without prejudice to the parties' rights to refer such disputes or differences to arbitration pursuant to clause 20 of the Conditions.

Annex 2 - Guaranteed Maximum Price

1.0 The Parties' Obligations in respect of the Guaranteed Maximum Price

1.1 The Contractor guarantees to the Employer that the sum of the Prime Cost of the Works plus the Contractor's percentage fee shall not exceed the amount stipulated as the Guaranteed Maximum Price in the Contract Agreement, or any amended Guaranteed Maximum Price in accordance with the Contract. Such Guaranteed Maximum Price shall represents the Maximum amount payable by the Employer under the Contract in all respects whatsoever.

1.2 In connection with the above, the Contractor shall, within 3 months after the signing of the Contract, submit to the Employer a detailed buildup of his proposed Guaranteed Maximum Price which buildup shall indicate the budget allowances of each and every Subcontractor's Work Package together with the basis of such budget allowances including the design, standard, quality, quantities etc. whichever are relevant, and all his other allowances and expenses etc. The buildup of the Guaranteed Maximum Price shall be reviewed and commented by the Employer, and the Contractor shall incorporate the said comments into his buildup accordingly. The updated buildup of the Guaranteed Maximum Price which has incorporated the Employer's comments shall be submitted to the Employer for approval. Upon the approval and acceptance by the Employer, the Guaranteed Maximum Price together with the buildup of it shall not be altered without the approval of the Employer.

1.3 During the process of procurement of each Work Package Subcontractors, the Contractor shall ensure that the budget allowance of each such Work Package within the buildup of the Guaranteed Maximum Price shall not be exceeded unless approved by the Employer in the following manner. In this respect the Contractor shall, whenever the tenders for a Work Package is returned and opened, immediately check and ensure that the returned tenders are within the budget allowance of the said Work Package, or otherwise he shall immediately carry out value engineering exercises to achieve price reductions of the tenders and to attempt to maintain that the budget allowance of the Work Package will not be exceeded by the awarded contract sum of the said Subcontract, but in no way shall such value engineering exercises constitutes any reduction in quality or standard of the work in the said Work Package. Before the award of any of the Work Package Subcontract, a reconciliation of the recommended tender sum for award with the budget allowance of the said Work Package Subcontract in the buildup of the Guaranteed Maximum Price shall be submitted by the Contractor to the Employer, any deviation in design or standard with the original design intent at the time of approval of the Guaranteed Maximum Price and its buildup shall also be highlighted therein for the Employer's information. If the recommended tender sum for award is within the budget allowance of the said Work Package, the saving shall be turned into a general contingency sum (which shall be the total of all savings that arise from Work Packages already awarded less the total of expenditure of such contingency sum approved by the Employer to cover shortfall in budget for Work Packages already awarded) within the Guaranteed Maximum Price. If the recommended tender sum exceeds the budget allowance of the said Work Package, then the Contractor shall :

(i) Recommend the use of the general contingency sum arising from savings in other Work Packages to cover the shortfall in budget allowance. If the Employer approves such use of the general contingency sum, which is at his sole discretion, the Contractor can then proceed to award the Work Package Subcontract based on the recommended tender sum; or

(ii) Recommend the reduction in the budget allowance(s) of other Work Package(s) not yet awarded to cover the said shortfall, provided that the reduction in the budget allowance(s) of other Work Package(s) not yet awarded is proposed on the basis that the design intent and quality and standard of work as originally approved at the time of approval of the Guaranteed Maximum Price had not been materially affected. The Contractor shall be required to submit a detailed substantiation in this respect to the Employer's satisfaction in order for the Employer to make decision. If the Employer approves such reduction in the budget allowance(s) of other future Work Package(s), which is at his sole discretion, the Contractor can then proceed to award the Work Package Subcontract based on the recommended tender sum; or

(iii) The Contractor shall proceed to award the Work Package Subcontract based on the recommended tender sum, any difference between the budget allowance of the said Work Package and the awarded Subcontract sum shall be borne by him and shall not be considered as part of the Prime Cost, unless subsequently with the agreement of the Employer as a result of the Employer's decision in (i) and/or (ii) above.

(iv) It is expressly stipulated herewith that, any approval or disapproval by the Employer of the Contractor's recommendation in the above shall not relieve the Contractor's obligations and liabilities whatsoever under the Contract.

1.4 The Contractor shall submit monthly financial report together with the supporting details, which details shall include but not limited to cost plans and budget estimates of Employer's changes, costs review of sub-contracts under tender and/or awarded including all post-contract variations and claims by Subcontractors, and other cost reports as may be specified by the Employer, to the Employer (or his Representative, if so directed) for review.

1.5 In the event that during the course of construction and notwithstanding his obligations and liabilities under clauses 1.1 to 1.3 above, the Contractor considers that the sum of the Prime Cost of the Works plus the Contractor's percentage fee is likely to exceed the Guaranteed Maximum Price, the Contractor may submit Cost Reduction Proposal for the purpose of maintaining the final Contract Price within the Guaranteed Maximum Price. Such Cost Reduction Proposal may include proposals for the reduction of the construction areas, finishes, equipment and other matters together with the relevant cost reduction for the Employer's consideration. Provided that the implementation of such proposals are feasible and does not materially affect the business efficacy or the facilities of or the intended use of the Works, the parties shall in the spirit of mutual trust and cooperation use their best endeavours to negotiate and reach an agreement on the adoption of such cost reduction proposals. Such agreed proposals shall be deemed a Variation under Clause 14.

2.0 Guaranteed Maximum Price

2.1 Pursuant to clauses 1.1 to 1.3 above, at the date or dates mutually agreed between the Employer and the Contractor, and in all cases not more than 3 calendar months from the Effective Date of the Contract, the Contractor shall submit for the Employer's approval a Guaranteed Maximum Price Proposal. The parties shall meet and review the Guaranteed Maximum Price Proposal.

2.2 Once accepted, the Guaranteed Maximum Price Proposal and the basis for such Guaranteed Maximum Price Proposal shall be set forth as the Guaranteed Maximum Price documents for the Works (or Section, if such is the case), and shall form part of the Contract.

2.3 If, at the date or dates mutually agreed between the Employer and the Contractor, the Employer does not accept the Guaranteed Maximum Price Proposal and the basis for such proposal, one of the following shall, at the sole discretion of the Employer, apply:

(a) The Initial Contract Price shall be deemed for all purposes to be the Guaranteed Maximum Price of the Contract and the Contractor shall prepare the Guaranteed Maximum Price Proposal accordingly.

(b) The parties shall in good faith and spirit of mutual cooperation negotiate and make changes and/or modifications to the Guaranteed Maximum Price Proposal and its basis. To the extent that such modifications are accepted in writing by the parties, the Guaranteed Maximum Price Proposal shall be deemed accepted; or

(c) The Employer may, at his sole discretion, direct the Contractor to proceed with the Works (or Section) without a Guaranteed Maximum Price. If the Employer make such an election, all references to the Guaranteed Maximum Price in this Contract shall not be applicable.

Annex 2 - Guaranteed Maximum Price (Cont'd)

3.0 Changes to the Guaranteed Maximum Price

3.1 If the drawings and specifications are not complete for the Works (or Section) at the time the Contractor submits its Guaranteed Maximum Price Proposal to the Employer, the Contractor shall be deemed to have allowed in the Guaranteed Maximum Price Proposal for further development in these documents.

3.2 The Guaranteed Maximum Price shall be a fixed Maximum Price and shall only be subject to adjustment as provided for in the Contract as follows :

(a) Clauses 2.2, 2.7, 4.7, 4.9, 8.7 and 19.5 regarding Direct Loss and/or Expense due to extension of time

(b) Clause 14.2 regarding Variations.

[End of Part II]

SCHEDULE 1

SCHEDULE 1 – DEFINITION OF PRIME COST

The prime cost of the Works shall be all costs, other than the Contractor's head office overhead costs, of the Contractor's project management team, labour, materials, goods, plant, site facilities, services (including design services), consumable stores and other sundry site expenses, and sub-contracted works for the design and construction of the Works.

Section A : Contractor's project management team

Payments to or in respect of the Contractor's project management team payable as prime cost shall include the Contractor's project manager, project co-ordinator, building service engineer, building service co-ordinator, quantity surveyor, safety supervisor, quality controller, etc. either full time on the project, or on a part time basis with a dedicated portion of their working hours on the project , but excluding any other staff or full time head office staff irrespective of whether they have carried out any work on this Project or not.

It is expressly agreed that payments in respect of the Contractor's project management team shall be on the basis of the agreed monthly rates for each respective personnel, and for such period of deployment of the said personnel on the project including any extended period of deployment as agreed between the Employer and the Contractor as a result of clause 8.3 of the Contract. The Employer and the Contractor shall endeavour to agree the project management team structure and the monthly rates for each respective personnel within three months of the signing of the Contract. If no such agreement is reached at the end of the said three months, the Contractor shall provide all necessary substantiation to the satisfaction of the Employer and the Quantity Surveyor the actual remuneration of the respective personnel of the Project Management Team to be included in the Prime Cost.

The payment of the project management team shall deemed for all purposes of the Prime Cost be solely on the basis of agreed monthly rates if such are established or agreed between the Employer and the Contractor. No other costs or expenses in connection with these staff nor difference between the agreed monthly rates and the actual remuneration of these staff (including remuneration of replacement staff) will be considered or be accepted as part of the Prime Cost unless with the agreement of the Employer.

Section B : Labour

Payments to or in respect of persons directly engaged upon the Works on site other than the Contractor's project management team in Section A above.

The Payments referred to above shall include:

(a) Operatives' wages at nett rates paid and applicable overtime payment reasonably worked;

(b) Payments to operatives by way of allowances, bonus, incentive or the like , insofar as they have been stipulated in the operatives' employment agreements upon their employment and/or considered necessary by the Contractor and authorized by the Employer prior to their being made ;

(c) Wages (and allowances) paid to foremen (including head, working and similar foreman) and wages of chargehands, leading men, time-keepers, watchmen and the like;

(d) Payments (not covered by (a), (b) and (c) above) made to operatives or to persons mentioned in (c) above in order to comply with the provisions of any Ordinance of Government, any instrument, rule, order or direction made under any Ordinance of Government;

(e) The actual cost of Payment by the Contractor in the capacity of an employer including any associated tax or levy in the employment of operatives and others in (a) to (c) above in respect of compulsory contributions payable under or by virtue of any Ordinance of Government.

In respect of the payment of (a) to (c) above, the Contractor shall use his best endeavour to agree reasonable market salaries or wages at time of their employment. Furthermore, if the Employer so request at any time during the Contract, the Contractor shall provide all such information including the employment agreements, time sheets, Employer's return to IRD etc. of any personnel to justify any item of payment as mentioned above to the Employer's satisfaction.

Section C : Materials and Goods

Payments in respect of materials and goods shall be as follows:

(a) Materials and goods not supplied from the Contractor's stock. The invoice cost of materials and goods (including crates, packaging and carriage) purchased specifically for the Works and the cost of returning crates and packaging less any credit given for the same.

SCHEDULE 1 – DEFINITION OF PRIME COST

(b) Materials and goods supplied from the Contractor's stock. At prices current at the date of supply by the Contractor, and agreed between the Contractor and the Quantity Surveyor.

(c) Charge for off-site storage and air freight delivery charge of materials in connection with (a) hereinabove, supported by relevant invoices / receipts. In this respect the Contractor shall justify in advance to the satisfaction of the Employer that each such off-site storage and/or air freight delivery are absolutely necessary due to the nature of such materials and/or that the timely delivery of such materials is essential for the Contractor to complete the Works on time but which the Contractor had not procured such materials earlier due to reasons beyond his control., and seek the agreement of the Employer prior to making arrangement for such off-site storage and/or air freight delivery. Any charge for off-site storage or air freight delivery charge for material without the prior agreement of the Employer, or which is agreed to by the Employer but in the opinion of the Employer had been incurred due to the Contractor's own default, shall not be considered as part of the prime cost.

(d) For materials worked on or in the Main Contractor's workshops, the cost to the Main Contractor of all materials shown to be directly and solely used for the Works, plus justifiable charges for waste / wastage.

In respect of the items (a) to (d) above, the Contractor shall if so required by the Employer demonstrate to the satisfaction of the Employer and the Quantity Surveyor that the said materials or goods are intended for and are of the appropriate quantities (including justifiable allowance for wastage) required for installation of the Works, or otherwise be subject to reasonable adjustment made by the Employer when included as payment of the Prime Cost under the Contract.

Section D : Plant Site Facilities and Services

The following items when deployed on site shall be paid at rates to be agreed between the Contractor and the Employer :

(a) Mechanical plant and power-operated tools, including fuel and operator on site.

(b) Non-mechanical plant excluding hand tools on site.

(c) Haulage.

(d) Transportation vehicles including fuel charges, insurances, license fees and parking charges, etc.

(e) Maintenance service to all plants and machinery including replacement of accessories and parts.

The following direct charges shall be payable:

(a) Water charges for the Works (Note : temporary plumbing and storage installation under Section F).

(b) Electricity Charges for the Works (Note : temporary electric and other power and lighting installation under Section F).

(c) Fuel for running and testing mechanical services.

(d) Fees, charges and royalties properly, specifically and directly incurred by reason of the execution of the Works such as Industrial Training and Pneumoconiosis Levies but excepting those fees or charges generally legally payable by the Contractor in his capacity as an ordinary company.

(e) Testing of materials and goods completed or partially completed unless the test showed that the materials or goods were not in accordance with this Agreement.

(f) Charges for fixed telephones (but not any PABX system thereof), fax machines and data/broadband internet lines serving the site office .

(g) Premiums for insurances (and Bond if required) required to be taken out by the Contractor under this Agreement.

SCHEDULE 1 – DEFINITION OF PRIME COST

Section E : Consumable Stores and Other Site Expenses

It is expressly agreed that payments in respect of consumable stores and other site and sundry expenses required for the running of the Site and for fulfilling other requirements of the Contract may, if so agreed between the Employer and the contractor, be allowed as a lump sum irrespective of their actual costs and the said lump sum shall be paid to the Contractor in monthly instalments throughout the Contract Period. The Employer and the Contractor shall endeavour to agree the said lump sum within three months of the signing of the Contract. If no such agreement is needed at the end of the said three months, the Contractor shall provide all necessary substantiation to the satisfaction of the Employer and the Quantity Surveyor the amounts to be included in the Prime Cost for these expenses.

Section F : Work Sub-Contracted and Work Sub-let

Payments in respect of work sub-contracted or sub-letted either of design and/or part of the Works as set out in detail in the Contractor's Proposal shall be charged in accordance with the sub-contracts respectively.

SCHEDULE 2

SCHEDULE 2 – PERCENTAGE FEE

The Percentage Fee is 6.00 % and shall be deemed to cover all items of the Contractor's head office general overhead and other project related costs, allowances, risks, profit, etc. unless otherwise defined as part of the Prime Cost under Schedule 1.

Without prejudice to any other rights or remedies of the Employer under the Contract, it is expressly stipulated herewith that the abovementioned Percentage Fee shall be subject to the following adjustments :

1) If the Contractor fails to complete Section 1 of the Works within the Time for Completion for Section 1 as stipulated in the Contract, and continues such failure for a period of 31 days, then for the purpose of the whole Contract, the said Percentage Fee shall be reduced by 0.67 % i.e. for the 6% Percentage Fee, it will be reduced to 5.33%.

2) If the Contractor fails to complete Section 2 of the Works within the Time for Completion for Section 2 as stipulated in the Contract, then for the purpose of the whole Contract, the said Percentage Fee shall be reduced by 0.33 % in the same manner as (1) above.

The above adjustments shall apply jointly and severally to the Percentage Fee.

SCHEDULE 3

SCHEDULE 3 – ESTIMATED PRIME COST OF THE WORKS

The estimated Prime Cost of the Works is HK$1,366,000,000 [initials]. The detail buildup of the Prime Cost shall be submitted together with and form the basis of the Guaranteed Maximum Price within 3 months of the Effective Date of this Contract.

SCHEDULE 4

SCHEDULE 4 – WORK BY OTHERS

Items of work to be executed and/or expenses by other persons :

1. Legal Expenses
2. Site Acquisition
3. Finance Costs
4. Hotel Point of Sale System
5. Casino Security System
6. Special Artworks and Sculpture normally not forming part of the Interior Design
7. Fees & Charges to Authorities, e.g. VAT & Utilities Connection Charges
8. Pre-Opening Arrangement & Expenses
9. Hotel Operating Equipment
10. Slot Machines and Gambling Equipment (See also Employer's Requirement Item 2.02)

4.0 THE EMPLOYER'S REQUIREMENTS

4.1 EMPLOYER'S REQUIREMENTS

1.0 DEFINITIONS

1.01 Employer

Great Wonders, Investments, Ltd.

1.02 Hotel Operator

Hyatt International Technical Services, or such other firm or person as may be appointed by the Employer.

1.03 Quantity Surveyor

Levett and Bailey Chartered Quantity Surveyors Ltd.

1.04 Contractor

The Contractor who is appointed to carry out the design and construction of the Works

1.05 Sub-Contractor

A Sub-Contractor under contract with the Contractor to carry out a section of the Works.

1.06 Supplier

A Supplier under contract with the Contractor to supply materials for this project.

1.07 Separate/Direct Contractor

A contractor appointed under a separate contract with the Employer to carry out a section of work for this project.

1.08 Employer's Representative

Such personnel or party as may be appointed by the Employer and to carry out certain duties and/or exercise certain power or decision on behalf of the Employer insofar as it is expressly delegated by the Employer .

2.0 DESCRIPTION OF THE WORKS

2.01 Generally

The description of the scope of the Works and description of the Works given hereunder must not be considered as being complete.

The Contractor is deemed to have studied all the relevant information contained in the Employer's Requirements to be fully aware of the full extent of the Works.

2.0 DESCRIPTION OF THE WORKS (Cont'd)

2.02 Scope of the Works

The development which is the subject of this Contract comprises a 37-storey casino / hotel building with a 3-storey basement underneath. The Employer has concurred generally to the preliminary conceptual layout of the said building

prepared by the Contractor all as shown on the drawings being presented to the Employer on 1 st November 2004 and contained in the Contractor's Proposal, all as listed in Annex A to this Employer's Requirement, which shall form the basis of further design development by the Contractor.

The Hotel shall be designed and constructed to the standard of a Park Hyatt Hotel current at the time of its completion, In this connection the Hyatt International Technical Services – Design Recommendations & Minimum Standards and Hyatt International Technical Services – Engineering Recommendations & Minimum Standards is also appended to the Employer's Requirements.

The Works to be carried out comprise but are not limited to the following :

1. The preparation and completion of the design of the building and associated external works.
2. Obtaining from the authorities all necessary approvals, consents, etc. for the construction and completion of the building.
3. The construction on site of the building and associated external works, including but not limited to, the following :
    a) Foundations and basement construction including basement excavation and basement retaining structures.
    b) Structural frame.
    c) Architectural works and finishes
    d) Plumbing and drainage
    e) Electrical installation
    f) Air-conditioning and mechanical ventilation installation
    g) Auxillary building services comprising security system (CCTV, doorphone), gas, telephone, CABD and carpark control installations
    h) Lift and escalator installation
    i) Building Maintenance Unit installation / Window cleaning installation
    j) Fitting out to hotel guest rooms, hotel Front of House Areas and hotel Back of House Areas including all fittings, furnishings, and equipment
    k) Fitting out to casino Front of House Areas and Back of House Areas including all fittings, furnishings, and equipment (except Casino equipment)
    l) Swimming pool and equipment
    m) Landscaping and water features
    n) Diversion of utilities (to liaise and coordinate and procure the carrying out of such works by contractors authorized by the local utilities companies)
    o) Services mains run-ins and run-outs and service connections relating to the Project(to liaise and coordinate and procure the carrying out of such works by contractors authorized by the local utilities companies)
    p) Building automation system including IBMS, AFA and SAC systems
    q) Hotel operating systems as specified by the Hotel Operator including room control system, card key systems etc. forming part of the completed building.
    r) Refuse compactor system
    s) Catering equipment installation

2.0 <u>DESCRIPTION OF THE WORKS</u> (Cont'd)

2.02 <u>Scope of the Works</u> (Cont'd)

    t) Signages and graphics including main building logos
    u) Fireworks Theme Display System

It is intended that a major part of the above will be carried out in work packages by Sub-Contractors as listed (but not limited to) hereinbelow :

1. Piling & Foundation
2. Basement Construction
3. Superstructure – Structural Frame and Slab
4. Curtain walls and Aluminium Windows
5. Fitting Out works to Guestroom & Lobbies
6. Fitting Out works to Public Areas of Hotel and Restaurants
7. Fitting Out works to Casino Areas
8. Signage and Graphics – Internal
9. Signage and Graphics – External
10. Plumbing and Drainage Installation
11. ACMV Installation
12. Fire Services Installation
13. Electrical Installation
14. Ancillary Electrical Installation
15. Lifts and Escalators Installation
16. Gas Installation
17. Swimming Pool Filtration Plant Installation
18. Laundry Equipment
19. Kitchen Equipment
20. Audio Visual Equipment
21. Skylight & Metal Features
22. Specialist Lighting
23. External Lighting/ Decorative Lighting
24. Gondola System
25. Landscaping Works
26. Artificial Rock Features
27. Fireworks Theme Display System

All installations shall be designed to a reasonably high standard of energy efficiency compatible with buildings of similar nature internationally so as to minimize the future running costs of the Employer.

2.0 DESCRIPTION OF THE WORKS (Cont'd)

2.02 Scope of the Works (Cont'd)

The Contractor shall submit his proposed arrangement for procurement of these Subcontractors on a fair and competitive manner. Such arrangement shall allow the Employer to be involved in the selection of the subcontractors and the decision on the respective methods of pricing / payment of the subcontracts. The proposed arrangement shall be reviewed and approved by the Employer and all subcontractors procured for the Works accordingly shall be included as part of the Prime Cost.

The following items of materials/equipment/fittings will be supplied by Specialist Suppliers :

1. Ironmongery
2. Sanitary Fittings
3. Gymnasium Equipment
4. Sauna, Steam and Solarium Equipment
5. Electrical Appliance
6. Loose Furniture for Hotel

The Contractor shall submit his proposed arrangement for procurement of these Suppliers on a fair and competitive manner. Such arrangement shall allow the Employer to be involved in the selection of the suppliers and also to determine the respective methods of pricing / payment of the goods / materials to be supplied under these contracts. The proposed arrangement shall be reviewed and approved by the Employer and all suppliers procured for the Works accordingly shall be included as part of the Prime Cost.

In addition to the above, the Employer may instruct the Contractor to accept and take delivery on site and fix or install in position certain Employer's own supply items e.g. the Slot Machines and Gambling Equipment. In this connection the Contractor shall accept the Employer's instruction and all costs and expenses arising therefrom shall be included in the Prime Cost as variation.

2.03 Work by Others

Unless it is practically not feasible the Contractor shall be responsible for undertaking all the works relating to this Project including all utility undertaking works.

The Contractor shall state clearly any work which he considers is not practical or suitable for him to undertake in his Contractor's proposal for the Employer's consideration and agreement purposes.

Works by these other separate Contractors employed directly by the Employer are to be listed in Schedule 4 of the Contract.

2.0 DESCRIPTION OF THE WORKS (Cont'd)

2.05 Areas and Building Height

The Contractor has submitted a proposed scheme design of the project in the Contractor's Proposal. The maximum height of the building in the proposed scheme is 156.15 m i.e. up to 160 mPD based on a ground floor level of 3.85 mPD. The Contractor has also worked out the indicative floor areas of the proposed scheme design of the project, as per the Schedule of Area in the Contractor's Proposal. Notwithstanding this and for the purpose of the Contract, the Contractor undertakes to further develop the proposed scheme design to achieve a target plot ratio (or such allowable development ratio as relevant and as applicable in Macau) of 15. The Contractor further agree that if the allowable statutory accountable floor area subsequently approved by the statutory authority does not exceed that calculated from the said target plot ratio by 5%, it would not be considered as a Variation under the Contract.

In addition, with the assistance of the Employer, the Contractor shall also use his best endeavours to further pursue to maximize the allowable statutory accountable floor area and also to attain higher building height in such connection, including all necessary liaison and negotiation with the relevant local authorities, and in all cases to the satisfaction of the Employer. For the sake of clarity, any changes to the building height and/or the allowable gross floor area from the Contractor's Proposal as a result of the liaison and negotiation with the relevant local authorities, if accepted and approved by the Employer, shall be deemed to be a Variation under the Contract.

The site area is approximately 5,230 m2 and shall be fully landscaped.

2.06 **SCHEDULE OF ACCOMODATION**

The Building(s) to be designed and constructed shall be able to accomodate (but not limited to) the following :

Floors	Main Accomodations
Basement 3	Carpark, plant rooms, VIP Lift Lobby, Casino and Hotel Service Lift Lobbies (with ~107 No. carparks)
Basement 2	Carpark, VIP Lift Lobby, Casino Shuttle Lift Lobby, Hotel Service Lift Lobby, F&B Lift Lobby (with ~109 No. carparks)
Basement 1	Loading and Unloading, plant rooms, BOH Areas for Hotel and Casino, VIP Lift Lobby, Casino and Hotel Service Lift Lobbies, Bakery
Level 1	Casino Hall, Stage Area, BOH/Management Areas for Hotel and Casino, Hotel Drop Off and Lift Lobby, VIP Lift Lobby, F&B Lift Lobby
Level 1A	Plant rooms, TX room
Level 2	Gambling Hall, BOH/Management Areas for Casino, Casino F&B Area, Casino Service Lift Lobby, VIP Lift Lobby, F&B Lift Lobby, TX room
Level 2A	Void over Gambling Hall, Casino, VIP Lift Lobby, Casino Service Lift Lobby, TX room
Level 3	Gambling Hall, BOH Areas for Casino, Casino F&B Area, Casino Service Lift Lobby, VIP Lift Lobby, TX room

2.0 DESCRIPTION OF THE WORKS (Cont'd)

2.06 **SCHEDULE OF ACCOMODATION** (Cont'd)

Floors	Main Accomodations
Level 3A	BOH/Management Areas for Hotel, Hotel Service Lift Lobby
Level 4	Gambling Hall, BOH Areas for Casino, Casino F&B Area, Casino Service Lift Lobby, VIP Lift Lobby
Level 4A	BOH/Management Areas for Hotel, Hotel Service Lift Lobby
Level 5	Gambling Hall, BOH Areas for Casino, Casino F&B Area, Casino Service Lift Lobby, VIP Lift Lobby
Level 6	Gambling Hall, BOH Areas for Casino, Casino F&B Area, Casino Service Lift Lobby, VIP Lift Lobby
Level 7	Refuge Floor
Level 8	Ball Rooms, Function Rooms, Pre-function Areas, BOH Areas, Food Court, Kitchen
Level 9	Function Rooms, Chinese Restaurant, Private Rooms, Kitchens, Garden
Level 10	Japanese/Western Restaurant, Sushi Bar, Entertainment/Theme Bar, Cigar Lounge, Wine Bar, Kitchens
Level 11	Reception, Treatment rooms, Spa lounge,
Level 12	Gymnasium/Cardiovascular Room, Exercise Aerobics Room, Pool & Sun Deck, Male and Female Spa, Juice Bar, Reception
Level 13 -22	Hotel Suites, Guest Rooms, Corridors, Service / BOH Areas (with 13 rooms and 2 suites modules)
Level 23	Refuge Floor
Level 24 -31	Hotel Suites, Guest Rooms, Corridors, Service / BOH areas (with 13 rooms and 2 suites modules per storey)
Level 32	Hotel Lobby, Reception, Front Office, Business Centre, Tea Lounge, Outdoor Lounge
Main and Upper Roof	M&E Plant rooms

The Main Accommodations as listed above are not exhaustive, and the Contractor shall also provide all supporting accommodations such as washrooms, public circulation areas, fire escape accesses, M&E rooms on each floor insofar as are necessary and required for the proper functioning of the whole building.

3.0 SITE AND INSPECTION

3.01 Location

The site of the Works is at Junction of Avenida Dr. Sun Yat Sen and Avenida de Kwong Tung,Taipa, Macau.

3.02 Access and restrictions

The Contractor shall note the possible change of access conditions and restrictions caused by the sectional completion and partial occupation of the Site.

No waiting, queuing up, loading and unloading of the Contractor vehicles (including all Sub-contractor's) on the access road at the entrance of the site will be permitted at any time. The Contractor shall also be responsible for taking all necessary measures to clean any vehicle leaving from the site in order to avoid pollution on any public roads adjacent and connected to the site access point(s).

The Contractor shall take all necessary precautions to ensure the safety of all pedestrians and vehicles using the access road and pavement.

The Contractor is to comply with all regulations concerning traffic control, signage, lighting and barriers.

3.03 Site visit

The Contractor shall be deemed to have visited the Site and be thoroughly acquainted with the location, general site conditions, subsoil conditions, accessibility, storage, restrictions for loading and off-loading materials etc. and any other conditions which may have an impact on the Contractor's Proposal.

The Contractor shall accept the Site as found on the Date for Possession and clear the site of any debris, rubbish, illegal dumping etc., which may have been left on the site.

3.0 SITE AND INSPECTION (Cont'd)

3.04 Working area

The area the Contractor will have for carrying out the works will be restricted to the area within the site boundary.

3.05 Adjacent buildings etc.

The Contractor shall protect, shore up and support all adjacent lands, buildings and services which are liable to be disturbed or damaged during the execution of the Works. The Contractor shall be responsible for taking adequate precautions to prevent excavated materials encroaching onto adjoining properties.

Upon commencement of the Contract, the Contractor shall make a complete Condition Survey, including a photographic survey, of all adjacent buildings, roads, pavements and structures, together with representative(s) of the Employer, and other concerned parties. A copy of the survey shall be submitted to all concerned parties before commencing excavation.

3.06 Monitoring Points

In order to monitor settlement and vibration within the Site and the vicinity thereof, the Contractor shall install and maintain appropriate monitoring points including extensometers, vibration monitoring systems, vibration wire strain gauges, piezometers, ground settlement markers and building settlement markers, etc.

Some of the monitoring points may be located outside the boundary of the Site. The Contractor is responsible for obtaining the necessary consents, permits and access from the relevant authorities and building owners, and to allow continued maintenance of such points throughout the entire Contract Period.

All monitoring points shall be maintained at all times during the contract period.

3.07 Access through site

The Contractor shall allow other separate contractors or utility companies appointed or employed by the Employer for carrying out works for the Development to have access within and through the Site when such is considered reasonably necessary by the Employer.

4.0 POSSESSION AND COMPLETION

4.01 Possession of Site

The Contractor shall take possession of the whole of the Site within 3 days of the Employer's instruction and commence the respective works accordingly.

For the purpose of the Contract, the Date for Possession shall be the date stated in the Employer's instruction for the Contractor to take possession of the whole of the Site.

4.0 POSSESSION AND COMPLETION (Cont'd)

4.02 Phased Completion of the Works

The Works are to be completed and handover in sections to the Employer.

Section 1 : The Whole of the Basement and Podium Building up to and including Level 6 , and all of the external areas demarcated for the proper functioning of section 1 .

To be completed within 638 calendar days
From the Date for Possession.

Section 2 : All the remaining works.

To be completed within 972 calendar days
From the Date for Possession.

All areas of each respective Section shall be fully furnished and completed with all furnitures, fittings, equipment etc. and be ready for operation at the time of completion and handover to the Employer.

The completion time shall be inclusive of all Sundays and Public Holidays within the Contract Period and also for any periods awaiting permits, approval or consents from all relevant Government Departments required for the execution of the Works.

For the purpose of this Contract, the issuance of the Temporary and/or Full Occupation Permits for the respective section or the subsequent Temporary Occupation Permit (as applicable) is a pre-requisite for the issuance of the Certificate of Practical Completion for the respective Phases of the Works. (See also clause 4.03)

After the completion of each phase the Contractor will be required to restrict themselves to the working areas of the remaining phases under construction unless otherwise directed by the Employer's Representative.

The Contractor shall carry out all necessary work arising from completion of the works in the phases and shall procure the same or similar provision in all the domestic subcontracts and supply contracts including :

(a) construction of temporary screens or hoardings, installation and relocation of building services work associated with the positioning of the screens etc., providing sufficient temporary lighting and F.S. installation and all necessary safety measures and all other temporary works and measures necessary to obtain the Temporary Occupation Permit including maintaining and removing the same prior to the application for the Full Occupation Permit on completion of the whole contract.

(b) demolition and re-erection or resiting of site offices, scaffolding, hoardings, storage areas, access routes, etc. to comply with the requirements of the Employer and the Building Authority.

(d) providing protected access to the completed buildings/parts of building for the occupiers and users.

4.0 POSSESSION AND COMPLETION (Cont'd)

4.02 Phased Completion of the Works (Cont'd)

(e) Sealing off and weatherproofing the building works and openings for services installation from the completed phases of the works and all other necessary temporary works or measures to prevent injury or damage, ingress of water nuisance or disturbance to the occupiers and users of the completed buildings/parts of building and their property.

(f) Additional cleaning incurred for those parts of the works remaining in the Main Contractor's possession to prevent nuisance to the occupiers and users of the completed areas or buildings.

(g) providing sufficient site security for the un-completed buildings/parts of building during the entire contract period and until hand over to the Employer.

If it becomes apparent that there is any likelihood of the completion date not being met, the Employer may issue instructions to the Contractor directing any revision to the sequence of works, etc. to enable the works to be completed on time. The Contractor shall comply with such instructions.

4.03 Temporary and Full Occupation Permits

The Contractor shall notify the Employer in writing one month before he expects any section of the Works to be substantially complete. On receipt of the notice, the Employer will carry out a preliminary inspection to satisfy himself as to the state of completion of that section of the Works.

Before inviting the Employer for inspection the Contractor shall satisfy himself that the section of works are completed in accordance with the drawings and specification.

If the Employer is satisfied with the state of completion of that section of the Works, he will arrange a final joint inspection on a floor by floor basis to be attended by the Employer, Contractor and Sub-Contractors. Any outstanding works necessary for completion which may be discovered during the inspection will be listed by the Employer and shall be carried out by the Contractor immediately.

On completion of the listed outstanding works to the satisfaction of the Employer and subject to the obtaining of an Occupation Permit (either Temporary or Full) the Employer will issue a Certificate of Practical Completion for that Phase of the Works.

For the purpose of this Contract, Occupation Permit shall mean such notice or certificate or permit issued by the relevant authority of the government of the Macau SAR certifying that the Works or the relevant section of it can be occupied or be used by the public for its designated purposes.

4.04 Defects Liability Period

The Defects Liability Period shall be as set out in the Appendix to the Agreement. The Contractor should note that such Defects Liability Period will commence on the certified completion of the respective Sections of the Contract.

5.0 CONTRACTOR'S PROPOSALS

5.01 The Contractor's proposals submitted for this Contract shall in general comprise :

(1) A description of the building including confirmation and/or any modification of the particulars given in these Employer's Requirements including all supporting sketches, diagrams, drawings, etc.

(2) Outline Specification of the structural system intended for the Works including all supporting sketches, diagrams, calculations, etc.

(3) Outline Specification of the various building services systems intended for the Works including all supporting sketches, diagrams, calculations etc., and a comprehensive list of major equipment and manufacturers of same.

(4) Outline Specifications for materials and workmanship for all aspects of the builder's works and building services. All Specifications shall conform to the codes and standards of the local authorities.

(5) A comprehensive programme showing clearly the various stages of the design and construction activities. Key dates including those for the submission of drawings, approvals by the Employer and the various local authorities, ordering of major equipment and materials, etc. must also be included.

(6) Details of the project management, giving the names and full particulars of the project manager and his senior assistants together with the organisation chart showing the relationship and communication between the project management, the design team and the site management team.

(7) Details of the design team, whether in-house or independent, giving the names and particulars of the professional firms to be involved (if any) and all key personnel to be committed to the project together with brief descriptions of the area of responsibilities of each personnel. Curriculum vitae for the key personnel should also be included, giving academic qualifications and past experience.

(8) Details of the site management structure and organisation giving the names and addresses of affiliated or associated companies to be involved (if any) and all key personnel to be committed to the project with an organisation chart showing levels of seniority and responsibilities. Curriculum vitae for the key personnel should also be included, giving academic qualifications and past experience.

5.0 CONTRACTOR'S PROPOSALS (Cont'd)

(9) A Comprehensive Estimate of the Prime Cost of this Contract.

(10) The detail method and procedure of procurement of subcontractors and suppliers.

(11) Any other information, drawings, supporting documents etc. that the Contractor considers relevant.

If any of the above information is not available or incomplete at contract formation stage, they shall be promptly submitted by the Contractor to the Employer for approval. No claim for extension of time whatsoever due to such submission and/or approval by the Employer will be considered.

The Estimate of the Prime Cost should clearly identify amounts under the following headings with further itemised breakdowns as required and wherever the Contractor deems necessary.

(i) Design work to be completed before commencement of construction and during construction.

(ii) Preliminaries including costs of project management, site administration, site facilities and temporary work.

(iii) All work packages as described in more detail in clause 2.02 above.

Insofar as possible, there should be a detailed schedule of approximate quantities and unit rates giving the build-up of the amount for that heading. The total of the Estimate of the Prime Cost shall equal the amount entered in the Contract Agreement.

Where there are items which cannot be well defined at contract formulation stage (such as finishes and furniture), prime cost rates should be allowed so that the type and quality of these items can be agreed at a later stage. The prime cost rates shall form the basis of future selection of such materials.

Notwithstanding any standard or quality or scope or extent or proposed packages of the Works as may be specified in any of the sections of the abovementioned Contractor's Proposal, it is expressly stipulated herewith that the Contractor's Proposal shall be deemed to be further developed to meet the Employer's Requirements in the Contract. In this connection, the Employer reserves the right to amend and comment on any of the Contractor's Proposal including but not limited to the Outline Specification, List of Work Packages etc. if it is considered that the standard or quality therein is not in compliant with the Employer's Requirements and any such comment by the Employer shall be deemed to be accepted by the Contractor and form part of the Contractor's Proposal. However, any such comments by the Employer which deviates from the Employer's Requirements shall be considered as variation to the Contract.

6.0 MATERIALS AND WORKMANSHIP

6.01 General

All materials and workmanship shall generally be of a standard as specified or as intended in this Employer's Requirement and or other document appended or referred to herein.

6.02 Proprietary articles and approved materials/goods

The insertion of the name of any firm or proprietary article in the Specification or Outline Specification is generally to be read as an indication of the class or quality of materials and workmanship required.

Alternative goods or workmanship of equal quality or higher may be obtained from any other firm, subject to the written approval of the Employer.

6.03 Samples

Where required by the Employer, samples are to be submitted for approval before bulk supplies are delivered to the site. Bulk orders for materials shall not be placed before the approvals required by the Specification for sources and samples have been given, or satisfactory results of any preliminary tests required by the Specification have been submitted. Approved samples are to be kept on site and stored in an orderly manner in an on-site sample room to be provided by the Contractor. Approved samples are to serve as standards for the materials or goods represented by the samples.

Should any material or article be rejected it shall be removed from the site.

Where required by the Employer, the Contractor shall provide samples of workmanship for all trades and obtain the Employer approval prior to commencement of work.

All subsequent workmanship shall be to the standard of the approved samples and the Contractor shall be responsible for the confirmation of their acceptance under relevant Building Regulation.

6.04 Testing of materials

The Contractor shall carry out tests on all materials required by the specification to be tested. Records of all tests conducted shall be properly maintained on site for reference.

6.05 Safe custody of materials

The Contractor shall be responsible for maintaining the site security/watchmen team for the safe custody of all materials delivered on to the site including those for Specialist Sub-Contractors and Specialist Suppliers.

6.06 Loading and unloading of materials

The Contractor shall take every care in the loading and off-loading of materials for the work, ensure that the street, roads and footpaths are not obstructed or the traffic impeded and conform with the traffic and road safety regulations therewith.

6.0 MATERIALS AND WORKMANSHIP (Cont'd)

6.07 Packing, storage and protection

All equipment, apparatus, materials and parts shall be delivered to the Site in a new condition, properly packed and protected against damage due to handling, adverse weather or other circumstances and, as far as practicable, they shall be kept in the packing cases or under protective coverings until required for use. Any items suffering damage in transit or on the Site shall be rejected and replaced.

All materials delivered to site shall be properly stacked and stored on site. To facilitate the phased completion of works, site storage areas may have to be relocated to suit the phased completion requirements.

6.08 Off Site Storage of Materials

If the Contractor considers that off site storage of materials during the Contract Period to be inevitable, he shall submit a detail Proposal for storage and handling of the off site materials. Such proposal shall include but not limited to the location, size, nature of premises, ownership, insurances, means of loading / off loading, facilities available etc. of the off site storage premise and the said Proposal shall be subjected to comment and approval by the Employer prior to its implementation.

The said off site storage premise shall be only one single location for easy administration. The said premise shall also be of adequate size or be expandable so as to allow storage of off site materials or goods or equipment of separate direct contractors engaged directly by the Employer e.g. the Casino equipment contractor.

7.0 INSTRUCTIONS AND VARIATIONS

7.01 Site instructions

The Contractor shall maintain an efficient organisation so that all instructions issued by the Employer are communicated immediately to the site and to Specialist Sub-Contractors and Suppliers and he shall take instructions only from the Employer or persons authorised by the Employer in writing to give them.

7.02 Invoices, receipts, etc.

The Contractor shall produce all original invoices, vouchers or receipted accounts for any materials or sub-contract labour charges when called upon to do so by the Employer or by the Quantity Surveyor. Upon making photo copies of the invoices, receipts, etc., the originals shall be returned to the Main Contractor.

8.0 PROGRAMME AND REPORTS

8.01 Programme

The Contractor shall submit to the Employer a detailed programme showing his intended method, sequence, stages and order of proceeding with the Works together with the period of time he has estimated for each and every such stage of progress.

Before work begins on Site, the Contractor shall submit a Master Programme showing the aforementioned stages of progress and his intended timing and order for the construction of the Works and the dates by which any significant items of information will be required from the Employer. If the Contractor wishes at any time to bring forward any such dates he shall notify the Employer not less than 2 weeks before the proposed revised dates.

8.0 PROGRAMME AND REPORTS (Cont'd)

8.01 Programme (Cont'd)

The Master Programme shall be in the most suitable form for the proper control of the Works and make all necessary allowances for submissions and approvals to the Employer and to Authorities and any other specific requirements of the Specification, including allowances for time for work under provisional and contingency sums. The Master Programme shall be arranged such that actual progress may be recorded against each item.

The Master Programme shall be up-dated and re-submitted to show work completed and any proposed changes to timing and order for the construction of the Works at monthly intervals until the Works are complete.

Short-term detailed programmes and schedules of one to three months duration shall also be prepared to accord with latest information and planning.

Where submissions for approval are specified, the Contractor shall prepare and submit with his Master Programme a schedule of such submissions, co-ordinated with the Programme and including agreed time allowances for submission and approval before the related work commences.

The programme shall be prepared in accordance with the Contractor's building construction programme which may be revised from time to time and should include but not be limited to the following dates :

(a) submission of designs for the Employer's review and approval;

(b) submission to relevant Building Authority;

(c) anticipated approval and consent dates;

(d) submission of all shop drawings;

(e) submission of method statement;

(f) ordering of materials;

(g) mill rolling of structural steel sections;

(h) fabrication of materials;

(i) delivery of materials;

(j) erection of materials indicating methods, sequencing, and duration of each activity;

(k) all procedural trials, inspection and testing and trial assemblies;

(l) key dates for plant access and power on Site etc.;

(m) key dates by which any significant items of information/ decision will be required from the Employer; and

(n) allowances for Direct Contractors

In order that the programme may be maintained or amended where necessary it is incumbent upon the Contractor to notify the Employer whenever there is the likelihood of a delay occurring in his work or material supplies or in those of any of his Sub-Contractors.

8.0 PROGRAMME AND REPORTS (Cont'd)

8.02 Daily and Weekly Reports

The Contractor shall submit to the Employer each day throughout the Contract Period a report showing a record of the labour employed on Site under each trade, materials delivered to Site, plant and equipment on site and the weather throughout the day.

8.03 Progress Photographs

The Contractor shall provide progress photographs of the Works on a regular basis, but in no case be less frequent than 1 month. The photographs shall be taken from the same locations whenever possible.

9.0 CONTRACTOR'S WORK PACKAGES

9.01 Contractor's Work

Apart from the Specialist Sub-Contract and Specialist Supply Sub-Contract Works, the Contractor shall be responsible for dividing the remaining work into suitable sub-contract packages.

The works shall so far as practicable be carried out by means of sub-contracting either on the basis of the provision of labour and materials, the provision of labour only or the provision of material only.

The Contractor shall prepare, call, evaluate and negotiate tenders for the sub-contract packages and have the authority to award the sub-contract packages. The whole tendering and award procedures will be pre-agreed with the Employer. The Contractor shall submit his detailed procedure with his Contractor's Proposal for review prior to Contract formulation.

The terms and conditions of the contract packages shall be determined by the Contractor, subject to endorsement/approval by the Employer who may authorize the Quantity Surveyor to review and comment on his behalf, and shall so far as practicable be consistent with the Conditions of this Contract in particular the method and terms of payment of the contract packages.

It shall be a condition in any sub-contract that the employment of the sub-contractor under the sub-contract shall be determined immediately upon the determination (for any reason) of the Contractor's employment under this Contract.

Fixed price type of contract where the unit rates are fixed upon agreeing the contracts shall be used whenever possible. Cost reimbursement type of contract should be avoided. The fixed price type of contract can be in the form of lump sum contract or re-measurement contract. There shall be provisions for defects liability and retention, direct warranties to the Employer, and liquidated and ascertained damages (L&B Note : Can be Damage for Delay in Completion)etc.

The calling of tenders shall as far as possible be carried out by means of competitive tendering. There shall be a minimum of three tenderers. Prior notice to the Employer shall be given if Contractor's associated or subsidiary company is to tender for a sub-contract package. In addition, the Employer may, whenever he considers appropriate, recommends tenderers to be included in the tenderer list of any such sub-contract packages, and unless otherwise reasonably objected to by the Contractor, such tenderers shall be allowed to tender for the said sub-contract package.

The Contractor shall ensure that the ascertaining of the final price of the sub-contract or supply contract is in accordance with the provisions in the sub-contract or supply contract documents.

10.0 ARTISTS OR TRADESMEN AND OTHERS NOT SUB-CONTRACTORS

10.01 Generally

The Contractor shall permit the execution of Works by Others e.g. Artists or Tradesmen who are direct Contractors engaged by the Employer.

The Contractor shall afford all reasonable opportunities to Artists, Tradesmen or Specialist Contractors employed direct by the Employer for the carrying out of their work. Such facilities shall include the reasonable use of any scaffolding or staging erected by the Contractor for his own use but the Contractor shall not be required to maintain any such scaffolding or staging longer than is necessary for his own use or to erect any special scaffolding or staging for the use of others.

10.02 Attendances on specialist contractors employed direct by the Employer

The Contractor is to afford the Specialist Contractors all reasonable facilities for the proper execution of their work including :

1. Provision of space on site or in the buildings under construction for construction by the specialist contractor of his own office, amenities or stores.
2. Use of access roads on the site. Working space for and clear access to the specialist contractor's works as is reasonable considering the nature of the Specialist Contract works.
3. Use of such plants, ladders, scaffolding or staging belonging to or providing by the Contractor while it remains erected on the site and with the prior agreement and at the convenience of the Contractor.
4. Use of mess rooms, latrines and other usual conveniences of a building site.

10.0 ARTISTS OR TRADESMEN NOT SUB-CONTRACTORS (Cont'd)

10.02 Attendances on specialist contractors employed direct by the Employer (Cont'd)

5. Providing any fencing, hoardings, etc. required for site safety as required and incidential to the execution of the specialist contract works.

6. Adequate water and electrical supplies at convenient positions throughout the Works under construction and to work and storage areas within the Site for lighting, operation of power tools and testing and commissioning up to and including the Practical Completion of that Section of Work.

   In respect of the supply of temporary electricity for operation of power tools, the Contractor will only supply electricity by means of tap off points of a type and size which can be served from lighting circuits. In connection with the operation of power plant, welding etc., the specialist contractor shall at his own expenses provide any necessary cabling from the tap off points provided at certain level intervals or at the mechanical plant floors. (Note : Not critical for Prime Cost arrangement)

   In respect of supply of temporary electricity for testing and commissioning of equipment, main isolator will only be provided inside plant/machine room. The specialist contractor shall be responsible for any necessary temporary cabling etc. from the isolator to the equipment. (Note : Not critical for Prime Cost arrangement)

7. Coordinating and liaising all submissions to the Architect and/or the relevant parties any shop drawings, reports, documents, and samples by the specialist contractors.

8. Providing the location and the necessary assistance to facilitate the Specialist Contractors to construct any mock-ups, trials and to carry out any tests as may be required.

10.0 ARTISTS OR TRADESMEN NOT SUB-CONTRACTORS (Cont'd)

10.02 Attendances on Specialist Contractors employed direct by the Employer (Cont'd)

9. To coordinate and liaise with the Specialist Contractors for the clearing away and the disposal of debris generated by the Specialist Contractors' works.

The Contractor shall ascertain from each Specialist Contractor all particular relating to his work with regard to the order of its execution and the positions in which chases, holes, mortices etc. will be required before the work is put in hand.

The Contractor is to inform all Specialist Contractors of the casting of reinforced concrete, allowing enough time for the laying of their cables, conduits, pipes, etc.

The Main Contractor shall attend on all Specialist Contractors and allow for cutting or forming chases, holes and openings etc. of all sizes, and providing electrical power for testing installations.

Sleeves and puddle-flanges shall be supplied and installed by the Specialist Contractor. All bolts, fixing, ferrules, etc. shall be supplied and installed by the Specialist Contractor. Gaps between sleeve and pipes/cables shall also be filled by the appropriate rating of fire resistant and acoustic materials by the Specialist Contractor. The Specialist Contractor shall check the accuracy of the positions of those chases, holes, openings, sleeves, anchors, brackets and puddle-flanges etc.

10.0 ARTISTS OR TRADESMEN NOT SUB-CONTRACTORS (Cont'd)

10.02 Attendances on specialist contractors employed direct by the Employer (Cont'd)

Provision of special tie rods and strip of expanded steel mesh to block/brick work and making good with rendering/plaster where the block/brick work bonding is discontinued by pipes/conduits/ services installation prior to block/brick wall construction will be by the Main Contractor.

The Specialist Contractor shall be responsible for filling and packing around pipes, conduits, ducts, etc. through openings with approved suitable packing materials, bedding and grouting behind frames, filling around and painting surface, conduits and wiring, etc. exposed to view, making good all work disturbed and all other necessary work of alike nature. (Note : Not critical for Prime Cost arrangement)

11.0 WORKS BY PUBLIC AUTHORITIES

Unless otherwise included in the Contractor's Proposal and expressly forms part of the Contractor's scope of work by which the public authorities or their designated contractors is engaged by the Contractor and under his control, the following works where required will be carried out by Government Departments or Public Utility Companies :

(a) Drainage connection.

(b) Fresh water and flushing water mains connections.

(c) Electrical mains supply connections.

(d) Telephone installation.

Notwithstanding Clause 10.02 of this Preliminaries Section, the Contractor shall allow for any or all services connections, whether temporary or permanent, to private or public mains, to be carried out in phases or outside normal working hours as may be required by the Employer.

The Contractor shall attend as described in Clause 10.02 of this Preliminaries Section on The Telephone Companies installing telephone wiring and equipment and for assisting in the lifting and installation of cables within the curtilage of the Site.

The Contractor shall attend as described in Clause 10.02 of this Preliminaries Section on installing power cables, equipment and installations and for assisting in the lifting and installation of cables within the curtilage of the Site.

12.0 OVERALL CO-ORDINATION RESPONSIBILITIES OF THE CONTRACTOR

The Contractor shall be responsible for the complete co-ordination of the Works including works executed by Specialist Sub-Contractors and Public Utility Companies. This responsibility shall include but not be limited to :

(a) co-ordination of all trade sections or components one with the other for the compatible integration of the work.

(b) establishment of detailed logical sequence of work or erection schedules.

(c) preparation of such drawings as may be necessary to ensure that the installation of the building services are properly co-ordinated.

(d) ensuring that Public Utility Companies are allocated their required amount of time to complete their works.

(e) provision of suitable and sufficient staff to ensure that the co-ordination procedures are followed to enable the expeditious completion of the Works within the time scale of the construction programme.

(f) carrying out any alteration work and indemnification of the Employer against all costs, charges, expenses and the like resulting from any failure to co-ordinate the Works.

(g) liaison with Specialist and domestic Sub-Contractors undertaking installations of air-conditioning, plumbing, electrical wiring and conduiting and specialist installations to ensure that all trunking, ducts, piping, conduiting and related equipment are "built-in" in a logical sequence.

(h) co-ordinate and liaise with other Contractors/Sub-Contractor/Specialist Contractors regarding the positioning, sizes, alignment etc. of any connections, openings etc. that may be required for attaching fixings and fixtures by these Contractors/Sub-Contractors/Specialist Contractors to the concrete structure in this Contract. The Contractor shall also permit these other Contractors/Sub-Contractors/ Specialist Contractors, subject to such co-ordination and liaisons as may be necessary and the final approval of the Architect to make such structural corrections to the concrete structure as may be necessary for the completion of the respective Sub-Contract/Separate Works.

12.0 OVERALL CO-ORDINATION RESPONSIBILITIES OF THE CONTRACTOR (Cont'd)

The aim of co-ordinating the building services is to enable the services to be properly installed within the spaces designed to house the services without conflict of one service with another or with the building structure, architectural work or finishings and within the time scale of the construction programme.

"Building Services" in this context includes services installed by Specialist Sub-Contractors or Public Utility Companies together with plumbing and drainage systems or installations carried out by the Main Contractor or his sub-contractors.

"Properly Installed" in addition to normal technical requirements, is the requirement for building services to be installed in such positions and sequence that a neat, logical and tidy appearance of all services is achieved and that adequate space for the future maintenance of all services is provided.

The aforesaid term "co-ordinate" shall, in this context, be deemed to include :

(1) The checking of all design drawings from the Architect and those to be provided under any Sub-Contract or Contract for Specialist work for the compatible integration of all the work, including recommending for approval design solutions to eliminate any conflict between the positioning of any work, and to provide adequate space for the routing of all such work and for subsequent maintenance of the various installations in accordance with good practice together with technical checking of the compatibility of adjacent services.

(2) In conjunction with the Specialist Sub-Contractors, the production and provision of finalised master co-ordination drawings and/or Combined Services Drawings incorporating all design solutions approved by the Employer's Representative and showing the integration of all services to be installed. Such combined services drawings shall be so drawn and laid-on in a clear and comprehensive format for easy identification of each different services/trade.

(3) The co-ordination with all building services Sub-Contractors for the timely completion of all testing/commissioning works, submission of O&M manual and as-fitted drawings, including the completion of all outstanding works and rectification of defects during the Defects Liability Period.

The process of co-ordination will require the accurate location of services and their brackets etc. in the spaces designed to house the services and the establishment of a detailed sequence of installation. In the event of conflicts arising between the requirements of different parties the Contractor will be required to negotiate satisfactory arrangements and to see that they are resolved.

13.0 NOT USED.

14.0 PROTECTION OF PUBLIC PROPERTY, ETC.

14.01 Protection of public

The Contractor is to take every precaution necessary to protect the public from injury or death during the course of the Works.

14.02 Protection of public property

The Contractor shall maintain and protect all public property and roads and property of the Public Utility Service Companies.

14.03 Protection of adjoining property

The Contractor shall take every precaution necessary to protect adjoining property and construction works from damage.

14.04 Maintenance of existing roads, footpaths, steps, etc.

Maintain all existing roads, footpaths, steps, etc. and reinstate any damage caused by any reason whatsoever during the progress of the Works.

It will be the Contractor's responsibility to ensure that the roads leading to and around the Site are kept free from obstruction brought about by the work on this Site and in no way shall he cause any hindrance to traffic or ancillary works either by his own vehicles, or by his workpeople, materials, etc.

The Contractor shall be responsible for repairing damage to private streets and access roads if deterioration occurs during the Contract Period.

14.05 Maintenance of existing services

The Contractor shall ensure that any existing services such as electric power, telephone, water, gas or drainage to adjacent properties and buildings which pass through the site of the Works are maintained during the course of the Works.

The Contractor shall arrange with Government or the Public Utility companies for any necessary disconnection or diversion of drains or other services.

Any services that the Contractor requires to be diverted to suit his method of construction shall be diverted by the relevant authority and/or adjacent owners and the Contractor shall pay all costs and charges in respect thereof.

Where alterations to services are necessitated by the Works, no adjacent work shall commence until the alterations have been made.

Before excavations are carried out near utility services by means of mechanical plant, the Contractor shall carry out full and adequate preliminary investigations to locate utility services by means of hand-dug trial holes. The Contractor shall allow for making such enquiries and investigations as are necessary to check and confirm the positions of all utility services before commencing work.

During the contract period, utility companies may carry out rediversion and realignment works of above-ground and underground cables and services within and around the site. The Contractor shall allow access for such work by utility companies.

14.0 PROTECTION OF PUBLIC PROPERTY, ETC. (Cont'd)

14.06 Restrict nuisance of dust and noise

The Contractor is to take all necessary steps to restrict the nuisance of dust and noise. Pneumatic drills shall be fitted with silencers. Compressors shall be in good order to run as quietly as possible and shall be placed in position as far away as possible from adjoining premises. The Contractor shall take care to abate the nuisance caused by dust and shall sprinkle dusty areas with water frequently.

15.0 INSURANCE

15.01 Employees Compensation Insurance

The Contractor is solely responsible for liability for accidents or injuries to his workpeople.

The Employer shall not be liable for any damages or compensation in consequence of any accident or injury to any employee or other person whether in the employment of the Contractor or any sub-contractor and the Contractor shall indemnify and keep indemnified the Employer against all claims, demands, proceedings, costs, charges and expense whatsoever in respect thereof or in relation thereto.

The Contractor shall take out and maintain on behalf of himself and his sub-contractors such insurances as are necessary to cover all liability of the Contractor arising under any statute or at Common Law in respect of personal injury to or the death of any employee and other person who may be employed on the Works or anywhere in Macau or in Hong Kong whilst engaged in business connected with the Works.

The policies shall be issued on a "Joint named" basis, i.e. in the name of the Contractor and of all his sub-contractors whilst engaged about the business. (Except otherwise stated, Specialist Sub-Contractors will be required to take out their own Employees' Compensation Insurance).

See also clause 18 of the General Conditions of Contract.

15.02 Insurance of the Works and Third Party Insurance

See clause 18 of the General Conditions of Contract.

Notwithstanding that the liability to indemnify the Employer is absolute, it is stipulated herewith that the said policy shall have a limit of not less the sum of HK$10,000,000.00 maximum for any one accident (or series of accidents arising out of one event) but unlimited in the aggregate amount for the whole period of the said Insurance.

15.03 Contractor to give notice of injury

In the event of any workman or other person employed on the Works or in connection with the Contract whether in the employment of the Contractor, Specialist Sub-Contractor or separate Specialist Contractor suffering any personal injury and whether there be a claim for compensation or not, the Contractor shall without delay give notice in writing of such personal injury to the Employer's Representative and to the relevant Government Department.

15.0 INSURANCES (Cont'd)

15.04 Contractor to restore Works

Upon acceptance of any claim under the insurances aforesaid the Contractor with due diligence shall restore work damaged replace or repair any unfixed materials or goods which have been destroyed or injured remove and dispose of any debris and proceed with the carrying out and completion of the Works. All monies received from such insurances shall be paid to the Contractor by instalments under the Interim Payments. The Contractor shall not be entitled to any payment in respect of the restoration of work damaged, the replacement and repair of any unfixed materials or goods, and the removal and disposal of debris other than the monies received under the said insurances.

16.0 GENERAL OBLIGATIONS

16.01 Labour

The Contractor and any Sub-Contractor shall provide and employ on the Site in connection with the execution and maintenance of the work :

a) Only such technical assistants as are skilled and experienced in their respective callings and such sub-agents, foremen and leading hands as are competent to give proper supervision to the work they are required to supervise; and

b) Such skilled, semi-skilled and unskilled labour as is necessary for the proper and timely execution and maintenance of the Works.

16.02 Project Management Team

The Contractor shall provide a site based management team with key personnel employed exclusively in connection with this Contract and supported by office based Senior Project Management personnel of the Contractor.

The Contractor shall submit details of their proposed management team for this project, including curriculum vitae and scope of responsibilities to be undertaken for all such management personnel. The Contractor shall submit in his Proposal a detailed orgnaisation structure of the Project Management Team together with individual costing/charging details and time period of each person's involvement for the purpose of the Prime Cost.

Prior to the Commencement of Work, the Contractor will be required to confirm the details of his management team and if required to replace any member that the Employer may so require.

Additional site personnel and back-up site staff are to be provided by the Contractor as necessary for the efficient and effective running of the project and which are not due to default or failure to perform whatsoever of the Contractor. Stand in site team members and site back up staff are to be provided during the construction period should the circumstances require. In addition to the site personnel, the Contractor shall provide such head office technical and support staff together with head office facilities as are necessary for a project of this size and complexity.

The Project Management Team shall be maintained with suitable review and adjustment of staff deployment for the whole duration of the Contract, plus a minimum period of three months after issues of the Certificate of Practical Completion of the last phase of the Contract.

16.0 GENERAL OBLIGATIONS (Cont'd)

16.04 Independent Surveyor

The Contractor shall appoint an independent surveyor for monitoring all check points and piezometers including taking regular measurements and readings and preparing detailed records.

16.05 Visitors

The Contractor shall not allow any unauthorised visitors on the site. He shall keep a visitors book for persons authorised to visit the site and provide safety helmets for such visitors.

16.06 Workmen living on site

Unless the Employer gives written permission, workmen will not be allowed to live on the Site apart from the necessary number of watchmen.

16.07 Watching

Keep efficient watchmen on the Works day and night and provide all necessary lighting, guards, barriers and all safeguards for the prevention of fire, accidents and losses.

The Contractor shall from time to time review the sufficiency of his site security measures and the manpower of his watchman team especially when interior fitting out trades have generally commenced work. Appropriate action to prevent site theft shall be taken as the site progress may necessitate.

16.08 Suppressors

All mechanical plant shall be fitted with radio and T.V. interference suppressors to B.S. 800.

16.09 Access to manufacturing plant and workshops

The Contractor shall allow the Employer's Representative to have access to all relevant offices, manufacturing plant and fabrication workshops to inspect progress, witness material testing and monitor quality control etc.

16.10 Contractor's plant attached to buildings

Should the Contractor propose to use any type of plant which places loads on the structure, he shall submit full details of such plant to the Architect for approval before such plant is installed. Loads from such plant shall only be imposed on such completed part of the structure where the concrete has attained its specified grade strength. Where necessary and architecturally acceptable, the structure may be strengthened in order to carry such loads.

The Contractor shall be responsible for making good any damage to the permanent structure which may have been caused by his plant and for reinstatement of the building to its original intended form.

If the Contractor desires to embed permanently in the structure any supports for the shuttering, scaffolding or hoists, he shall submit the details of his proposals for the approval of the Employer's Representative before such embedments are cast in the structure.

16.0 GENERAL OBLIGATIONS (Cont'd)

16.11 Loading in excess of designed loads

When the Main Contractor proposes to place any loading in excess of the designed loads on any part of the structure, he shall submit full details of his proposal for the approval of the Employer before such loading is placed.

16.12 Protection and cleaning of all trades

The Contractor is to amply protect all finished Works including electrical and sanitary fittings, built-in fixtures, metal work, glass, tiles and other wall and floor finishings.

At the Completion of the Works, clean up after all trades and remove all marks, stains, finger prints and other soil or dirt from all finished surfaces, ease and adjust all doors, windows, drawers, etc., check and oil all hardware, cut out cracks in plastering and make good, clean all wall linings, floors and glass inside and out, touch up all painted and polished work and clean out all gutters and channels.

Clear away from the Site all plant, surplus building materials, earth and rubbish and leave the premises clean and fit for occupation.

It is explicitly stated here that acidic-base cleaning solution must not be used in any cleaning operation on Site.

16.0 GENERAL OBLIGATIONS (Cont'd)

16.13 Special protection for curtain walling and glazed enclosure

The Contractor shall procure that the respective Specialist Sub-Contractors shall install the curtain walling, glazed enclosure, skylights and canopies (together with associated glazing and accessories) in perfect condition to meet the requirements of the respective Specialist Sub-Contract documents. The Contractor shall ensure that during and after the installation on a unit by unit basis the respective Specialist Sub-Contractors shall provide protection to the external and internal surfaces of the curtain walling and glazed enclosure in accordance with the respective Sub-Contracts Technical Specification.

In order to ensure that these requirements are fulfilled, the Contractor will undertake inspections of areas of installed work together with the respective Specialist Sub-Contractors. The condition of installed work will be noted and recorded. The respective Specialist Sub-Contractors shall provide what is necessary and adequate to protect the curtain walling and glazed enclosure from being damaged due to other construction operations on site. From the said date of such record of inspected work, the Contractor shall ensure that the protection is not damaged or revised. The Contractor is to take special precautions and/or apply further protection to avoid damage due to weld splatter, spray materials, concrete or concrete slurry, alkaline or acidic washes, paint, bitumen and any other deleterious substances.

The Contractor shall endeavour to coordinate with his plasterers and painters to avoid over-spillage whenever possible, in particular on the glazing frames/structures at position difficult to reach.

At such time as may be directed by the Contractor, the respective Specialist Sub-Contractors shall remove the protection applied by him.

The installation of curtain walling and glazed enclosure will proceed prior to completion of the structure. Notwithstanding the provisions for phased transfer of the responsibility for protection the Contractor shall at all times from commencement of the curtain walling and glazed enclosure work provide adequate protection to the external surfaces as is necessary to protect the installation from damage. Such protection shall be erected at such heights and to such facades to be agreed with the Specialist Sub-Contractors and as is necessary to comply with safe and competent building practice. Raking fans shall be provided as protection from falling debris etc. and shall be dismantled and re-erected by the Contractor as necessary.

The Contractor shall also at all times after the commencement of the installation of the curtain walling and glazed enclosure provide sufficient personnel and take all precautions necessary to ensure that all workpeople on the Site respect the architectural integrity of the installed curtain walling and glazed enclosure.

16.0 GENERAL OBLIGATIONS (Cont'd)

16.14 Fire protection

The Contractor shall manage the Site to reduce the risk of accidents from fire. The Works shall be properly protected against fire hazard and the Contractor shall take all possible precautions and provide all necessary fire fighting equipment and properly trained staff.

16.15 British Standard Specification

Reference to British Standard Specification (B.S.S.) and British Standard Code of Practice (C.P.) in the Contract Documents are to the Specifications and Codes of Practice published by the British Standards Institution, 2 Park Street, London, W1A 2BS and are to include any amendments, supplementary or revised Specifications which may have been issued at the time of reference to such in the Contract Documents.

16.16 Clearing away rubbish during the progress of the works

The Contractor shall remove all rubbish, crates, wrappings, surplus materials, etc. from the Site as soon as is possible and at frequent intervals during the progress of the Works so as to maintain unhindered access to and easy inspection of all work. The Main Contractor shall construct rubbish chutes connected to all floors and shall provide proper bulk bins of adequate size at the Site for storage of rubbish which shall be removed to disposal grounds in accordance with the regulations of any Authority having jurisdiction with regard to the Works.

The Specialist Sub-Contract documents require all Sub-Contractors to deposit their rubbish at specific locations in the Works designated by the Main Contractor and the Main Contractor shall be solely responsible for further removal therefrom.

Burning of rubbish on site for whatever reason will not be permitted.

16.17 Removal of water

Keep the Site and the Works including all excavations free from water by pumping or otherwise. The removal of all water shall be deemed to include rain, storm, percolating, spring or running water.

No accumulation of water is permitted at any time to prevent the breeding of mosquitoes.

16.18 Preparation for Partial/Practical Completion

The Contractor shall carry out all necessary preparatory works well in advance of the Dates of Partial/Practical Completion stated in the Appendix to the Conditions of Agreement.

16.0 GENERAL OBLIGATIONS (Cont'd)

16.19 Defects after completion

Make good any defects, shrinkages or other faults which may appear within the Defects Liability Period in accordance with the Conditions of Contract.

16.20 Mock-Up and Sample areas

Before the commencement of any finishing trades, the Contractor shall construct a mock-up/sample area for each typical sections of corridors, lobbies, arcade, lavatories etc. including all finishes, fittings and M&E works as well as the Specialist Sub-Contractor's work for the approval of the Employer. The mock-ups/sample areas will serve as a guide for future standard of works.

No finishings, fittings, M&E works nor Specialist Sub-Contractor's works shall be executed in other area until such mock-ups/sample areas have been approved in writing by the Employer.

The Contractor shall ensure that all materials necessary for mock-up/ sample areas are available on time and should allow for cost of air freight, express delivery or other acceleration measures if necessary. The Contractor shall plan his Master Programme to ensure that such mock-ups are carried out and inspected in good time.

16.21 Blasting

Blasting will not be permitted.

17.0 TEMPORARY WORKS

17.01 Plant, tools, etc. and scaffolding

Provide and maintain in good working order all mechanical equipment, plant, tools, implements, ladders, tarpaulins and the like necessary for the proper and timely execution and protection of the Works.

Provide, erect, alter if necessary and maintain all necessary scaffolding and remove on completion and make good all work disturbed.

All scaffolding for work on the external wall shall be double-layer, and adequately guarded against accidental falling off of debris, building materials or plants.

The maintenance of all plant shall be undertaken outside normal working hours and the Contractor shall provide sufficient reserve plant of all kinds to ensure that the work is not interrupted by breakdown of plant.

Erect and maintain suitable and safe ladders and gangways for the Clerk of Works and the Employer to inspect any portion of the Works with complete safety.

17.0 TEMPORARY WORKS (Cont'd)

17.02 Hoardings,screens, etc.

Take over existing hoarding, coverwalkway, gantries etc. on the date for possession. Alter, adapt, modify, realign if necessary and maintain all necessary hoardings, screens, gates, covered walkways, footways, gangways, fans, gantries, temporary enclosures, barriers, etc. Remove on completion and make good all work disturbed. The Contractor shall erect any additional hoardings that may be required.

All hoardings, covered walkways, fencing etc. shall be erected BEFORE any excavation commences.

Provide all lighting and signage to hoardings, covered walkways, fencing etc. as may be required by the Authorities.

All hoardings, covered walkways, fencing etc. are to be maintained in good order during the entire construction period and to be removed on completion.

17.03 Contractor's storage sheds, workshops and offices

The Contractor shall provide for his own use all necessary workshops, messrooms, offices and sheds of suitable construction for the storage of materials, maintain them in good order, remove on completion of the Works and make good the areas.

Materials may be stored in completed sections of the Works provided that no section of the structure is loaded in excess of the design loading and no hindrance is caused to the progress of the Works or access thereto or to partial completion of Works where this is required.

Separate inflammable goods storage sheds must be provided in an approved location. No inflammable goods such as oil based paints, kerosene, thinners, cellulose lacquers, bitumen or bitumen based products etc. will be permitted to be stored in the building under construction.

The Contractor is required to observe all regulations regarding the application for Dangerous Goods Licence should the chemical inflammable goods, solvent and the like required for the running of the site operation exceed the permitted level.

17.04 Temporary passenger lifts

Provide and maintain in good working order temporary passenger lifts when the works are close to the anticipated completion of the respective zone/area.

In this connection, the Contractor shall be responsible, or cause his Sub-Contractor to be responsible, for providing all necessary temporary protection and maintenance with full time attendants for the control and operation of the lifts.

The temporary passenger lifts shall comply with all current regulations, laws and by-laws etc. for the use of persons engaged in the execution of the Works.

17.0 TEMPORARY WORKS (Cont'd)

17.05 Office for Employer's Representative

Provide and maintain a suitable weathertight site office for the Employer's Representative or any party as may be delegated by the Employer to carry out certain duties and responsibilities under the Contract, of at least 300 m2 in total and fitted with lock-up desks, plan drawers cupboard, plan benches, chairs and stools and with toilet accommodation attached or adjacent. The office shall be equipped with adequate air-conditioners, electric lights, power points, telephones, fax machine, photocopiers, Computer with Internet connection, printer, etc.

Provide adequate air-conditioners, lights and power points and drinking water supply associated with necessary power, and provide for the accommodation to be properly cleaned daily.

17.06 Safety equipment

The Contractor shall provide and maintain in full working order all necessary safety equipment for access and inspection purposes for use by the Employer's project team members including safety boots. Such equipment shall include, but not be limited to :

(a) protective clothing including safety boots

(b) safety harness

(c) safety helmet

17.07 Temporary latrines

Provide and maintain efficient and sanitary latrine accommodation for the use of male and female labour employed on the Works and keep the whole of the site and buildings in a clean and sanitary condition and remove on completion.

17.08 Temporary Ventilation System

During the construction of the basement structure, the Contractor shall be responsible for the design, supply and installation of the temporary ventilation system to fully comply with the relevant statutory requirements.

17.09 Temporary supports

Allow for all necessary temporary supports including, inter alia, shoring, propping, strutting, planking and strutting, sheet piling, etc. whether for the support of excavation, new work under construction or of existing buildings and existing slopes.

17.10 Water for the Works

Provide and distribute the necessary water supply at the Site for the carrying out of the Works including the erection and removal of temporary plumbing and storage and the payment of all fees and charges.

The Contractor shall provide and distribute water to Specialist Sub-Contractors, Specialist Contractors employed direct by the Employer and Public Utility Companies.

17.0 TEMPORARY WORKS (Cont'd)

17.11 Lighting and power

Provide all necessary electric lighting and power at the Site for the carrying out of the Works including all electric power to enable Specialist Sub-Contractors and Specialist Contractors to check, test and commission their installations to meet the requirements of the Specification and all others having jurisdiction.

The Contractor shall be responsible for all site works in distributing electricity including, but not limited to, provision, installation and subsequent removal of temporary main switch board, distribution boards, cables, wiring, junction boxes, transformers, lights and all other accessories.

The Contractor shall provide and distribute electricity to Specialist Sub-Contractors, Specialist Contractors employed direct by the Employer and Public Utility Companies.

The minimum illumination of temporary lighting to be provided is as follows:

		Illuminance (See Note 1)	
	Purpose	**Design value lux (See Note 2)**	**Mimi value valux lux (See Note 3)**
Security		20	0.5
Movement and handling	Movement of people, machines and vehicles; unloading and handling of materials; walkways and access routes	100	5
Stores and stockyards	For vertical plane of stored goods etc.	30	5
Site Entrance General Work Areas	General rough work; site clearance, excavations and soil work where specific tasks are being carried out	100	20
Structural and Building	Reinforcing, concrete, shuttering erection; bricklaying (excepting facings); blockwork; scaffold erection and dismantling	100	50
Fine Work	Joinery; all work with circular saws; plastering, screening and terrazzo; dry finishing; ordinary painting; electrical and plumbing work; shop fitting, brickwork facings, masonry; other building services	300	200
Special work (See Note 4)	Retouching paint; french polishing	500 -1000	200
Site Huts	Rest rooms; locker rooms; toilets	150 (standard service illuminance)	
Site Offices	On desks and reference tables, general lighting of drawing office (See Note 4)	500 (standard service illuminance)	
Drawing Offices on Site	On drawing boards	525 (standard service illuminance)	
Emergency lighting (See Note 5)	For escape and standby purposes	10 (general areas) 20 (working areas) 70 (task areas)	

17.0 TEMPORARY WORKS (Cont'd)

17.12 Lighting and power (Cont'd)

Notes:-

1. The illuminances apply to both indoor and outdoor activities and relate to the value on the ground, floor or horizontal working planes unless otherwise stated.
2. The design value is the average value over the area and assumes that all luminaries are clean and functioning according to their specification.
3. The 'minimum measured illuminance' (mmi) is used for checking an installation because it is impossible under site conditions to measure the design value. The mmi is the value in lux (measured on the task or on the ground as appropriate) below which the illuminance at any point should not be allowed to fall. It is the value which must be sought and checked regularly, using a light meter which is accurate within the limits laid down in BS 667: 1968 at the levels to be measured.
4. If the nature of the work requires careful matching of colours and tints, finishing materials, work on colour coded cables and the like, the colour rendering properties of the lamps should be appropriate to the activity in question.
5. Escape lighting should be independent of the main power supply - battery operated fittings can be used for this purpose and shall comply with the requirement of the latest edition of the Codes of Practices for Means of Escape and Means of Access for Fire Fighting and Rescue.

17.13 Restriction of advertising

No advertising, other than that given by the name board specified will be permitted on site, except with permission in writing from the Employer's Representative.

Publicity releases relating to this project should be first submitted to the Employer for approval.

17.14 Name board

Provide and erect name boards complete with names of the project, Employer, Consultants etc. all to the approval of the Employer's Representative.

The Contractor shall remove the name boards on completion and make good all works disturbed.

Annex A – List of Presentation Drawings dated 1 November 2004

Cover

Site and Location Plan

Perspective - Option 1

Perspective – Option 2

Façade Lighting Effects

North Elevation – Option 01 Copper & North Elevation – Option 01 Silver

East Elevation – Option 02 & North Elevation – Option 02

North-East Elevation – Option 02 & South-East Elevation – Option 02

Tower Curtain Wall – Option 01

Tower Curtain Wall – Option 02

Section A and Lift Analysis Diagram

Section B, C and D

Basement 3 Floor Plan

Basement 2 Floor Plan

Basement 1 Floor Plan

Level 1 Floor Plan

Level 1A Floor Plan

Level 2 Floor Plan

Level 2A Floor Plan

Level 3 Floor Plan

Level 3A Floor Plan

Level 4 Floor Plan

Level 4A Floor Plan

Level 5 Floor Plan

Level 6 Floor Plan

Level 7 Floor Plan

Level 8 Floor Plan

Level 9 Floor Plan

Level 10 Floor Plan

Level 11 Floor Plan

Level 12 Floor Plan

Typical Floors Plan (L13-L31)

Level 23 Floor Plan

Level 32 Floor Plan

Level 33 Floor Plan

Exhibit 10.15

THIS AGREEMENT is made this 9th day of March 2005

BETWEEN:-

(1) MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED, a company incorporated in British Virgin Islands with limited liability and having its registered office at Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands ("Melco Leisure");

(2) MELCO ENTERTAINMENT LIMITED, a company incorporated in Cayman Islands and having its registered office at Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands ("Melco Entertainment").

WHEREAS:-

(A) Melco Leisure is a party to a Memorandum of Agreement dated 28th October 2004 entered into with Great Respect Limited ("Memorandum of Agreement") whereby they have agreed to apply for a piece of land in Cotai, Macau ("the Cotai Land").

(B) The Memorandum of Agreement provides that, in the event that Macau Government agrees to grant the Cotai Land to Melco's subsidiary used to apply for such land, the parties thereto shall have interests in the Cotai Land on a 50.8% (Melco) and 49.2% (Great Respect) basis. In such an event, the said parties will form a joint venture to develop the Cotai Land on a 50.8% (Melco) and 49.2% (Great Respect) basis.

(C) Melco Entertainment is a joint venture company between Melco International Development Limited ("MIDL"), holding company of Melco Leisure, and Publishing and Broadcasting Limited ("PBL").

(D) Pursuant to a shareholders' agreement dated 8th March 2005 between, inter alia, MIDL and PBL, all gaming ventures in Macau shall be carried out by MIDL and PBL through Melco Entertainment.

(E) In accordance with such agreement, Melco Leisure is holding all its rights and benefits under the Memorandum of Agreement on behalf of Melco Entertainment.

NOW IT IS AGREED as follows:-

1. Melco Leisure declares that all its rights and benefits under the Memorandum of Agreement are held by it on behalf of Melco Entertainment.

2. At the request of Melco Entertainment, Melco Leisure shall transfer 50.8% interest of its subsidiary used to apply for the Cotai Land to Melco Entertainment, to the intent that 50.8% interest in the Cotai Land shall be owned by Melco Entertainment instead of Melco Leisure and that the joint venture to develop the Cotai land shall be carried out by Melco Entertainment (instead of Melco Leisure) with Great Respect.

3. This Agreement shall be governed by Hong Kong laws and the parties submit to the non-exclusive jurisdiction of Hong Kong Courts.

IN WITNESS whereof the parties have executed this Agreement on the day and year first above written.

SIGNED for and on behalf of
Melco Leisure and Entertainment Group Limited by
/s/

SIGNED for and on behalf of
Melco Entertainment Limited by
/s/

Exhibit 10.16

DATED 11th May, 2005

GREAT RESPECT LIMITED
(as assignor)

MELCO ENTERTAINMENT LIMITED
(as assignee)

and

MELCO INTERNATIONAL DEVELOPMENT LIMITED
(as issuer)

ASSIGNMENT AGREEMENT
in relation to a memorandum of agreement dated 28th October 2004
and
SUBSCRIPTION AGREEMENT
in relation to convertible loan notes
in the aggregate principal amount of HK$1,175,000,000 to be issued by
Melco International Development Limited

RICHARDS BUTLER
20th Floor
Alexandra House
16-20 Chater Road
Central, Hong Kong

TABLE OF CONTENTS

THIS AGREEMENT is made this 11th day of May, 2005

BETWEEN:

(1) **GREAT RESPECT LIMITED**, a company incorporated in British Virgin Islands with limited liability and having its registered office at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the "**Assignor**");

(2) **MELCO ENTERTAINMENT LIMITED**, a company incorporated in the Cayman Islands and having its registered office at Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands (the "**Assignee**"); and

(3) **MELCO INTERNATIONAL DEVELOPMENT LIMITED** , a company incorporated in Hong Kong and having its registered office at Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong (the "**Issuer**").

WHEREAS:

(A) On 28th October 2004, the Assignor and Melco Leisure entered into the Joint Venture MOA and established the Joint Venture, pursuant to which the Assignor, through its business relationships and connections in Macau, agreed to use its best endeavours to proceed to apply to the Macau Government for the grant of development rights in respect of one or more parcels of land in Cotai, Macau. Under the Joint Venture MOA, for expedience Melco Leisure would make available one of its Macau subsidiaries (which was ultimately Macau Hotels) to the Joint Venture, as the Macanese vehicle to make the application.

(B) Under the Joint Venture MOA, the Assignor is responsible for all the costs and expenses incurred in relation to the application, except that the land premium payable for the grant of any land secured by the efforts of the Assignor for the Joint Venture is required to be borne by the parties to the Joint Venture MOA as to 50.8% by Melco Leisure and as to the balance of 49.2% by the Assignor.

(C) The Joint Venture MOA provides that in the event the Macau Government agrees to make a grant of development rights in respect of one or more parcels of land in Cotai, Macau, to the Joint Venture, Melco Leisure and the Assignor shall have interests in the relevant land on a 50.8% (Melco Leisure): 49.2% (Assignor) basis.

(D) The Joint Venture MOA further provides that, upon a land application in respect of any land secured for the Joint Venture by the efforts of the Assignor being approved, Melco Leisure and the Assignor would form a joint venture to jointly develop the relevant land on a 50.8% (Melco Leisure): 49.2% (Assignor) basis.

(E) On 21st April 2005, pursuant to the efforts of the Assignor on behalf of the Joint Venture, the Consent Letter was issued by the Macau Government to Melco Hotels, pursuant to which the Macau Government offered to Melco Hotels the right to be granted a long term lease of the Macau Property, to construct and develop an integrated entertainment resort.

(F) Under the terms of the Joint Venture MOA, the Assignor is entitled to a 49.2% interest in the Macau Property and its subsequent development.

(G) The Assignor has agreed to assign to the Assignee all of the Assignor's right, title and interest in, and the full benefit of, the Joint Venture MOA upon the terms and subject to the conditions set out in this Agreement.

(H) The Assignor has further agreed to subscribe and the Issuer has agreed to issue, the Convertible Loan Notes upon the terms and subject to the conditions set out in this Agreement.

IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement, including the Recitals and Schedules hereto, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Announcement"	the press announcement in the agreed form annexed hereto as Annexure A, which is expected to be issued by the Issuer immediately following the execution of this Agreement (subject to such amendments as the Stock Exchange and/or the SFC may approve and/or require);
"Assignment"	the assignment of the Assigned Property by the Assignor to the Assignee in accordance with Clause 2.1 and other terms and conditions of this Agreement;
"Assignment Consideration"	has the meaning ascribed to it in Clause 3.1;
"Assigned Property"	has the meaning ascribed to it in Clause 2.1;
"Assignee's Warranties"	the representations and warranties given by the Assignee in Clause 7 and Part B of Schedule 3 and **"Assignee's Warranty"** shall be construed accordingly;
"Assignor's Warranties"	the representations and warranties given by the Assignor in Clause 6 and Part A of Schedule 3 and **"Assignor's Warranty"** shall be construed accordingly.
"Business Day"	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted at any time between 9:00 a.m. and 5:30 p.m. or on which a "black" rainstorm warning is hoisted at any time between 9:00 am. and 5:30 p.m.) on which licensed banks in Hong Kong are open for business;

"Convertible Loan Notes"	the non interest bearing convertible loan notes due 2010 in the aggregate principal amount of HK$1,175,000,000 constituted by the Convertible Loan Note Instrument to be issued by the Issuer to the Assignor in accordance with the terms and conditions of this Agreement;
"Convertible Loan Note Instrument"	the convertible loan note instrument to be executed by the Issuer in substantially the form set out in Schedule 4 hereto;
"Companies Ordinance"	the Companies Ordinance (Chapter 32) of the laws of Hong Kong;
"Completion"	completion of the transactions contemplated by this Agreement in accordance with the provisions of Clause 9 and, where the context requires, also means the performance by the parties hereto of their respective obligations pursuant to Clause 9;
"Completion Date"	the third Business Day next following the date on which the last unfulfilled Condition is satisfied or waived or if Completion is deferred in accordance to Clause 9.2(i), such deferred date on which Completion takes place;
"Conditions"	the conditions set out in Clause 4.1;
"Confidential Information"	all information relating to the Joint Venture and not in the public domain which belongs to the Joint Venture (whether in documentary or machine-readable form);
"Consent Letter"	the letter dated 21st April 2005 issued by the Macau Government to Melco Hotels pursuant to which the Macau Government offered to Melco Hotels the right to be granted a long term lease of the Macau Property, to construct and develop a hotel complex, subject to the terms and conditions set out therein;
"Deed of Assignment"	the deed of assignment in the form set out in Schedule 1 relating to the assignment of all the Assignor's right, title and interest in and under, and the full benefit of, the Joint Venture and the Joint Venture MOA, to be executed and delivered by the Assignor on Completion;

"Executive"	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Issuer's Warranties"	the representations and warranties given by the Issuer in Clause 8 and Part C of Schedule 3 and **"Issuer's Warranty"** shall be construed accordingly;
"Joint Venture"	the joint venture between the Assignor and Melco Leisure established by the Joint Venture MOA;
"Joint Venture MOA"	the memorandum of agreement dated 28th October 2004 entered into between Melco Leisure and the Assignor, including any subsequent amendment or variation thereof or supplement thereto;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
"Longstop Date"	31st August 2005 or such other date as the Assignor, the Assignee and the Issuer may agree in writing;
"Macau"	the Macau Special Administrative Region of the People's Republic of China;
"Macau Government"	the government of Macau;
"Macau Property"	the plot of land in respect of which the Macau Government has offered Melco Hotels the right to apply for a long term lease, to construct and develop an integrated entertainment resort, the details of which plot of land are set out in Schedule 2;
"Material Adverse Change (or Effect)"	any change (or effect), the consequence of which, in the opinion of the Assignee, is to materially and adversely affect the financial position, business, results of operations, prospects, assets or liabilities of the Joint Venture;

"Meleo Hotels"	Melco Hotels and Resorts (Macau) Limited, a company incorporated in Macau and a wholly owned subsidiary of Melco Leisure;
"Melco Leisure"	Melco Leisure and Entertainment Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Issuer;
"Melco Shares"	the ordinary shares of the Issuer of nominal value of HK$1.00 each in its share capital;
"MOP"	Macau Pataca, the lawful currency of Macau;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	has the meaning ascribed to it in Clause 3.2; and
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers (as amended from time to time).

1.2 In this Agreement, references to "**Recitals**," "**Clauses**," "**sub-Clauses**," the "**Schedules**" and the "**Annexures**" are to the introduction section preceding Clause 1, the clauses and sub-clauses of and the schedules and annexures to this Agreement, respectively.

1.3 In this Agreement, the singular includes the plural, words importing one gender include the other gender and the neuter and references to persons include bodies corporate or unincorporate. References to time are, unless otherwise provided herein, to Hong Kong time.

1.4 The definitions and designations (if any) adopted in the recitals shall apply throughout this Agreement and the Schedules, unless the context requires otherwise.

1.5 References in this Agreement to statutory provisions shall be construed as references to those provisions as respectively replaced, amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification) and any subordinate legislation made under such provisions.

1.6 Unless the context otherwise requires, the term "subsidiary", shall have the meaning ascribed thereto in section 2 of the Companies Ordinance of the Laws of Hong Kong and references to "holding company" shall be construed accordingly.

1.7 Headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.

1.8 A reference in this Agreement to the Assignor's or any other person's knowledge, information, belief or awareness, or best of knowledge, information and belief (and similar expressions):

(i) shall be a reference to the best of the knowledge and belief of the Assignor or such other person (as the case may be) and, where any of them is a company, each of their respective directors; and

(ii) is deemed to include knowledge and belief which each such company and person referred to in paragraph (i) above would have had if that company or person had made all reasonable enquiries.

2. ASSIGNMENT OF ASSIGNED PROPERTY AND SUBSCRIPTION FOR THE CONVERTIBLE LOAN NOTES

2.1 The Assignor hereby assigns absolutely, with effect from the Completion Date, to the Assignee all of the Assignor's right, title and interest in and under, and the full benefit of, the Joint Venture and the Joint Venture MOA (the "**Assigned Property**").

2.2 The Assignor shall remain liable to perform all the unperformed or outstanding obligations assumed by it under the Joint Venture MOA which are required to be performed prior to Completion (if any) and the Assignee shall have no obligation under the Joint Venture MOA in the event of any failure by the Assignor to perform its obligations under the Joint Venture MOA which are required to be performed by it prior to Completion.

2.3 Subject to the terms and conditions of this Agreement, the Assignor hereby agrees to subscribe for the Convertible Loan Notes, and the Issuer hereby agrees to issue to the Convertible Loan Notes to the Assignor, in each case on Completion.

3. ASSIGNMENT CONSIDERATION AND SUBSCRIPTION PRICE

3.1 The consideration payable by the Assignee to the Assignor for the Assignment shall be the sum of HK$1,175,000,000 (the " **Assignment Consideration**"), which amount shall be paid in cash at Completion in accordance with Clause 3.3 and sub-Clause 9.1(ii)(a).

3.2 The consideration payable by the Assignor to the Issuer for the Convertible Loan Notes shall be the sum of HK$1,175,000,000 (the " **Subscription Price**"), which amount shall be paid in cash at Completion in accordance with Clause 3.3 and sub-Clause 9.1(ii)(a).

3.3 The Assignor undertakes to the Assignee to apply the full amount of the Assignment Consideration payable by the Assignee to the Assignor at Completion in payment of the Subscription Price and hereby irrevocably directs the Assignee to pay, at Completion, the full amount of the Assignment Consideration to a bank account designated by the Issuer to the Assignee by notice in writing to the Assignee (with a copy to the Assignor) not later than 5 Business Days prior the Completion Date.

3.4 The payment of the Assignment Consideration by the Assignee in accordance with Clause 3.3 and sub-Clause 9.1(ii)(a) shall constitute full accord, satisfaction and discharge of all the Assignee's obligations in respect of the payment of the Assignment Consideration under Clause 3.1.

4. CONDITIONS PRECEDENT

4.1 Completion of the Assignment and the obligations of the Assignee are conditional upon:

(i) the passing of the necessary resolution(s) by the shareholders of the Issuer (other than those who are not permitted to vote pursuant to the Takeovers Code or the Listing Rules, or pursuant to any direction, order or decision of the Executive, the SFC or the Stock Exchange, on such resolution(s)) at the extraordinary general meeting(s) of the Issuer to be proposed for the purpose of approving this Agreement and the transactions contemplated hereby, including without limitation, the issue of the Convertible Loan Notes and the Melco Shares which may fall to be issued upon any exercise of the conversion rights under the Convertible Loan Notes;

(ii) the Issuer having obtained all approvals and consents which are necessary or desirable for the completion of the transactions and the performance of the obligations contemplated under this Agreement;

(iii) the granting by the Stock Exchange of the listing of and permission to deal in the Melco Shares that may fall to be issued upon any exercise of the conversion rights under the Convertible Loan Notes;

(iv) all consents and approvals of any relevant governmental authorities or other regulatory bodies in Hong Kong and Macau which are necessary for entering into this Agreement and the consummation of the transactions contemplated hereby having been obtained and not having been revoked; and

(v) the issue of a legal opinion by a qualified Hong Kong legal counsel, in a form to be agreed between the Assignor and the Assignee, confirming, inter alia, the enforceability of the Joint Venture MOA and the Joint Venture under Hong Kong law and such other matters as the Assignor and the Assignee may agree.

4.2 The Conditions set out in sub-Clauses 4.1(i) to (iv) (inclusive) shall not be waived. The Condition set out in sub-Clause 4.1(v) may be waived by the Assignee. If the Conditions shall not have been fulfilled or waived in full on or before 5:00 p.m. on the Longstop Date, all rights, obligations and liabilities of the parties hereunder shall cease and terminate and none of the parties shall have any claim against any other in respect of this Agreement save for any antecedent breaches of this Agreement.

4.3 The Issuer shall use its best endeavours to procure the fulfillment of the Conditions set out in sub-Clauses 4.1(i) to (iii) (inclusive) by not later than the Long Stop Date and shall immediately notify the Assignor and the Assignee upon satisfaction of those Conditions.

4.4 The Assignor and the Assignee shall cooperate to procure the fulfillment of the Conditions set out in sub-Clauses 4.1(iv) and 4.1(v) and each of them shall provide all information reasonably necessary for the purposes of assisting the fulfillment of the Conditions set out in sub-Clauses 4.1(i) to (iv) (inclusive) to the Issuer and, if required, the Stock Exchange, the SFC and the Executive.

5. NEGATIVE UNDERTAKINGS AND FURTHER ASSURANCE

5.1 From the date hereof and up to Completion, the Assignor shall not, except with the prior written consent of the Assignee:

(i) amend or waive any of its rights under the Joint Venture MOA;

(ii) create or permit to exist any encumbrance over all or any part of the Assigned Property;

(iii) release the other party to the Joint Venture MOA from any of its obligations thereunder; or

(iv) waive any breach by such other party of, or agree to accept any termination of such other party's obligations under, the Joint Venture MOA.

5.2 The Assignor shall, at any time and from time to time upon the written request of the Assignee, promptly and duly execute and deliver to the Assignee any and all such further instruments and documents that the Assignee may require for perfecting or protecting its interest in respect of the Assigned Property or as the Assignee may consider necessary to obtain the full benefit of the Assignment and of the rights and benefits agreed to be transferred by the Assignor to the Assignee under this Agreement.

5.3 The Assignor irrevocably appoints the Assignee, with effect from Completion, to be the Assignor's true and lawful attorney with full power, in the name of the Assignor to perform all or any of the acts that may be required to be performed by the Assignor under this Agreement to perfect or protect the Assignee's interest in respect of the Assigned Property or to obtain the full benefit of the Assignment and of the rights and benefits agreed to be transferred by the Assignor to the Assignee under this Agreement.

6. ASSIGNOR'S REPRESENTATIONS AND WARRANTIES

6.1 The Assignor hereby represents and warrants to the Assignee (and the provisions of this Clause shall continue to apply notwithstanding Completion) that the Assignor's Warranties are true, complete and accurate in all material respects as at the date of this Agreement and will continue to be so up to, and shall be deemed repeated at, the time of Completion. The Assignor acknowledges that the Assignee, in entering into this Agreement, is relying on the Assignor's Warranties, and that the

Assignor's Warranties have been given with the intention of inducing the Assignee to enter into this Agreement, notwithstanding any investigations which the Assignee or its representatives or advisers may have made.

6.2 Each of the Assignor's Warranties shall be separate and independent to the intent that the Assignee shall have a separate claim and right of action in respect of any breach thereof and save as expressly provided herein shall not be limited by reference to anything else in this Agreement.

6.3 None of the Assignor's Warranties shall be deemed in any way modified or discharged by reason of any investigation or inquiry made or to be made by or on behalf of the Assignee or any knowledge (whether actual, constructive or otherwise) possessed by the Assignee at any time prior to Completion.

6.4 The Assignor shall not do, allow or procure any act or permit any omission before Completion which would constitute a material breach of any of the Assignor's Warranties if they were given at the time of such act or omission or which would make any of the Assignor's Warranties inaccurate or misleading if they were so given. The Assignor undertakes to disclose to the Assignee in writing any matter occurring prior to Completion which constitutes a breach of or is inconsistent with any of the Assignor's Warranties or which may render any of the Assignor's Warranties inaccurate or misleading (or which would constitute a breach of or be inconsistent with any of the Assignor's Warranties, or renders any of them inaccurate or misleading in any respect, if the Assignor's Warranties were given at the time of such occurrence) immediately upon becoming aware of the same.

6.5 The Assignor undertakes to indemnify the Assignee against any costs or expenses (including all legal costs of a solicitor on an own client basis) or other liabilities which it may incur in connection with:

(i) the settlement of any claim that any of the Assignor's Warranties is untrue or misleading or has been breached;

(ii) any legal proceedings in which the Assignee claims that any of the Assignor's Warranties is untrue or misleading or has been breached and in which judgment is given for the Assignee; or

(iii) the enforcement of any such settlement or judgment.

6.6 The Assignor shall not be liable under the Assignor's Warranties:

(i) as a result of any legislation not in force at the date of this Agreement or any change of law after the date hereof which takes effect retroactively as from a date prior to the date of this Agreement; or

(ii) in respect of any action done or undertaken by the Assignee after Completion, provided that the said action is not taken as a result of or relating to any breach of this Agreement by the Assignor; or

(iii) in respect of any claim for breach of the Assignor's Warranties which would not have arisen but for an act, omission, transaction or circumstance occurring or arising after Completion at the direction or with the consent of the Assignee.

6.7 The liability of the Assignor in respect of any claims for breach of this Agreement (including, for the avoidance of doubt, the Assignor's Warranties) shall be limited as follows:

(i) the aggregate maximum liability of the Assignor in respect of all breaches under this Agreement including, for the avoidance of doubt, the Assignor's Warranties, shall not exceed the amount of the Assignment Consideration;

(ii) the Assignor shall not be liable for any breach of this Agreement (including, for the avoidance of doubt, the Assignor's Warranties) unless, prior to the date falling 18 months after the Completion Date, the Assignee shall have given written notice to the Assignor of any claim, such notice to comply with the provisions of paragraph (iv) below;

(iii) no claim for breach of this Agreement (including, for the avoidance of doubt, the Assignor's Warranties) shall be made against the Assignor unless the aggregate amount of all claims for which the Assignor would otherwise be liable (subject always to the provisions of this Clause 6.8) under this Agreement (including, for the avoidance of doubt, the Assignor's Warranties) exceeds HK$500,000 (and if the aggregate liability in respect of all such claims exceeds that figure, then all claims, including claims previously notified, shall accrue against and be recoverable from the Assignor); and

(iv) any notice of a claim for any breach of this Agreement (including, for the avoidance of doubt, the Assignor's Warranties) given by the Assignee to the Assignor shall specify (in reasonable detail) the matters which give rise to the breach, the nature of the breach and an estimate of the amount claimed in respect thereof.

6.8 Each of the Assignor and the Assignee acknowledges that as at the date hereof, the Joint Venture and Melco Hotels have not received a formal land grant from the Macau Government in respect of the Macau Property nor obtained any legal or beneficial ownership of or title to the Macau Property, nor any form of long term lease in respect of it.

6.9 The Assignor irrevocably undertakes to the Assignee that if Melco Hotels fails to obtain from the Macau Government a formal grant of a long term lease in respect of the Macau Property, to construct and develop an integrated entertainment resort, in accordance with the terms and conditions of the Consent Letter or in accordance with such other terms and conditions as may be acceptable to the Assignee (acting reasonably), by midnight on 31st December 2006 (the "**Cut-Off Date**"):

(a) the Assignor shall within 14 Business Days after the Cut-Off Date deliver and transfer all of the Convertible Loan Notes

issued to the Assignor under this Agreement to the Issuer for cancellation failing which all of the Convertible Loan Notes are deemed to be fully cancelled and extinguished by the Issuer (to which the Assignor hereby irrevocably agrees) on and from the 14th Business Day after the Cut-Off Date; and

(b) subject to the Assignor having complied with its obligations under paragraph (a) above or failing which the deemed cancellation and extinguishment of the Convertible Loan Notes by the Issuer under paragraph (a) above, the Issuer shall, within 14 Business Days of the Assignor having complied with its obligations under paragraph (a) above or the date of deemed cancellation and extinguishment of all of the Convertible Loan Notes under paragraph (a) above (whichever is earlier), apply the amount received by it from the Assignor on subscription of the Convertible Loan Notes (being an amount equal to the Subscription Price) to repay the Assignment Consideration to the Assignee (without interest), on behalf of the Assignor.

6.10 The transfer of the Convertible Loan Notes to the Issuer for cancellation referred to in sub-Clause 6.9(a) shall be made by the Assignor delivering to the Issuer the following documents:

(i) a note transfer form in the form as set out in schedule 3 to the Convertible Loan Note Instrument in respect of all the Convertible Loan Notes issued under this Agreement, duly executed by the Assignor in blank;

(ii) the certificates representing all the Convertible Loan Notes issued under this Agreement; and

(iii) any other document(s) as may be required to complete the transfer of all the Convertible Loan Notes issued under this Agreement to the Issuer for cancellation.

6.11 The Assignor agrees that if it is required to deliver and transfer the Convertible Loan Notes to the Issuer under sub-Clause 6.9(a) (or failing which, if the Convertible Loan Notes are deemed to be fully cancelled and extinguished by the Issuer under sub-Clause 6.9(a)) and in consideration of the obligation of the Issuer under sub-Clause 6.9(b) to repay the Assignment Consideration to the Assignee from the proceeds of subscription of the Convertible Loan Notes:

(a) the Assignor shall have no further rights, benefits or interests in the Convertible Loan Notes;

(b) the Assignor shall hold all right, title, benefit and interest in the Convertible Loan Notes on trust for the Issuer pending the actual delivery and transfer of the Convertible Loan Notes to the Issuer for cancellation or the deemed cancellation and extinguishment of the Convertible Loan Notes; and

(c) the Issuer shall have no obligations or liabilities howsoever or whatsoever to the Assignor under or in connection with the Convertible Loan Notes.

The provisions of this Clause 6.11 shall continue to apply after the termination of this Agreement.

7. ASSIGNEE'S REPRESENTATIONS AND WARRANTIES

7.1 The Assignee hereby represents and warrants to the Assignor (and the provisions of this Clause shall continue to apply notwithstanding Completion) that the Assignee's Warranties are true, complete and accurate in all material respects as at the date of this Agreement and will continue to be so up to, and shall be deemed repeated at, the time of Completion. The Assignee acknowledges that the Assignor, in entering into this Agreement, is relying on the Assignee's Warranties, and that the Assignee's Warranties have been given with the intention of inducing the Assignor to enter into this Agreement.

7.2 The Assignee's Warranties shall be separate and independent to the intent that the Assignor shall have a separate claim and right of action in respect of any breach thereof and save as expressly provided herein shall not be limited by reference to anything else in this Agreement.

7.3 The Assignee shall not do, allow or procure any act or permit any omission before Completion which would constitute a material breach of any of the Assignee's Warranties if they were given at the time of such act or omission or which would make any of the Assignee's Warranties inaccurate or misleading if they were so given. The Assignee undertakes to disclose to the Assignor in writing any matter occurring prior to Completion which constitutes a breach of or is inconsistent with any of the Assignee's Warranties or which may render any of the Assignee's Warranties inaccurate or misleading (or which would constitute a breach of or be inconsistent with any of the Assignee's Warranties, or renders any of them inaccurate or misleading in any respect, if the Assignee's Warranties were given at the time of such occurrence) immediately upon becoming aware of the same.

7.4 The Assignee shall not be liable under the Assignee's Warranties:

(i) as a result of any legislation not in force at the date of this Agreement or any change of law after the date hereof which takes effect retroactively as from a date prior to the date of this Agreement; or

(ii) in respect of any action done or undertaken by the Assignor after Completion provided that the said action is not taken as a result of or relating to any breach of this Agreement by the Assignee; or

(iii) in respect of any claim for breach of Assignee's Warranties which would not have arisen but for an act, omission, transaction or circumstance occurring or arising after Completion at the direction or with the consent of the Assignor.

7.5 The liability of the Assignee in respect of any claims for breach of this Agreement shall be limited as follows:

(i) the aggregate maximum liability of the Assignee in respect of all breaches under this Agreement (including, for the avoidance of doubt, the Assignee's Warranties) shall not exceed the amount of the Assignment Consideration;

(ii) the Assignee shall not be liable for any breach of this Agreement (including, for the avoidance of doubt, the Assignee's Warranties) unless, prior to the date falling 18 months after the Completion Date, the Assignor shall have given written notice to the Assignee of any claim, such notice to comply with the provisions of paragraph (iv) below;

(iii) no claim for breach of this Agreement (including, for the avoidance of doubt, the Assignee's Warranties) shall be made against the Assignee unless the aggregate amount of all claims for which the Assignee would otherwise be liable (subject always to the provisions of this Clause 7.5) under this Agreement (including, for the avoidance of doubt, the Assignee's Warranties) exceeds HK$500,000 (and if the aggregate liability in respect of all such claims exceeds that figure, then all claims, including claims previously notified, shall accrue against and be recoverable from the Assignee); and

(iv) any notice of a claim for any breach of this Agreement (including, for the avoidance of doubt, the Assignee's Warranties) given by the Assignor to the Assignee shall specify (in reasonable detail) the matters which give rise to the breach, the nature of the breach and an estimate of the amount claimed in respect thereof.

8. ISSUER'S REPRESENTATIONS AND WARRANTIES

8.1 The Issuer hereby represents and warrants to the Assignor (and the provisions of this Clause shall continue to apply notwithstanding Completion) that the Issuer's Warranties are true, complete and accurate in all material respects as at the date of this Agreement and will continue to be so up to, and shall be deemed repeated at, the time of Completion. The Issuer acknowledges that the Assignor, in entering into this Agreement, is relying on the Issuer's Warranties, and that the Issuer's Warranties have been given with the intention of inducing the Assignor to enter into this Agreement.

8.2 The Issuer's Warranties shall be separate and independent to the intent that the Assignor shall have a separate claim and right of action in respect of any breach thereof and save as expressly provided herein shall not be limited by reference to anything else in this Agreement.

8.3 The Issuer shall not do, allow or procure any act or permit any omission before Completion which would constitute a material breach of any of the Issuer's Warranties if they were given at the time of such act or omission or which would make any of the Issuer's Warranties inaccurate or misleading if they were so given. The Issuer undertakes to disclose to the Assignor in writing

any matter occurring prior to Completion which constitutes a breach of or is inconsistent with any of the Issuer's Warranties or which may render any of the Issuer's Warranties inaccurate or misleading (or which would constitute a breach of or be inconsistent with any of the Issuer's Warranties, or renders any of them inaccurate or misleading in any respect, if the Issuer's Warranties were given at the time of such occurrence) immediately upon becoming aware of the same.

8.4 The Issuer shall not be liable under the Issuer's Warranties:

(i) as a result of any legislation not in force at the date of this Agreement or any change of law after the date hereof which takes effect retroactively as from a date prior to the date of this Agreement; or

(ii) in respect of any action done or undertaken by the Assignor after Completion provided that the said action is not taken as a result of or relating to any breach of this Agreement by the Issuer; or

(iii) in respect of any claim for breach of Issuer's Warranties which would not have arisen but for an act, omission, transaction or circumstance occurring or arising after Completion at the direction or with the consent of the Assignor; or

(iv) if a claim lies under both the Issuer's Warranties and the Convertible Loan Notes in respect of the same matter, to the extent that the claim under the Convertible Loan Notes has been satisfied.

8.5 The liability of the Issuer in respect of any claims for breach of this Agreement shall be limited as follows:

(i) the aggregate maximum liability of the Issuer in respect of all breaches under this Agreement (including, for the avoidance of doubt, the Issuer's Warranties) shall not exceed the amount of the Subscription Price;

(ii) the Issuer shall not be liable for any breach of this Agreement (including, for the avoidance of doubt, the Issuer's Warranties) unless, prior to the date falling 18 months after the Completion Date, the Assignor shall have given written notice to the Issuer of any claim, such notice to comply with the provisions of paragraph (iv) below;

(iii) no claim for breach of this Agreement (including, for the avoidance of doubt, the Issuer's Warranties) shall be made against the Issuer unless the aggregate amount of all claims for which the Issuer would otherwise be liable (subject always to the provisions of this Clause 8.5) under this Agreement (including, for the avoidance of doubt, the Issuer's Warranties) exceeds HK$500,000 (and if the aggregate liability in respect of all such claims exceeds that figure, then all claims, including claims previously notified, shall accrue against and be recoverable from the Issuer); and

(iv) any notice of a claim for any breach of this Agreement (including, for the avoidance of doubt, the Issuer's Warranties) given by the Assignor to the Issuer shall specify (in reasonable detail) the matters which give rise to the breach, the nature of the breach and an estimate of the amount claimed in respect thereof.

8.6 The Issuer hereby undertakes to the Assignee to comply with its obligations under sub-Clause 6.9, unless otherwise prevented to do so by applicable laws and regulations.

9. COMPLETION

9.1 Completion shall take place at 5:00 p.m. on the Completion Date at the offices of the Issuer at Penthouse, 38th Floor, the Centrium, 60 Wyndham Street, Central, Hong Kong (or such other place and time as the Assignor, the Assignee and the Issuer may agree in writing) when all (but not part only) of the following business shall be transacted:

(i) the Assignor shall:

(a) deliver to the Assignee copies of the board resolutions and shareholders resolutions of the Assignor (or written resolutions signed by all the directors or shareholders (as the case may be) of the Assignor) approving the entering into and the performance of its obligations under this Agreement;

(b) deliver to the Assignee the Deed of Assignment, duly executed by the Assignor;

(c) deliver to the Assignee such other documents as may be required to give to the Assignee good title to the Assigned Property and the full benefit of the Assignment;

(d) deliver to the Assignee the legal opinion referred to in sub-Clause 4.1(v);

(e) deliver to the Assignee a notice of assignment in a form acceptable to the Assignee (acting reasonably), duly executed by the Assignor, notifying Melco Leisure of the Assignment under this Agreement and the Deed of Assignment; and

(f) deliver to each of the Assignee and the Issuer a legal opinion from British Virgin Islands legal counsel in a form acceptable to the Assignee and the Issuer (in each case, acting reasonably) in relation to the due incorporation of the Assignor, the execution of this Agreement by the Assignor and the enforceability of this Agreement against the Assignor;

(ii) the Assignee shall:

(a) cause the full amount of the Assignment Consideration to be paid by electronic funds transfer to the bank account nominated by the Issuer in accordance with Clause 3.3 and deliver to the Assignor and the Issuer a copy of the unconditional and irrevocable payment instruction for the Assignee's bank to effect the aforesaid transfer;

(b) deliver to the Assignor a copy of the board minutes of the Assignee (or written resolutions signed by all the directors of the Assignee) approving the entering into and the performance of its obligations under this Agreement and the transactions contemplated hereby;

(c) execute the Deed of Assignment; and

(d) deliver to each of the Assignor and the Issuer a legal opinion from Cayman Islands legal counsel in a form acceptable to the Assignor and the Issuer (in each case, acting reasonably) in relation to the due incorporation of the Assignee, the execution of this Agreement by the Assignee and the enforceability of this Agreement against the Assignee; and

(iii) subject to compliance by the Assignor and the Assignee with all of their respective obligations under sub-Clauses 9.1(i) and (ii) above, the Issuer shall:

(a) issue the Convertible Loan Notes and deliver to the Assignor a copy of the duly executed Convertible Loan Note Instrument and the certificates representing the Convertible Loan Notes;

(b) deliver to the Assignor a copy of the approval referred to in sub-Clause 4.1(iii); and

(c) deliver to each of the Assignor and the Assignee a legal opinion from Hong Kong legal counsel in a form acceptable to the Assignor and the Assignee (in each case, acting reasonably) in relation to the due incorporation of the Issuer, the execution of this Agreement by the Issuer and the enforceability of this Agreement against the Issuer.

9.2 The Assignor and the Assignee shall not be obliged to complete or perform any of their respective obligations under sub-Clauses 9.1(i) and (ii) unless the other of them complies fully with the relevant requirements of sub-Clauses 9.1(i) and (ii) (as the case may be) applicable to it. The Issuer shall not be obliged to complete or perform its obligations under sub-Clause 9.1(iii) if any of the Assignor or the Assignee fails to complete or perform any of their respective obligations under sub-Clauses 9.1(i) and (ii). If either of the Assignor or the Assignee shall fail or be unable to comply with any of its respective obligations under sub-Clauses 9.1(i) or (ii) (as the case may be) on or before the date fixed for Completion, the Assignor or the Assignee not in default (as the case may be) may:

(i) defer Completion to a date not more than 28 days after the said date (and so that the provisions of this Clause 9.2 shall apply to Completion as so deferred); or

(ii) proceed to Completion so far as practicable but without prejudice to that party's rights (whether under this Agreement generally or under this Clause) to the extent that the other party or parties shall not have complied with its or their obligations hereunder; or

(iii) terminate this Agreement.

10. TERMINATION

10.1 Without prejudice to any other rights or remedies of the Assignee under this Agreement or otherwise, if at any time before Completion:

(i) any of the Assignor's Warranties is found to be incorrect in any material respect as at the date of its being made (or would be incorrect if made again by reference to the circumstances subsisting at any time up to Completion); or

(ii) any of the obligations of the Assignor has not been duly and promptly fulfilled or performed in any material respect or is incapable of due and prompt fulfillment or performance by the Assignor (as the case may be); or

(iii) there occurs any event which, in the reasonable opinion of the Assignee, might constitute a Material Adverse Change (or Effect); or

(iv) a petition is presented for the winding up or liquidation of the Assignor, or the Assignor makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding up of the Assignor or a provisional liquidator, receiver or manager is appointed over the assets or undertaking of the Assignor; or

(v) the Assignor is in breach of Clause 5.1,

then the Assignee may, at its sole discretion without any liability on its part, by notice in writing to the Assignor and the Issuer terminate this Agreement, provided that the exercise of any such right by the Assignee shall not (a) affect or prejudice or constitute a waiver of any other right, remedy or claim which the Assignee may have as at the date of such notice, or (b) affect or prejudice any provision hereof expressed to survive or operate in the event of termination of this Agreement.

10.2 If the Assignee terminates this Agreement under Clause 10.1, all rights and obligations of the parties hereto shall cease to have effect immediately upon termination except that termination shall not affect the then accrued rights and obligations of the parties and shall be without prejudice to the continued application of Clauses 11 to 17 inclusive.

11. CONFIDENTIALITY AND ANNOUNCEMENT

11.1 Each of the parties hereto hereby undertakes to the other parties to procure that no disclosure or public announcement or communication (other than the Announcement and any correspondence with any regulators and any circular to be despatched by the Issuer in connection with any matters referred to in Clause 4.1) concerning this Agreement and the transactions contemplated hereby shall be made or despatched without the prior consent (which consent shall not be unreasonably withheld or delayed) of the other parties as to the context, timing and manner of making or despatch thereof except in the following circumstances:

(i) the disclosure is required by law, the Listing Rules, the Takeovers Code, the Stock Exchange or the SFC; or

(2) the information which a party hereto seeks to disclose is already in the public domain otherwise than as a result of a breach of this Clause by such party; or

(3) the disclosure is necessary for, or reasonably incidental to, the performance of the relevant obligations or the seeking of relevant consents contemplated by this Agreement or the transactions contemplated hereby.

11.2 The Assignor hereby represents and warrants to the Issuer that all information contained in the Announcement relating to or concerning the Assignor, is true and accurate in all material respects and is not misleading and that there are no facts known or which could on reasonable inquiry have been known to the Assignor or any of its directors and which are not disclosed in the Announcement the omission of which would make any statement in the Announcement relating to the Assignor misleading or which might reasonably be considered to be material for disclosure in relation to the Assignor in the context of the transactions contemplated by this Agreement.

11.3 The Assignor undertakes that it shall not (i) use any Confidential Information which it has obtained by reason of being a party to the Joint Venture MOA or a participant in the Joint Venture, or (ii) divulge to any party (other than its professional advisers in which case the Assignor will use all reasonable endeavours to procure that such advisers shall keep such information confidential on terms at least equivalent to this Clause 11.3) any such Confidential Information relating to the Joint Venture save only:

(a) in so far as the same has become public knowledge otherwise than, directly or indirectly, through the Assignor's breach of this Clause 11.3; or

(b) to the extent required by law or regulation or any regulatory, judicial or governmental body.

11.4 If any restriction or undertaking is found by any court or other competent authority to be void or unenforceable the parties to the relevant restriction or undertaking shall negotiate in good faith to replace such void or unenforceable restriction or undertaking with a valid provision, which, as far as possible, has the same legal and commercial effect as that which it replaces.

12. NOTICES

12.1 Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively " **communications**" in this Clause) shall be in writing in the English language and may be served or given personally or sent to the facsimile number of the relevant party as specified in this Clause.

12.2 A change of address or facsimile number of the person to whom a communication is to be addressed pursuant to this Agreement shall only be effective on the second Business Day after the relevant notice of change has been served in accordance with the provisions of this Clause on all other parties to this Agreement with specific reference in such notice that such change is for the purposes of this Agreement.

12.3 All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

Means of despatch	Time of deemed receipt
Local mail	second Business Day after date of despatch
Facsimile	on despatch
Personal delivery	upon receipt
Airmail from outside Hong Kong	fifth Business Day after date of despatch

12.4 The initial addresses and facsimile numbers of the parties for the service of communications and the person for whose attention such communications are to be marked are as follows:

To the Assignor:

Address:	c/o Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
Facsimile no.:	(852) 3162 3579
Attn:	Mr. Lawrence Ho

To the Assignee:

Address:	Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
Facsimile no.:	(852) 3162 3579
Attention:	Mr. Samuel Tsang

with a copy to:

Company:	Publishing and Broadcasting Limited
Facsimile no.:	(612) 9282 8828
Attn:	Company Secretary

To the Issuer:

Address:	Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
Facsimile no.:	(852) 3162 3579
Attention:	Mr. Samuel Tsang

12.5 A communication served in accordance with this Clause shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address (in the

case of personal delivery) or that the envelope containing such communication was properly addressed, postage pre-paid and posted to the addressee's address (in the case of despatch by local mail or airmail) or that the communication was properly transmitted by facsimile to the addressee. In the case of communication by facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a report of satisfactory transmission printed out by the sending machine.

13. COSTS AND EXPENSES

Each party shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement and all documents incidental or relating to Completion.

14. MISCELLANEOUS

14.1 All provisions of this Agreement shall so far as they remain to be performed or observed continue in full force and effect notwithstanding Completion.

14.2 This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which is an original but, together, they constitute one and the same agreement.

14.3 Each of the Assignor, the Assignee and the Issuer hereby undertakes to the others that it will do all such acts and things and execute all such deeds and documents as may be necessary or desirable to carry into effect or to give legal effect to the provisions of this Agreement and the transactions contemplated hereby.

14.4 It is expressly declared that no variations hereof shall be effective unless made in writing and signed by all the parties hereto.

14.5 If at any time one or more provisions hereof is or becomes invalid, illegal, unenforceable or incapable of performance in any respect under the laws of any relevant jurisdiction, the validity, legality, enforceability or performance in that jurisdiction of the remaining provisions hereof or the validity, legality, enforceability or performance under the laws of any other relevant jurisdiction of those or any other provisions hereof shall not thereby in any way be affected or impaired.

15. SUCCESSORS AND ASSIGNS

This Agreement shall be binding on and shall enure for the benefit of each party's successors and permitted assigns and personal representatives (as the case may be), but no assignment may be made of any of the rights or obligations hereunder of any party hereto without the prior written consent of the other parties.

16. WAIVER AND SEVERABILITY

16.1 No failure or delay by any party hereto in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.

16.2 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

17. GOVERNING LAW

17.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereto irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

17.2 The submission to the jurisdiction of the courts of Hong Kong shall not (and shall not be construed so as to) limit the right of any of the parties hereto to take proceedings against any of the other parties hereto in any court of competent jurisdiction, nor shall the taking of proceedings by any of the parties hereto in any one or more jurisdictions preclude it from taking proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

17.3 The Assignor hereby confirms that it has appointed Mr. Ho Yau Lung, Lawrence of No. 35, Black's Link, Repulse Bay, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong and also agrees that any such legal process shall be sufficiently served on it if delivered to its service agent aforesaid. The Assignor further agrees to maintain a duly appointed agent in Hong Kong to accept service of process in Hong Kong and to keep the other parties to this Agreement informed of the name and address of such agent. Service on such process agent (or his substitutes appointed pursuant to the procedures described above) shall be deemed to be service on his appointor. The provisions of Clause 12 shall apply to the service of court process on the process agent of the Assignor as if references to an addressee of a communication in Clause 12 include such process agent.

17.4 The Assignee hereby confirms that it has appointed Melco International Development Limited of Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong and also agrees that any such legal process shall be sufficiently served on it if delivered to its service agent aforesaid. The Assignee further agrees to maintain a duly appointed agent in Hong Kong to accept service of process in Hong Kong and to keep the other parties to this Agreement informed of the name and address of such agent. Service on such process agent (or its substitutes appointed pursuant to the procedures described above) shall be deemed to be service on its appointor. The provisions of Clause 12 shall apply to the service of court process on the process agent of the Assignee as if references to an addressee of a communication in Clause 12 include such process agent.

IN WITNESS whereof the parties or their duly authorised representatives have executed this Agreement on the date first before appearing.

SCHEDULE 1

Form of Deed of Assignment

DATED THE DAY OF 2005

GREAT RESPECT LIMITED
(as assignor)

and

MELCO ENTERTAINMENT LIMITED
(as assignee)

DEED OF ASSIGNMENT
in relation to
a memorandum of agreement dated 28th October 2004

RICHARDS BUTLER
20th Floor
Alexandra House
16-20 Chater Road
Central, Hong Kong

THIS DEED OF ASSIGNMENT ("**DEED**") is made on , 2005

AND GIVEN BY:

(1) **GREAT RESPECT LIMITED**, a company incorporated in the British Virgin Islands with limited liability and having its registered office at the offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the "**Assignor**");

IN FAVOUR OF:

(2) **MELCO ENTERTAINMENT LIMITED**, a company incorporated in the Cayman Islands and having its registered office at Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands (the "**Assignee**").

WHEREAS:

(1) By an assignment agreement and subscription agreement dated [•] (the " **Principal Agreement**") entered into between the Assignor, the Assignee and Melco International Development Limited (the " **Issuer**"), the Assignor has agreed to assign to the Assignee all of the Assignor's right, title and interest in, and the full benefit of, the Joint Venture MOA upon the terms and subject to the conditions set out in the Principal Agreement.

(2) It is a term of the Principal Agreement that the Assignor and the Assignee shall execute this Deed on completion of the Principal Agreement.

THIS DEED WITNESSETH as follows:

1. INTERPRETATION

1.1 Terms used in this Deed and not otherwise defined herein shall have the same respective meanings assigned to them in the Principal Agreement.

1.2 Words importing the singular include the plural and vice versa, words importing one gender include every gender and references to persons include bodies corporate or unincorporated.

1.3 The headings to Clauses are for convenience only and have no legal effect.

2. ASSIGNMENT

The Assignor hereby assigns absolutely, with immediate effect from the date of this Deed, to the Assignee, all of the Assignor's right, title and interest in and under, and the full benefit of, the Joint Venture and the Joint Venture MOA (the "**Assigned Property**").

3. REPRESENTATIONS AND WARRANTIES

Each party hereto represents and warrants to the other party that:

(i) it has full power, authority and legal right to execute and deliver this Deed and to perform and observe the terms and conditions hereof;

(ii) it has taken all necessary legal and corporate action to authorize the execution and delivery of this Deed and the performance and observance of the terms and conditions hereof; and

(iii) this Deed constitutes the valid and binding obligation of such party enforceable in accordance with the terms hereof.

4. FURTHER ASSURANCE

The Assignor shall, at any time and from time to time upon the written request of the Assignee, promptly and duly execute and deliver to the Assignee any and all such further instruments and documents that the Assignee may require for perfecting or protecting its interest in respect of the Assigned Property or as the Assignee may consider necessary to obtain the full benefit of this Deed and of the rights and benefits agreed to be transferred by the Assignor to the Assignee under this Deed.

5. SUCCESSORS AND ASSIGNS

This Deed shall be binding on and shall enure for the benefit of each party's successors and permitted assigns (as the case may be), but no assignment may be made of any of the rights or obligations hereunder of any party hereto without the prior written consent of the other party.

6. LAW AND JURISDICTION

6.1 This Deed shall be governed by, and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

6.2 In relation to any legal action or proceedings to enforce this Deed or arising out of or in connection with this Deed (" **Proceedings**"), each party irrevocably submits to the non-exclusive jurisdiction of the Hong Kong courts, and waives any objection to Proceedings in such courts on the grounds of venue or on the grounds that proceedings have been brought in an inappropriate forum.

AS WITNESS whereof this Deed of Assignment has been duly executed under seal on the date first above written.

THE ASSIGNOR

SEALED with the **COMMON SEAL** of)
GREAT RESPECT LIMITED)
in the presence of:)

THE ASSIGNEE

SEALED with the **COMMON SEAL** of)
MELCO ENTERTAINMENT LIMITED)
in the presence of:)

SCHEDULE 2

Macau Property

1. A land parcel of 113,325 sq. meters located in Taipa, Macau, near to Cotai Strip and the Cotai Reclamation Area. The land parcel consists of the following two parcels:

   (a) Parcel A of 73,528 sq. meters, registered as Lot No. 23053 in the Property Registration Bureau;

   (b) Parcel B of 39,797 sq. meters, which is presumed by the Property Registration Bureau to be unregistered land.

2. The land parcels are shown delineated on map No. 6328/2005, which is attached to the Consent Letter.

SCHEDULE 3

Part A

Assignor's Warranties

(1) General information and powers of the Assignor

(A) The Assignor has full power to enter into this Agreement and to exercise its rights and perform its obligations hereunder and (where relevant) all corporate and other actions required to authorise its execution of this Agreement and the performance of its obligations hereunder have been duly taken and this Agreement constitutes a legal, valid, binding and enforceable agreement of the Assignor.

(B) The obligations of the Assignor under this Agreement will at all times constitute direct, unconditional, unsecured, unsubordinated and general obligations of, and will rank at least pari passu with, all other present and future outstanding unsecured obligations created or assumed by the Assignor.

(C) The execution, delivery, performance and completion of this Agreement by the Assignor do not and will not violate in any respect any provision of (i) any law or regulation or any order or decree of any governmental authority, agency or court of any jurisdiction which is applicable to the Assignor; (ii) the laws and documents incorporating and constituting the Assignor prevailing as at the date of this Agreement and as at Completion; or (iii) any mortgage, contract or other undertaking or instrument to which the Assignor is a party or which is binding upon it or any of its assets, and does not and will not result in the creation or imposition of any encumbrance on any of its assets pursuant to the provisions of any such mortgage, contract or other undertaking or instrument.

(D) No consent, licence, approval or authorisation of or filing or registration with or other requirement of any governmental department authority or agency in any jurisdiction which is applicable to the Assignor is required by the Assignor in relation to the valid execution, delivery or performance of this Agreement (or to ensure the validity or enforceability hereof).

(E) As at the date of this Agreement and prior to Completion, the information set out in the Recitals to this Agreement and in Schedule 2 is true, accurate and complete.

(2) The Joint Venture MOA

(A) The Assignor has full power to enter into the Joint Venture MOA.

(B) The Assignor has duly performed all its obligations under the Joint Venture MOA to date, in accordance with the terms of the Joint Venture MOA.

(C) The Assignor has paid all amounts required to be paid by the Assignor to date under the Joint Venture MOA and there is no unpaid amount or other outstanding obligation or liability of the Assignor under the Joint Venture MOA which has not been paid, performed or fulfilled (as the case may be) by the Assignor in accordance with the terms of the Joint Venture MOA.

(D) The Joint Venture MOA executed by the parties thereto constitutes legal, valid, binding and enforceable obligations of the parties thereto and there have been no amendments thereto or defaults thereunder (save and except for the agreement dated 9th March 2005 entered into between Melco Leisure and the Assignee pursuant to which Melco Leisure declared that all its rights and benefits under the Joint Venture MOA were held by Melco Leisure on trust for the Assignee on the terms and conditions set out therein).

(E) The Assignor has not assigned or agreed to assign any of its present or future rights, title or interests in or to the Joint Venture MOA or the Joint Venture, or any of its benefits under the Joint Venture MOA or in connection with the Joint Venture, other than pursuant to this Agreement.

(F) No right of action is vested in the other party to the Joint Venture MOA in respect of any breach of representation, condition or any other express or implied term of the Joint Venture MOA by the Assignor.

(G) The Assignor has no knowledge of any fact that would or might prejudice or affect any right, power or ability of the Assignee to enforce any term or condition of the Joint Venture MOA.

(H) The Assignor has full power to assign the Assigned Property to the Assignee in accordance with the terms of this Agreement and to perform the Assignor's obligations in respect of the Assignment and all corporate and other actions required to be taken by the Assignor to authorize the Assignment in accordance with the teams of this Agreement and performance of the Assignor's obligations in respect of the Assignment have been duly taken and the Assignment under this Agreement constitutes a legal, valid, binding and enforceable obligation of the Assignor.

Part B

Assignee's Warranties

(1) Due Incorporation

The Assignee is duly incorporated and validly existing under the laws of the place of its incorporation with power to own its assets and to conduct its business in the manner at present conducted. The Assignee is not in receivership or liquidation; it has taken no steps to enter into liquidation; and no petition has been presented for its winding up; no order has been made or resolution passed for its winding up and there are no grounds on which a petition or application could be based for the winding up or appointment of a receiver of the Assignee.

(2) General Authority

(A) Subject to the satisfaction of the Conditions in sub-Clauses 4.1(i), (ii) and (iv), the Assignee has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement and it has full power and authority to take an assignment of the Assigned Property and such assignment does not require the consent or approval of any other person.

(B) This Agreement has been duly authorised and executed by the Assignee, and constitutes valid, legally binding and enforceable obligations of the Assignee.

(C) The execution and delivery of this Agreement, the Assignment under this Agreement and the carrying out of the transactions contemplated by this Agreement do not and will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Assignee or any indenture, trust deed, mortgage or other agreement or instrument to which the Assignee is a party or by which the Assignee or any of its properties or assets is bound, or (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court or regulatory body, domestic or foreign, having jurisdiction over the Assignee or any of its properties.

Part C

Issuer's Warranties

(1) Due Incorporation

The Issuer is duly incorporated and validly existing under the laws of the place of its incorporation with power to own its assets and to conduct its business in the manner at present conducted. The Issuer is not in receivership or liquidation; it has taken no steps to enter into liquidation; and no petition has been presented for its winding up; no order has been made or resolution passed for its winding up and there are no grounds on which a petition or application could be based for the winding up or appointment of a receiver of the Issuer.

(2) General Authority

(A) Subject to the satisfaction of the Conditions in Clause 4.1, the Issuer has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement and the transactions contemplated hereunder, and does not require the consent or approval of any other person.

(B) Subject to the satisfaction of the Conditions in Clause 4.1, this Agreement has been duly authorised and executed by the Issuer, and constitutes valid, legally binding and enforceable obligations of the Issuer.

(C) Subject to the satisfaction of the Conditions in Clause 4.1, the execution and delivery of this Agreement and the carrying out of the transactions contemplated by this Agreement do not and will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Issuer or any indenture, trust deed, mortgage or other agreement or instrument to which the Issuer is a party or by which the Issuer or any of its properties or assets is bound, or (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court or regulatory body, domestic or foreign, having jurisdiction over the Issuer or any of its properties.

(3) Convertible Loan Notes

(A) The obligations of the Issuer under the Convertible Loan Note Instrument and the Convertible Loan Notes shall at all times constitute direct, unconditional, unsecured, unsubordinated and general obligations of, and shall rank at least pari passu with, all other present and future outstanding unsecured obligations, issued, created or assumed by the Issuer.

(B) Subject to the satisfaction of the Conditions in Clause 4.1, the execution, delivery and performance of each of the Convertible Loan Note Instrument and the Convertible Loan Notes by the Issuer do not and shall not violate in any material respect any provision of:

(i) any applicable law or regulation or any applicable order or decree of any governmental authority, agency or court of Hong Kong which has competent jurisdiction over the relevant matter; or

(ii) the laws and documents incorporating and constituting the Issuer.

SCHEDULE 4

Form of Convertible Loan Note Instrument

DATED 2005

MELCO INTERNATIONAL DEVELOPMENT LIMITED
(as issuer)

CONVERTIBLE LOAN NOTE INSTRUMENT
constituting HK$1,175,000,000 zero coupon convertible loan notes
due 2010 issued by
MELCO INTERNATIONAL DEVELOPMENT LIMITED

RICHARDS BUTLER
20th Floor
Alexandra House
16 - 20 Chater Road
Central
Hong Kong

CONTENTS

THIS INSTRUMENT is executed by way of deed poll on this day of 2005

BY:-

MELCO INTERNATIONAL DEVELOPMENT LIMITED, a company incorporated in Hong Kong and having its registered office and principal place of business at Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong (the "**Company**")

IN FAVOUR OF

THE NOTEHOLDER(S) (as defined herein).

WHEREAS:-

The Company has agreed to issue HK$1,175,000,000 of convertible loan notes, on the terms provided for in this Instrument.

IT IS HEREBY AGREED as follows:-

1. INTERPRETATION

1.1 In this Instrument, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:

"Business"	means (i) the business currently carried on by the Group divided into four divisions: (a) leisure and entertainment (b) investment banking and financial services; (c) technology; and (d) property investment;
"Business Day"	a day (excluding Saturday or Sunday) on which banks in Hong Kong are open for business;
"Capital Distribution"	as defined in Condition 8.1(iii);
"Companies Ordinance"	Chapter 32 of the Laws of Hong Kong;
"Conditions"	the terms and conditions contained in this Instrument;
"Conversion Date"	the date on which the Company receives or is deemed to have received a duly completed and executed Conversion Notice from a Noteholder pursuant to Condition 7;
"Conversion Notice"	a conversion notice in the form attached as Schedule 1;

"Conversion Period"	the period from the date of issue of the Notes to and including the day immediately prior to the Maturity Date, provided that if the Company fails to redeem the Notes on the due date in accordance with the terms hereof the period shall continue until redemption in full occurs;
"Conversion Price"	HK$19.93 per Share, subject to adjustment pursuant to Condition 8;
"Conversion Rights"	the rights pursuant to Condition 6 attached to each Note to convert the principal amount or a part thereof into Shares;
"Conversion Shares"	the Shares to be issued by the Company pursuant to the Conditions, upon conversion of a Note or part thereof;
"Current Market Price"	while the Shares are listed on the Stock Exchange, in respect of a Share at a particular date, means the average of the closing prices (as shown in the daily quotation sheets or similar summaries issued by the Stock Exchange) for one Share for the five dealing days ending on and inclusive of the dealing day immediately preceding such date; provided that if at any time during the said five dealing days the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:- (i) if the Shares to be issued or, as the case may be, delivered do not rank for the dividend in question, the closing prices on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; and (ii) if the shares to be issued or, as the case may be, delivered rank for the dividend in question, the closing prices on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount, provided further that if the Shares on each of the said

	five dealings days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued or, as the case may be, delivered do not rank for that dividend, the closing prices on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share;
"Directors"	the directors of the Company;
"Event of Default"	as defined in Condition 10.2;
"Group"	the Company and its subsidiaries from time to time, and "Group Company" shall mean any member of the Group;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"HK$"	Hong Kong dollars;
"Independent Accountants"	an independent firm of international certified public accountants (which may be the auditors of the Company) to be appointed by agreement between the Company and the Noteholders holding not less than 75% in value of the outstanding principal amount of the Notes or, in default of such agreement, by the President for the time being of the Hong Kong Society of Accountants;
"Interest Payment Date"	as defined in Condition 4.1;
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange;
"Macau Property"	a land parcel with an aggregate area of 113,325 sq. meters located in Taipa, Macau, near to Cotai Strip and the Cotai Reclamation Area. The land parcel consists of the following two parcels: (a) Parcel A of 73,528 sq. meters, registered as Lot No. 23053 in the Property Registration Bureau; and

	(b) Parcel B of 39,797 sq. meters, which is presumed by the Property Registration Bureau to be unregistered land.
"Major Subsidiary"	as defined in Condition 10.2;
"Maturity Date"	the date falling five (5) years after the date of issue of the Note(s) or if such date is not a Business Day, the first Business Day immediately following such date;
"Note" and "Notes"	each convertible loan note issued pursuant to this Instrument which shall be in the principal amount stated on the certificate for such loan note, and "Notes" shall be construed accordingly;
"Note Certificate"	in respect of each Note, the certificate to be issued by the Company pursuant to Condition 3.7;
"Noteholder(s)"	any person who is for the time being the registered holder of a Note;
"Macau Property Completion Date"	has the meaning ascribed to it under Condition 9.2;
"Redemption Date"	in respect of each Note, the date (if any) on which such Note shall become due and payable for redemption in accordance with and pursuant to Condition 10;
"Redemption Notice"	a notice for redemption in the form attached in Schedule 2;
"Registration Date"	as defined in Condition 7.4;
"Share Option Scheme"	the existing Share Option Scheme adopted by the Company at its extraordinary general meeting held on 8th March 2002 (as subsequently amended, varied or supplemented) and any scheme adopted, or which may be adopted, after that date by the company or any Subsidiary pursuant to which shares or other securities (including rights or options relating to Shares) may be issued, offered or granted to participants including, without limitation, employees or directors of the Company or its Subsidiaries including (without prejudice to the generality of the foregoing) any scheme or plan whereby monies are provided by the Company or any of its Subsidiaries for the purchase or subscription of Shares or other securities of the Company by trustees of, or by trustees who are to hold the same for the benefit of, the employees and directors;

"Shares"	the ordinary shares of HK$1.00 each in the share capital of the Company existing on the date of this Instrument and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof;
"Shareholders"	holders of Shares from time to time;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subsidiary"	any subsidiary (from time to time) of the Company; and
"Transfer Form"	a transfer form in the form attached as Schedule 3.

1.2 The expressions "Company", "Noteholder" and "Noteholders" shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.

1.3 In this Instrument, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender or the neuter include both genders and the neuter. References to this Instrument shall be construed as references to this Instrument as amended or supplemented from time to time. Headings are inserted for reference only and shall be ignored in construing this Instrument.

1.4 References to "**subsidiary**" or "**holding company**" shall bear the meanings ascribed thereto in the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

1.5 References herein to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are reenactments (whether with or without modification) and any subordinate legislation made pursuant thereto.

2. AMOUNT AND ISSUE OF NOTES

2.1 The aggregate principal amount of the Notes to be issued under this Instrument is limited to HK$1,175,000,000. The Notes shall be issued in denominations and integral amounts of HK$235,000,000 in nominal amount without interest coupons. Any Notes converted, redeemed or otherwise repaid cannot be re-issued.

2.2 The Notes shall be issued to such persons at such times and on such terms as the Company may determine, at par for cash and subject to and with the benefit of the provisions of this Instrument. All the obligations and covenants contained in this Instrument shall be binding on the Company and the Noteholders and all persons claiming through them.

2.3 Subject as provided herein, the outstanding principal amount of the Notes shall, unless previously converted into Shares or repaid or redeemed in accordance with these Conditions, be repaid subject to and in accordance with the terms of the Notes on the Maturity Date. The Notes may not be repaid or redeemed otherwise than in accordance with these Conditions.

3. STATUS AND TRANSFER

3.1 The obligations of the Company arising under the Notes constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law. No application will be made for a listing of the Notes.

3.2 Except for any transfer of Notes to the Company for cancellation, no Notes may be transferred without the prior written consent of the Company to the relevant transfer.

3.3 Any transfer of the Notes permitted under Condition 3.2 shall be in respect of the whole or any part (in multiples of HK$47,000,000) of the outstanding principal amount of the Notes. Title to the Notes passes only upon the cancellation of the existing Note Certificate and the issue of a new Note Certificate in accordance with Condition 3.4. The Noteholder will (except as otherwise required by law) be treated as the absolute owner of the relevant Notes for all purposes (whether or not overdue and regardless of any notice of ownership, trust or any interest in the relevant Notes or any writing on, or the theft or loss of, the certificates issued in respect of them) and no person will be liable for so treating the Noteholder.

3.4 Subject to the provision of Condition 3.2, a Note may be transferred by delivery to the Company of a duly executed Transfer Form together with the certificate(s) for the Note(s) being transferred. The Company shall, within two Business Days of receipt of such documents from the Noteholder, cancel the relevant existing Note(s), issue a new Note Certificate(s) in respect thereof under the seal of the Company in favour of the transferee, register the transferee as the registered holder of the Note(s) so transferred in the register of Noteholders maintained by the Company pursuant to Condition 3.6 and (if applicable) endorse the certificate of the transferor with the amount of the Notes so transferred.

3.5 The Notes can only be transferred in accordance with the provisions of this Condition 3 and cannot be transferred to bearer on delivery.

3.6 The Company shall maintain and give a full and complete register of the Noteholders, the conversion, cancellation and destruction of the Notes, the replacement Notes issued in substitution for any defaced, lost, stolen or destroyed Notes and of the names, addresses, facsimile numbers and bank accounts for receipt of payments under the Notes of all Noteholders from time to time (and a Noteholder shall supply such information to the Company before the relevant Notes are issued to it). The Company shall make available such register to any Noteholder for inspection at all reasonable times and will permit any Noteholder to copy the same.

3.7 Every Noteholder will be entitled to (a) certificate(s) for its Notes in the form or substantially in the form of that shown in Schedule 4. All such certificates shall be issued under the common seal of the Company or under a facsimile seal adopted for that purpose. The Company shall comply with the provisions of such certificates and the Conditions in all respects and the Notes shall be held subject to such provisions and Conditions which shall be binding upon the Company and the Noteholders and all persons claiming through or under them respectively.

3.8 The Company hereby acknowledges and covenants that the benefit of the covenants, obligations and conditions on the part of or binding upon it contained in this Instrument shall enure to each and every Noteholder. Save as expressly provided for in this Instrument, each Noteholder shall be entitled severally to enforce the said covenants, obligations and conditions against the Company insofar as each such Noteholder's Notes are concerned, without the need to join the allottee of any such Note or any intervening or other Noteholder in the proceedings for such enforcement.

4. NO INTEREST

The Notes shall not bear interest and no interest shall accrue thereon.

5. PAYMENTS

5.1 Save as expressly provided for herein, all payments by the Company under this Instrument shall be made in HK$ in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges. In the event that the Company is required to make any such deduction or withholding from any amount paid, the Company shall pay to the Noteholders such additional amount as shall be necessary so that the Noteholders continue to receive a net amount equal to the full amount which they would have received if such withholding or deduction had not been made.

5.2 All payments by the Company shall be made to the person shown on the register of Noteholders at 11:00 a.m. (Hong Kong time) on the Business Day prior to the date for payment (the "**Record Time**") and shall be made not later than 3:00 p.m. (Hong Kong time) on the due date, by remittance to such bank account as each Noteholder may notify the Company from time to time and as appears in the register of Noteholders at the Record Time, provided that no payment shall be made in respect of any Notes for which a Conversion Notice has been received by the Company prior to making the relevant payments. The Company shall not be liable to redeem any Note unless and until it has received the Note Certificate for the Notes to be redeemed.

5.3 If the due date for payment of any amount in respect of a Note is not a Business Day, the Noteholder shall be entitled to payment on the next following Business Day in the same manner but shall not be entitled to be paid any interest in respect of any such delay.

6. CONVERSION

6.1 Each Noteholder shall have the right, subject to Condition 9, exercisable during the Conversion Period in the manner provided in Condition 7.1, to convert the whole or any part (in multiples of HK$47,000,000) of the outstanding principal amount of a Note held by such Noteholder, into such number of Shares as will be determined by dividing the aggregate of the principal amount of the Note to be converted by the Conversion Price in effect on the Conversion Date.

6.2 No fraction of a Share shall be issued on conversion and in lieu thereof the Company shall pay a cash amount in HK$ equal to such amount of the Note that is not converted.

6.3 Subject to the operation of Conditions 7.5, 8.8 and 8.9, Shares issued upon exercise of Conversion Rights shall rank pari passu in all respects with all other existing Shares outstanding at the Conversion Date and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the Conversion Date.

6.4 All Notes which are converted in accordance with these Conditions will forthwith be cancelled and may not be reissued.

6.5 For the avoidance of doubt, save as expressly provided in these Conditions, no further moneys shall, in respect of a particular conversion of a Note, be payable by a Noteholder on exercise of its Conversion Rights and on issue of the Conversion Shares.

7. PROCEDURE FOR CONVERSION

7.1 The Conversion Rights pursuant to Condition 6 may, subject as provided herein and Condition 9, be exercised on any Business Day during the Conversion Period by a Noteholder delivering to the Company a duly executed Conversion Notice, together with the Note Certificate(s) for the Note(s) being converted, provided that a Conversion Date must fall within the Conversion Period. A Conversion Notice shall take effect immediately upon the Conversion Date.

7.2 The Company shall be responsible for payment of all taxes and stamp duty, issue and registration duties (if any) levied in Hong Kong and Stock Exchange levies and charges (if any) arising on the allotment and issue of the Conversion Shares.

7.3 As soon as practicable, and in any event not later than five Business Days after the Conversion Date (or a later date if a longer period is required to comply with any applicable fiscal or other laws or regulations), the Company will, in the case of Notes converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Note Certificate(s) deposited as required by Condition 7.1, register the Noteholder as holder of the relevant number of Shares in its share register and will, at the election of the Noteholder as indicated in the Conversion Notice, either cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate(s) for such Shares to the person and at the place specified in the Conversion Notice, or make available such certificate(s) for such Shares for collection from the Company's address specified in Condition 13 (as communicated to Noteholders from time to time) from the end of the said five Business Day period (or the above-mentioned later date, as the case may be).

7.4 Notes which are converted will be cancelled by removal of the name of the person or entity which, prior to such conversion, was the holder of such Notes (the "**Previous Noteholder**") from the register of Noteholders on the relevant Registration Date (as defined below) and such Previous Noteholder will become the holder of record of the number of Shares to be issued upon conversion with effect from the date such Previous Noteholder is registered as such in the register of shareholders of the Company (the " **Registration Date**"). The Shares issued upon conversion of the Notes will in all respects rank pari passu with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of Notes shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

7.5 If the record date for the payment of any dividend or other distribution in respect of any Shares to be issued to a converting Noteholder is on or after the Conversion Date in respect of any Note but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price pursuant to Condition 8.1 prior to the time such retroactive adjustment shall have become effective) with the effect that such Noteholder is not entitled to such dividend or distribution, the Company will pay to the converting Noteholder an amount in HK$ (the " **Equivalent Amount**") equal to any such dividend or other distribution to which it would have been entitled had it been a holder of record of such Shares on that record date and will make the relevant payment to the relevant Noteholder at the same time as it makes payment of the dividend or other distribution or by the date 10 days after the Conversion Date, if later, provided that this Condition 7.5 shall not apply in the event that, with respect to the above-mentioned dividend or distribution, the Company is required to issue additional Shares pursuant to Condition 8.8. The Equivalent Amount shall be paid by means of a cashier's order in HK$ drawn on a licensed bank in Hong Kong and sent to the address specified in the relevant Conversion Notice.

8. ADJUSTMENTS TO THE CONVERSION PRICE

8.1 The Conversion Price shall from time to time be subject to adjustment in accordance with this Condition 8.1 if, whilst any of the Notes remains outstanding, any of the following events or circumstances in relation to the Shares shall occur:-

(1) ***Consolidation and subdivision:*** If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:-

$$\frac{A}{B}$$

where

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective from the day on which such consolidation or subdivision becomes effective.

(2) ***Capitalisation of profits or reserves:*** If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account and/or capital redemption reserve), other than Shares issued in lieu of the whole or a part of a cash dividend and other than an issue that would amount to a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:-

$$\frac{A}{B}$$

where

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective from the day of such issue of Shares.

(3) ***Capital Distribution:*** If and whenever the Company shall pay or make any Capital Distribution to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such Capital Distribution by the following fraction:-

$$\frac{A-B}{A}$$

where

A is the Current Market Price of one Share on the last dealing day preceding the date on which the Capital Distribution is publicly announced; and

B is the fair market value on the date of such public announcement of such Capital Distribution, as determined in good faith by the Independent Accountants acting as an expert, of the portion of the Capital Distribution which is attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made.

"**Capital Distribution**" means (a) any distribution of assets in specie charged or provided for in the accounts of the Company for any financial period (whenever paid or made and however described) but excluding a distribution of assets in specie in lieu of, and to a value not exceeding, a cash dividend which would not have constituted a Capital Distribution under (b) below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalization of reserves); and (b) any cash dividend or distribution of any kind charged or provided for in the accounts of the Company for any financial period (whenever paid or made and however described) unless:-

(x) and to the extent that it does not, when taken together with any dividend or distribution in cash or any distribution of assets in specie previously made or paid in respect of any financial period of the Company after 31st December, 2004, exceed an amount equal to the aggregate of the consolidated cumulative net profits less the aggregate of any consolidated net losses (after taxation but including any net realized gains (less any losses) made on the disposal of investments and extraordinary items) attributable to Shareholders in respect of financial periods ending after 31st December, 2004 as shown in the audited consolidated accounts of the Group for such periods (provided that consolidated net profits shall exclude any amount arising as a result of any reduction of share capital, share premium account or capital redemption reserve but shall, subject thereto, include any profit transferred from any distributable reserves); or

(y) (to the extent that (x) above does not apply) the rate of that dividend or distribution, together with all other dividends or distributions on the class of capital in question charged or provided for in the accounts of the Company for that period, does not exceed the aggregate rate of dividend or distribution on such class of capital charged or provided for in the accounts of the Company for the immediately preceding financial period.

In computing such rates the value of distributions in specie shall be taken into account and such adjustments as are in the opinion of the Independent Accountants appropriate to the circumstances shall be made (including adjustments in the event that the lengths of such financial periods differ); or

(z) it comprises a purchase or redemption of share capital of the Company provided, in the case of purchases of Shares by the Company, that the average price (before expenses) on any one day in respect of such purchases does not exceed by more than 5% of the Current Market Price per Share either (1) on that day, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the dealing day immediately preceding the date of such announcement.

(4) ***Issue of Shares by way of rights:*** If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the Current Market Price per Share on the last dealing day preceding the date on which such issue or grant to Shareholders is publicly announced, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:-

$$\frac{A + B}{A + C}$$

where

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the rights, or for the options or warrants or other rights issued by way of rights, and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of the issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

(5) ***Issue of other securities by way of rights:*** If and whenever the Company shall:-

(a) issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights; or

(b) grant to all or substantially all Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares),

the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue, grant or offer by the following fraction:-

$$\frac{A - B}{A}$$

where

A is the Current Market Price of one Share on the last dealing day preceding the date on which such issue or grant is publicly announced; and

B is the fair market value on the date of such announcement as determined in good faith by the Independent Accountants acting as an expert, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of the issue of the securities or grant of such rights, options or warrants (as the case may be).

(6) ***Issue of Shares other than by way of rights:*** If and whenever the Company shall wholly for cash:-

(a) issue (otherwise than as mentioned in Condition 8.1(iv) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or

(b) issue or grant (otherwise than as mentioned in Condition 8.1 (iv) above) options, warrants or other rights to subscribe for or purchase Shares,

in each case at a price per Share which is less than 95% of the Current Market Price on the last dealing day preceding the date of public announcement of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:-

$$\frac{A + B}{C}$$

where

A is the number of Shares in issue immediately before the issue of such additional Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of the issue of such Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

(7) ***Issue of Shares upon conversion or exchange:*** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this Condition 8.1(vii), if and whenever the Company or any Subsidiary (otherwise than as mentioned in paragraphs (iv), (v) or (vi) of this Condition 8.1), or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity, shall issue wholly for cash any securities (other than the Notes) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription, at a consideration per Share which is less than 95% of the Current Market Price per Share on the last dealing day preceding the date of announcement of the terms of the issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:-

$$\frac{A + B}{A + C}$$

where

A is the number of Shares in issue immediately before such issue;

B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued upon conversion into or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of the issue of such securities.

(8) ***Modification of rights of conversion or exchange:*** If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 8.1(vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share receivable by the Company is less than 95% of the Current Market Price per Share on the last dealing day preceding the date of public announcement of the proposal for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:-

$$\frac{A + B}{A + C}$$

where

A is the number of Shares in issue immediately before such modification;

B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange, or upon exercise of the right of subscription attached to the securities so modified, would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price; and

C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate,

but giving credit in such manner as the Independent Accountants (whom the Company undertakes to engage for the purpose of this paragraph) shall, acting as an expert, consider appropriate (if at all) for any adjustment under this paragraph (viii) of this Condition 8.1.

Such adjustment shall become effective on the date of such modification of the rights of conversion, exchange or subscription attaching to such securities.

(9) ***Offers for Shares:*** If and whenever the Company or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which Shareholders generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price fails to be adjusted under paragraphs (iv) to (vii) of this Condition 8.1 above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction

$$\frac{A - B}{A}$$

where

A is the Current Market Price of one Share on the last dealing day preceding the date of public announcement of such issue; and

B is the fair market value on the date of such announcement, as determined in good faith by the Independent Accountants, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities.

(10) ***Other events:*** If either the Company or the Noteholders holding not less than 75% in value of the outstanding principal amount of the Notes determine that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 8.1, the Company shall request the Independent Accountants, at the expense of the Company, to determine (acting as experts) as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (provided that the adjustment would result in a reduction in the Conversion Price) shall be made and shall take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this Condition 8.1 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of any other circumstances which have already given or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 8.1 as may be advised by the Independent Accountants to be in their opinion appropriate to give the intended result.

8.2 For the purpose of any calculation of the consideration receivable pursuant to paragraphs (vi), (vii) and (viii) of Condition 8.1, the following provisions shall apply:-

(i) the aggregate consideration receivable for Shares issued for cash shall be the amount of such cash provided that in no case shall any deduction be made for any commission or any expenses paid or incurred by the Company (or the relevant Subsidiary, as the case may be) for any underwriting of the issue or otherwise in connection therewith.

(ii) (a) the aggregate consideration receivable for the Shares to be issued upon the conversion or exchange of any securities shall be deemed to be the consideration received or receivable by the Company for any such securities, and (b) the aggregate consideration receivable for the Shares to be issued upon the exercise of rights of subscription attached to any securities shall be deemed to be that part (which may be the whole) of the consideration received or receivable by the

Company for such securities which is attributed by the Company to such rights of subscription or, if no part of such consideration is so attributed, the fair market value of such rights of subscription as at the date of announcement of the terms of issue of such securities (as determined in good faith by the Independent Accountants), plus in the case of each of sub-paragraphs (a) and (b) above, the additional minimum consideration (if any) to be received by the Company upon the conversion or exchange of such securities, or upon the exercise of such rights of subscription attached thereto (the consideration in all such cases to be determined subject to the proviso in Condition 8.2(i)), and (c) the consideration per Share receivable by the Company upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such securities shall be the aggregate consideration referred to in sub-paragraphs (a) or (b) above (as the case may be) converted into Hong Kong dollars if such consideration is expressed in a currency other than Hong Kong dollars at such rate of exchange as may be determined in good faith by the Independent Accountants to be the spot rate ruling at the close of business on the date of announcement of the terms of issue of such securities, divided by the number of Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate.

8.3 Where more than one event which gives, or may give, rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of the Independent Accountants the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the provisions of Conditions 8.1 and 8.2 as may be advised by the Independent Accountants to be in its opinion appropriate in order to give such intended result.

8.4 Any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to Condition 8.1(i)). The Conversion Price may not be reduced so that, on conversion of any Notes, Conversion Shares will be issued at a discount to their par value.

8.5 On any adjustment, the resultant Conversion Price shall be rounded down to the nearest Hong Kong cent but no adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one cent. Notice of any adjustments shall be given to Noteholders as soon as practicable after the determination thereof.

8.6 Every determination made by the Independent Accountants under Condition 8 shall be certified in writing by the Independent Accountants. Notice of any adjustments, including the new Conversion Price and the effective date thereof, shall be given to Noteholders as soon as practicable after the determination thereof. In giving any certificate or making any adjustment hereunder, the Independent Accountants shall be deemed to be acting as expert and not as arbitrator and, in the absence of manifest error, the Independent Accountants' decision shall be conclusive and binding on the Company and the Noteholders and all persons claiming through or under them respectively.

8.7 The Company shall make available for inspection at its place of business in Hong Kong at all times after the effective date of an adjustment in Conversion Price and for so long as any Note remains outstanding, a signed copy of the certificate of the Independent Accountants or (in the case that the relevant adjustment is not required to be determined by Independent Accountants) a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Noteholders.

8.8 If the Conversion Date in relation to any Note shall be on or after the record date of any such issue, distribution or grant (as the case may be) as is mentioned in paragraphs (ii) to (iv) and (ix) of Condition 8.1, or any such issue as is mentioned in paragraphs (vi) and (vii) of Condition 8.1 above which is made to the Shareholders or any of them, but before the relevant adjustment becomes effective under Condition 8.1, the Company shall (conditional upon such adjustment becoming effective) procure that there shall be issued to the converting Noteholder or in accordance with the instructions contained in the Conversion Notice (subject to any applicable exchange control or other laws or other regulations) such additional number of Shares as, together with the Shares issued or to be issued on conversion of the relevant Note, is equal to the number of Shares which would have been required to be issued on conversion of such Note if the relevant adjustment to the Conversion Price had in fact been made and become effective immediately after the relevant record date. Such additional Shares shall be allotted as at, and within one month after, the relevant Conversion Date or, if the adjustment results from the issue of Shares, the date of issue of Shares. Certificates for such Shares shall be despatched within such period of one month.

8.9 If the Conversion Date in relation to any Note shall be on or after a date with effect from which an adjustment to the Conversion Price takes retroactive effect pursuant to any of the provisions referred to in this Condition 8 and the relevant Conversion Date falls on a date when the relevant adjustment has not yet been reflected in the then current Conversion Price, the Company will procure that the provisions of Condition 7.3 shall be applied, *mutatis mutandis*, to such number of Shares as is equal to the excess of such number of Shares which would have been required to be issued on conversion of such Note if the relevant retroactive adjustment had been given effect as at the said Conversion Date over the number of Shares previously issued pursuant to such conversion, and in such event and in respect of such number of Shares references in Condition 7.3 to the Conversion Date shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (disregarding the fact that it becomes effective retroactively). Accordingly, any Shares issued after such adjustment shall be deemed to have been issued at the same time as the Shares previously issued pursuant to such conversion and shall for all purposes rank pari passu with such previously issued Shares.

8.10 If any issue, grant or offer of any Shares, securities, options, warrants or any other rights referred to in any of paragraphs (i) to (ix) (inclusive) of Condition 8.1 is subject to the fulfilment of any conditions and/or rights of termination, the effective date of the relevant adjustment shall be deemed to be the date on which all such conditions have been fulfilled (and/or waived) and/or such termination rights have expired or ceased to be exercisable (as the case may be).

8.11 No adjustment will be made to the Conversion Price when (i) Shares or other securities (including rights or options) are issued, offered or granted pursuant to any Share Option Scheme, or (ii) Shares are repurchased by the Company pursuant to any exercise of any general mandate granted by Shareholders to the directors of the Company.

8.12 The provisions of Condition 8.1 shall not apply to an issue by the Company of Shares, or by the Company or any Subsidiary of securities wholly or partly convertible into or exchangeable for or carrying rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business.

9. RESTRICTIONS ON TRANSFER AND CONVERSION

9.1 Notwithstanding any other Conditions contained in this Instrument, unless otherwise agreed by the Company, prior to the Macau Property Completion Date, no Noteholder shall be permitted or entitled to exercise any Conversion Right in respect of any Notes.

9.2 For the purpose of this Instrument, the "Macau Property Completion Date" means the date on which Melco Hotels and Resorts (Macau) Limited is granted a long term lease by the Macau Government in respect of the Macau Property to construct and develop an integrated entertainment resort, as contemplated by a letter dated 21st April, 2005 issued by the Macau Government inviting Melco Hotels and Resorts (Macau) Limited to apply for the grant of such a long term lease, or otherwise on terms acceptable to Melco Hotels and Resorts (Macau) Limited (acting reasonably).

10. REDEMPTION

10.1 ***Redemption at Maturity.*** All Notes which have not been redeemed or converted in accordance with these Conditions by the Maturity Date will be automatically redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of such Notes.

10.2 ***Redemption on default.*** If any of the events ("**Events of Default**") specified below occurs, the Company shall forthwith give notice thereof to the Noteholders and each Noteholder may (without prejudice to any other rights and remedies available to the Noteholder), at its option, give a Redemption Notice to the Company in respect of part or all of the Notes held by it, whereupon such Notes shall become immediately due and payable at a redemption amount equal to 100% of the principal amount of such Notes. The relevant Events of Default are as follows:-

(i) any failure to pay the principal amount of the Notes when due and such failure continues for a period of seven days;

(ii) any default made by the Company in the performance or observance of any undertaking, warranty or representation given by it under these terms (other than the covenant to pay the principal in respect of the Note) and such default is incapable of remedy (in which event no such notice as is referred to below shall be required), or if capable of remedy is not remedied within thirty days of service by any Noteholder on the Company of notice requiring such default to be remedied;

(iii) any other present or future indebtedness of the Company or any of its Major Subsidiaries for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised, becomes due and payable prior to its stated maturity otherwise than at the option (as the case may be) of the Company or the relevant Major Subsidiary, or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or the Company or any of its Major Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such indebtedness provided that the aggregate amount of indebtedness and guarantees and indemnities in respect of which one or more events mentioned above have occurred equals or exceeds HK$20,000,000 or its equivalent in any other currency, provided that the provisions of this paragraph (iii) shall not apply to any alleged default if the Company or the relevant Major Subsidiary, as the case may be, is contesting the matter in good faith; or

(iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by the holders of not less than 75% in value of the outstanding principal amount of the Notes;

(v) a resolution is passed or an order of a court of competent jurisdiction is made for the winding up or dissolution of any Major Subsidiary except (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any other Subsidiary, (b) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction (other than as described in (a) above) the terms of which shall have previously been approved by the holders of not less than 75% in value of the outstanding principal amount of the Notes, or (c) by way of a voluntary winding up or dissolution where there are surplus assets in such Major Subsidiary and such surplus assets attributable to the Company and/or any other Subsidiary are distributed to the Company and/or any such other Subsidiary;

(vi) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company or any Major Subsidiary;

(vii) a distress, execution or seizure order before judgement is levied or enforced upon or sued out against the whole or a material part of the property, assets or revenues of the Company or any Major Subsidiary (as the case may be) and is not discharged or stayed within 45 days or such longer period as the Noteholder(s) holding not less than 75% in value of the outstanding principal amount of the Notes may consider appropriate in relation to the event concerned;

(viii) the Company or any of its Major Subsidiaries is insolvent or unable to pay its debts as and when they fall due or the Company or any of its Major Subsidiaries shall initiate or consent to proceedings relating to itself under any applicable administration, bankruptcy, composition or insolvency law or scheme of arrangement while insolvent (except, for the avoidance of doubt, for the purposes of a dissolution or winding-up permitted under paragraphs (iv) or (v) above) or make a general assignment for the benefit of, or enter into any composition with, its creditors;

(ix) proceedings shall have been initiated against the Company or any Major Subsidiary under any applicable bankruptcy, reorganisation or insolvency law, and such proceedings shall not have been discharged or stayed within sixty (60) days thereafter (or such longer period as the Noteholder(s) holding not less than 75% in value of the outstanding principal amount of the Notes may consider appropriate in relation to the jurisdiction concerned);

(x) there is a material adverse change in the financial position of the Group as a whole; or the Company ceases to exist, or the Company and its Subsidiaries cease or threaten to cease to carry on the Business (or any material part of it) or change materially and adversely the nature or scope of the Business, or the Company and its Subsidiaries dispose of all or any material part of the Business;

(xi) it is or becomes unlawful for the Company to perform or comply with any of its obligations under this Instrument or any Note, or due to no fault on the part of any Noteholder any such obligation is not or ceases to be enforceable or is claimed by the Company not to be enforceable;

(xii) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all or (other than on arm's length terms or with respect to a part of the relevant entity's business or operations which has not contributed to the consolidated operating profit of the Company and its Subsidiaries for at least three years prior to the day on which this paragraph operates) a material part of the assets of the Company or any of its Major Subsidiaries;

(xiii) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes or this Instrument, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make the Notes or this Instrument admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done by the requisite time; or

(xiv) any event occurs which has an analogous effect to any of the events referred to in paragraphs (i) to (xiii) of this Condition 10.2 above.

"**Major Subsidiary**" means at any time any Subsidiary of the Company:-

(a) whose profit before taxation and exceptional items ("pre-tax profit") attributable to the Company (consolidated in the case of a Subsidiary which itself has subsidiaries), as shown by its latest audited profit and loss account, are at least 10% of the consolidated pre-tax profit as shown by the latest published audited consolidated profit and loss account of the Company and its Subsidiaries after adjustments for minority interests; or

(b) whose turnover or (in the case of a Subsidiary which has subsidiaries) consolidated turnover attributable to the Company, as shown by its latest audited profit and loss account is at least 10% of the consolidated turnover as shown by the latest published audited consolidated profit and loss account of the Company and its Subsidiaries after adjustment for minority interests; or

(c) whose gross assets or (in the case of a Subsidiary which has subsidiaries) gross consolidated assets attributable to the Company, as shown by its latest audited balance sheet, are at least 10% of the gross consolidated assets of the Company and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Company and its Subsidiaries after adjustment for minority interests,

provided that, in relation to (a), (b) and (c) above:-

(1) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Company relate, the reference to the then latest consolidated audited accounts of the Company for the purposes of the calculation above shall, until consolidated audited accounts of the Company for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Company adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(2) if at any relevant time in relation to the Company or any Subsidiary which itself has subsidiaries no consolidated accounts are prepared and audited, total assets of the Company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Company and reviewed by the Independent Accountants for the purposes of preparing a certificate thereon to the Noteholders; and

(3) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Company and reviewed by the Independent Accountants for the purposes of preparing a certificate thereon to the Noteholders.

10.3 Redemption shall occur at the Company's address stated in Condition 13, at which time and place, the registered holders of the Notes to be redeemed shall be bound to deliver to the Company the relevant Note Certificates for cancellation, and thereupon the Company shall pay to (or to the order of) such holders the monies payable in respect of the redemption of such Notes by the delivery of a cashier's order drawn on a Hong Kong licensed bank for the amount payable and made payable to the Noteholder (or such other person as the Noteholder may notify the Company by giving the Company three Business Days' prior notice in writing). If any certificates so delivered to the Company shall include any Notes not redeemed on the occasion for which it is so delivered, the Company shall issue to the relevant Noteholder, without charge, a balance certificate for such Notes.

10.4 The Company shall fully indemnify each Noteholder in respect of the liability of the Company hereunder to redeem the principal amount of the Notes under Conditions 10.1 and 10.2 and from and against any costs, expenses, liabilities and losses (including legal fees and costs) which such Noteholders may suffer or incur as a result of or in connection with enforcing the redemption of the Notes and/or any obligation of the Company under the Notes.

11. PROTECTION OF THE NOTEHOLDERS

11.1 The Company hereby undertakes and agrees that, for so long as any Notes are outstanding, unless with the prior written approval of the holders of at least 75% in value of the outstanding principal amount of the Notes:-

(i) the Company shall from time to time keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital sufficient Shares to satisfy in full the Conversion Rights and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe for Shares;

(ii) the Company shall ensure that all Shares issued upon conversion of the Notes will be duly and validly issued fully paid or credited as fully paid in accordance with the constitutional documents of the Company and all relevant laws and registered and rank pari passu with all other Shares then in issue, and shall be issued free from all encumbrances;

(iii) the Company shall pay all fees, capital and stamp duties payable in Hong Kong, if any, in respect of the issue of the Conversion Shares;

(iv) in the case of any consolidation, amalgamation or merger of the Company with any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Company, the Company shall forthwith notify the Noteholders of such event and (so far as legally possible) cause the corporation resulting from such consolidation, amalgamation or merger or the corporation which shall have acquired such assets, as the case may be, to execute a deed to ensure that the holders of the Notes then outstanding will have the right (during the period in which such Notes shall be convertible) to convert such Notes into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Note immediately prior to such consolidation, amalgamation, merger, sale or transfer; the provisions of this Condition 11.1(iv) shall apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers;

(v) the Company shall not make any redemption of share capital, share premium account or capital redemption reserve involving any repayment to its Shareholder(s) either in cash or in specie except where any such redemption is made pursuant to any general mandate to repurchase Shares granted by the Shareholders to the directors of the Company or any redemption which falls within any of the events mentioned in Condition 8.1;

(vi) the Company shall comply with any conditions imposed by the Stock Exchange or by the Hong Kong Securities and Futures Commission for the listing of and permission to deal in the Shares issued or to be issued from time to time;

(vii) the Company shall not in any way modify the rights attaching to the Shares or create or issue or permit to be in issue any other class of equity share capital carrying any right to income or capital which is more favourable than the corresponding right attaching to the Shares or attach any special rights or privileges to any such other class of equity share capital, provided that nothing in this paragraph shall prevent any consolidation or sub-division of the Shares;

(viii) the Company shall obtain, maintain and promptly renew (if appropriate) from time to time, all such authorisations, approvals, consents, licences and exemptions as may be required under any applicable law or regulation to enable it to perform its obligations under this Instrument and the Notes (in particular, the Company shall ensure that it has the necessary authority, power and capacity to issue the Conversion Shares under the Listing Rules and the Companies Ordinance) or which are required for the validity or enforceability of the Notes; and

(ix) the Company undertakes that it will not do anything such that any allotment and issue of any Conversion Shares on terms herein will be in breach of the Listing Rules, the Companies Ordinance or any applicable law or regulations.

12. REPLACEMENT NOTE

12.1 If the Note Certificate for any Note is lost or mutilated the Noteholder shall forthwith notify the Company and a replacement certificate for the Note shall be issued if the Noteholder provides the Company with:-

(i) the mutilated Note Certificate; or

(ii) a statutory declaration executed under Hong Kong law by the Noteholder or its duly authorised officer or attorney-in-fact that the Note Certificate had been lost or mutilated (as the case may be) and/or such other evidence that the Note Certificate had been lost or mutilated as the Company may reasonably require, together with an appropriate indemnity in such form and content as the Company may reasonably require.

12.2 Any certificate for any Note replaced in accordance with this Condition 12 shall forthwith be cancelled. All reasonable administrative costs and expenses associated with the preparation, issue and delivery of a replacement certificate for the Note shall be borne by the Noteholder.

13. NOTICES

Any notice required to be given under this Instrument shall be served by hand delivery, sent by first class pre-paid recorded post (air mail if overseas) or by facsimile transmission to the addresses and facsimile numbers provided below (or such other address or facsimile number as the relevant addressee (being the Company or a Noteholder, as the case may be) may have by five Business Days' prior written notice notified to the other party (being a Noteholder or the Company, as the case may be) in accordance with this Condition). Any notice shall be deemed duly served and received when delivered at the addressee's address (in the case of personal delivery), or two days after posting (six days if sent by air-mail) and in proving the time of posting it shall be sufficient to show that the envelope containing such notice was properly addressed, postage pre-paid and posted to the addressee's address (in the case of despatch by mail), or when the notice was properly transmitted by facsimile to the addressee. In the case of communication by facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a report of satisfactory transmission printed out by the sending machine.

The addresses and facsimile numbers for service of notices are as follows:

To a Noteholder - to its address and facsimile number as recorded in the register of Noteholders maintained by the Company.

To the Company:-

Address: Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong

Facsimile: (852) 3162 3579

Attention: The Board of Directors

14. AMENDMENT

The terms and conditions of this Instrument may be amended by agreement in writing between the Company and Noteholders holding not less than 75% in value of the outstanding principal amount of the then outstanding Notes.

15. GOVERNING LAW AND JURISDICTION

15.1 The Notes are governed by and shall be construed in accordance with the laws of Hong Kong and the parties hereby submit to the non-exclusive jurisdiction of the Courts of Hong Kong.

IN WITNESS WHEREOF the parties hereto have executed this Instrument as their Deed the day and year first above written.

SCHEDULE 1

CONVERSION NOTICE

The undersigned hereby irrevocably requires the Company to convert all of the Notes specified below into shares of HK$1.00 each, of **Melco International Development Limited** (the "**Company**") in accordance with the Conditions and the terms below.

Principal amount of the Note Certificate enclosed and serial number:		_____
Principal amount of Note to be converted:		_____
Applicable Conversion Price:		_____
		(to be confirmed by the Company)
Name in which Shares to be registered:		_____
Address of registered Shareholder:		_____
Delivery instructions:	Name:	_____
	Address:	_____
Please indicate delivery method:-	☐	Regular postal service (via airmail, if address is overseas)
	☐	Registered mail (via airmail, if address is overseas)
	☐	Express delivery through courier companies
	☐	To be collected at the Company's principal place of business in Hong Kong as stated in or provided pursuant to Condition 13 of the Instrument
Signature of Noteholder:		_____

Name(s) of Noteholder and its authorised signatory executing this Conversion Notice: _____

Address of Noteholder: _____

***Note**: Defined terms used in this Notice have the same meaning as given to them in the Instrument issued by the Company constituting the Notes.*

SCHEDULE 2

REDEMPTION NOTICE

The undersigned hereby irrevocably requires **Melco International Development Limited** (the "**Company**") to redeem all of the Notes specified below of the Company in accordance with the Conditions and the terms below.

Principal amount of the Note(s) held by the undersigned: _____

Principal amount of Note(s) to be redeemed and the serial number of the Note Certificate(s) relating to such Note(s): _____

_____

Applicable redemption event: _____

Signature of Noteholder: _____

Name(s) of Noteholder and its authorised signatory executing this Redemption Notice: _____

Address of Noteholder: _____

Payee of redemption money: _____

Note: *Defined terms used in this Notice have the same meaning as given to them in the Instrument issued by the Company constituting the Notes.*

SCHEDULE 3

FORM OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby transfers to

_____

_____

(PLEASE PRINT OR TYPE NAME, ADDRESS AND FACSIMILE NUMBER OF TRANSFEREE)

HK$[•]_____principal amount of the Note in respect of which the enclosed Note Certificate (serial number _____) is issued, and all rights in respect thereof and irrevocably request the Company to transfer the aforesaid principal amount of the Note in the register of Noteholders maintained by the Company in respect thereof.

All payments in respect of the principal amount of the Note transferred are to be made (unless otherwise instructed by the transferee) to the following account:

For the account of: _____

Name of bank: _____

HK$ account number: _____

Dated:

SIGNED

_____ _____

Transferee's authorised signature Transferor's authorised signature

Notes:

1. *A representative of the Noteholder should state the capacity in which he signs (e.g. executor, attorney-in-fact, authorised signatory, etc).*
2. *The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatories supplied by the registered holder or be certified by a recognised bank, solicitor, notary public or in such other manner as the Company may require.*
3. *In the case of joint holders, all joint holders must sign this transfer form.*
4. *The signatory to this transfer must correspond to the name as it appears on the face of the attached Note.*

SCHEDULE 4

FORM OF NOTE CERTIFICATE

MELCO INTERNATIONAL DEVELOPMENT LIMITED
(Incorporated in Hong Kong with limited liability)

HK$1,175,000,000 ZERO COUPON CONVERTIBLE LOAN NOTE DUE 2010

*(forming [part]/[the whole] of a series of convertible loan notes (the "**Notes**") in the aggregate principal amount of HK$1,175,000,000 issued pursuant to an instrument (the "**Instrument**") dated [•] and executed by way of deed poll by Melco International Development Limited (the "**Company**") (as issuer) creating this Note)*

THIS IS TO CERTIFY that the Company will pay to [•] of [•], being the holder (the "**Noteholder**") of this Note, on the Maturity Date (or on such earlier date as such sum may become payable in accordance with the Conditions (as defined in the Instrument)) the principal sum of HK$[•], in accordance with the Conditions. This Note is issued with the benefit of and subject to the Instrument which is binding on the Company and the Noteholder.

GIVEN under the Seal of the Company on [•].

Director

Director/Secretary

This Note cannot be transferred to bearer on delivery and is transferable only to the extent permitted by Condition 3 as set out in the Instrument. This Note must be delivered to the Secretary of the Company for cancellation and reissue of an appropriate certificate in the event of any such transfer.

(For endorsement in the event of partial conversion or assignment)

Date	Amount converted	Amount transferred	Amount outstanding

EXECUTION PAGE

THE COMMON SEAL of)
MELCO INTERNATIONAL)
DEVELOPMENT LIMITED)
was hereunto affixed in the presence of:)

EXECUTION PAGE

THE ASSIGNOR

SIGNED by Ho Yan Lung, Lawrence)
for and on behalf of)
GREAT RESPECT LIMITED) /s/
whose signature is verified by)

/s/

Wong Ka Yan
Solicitor, Hong Kong SAR
Richards Butler

THE ASSIGNEE

SIGNED by Tsui Che Yin, Frank)
for and on behalf of)
MELCO ENTERTAINMENT LIMITED) /s/
whose signature is verified by)

/s/

Wong Ka Yan
Solicitor, Hong Kong SAR
Richards Butler

THE ISSUER

SIGNED by Tsui Che Yin, Frank)
for and on behalf of)
MELCO INTERNATIONAL) /s/
DEVELOPMENT LIMITED)
whose signature is verified by)

/s/

Wong Ka Yan
Solicitor, Hong Kong SAR
Richards Butler

Annexure A

The Announcement

[LOGO]

Melco International Development Limited

[Company name in Chinese]

(Incorporated in Hong Kong with limited liability)

Website http://www. melco.hk.cn

(Stock Code: 200)

PROPOSED ACQUISITION OF ADDITIONAL LAND IN MACAU FOR DEVELOPMENT AS AN INTEGRATED ENTERTAINMENT RESORT VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTION

The Development Project

The Directors are pleased to announce that, on 10th May 2005, Melco Hotels accepted in principle an offer from the Macau Government to grant to Melco Hotels a long term lease in respect of a plot of land with an area of approximately 113,325 square metres in Taipa, Macau, on the Cotai Strip, for the construction and development of an integrated entertainment resort. The proposed development is expected to include: 14.58(3) 14.60(1), (2)

- one five star hotel with approximately 500 rooms and two four star hotels with approximately 750 rooms each
- subject to obtaining the necessary Macau regulatory approvals, a casino with approximately 45,000 sq. meters gaming space and 400 mass market gaming tables, 50 premium player market gaming tables and 3,000 electronic slot machines
- two blocks of service apartments with approximately 142,000 sq. meters saleable area
- retail shopping space of approximately 10,000 sq. meters

- a performance hail with approximately 8,500 sq. meters auditorium and back of house areas
- car parking facilities and other supporting infrastructure

The offer by the Macau Government to grant a long term lease in respect of the Land in the name of Melco Hotels was secured through the efforts of Great Respect, a company controlled by a discretionary trust of Dr. Stanley Ho, in the context of a joint venture established to apply to the Macau Government for the grant of one or more parcels of Land in Cotai, Macau. The Macau Government offered the opportunity to be granted development rights in respect of the Land to Melco Hotels in a letter dated 21st April 2005, which sets out detailed specifications of the permitted uses and developable gross floor area of the site and the applicable land premium payable to take up the grant of the lease. The terms of the proposed grant were accepted in principle by Melco Hotels on 10th May 2005, although a legally binding commitment of Melco Hotels will only arise upon the execution by it of a legally binding contract with the Macau Government. That legally binding contract will only be entered into by Melco Hotels subject to, or following, the approval of the Land grant and the project by Shareholders of Melco (by way of a poll) at the EGM.

Acquisition of Interests in the Joint Venture

14.58(3)

The Directors are also pleased to announce that, on 11th May 2005, Melco Entertainment agreed to acquire the interest of Great Respect in the Joint Venture referred to above which was established to apply to the Macau Government for the grant of one or more parcels of land in Cotai, Macau and which resulted in the offer of development rights in respect of the Land.

The Joint Venture is constituted by a legally binding Joint Venture MOA made between Melco Leisure and Great Respect on 28th October 2004. The Joint Venture MOA contemplated that Great Respect would use its best efforts, through its business relationships and connections in Macau, to apply to the Macau Government for the grant of development rights in respect of one or more parcels of land in Cotai, Macau. Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho. Dr. Ho has had strong links with Macau and its business community over several decades. Dr. Ho and Great Respect have been able to employ Dr. Ho’s strong and enduring links with Macau and its business community for the benefit of Melco, to secure the opportunity for the Melco group to obtain a long term lease in respect of the Land, which is an opportunity which would not otherwise have been open to Melco. Under the Joint Venture MOA, for expedience Melco Leisure would make available one of its Macau subsidiaries (which was ultimately Macau Hotels) to the Joint Venture, as the Macanese vehicle to make the application.

The Joint Venture MOA provides that, if the Macau Government were to agree to grant land in Cotai to the Joint Venture, or the vehicle provided by Melco Leisure to make the application, Melco Leisure would have an interest of 50.8% in the land so agreed to be granted and Great Respect would have an interest of 49.2% in the relevant land and that, upon a land application being approved, Melco Leisure and Great Respect would jointly develop the land on a 50.8% (Melco Leisure):49.2% (Great Respect) basis.

In accordance with a Shareholders Agreement between Melco and PBL dated 8th March 2005, all gaming ventures in Macau are required to be carried out by Melco and PBL through their joint venture company, Melco Entertainment. Accordingly, pursuant to that Shareholders Agreement and a Declaration Agreement dated 9th March 2005 between Melco Leisure and Melco Entertainment, Melco Leisure is holding its 50.8% interest in the Joint Venture on behalf of Melco Entertainment and has agreed to transfer its 50.8% interest in the Joint Venture, and its interest in Melco Hotels, to Melco Entertainment.

Melco Entertainment has now also agreed to acquire the 49.2% interest of Great Respect in the Joint Venture, thereby giving Mete() Entertainment a 100% interest in the right to apply to the Macau Government for a long term lease of the Land and to subsequently develop the Land as an integrated entertainment resort.

Acquisition Agreements

Melco Entertainment has entered into the following agreements:

1. The First Agreement, dated 11th May 2005, with Great Respect and Melco, pursuant to which: 14.58(3) 14.58(4)
   (a) Melco Entertainment has agreed to purchase and take an assignment of the 49.2% interest in the Joint Venture held by Great Respect under the Joint Venture MOA, for a consideration of HK$1,180 million; and
   (b) Great Respect has undertaken to immediately subscribe the entire amount of the consideration to be received by it on completion of the First Agreement for Convertible Loan Notes to be issued by Melco.
2. The Second Agreement, dated 11th May 2005, with Melco Leisure, pursuant to which Melco) Leisure will transfer its 50.8% interest in the Joint Venture and its interest in Melco Hotels to Melco Entertainment, in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement. 14.58(3)

Convertible Loan Notes

The Convertible Loan Notes will be issued in the aggregate principal amount of HK$1,180 million, will not bear interest and will be convertible into Shares at an initial conversion price of HK$19.93 per Share, subject to customary adjustments. The conversion price has been calculated as the average closing price of a Share for the 5 (five) trading days up to and including the Last Trading Date. The Convertible Loan Notes are not transferable and are not permitted to be converted into Shares prior to the date of grant by the Macau Government to Melco Hotels of the long term lease in respect of the Land, for the construction and development of an integrated entertainment resort. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares falling to be issued on conversion of the Convertible Loan Notes. The exercise in full of the Convertible Loan Notes would result in the issue of an aggregate of 59,207,225 new Shares, representing approximately 12.06% of the issued share capital of Melco on the date of this announcement and 10.76% of the enlarged issued share capital on that date, assuming full conversion of the Convertible Loan Notes.

If a legally binding tong term lease in respect of the Land for the construction and development of an integrated entertainment resort is not formally granted to Melco Hotels by 31st December 2006, then Great Respect is required to transfer the Convertible Loan Notes back to Melco, for cancellation, and Melco is required to pay the proceeds received by it from Great Respect on subscription of the Convertible Loan Notes to Melco Entertainment, by way of refund of the purchase price for the acquisition of Great Respect's interest in the Joint Venture.

Completion of the First Agreement and the Second Agreement are subject to the respective conditions precedent specified in this announcement. Completion of the Second Agreement is not conditional upon completion of the First Agreement; however, it is anticipated that (subject to the necessary shareholders approvals having been obtained and other relevant conditions precedent having been fulfilled), the Agreements will be completed at substantially the same time.

Implications under the Listing Rules

The First Agreement constitutes a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the total assets which are the subject of the transaction (calculated as Great Respect's 49.2% interest in the Joint Venture on the basis of the open market value of the Land derived from the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer) referred to below) exceeds 100% of the total assets of Melco. Accordingly, the First Agreement is conditional on approval by shareholders (by way of poll) at the EGM.

Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho, who is a director, shareholder and connected person of Melco. Accordingly, the First Agreement also constitutes a connected transaction of Melco under the Listing Rules. Dr. Stanley Ho, Mr. Lawrence Ho and their respective associates, including Madam Lucina Laam King Ying, Better Joy and Lasting Legend will abstain from voting on the relevant resolution regarding the First Agreement and the transactions contemplated by it. In aggregate, these persons hold shares representing approximately 52.76% of the issued share capital of Melco as at the date of this announcement. 14A.56(2)

An independent board committee of Melco comprising its independent non-executive directors will be appointed to advise the Independent Shareholders in relation to the First Agreement and the transactions contemplated by it. An independent financial adviser will be appointed to advise the independent board committee.

The Second Agreement constitutes a very substantial disposal for Melco under Chapter 14 of the Listing Rules, on the basis that the preliminary open market valuation of the Land, as determined in the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer), exceeds 75% of the total assets of Melco. Accordingly, the Second Agreement is also conditional on approval by shareholders (by way of poll) at the EGM.

The legally binding commitments of Melco Hotels expected to be entered into in the future as a result of its in principle acceptance of the Macau Government's offer to grant a long term lease in respect of the Land, and in connection with the

future development of the Land as an integrated entertainment resort, will, in aggregate, constitute a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the aggregate of the amount of the Land premium required to be paid to secure the grant of a long term lease in respect of the Land and the costs of development and construction of an integrated entertainment resort will exceed 100% of the total assets and total market capitalization of Melco. The aggregate of the amount of the Land premium and estimated development costs of the integrated entertainment resort having the features described in this announcement are expected to be in the region of approximately HK$8,000 million.

Circular

A circular containing further details of:

(i) the Agreements and the transactions contemplated by them;

(ii) the in principle acceptance by Melco Hotels of the Macau Government's offer to grant a long term lease in respect of the Land; and

(iii) the proposed development of the Land, involving the construction of an integrated entertainment resort having the features referred to above;

together with the information required under the Listing Rules in relation to each of the foregoing, and convening the EGM, will be despatched to Shareholders within 21 days from the date of publication of this announcement.

Possible Fund Raising and Whitewash Waiver Application

In order to raise the funds required to finance the construction and development of the proposed integrated entertainment resort, as described in this announcement, Melco is considering a possible Placing of shares. If it proceeds, the Placing would result in the aggregate shareholding of the Concert Party being diluted to less than 50% of the voting rights of Melco. Following that dilution, an exercise of the Conversion Rights under the Convertible Loan Notes which results in the Concert Party's shareholding increasing by more than 2% from the lowest percentage shareholding of the Concert Party within the 12 month period immediately preceding the date of exercise of those conversion rights would ordinarily require Great Respect or the Concert Party to make an unconditional cash offer to acquire all of the Shares of Melco other than those owned by the Concert Party, at the applicable conversion price.

However, if the Placing proceeds, an application will be made by Great Respect to the SFC for the Whitewash Waiver, in respect of the Shares falling to be issued on exercise in full of the conversion rights under the Convertible Loan Notes. If granted, the Whitewash Waiver would be subject to the approval of the Independent Shareholders and such approval would be sought at the EGM pursuant to a vote conducted by poll.

Suspension of Trading

At the request of Melco, the Shares were suspended from trading on the Stock Exchange at 9:30 a.m. on 11th May 2005 pending the release of this announcement. The Shares will remain suspended following the publication of this announcement, pending the publication of a further announcement regarding the possible Placing.

THE DEVELOPMENT PROJECT

On 10th May 2005, Meleo Hotels accepted in principle an offer from the Macau Government to grant to Melco Hotels a long term lease of land parcels on the Cotai Strip in Macau with an aggregate area of 113,325 sq. meters, for the development of an integrated entertainment resort with the following principal features: 14.58(3) 14.60(1), (2)

- one five star hotel with approximately 500 rooms and two four star hotels with approximately 750 rooms each
- subject to obtaining the necessary Macau regulatory approvals, a casino with approximately 45,000 sq. meters gaming space and 400 mass market gaming tables., 50 premium player market gaming tables and 3,000 electronic slot machines
- two blocks of service apartments with approximately 142,000 sq. meters saleable area
- retail shopping space of approximately 10,000 sq. meters
- a performance hall with approximately 8,500 sq. meters auditorium and back of house areas
- car parking facilities and other supporting infrastructure

The Macau Government offered the opportunity to be granted development rights in respect of the Land to Melco Hotels in a letter dated 21st April 2005, which sets out detailed specifications of the permitted uses and developable gross floor area of the site and the applicable land premium payable to take up the grant. The terms of the proposed grant were accepted in principle by Melco Hotels on 10th May 2005. A limited number of matters in relation to the detailed terms of the grant and the undertaking of preliminary peripheral infrastructure work remain to be discussed with the Macau Government and Melco Hotels has, in addition, requested an increase in the developable site area from approximately 400,000 sq. meters to the approximately 450,000 sq. meters contemplated by the proposed development described above. The Directors anticipate that the requested modification to the developable gross floor area, to permit the development described above, will be granted by the Macau Government in the context of the process which is expected to ultimately result in the grant of a formal legally binding long term lease in respect of the Land. Subject to the foregoing, the terms of the proposed land grant are substantially agreed in principle, albeit that a legally binding commitment of Melco Hotels will only arise upon the execution by it of a legally binding contract with the Macau Government. That legally binding contract will only be entered into by Melco Hotels subject to, or following, the approval of the Land grant and the project by Shareholders of Melco (by way of a poll) at the EGM.

The Land consists of two individual parcels. The grant of development rights in respect of "Parcel A", a parcel of land of 73,528 sq. meters which is registered as Lot No. 23053 in the Property Registration Bureau, would be conditional on the return of the land parcel to the Macau Government by the existing holder of development rights in respect of it. Such holder is an independent third party not connected with Melco or any of its substantial shareholders, directors or chief executive. Melco has obtained written confirmation from such holder that it will complete negotiations with the Macau Government as soon as possible with the intention that "Parcel N" is surrendered to the Macau Government (and hence granted to Melco Hotels) before May 2006. The grant of rights in respect of "Parcel B", a parcel of land of 39,797 sq. meters which is thought to be unregistered, would not be subject to such a condition. 14A.56(2)

If granted, the lease term would initially be 25 years, with the right to renew for further consecutive periods of 25 years in accordance with the applicable provisions of Macau law.

The premium payable on the grant of a long term lease for the construction and development on the Land of an integrated entertainment resort having the features described above will need to be agreed with the Macau Government in the context of the process which is expected to ultimately result in the formal grant of a long term lease in respect of the Land. The amount of the land premium originally proposed by the Macau Government in its 21st April 2005 letter is MOP 509,124,823 (equivalent to approximately HK$[•]), although this amount may be adjusted if the Macau Government accedes to Melco Hotels' request to increase the developable gross floor area at the site from approximately 400,000 sq. meters to approximately 450,000 sq. meters. In addition, as is customary for this type of project, it is anticipated that Melco Hotels will also be required to provide guarantee money to the Macau Government by way of a cash deposit or bank guarantee acceptable to the Macau Government. It is anticipated that the amount of the guarantee money required to be provided by Melco Hotels will be in the region of MOP 2,300,000 (equivalent to approximately HK$[•]).

The legally binding commitments of Melco Hotels expected to be entered into in the future as a result of its in principle acceptance of the Macau Government's offer to grant a long term lease in respect of the Land, and in connection with the future development of the Land will only be entered into subject to, or following, the approval of the project by the shareholders of Melco (by way of poll) at the EGM.

The Directors intend to reach an agreement with SJM whereby, upon completion of the proposed casino and subject to obtaining the necessary Macau regulatory approvals, SJM would take a lease of and operate the casino, while (subject as aforesaid) the electronic gaming machine lounge will be managed by Mocha Slot, a subsidiary of Melco Entertainment. SJM, which is a subsidiary of STDM, is one of the three concessionaries granted rights by the Macau Government to engage in casino gaming operations in Macau from 1st April 2002 to 31st March 2020. Although there is currently no agreement in place with SJM for the lease and operation of the proposed casino, this model has been employed in Melco's other principal investment in Macau, a luxury hotel with a casino and electronic gaming machine lounge on a parcel of land with an area of approximately 5,230 sq. meters located at Biaxa da Taipa, Macau. Pursuant to those arrangements, a lease will be granted to SJM for a period from the commencement of business

of the hotel to the expiry of SJM's concession to operate casinos in Macau. In terms of rental under the lease, the Melco Group is entitled to receive 40% of the gross monthly revenue generated from 60 (out of a total of 160) gaming tables and a percentage to be agreed between SJM and the Melco Group (but in any event not less than 30%) of the gross monthly revenue generated from the remaining 100 gaming tables. The Directors intend to enter into arrangements on a similar basis with SJM in relation to the casino to be built as part of the integrated entertainment resort described in this announcement. Dr. Stanley Ho, who is the Chairman and an Executive Director of Melco, has an equity interest in SJM and is a director of STDM. SJM is, therefore, treated by Melco as a connected person under the Listing Rules. Accordingly, the terms of any agreement reached with SJM in relation to the lease and operation of the proposed casino would constitute a connected transaction of Melco under Chapter 14A of the Listing Rules and, in the absence of any applicable exceptions, would be subject to the approval of the Independent Shareholders. 14A.56(2), (3)

The offer by the Macau Government to grant a long term lease in respect of the Land in the name of Melco Hotels for the development of an integrated entertainment resort was secured through the efforts of Great Respect in the context of the Joint Venture. Melco Entertainment has agreed to acquire a 100% interest in the Joint Venture, as described below.

ACQUISITION OF INTERESTS IN THE JOINT VENTURE

A group structure chart appears below. Melco Entertainment is a company incorporated in the Cayman Islands which is directly owned as to 80% by Melco PBL Holdings and as to the balance of 20% by Melco Leisure. Melco Leisure is a wholly owned subsidiary of Melco, while Melco PBL Holdings is a 50/50 joint venture between Melco and PBL. Accordingly, Melco has a 60% direct and indirect attributable interest in Melco Entertainment.

On 11th May 2005, Melco Entertainment agreed to acquire the 49.2% interest of Great Respect in a Joint Venture established to apply to the Macau Government for the grant of one or more parcels of land in Cotai, Macau. 14.58(3)

The Joint Venture is constituted by a legally binding Joint Venture MOA made between Melco Leisure and Great Respect on 28th October 2004. The Joint Venture MOA contemplated that Great Respect would use its best efforts, through its business relationships and connections in Macau, to apply to the Macau Government for the grant of development rights in respect of one or more parcels of land in Cotai, Macau. Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho. Dr. Ho has had strong links with Macau and its business community over several decades. Dr. Ho and Great Respect have been able to employ Dr. Ho's strong and enduring links with Macau and its business community for the benefit of Melco, to secure the opportunity for the Melco group to obtain a long term lease in respect of the Land, which is an opportunity which would not otherwise have been open to Melco. Under the Joint Venture MOA, for expedience Melco Leisure would make available one of its Macau subsidiaries (which was ultimately Melco Hotels) to the Joint Venture, as the Macanese vehicle to make the application.

The Joint Venture MOA provides that, if the Macau Government were to agree to grant land in Cotai to the Joint Venture, or the vehicle provided by Melco Leisure to make the application, Melco Leisure would have an interest of 50.8% in the land so agreed to be granted and Great Respect would have an interest of 49.2% in the relevant land and that, upon a land application being approved, Melco Leisure and Great Respect would jointly develop the land on a 50.8% (Melee Leisure): 49.2% (Great Respect) basis.

The Acquisition Agreements

Melco Entertainment has entered into the following two agreements:

1. The First Agreement, dated 11th May 2005, with Great Respect and Melco, pursuant to which: 14.58(3)

   (a) Melco Entertainment has agreed to purchase and take an assignment of the 49.2% interest in the Joint Venture held by Great Respect under the Joint Venture MOA, for a consideration of HK$1,180 million; and 14.58(4)

   (b) Great Respect has undertaken to immediately subscribe the entire amount of the consideration to be received by it on completion of the First Agreement for Convertible Loan Notes to be issued by Melco.

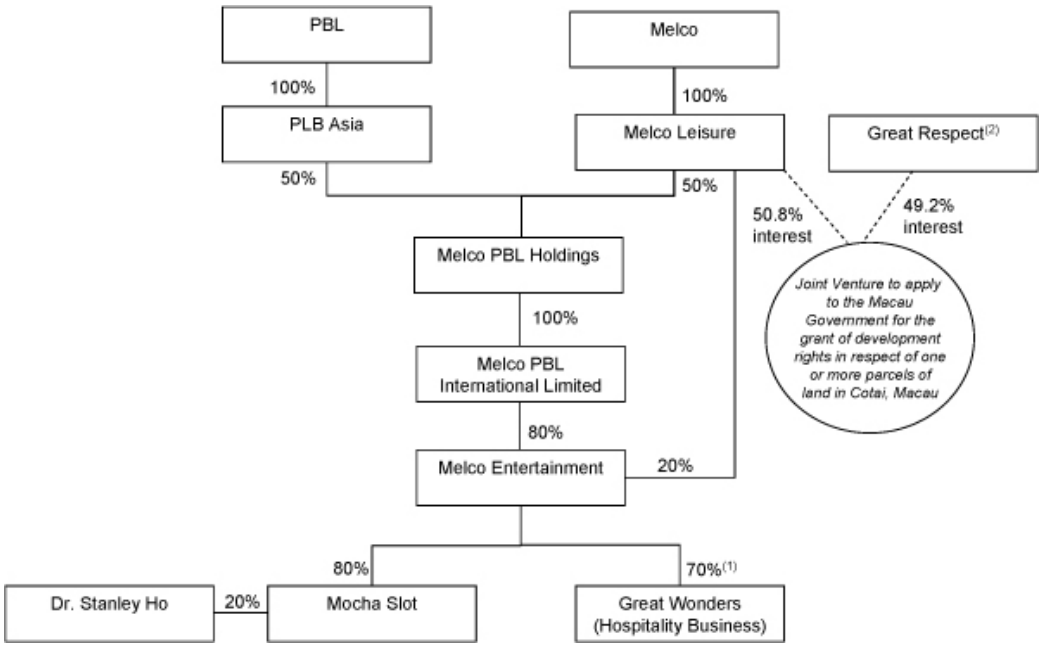
2. The Second Agreement, dated 11th May 2005, with Melco Leisure, pursuant to which Melco Leisure will transfer its 50.8% interest in the Joint Venture and its interest in Melco Hotels to Melco Entertainment, in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement and in consideration of the mutual benefits to be derived by, and reciprocal covenants of, Melco and PBL under the Shareholders Agreement.

The Convertible Loan Notes will be issued in the principal amount of HK$1,180 million, will not bear interest and will be convertible into Shares at an initial conversion price of HK$19.93 per Share, subject to customary adjustments. The conversion price has been calculated as the average closing price of a Share for the five (5) trading days up to and including the Last Trading Date. The Convertible Loan Notes are not transferable without the consent of Melco and are not permitted to be converted into Shares prior to the date of grant by the Macau Government to Melco Hotels of the long term lease in respect of the Land for the construction and development of an integrated entertainment resort. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares falling to be issued on conversion of the Convertible Loan Notes. The exercise in full of the Convertible Loan Notes would result in the issue of an aggregate of 59,207,225 new Shares, representing approximately 12.06% of the issued share capital of Melco on the date of this announcement and 10.76% of the enlarged issued share capital on that date assuming full conversion of the Convertible Loan Notes.

If the legally binding long term lease in respect of the Land is not formally granted to Melco Hotels by 31st December 2006, then Great Respect is required to transfer the Convertible Loan Notes to Melco for cancellation, and Melco is required to pay the proceeds received by it from Great Respect on subscription of the Convertible Loan Notes to Melco Entertainment, by way of refund of the purchase price for the acquisition of Great Respect's interest in the Joint Venture.

The following diagrams illustrate the structure of Melco's gaming, entertainment and hospitality businesses in Asia Pacific and Greater China before and after completion of the acquisition described above:

Before Completion

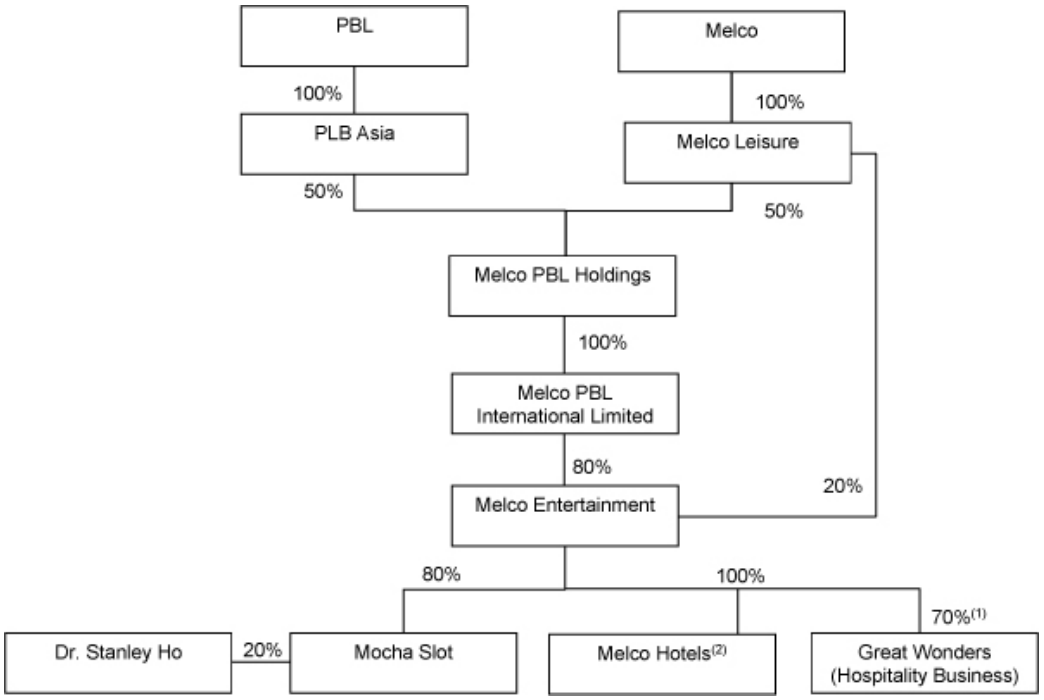


Notes:

(1) Melco Entertainment currently holds 70% of Great Wonders, but has agreed to acquire the remaining 30% from STDM pursuant to the arrangements described in Melco's announcement dated 22nd March 2005.

(2) Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho

After Completion



Note:

(1) Melco Entertainment currently holds 70% of Great Wonders, but has agreed to acquire the remaining 30% from STDM pursuant to the arrangements described in Melco's announcement dated 22nd March 2005.

(2) Holds the right to apply to the Macau Government to be granted a long term lease in respect of the Land, for the construction and development of a hotel complex, derived from the Joint Venture.

The First Agreement

Date	:	11th May 2005	14.58(3)
Parties	:	Great Respect, as assignor Melco Entertainment, as assignee Melco, as issuer of the Convertible Loan Notes	
Interest to be acquired	:	49.2% interest in the Joint Venture held by Great Respect	
Consideration	:	HK$1,180 million	14.58(4)

Terms of Payment	:	The consideration of HK$1,180 million is payable in cash on completion. However, Great Respect has agreed to immediately apply the entire amount of the consideration received by it on completion of the First Agreement to subscribe for the Convertible Loan Notes.	
Other Terms	:	If the legally binding long term lease in respect of the Land for the construction and development of an integrated entertainment resort is not formally granted by the Macau Government on or before 31st December 2006, Great Respect is required to surrender the entire amount of the Convertible Loan Notes to Melco for cancellation, and Melco, is required to pay the proceeds received by it from Great Respect on subscription of the Convertible Loan Notes to Melco Entertainment, by way of refund of the purchase price for the acquisition of Great Respect's interest in the Joint Venture.	

The Second Agreement

Set out below is a summary of the principal terms of the Second Agreement:

Date	:	11th May 2005	14.58(3)
Parties	:	Melco Leisure, as assignor and vendor Melco Entertainment, as assignee and purchaser	
Interest to be acquired	:	50.8% interest in the Joint Venture and entire issued equity of Melco Hotels	
Consideration	:	To be transferred in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement, in consideration of the mutual benefits to be derived by Melco and PBL, under the Shareholders Agreement and the reciprocal covenants of each of them under that agreement.	14.58(4)

The Convertible Loan Notes

Principal Amount	:	HK$1,180 million, equal to the consideration payable to Great Respect on the acquisition of its 49.2% interest in the Joint Venture.	
Status	:	General, unsecured obligations of Melco ranking equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of Melco.	
Maturity	:	Five years from the date of issue.	

Interest	:	The Convertible Loan Notes do not bear interest.
Conversion	:	The principal amount of the Convertible Loan Notes is convertible into Shares, at an initial conversion price of HK$19.93 per Share, subject to customary adjustments in accordance with the terms of the Convertible Loan Notes. The conversion price is equal to the average closing price of the Shares on the five trading days immediately preceeding the Last Trading Date. If the conversion rights in respect of the Convertible Loan Notes were exercised in full at the initial conversion price, the Shares falling to be issued on exercise of the Convertible Loan Notes would represent approximately 10.76% of the issued share capital of Melco as at the date of this announcement and approximately 12.06% of the enlarged share capital assuming conversion of the Convertible Loan Notes in full (but, in each case, disregarding amounts of accrued interest which can be converted into Shares under the terms of the Convertible Loan Notes).
Transfer	:	The Convertible Loan Notes are not transferable.
Moratorium on Conversion:	:	The Convertible Loan Notes are not permitted to be converted prior to the date on which the long term lease in respect of the Land, for the construction and development of an integrated entertainment resort, is granted to Melco Hotels by the Macau Government.

Conditions Precedent

The First Agreement

Completion of the First Agreement is conditional upon the fulfillment (or, in the case of paragraph (d) below, waiver) of the following conditions precedent:

(a) The First Agreement and the transactions contemplated thereby, including the subscription and issue of the Convertible Loan Notes, having been approved by a resolution of the Independent Shareholders in general meeting taken on a poll and Melco having obtained all other approvals and consents which are necessary or desirable for the completion of the transactions contemplated by the First Agreement;

(b) listing permission to deal in the Shares falling to be issued on conversion of the Convertible Loan Notes having been granted by the Stock Exchange and not having been revoked;

(c) all consents or approvals of any relevant governmental authorities or other relevant regulatory bodies in Hong Kong and Macau which are necessary for entering into the First Agreement and the consummation of the transactions contemplated thereby having been obtained and not having been revoked; and

(d) Great Respect delivering to Melco Entertainment an opinion addressed to it by a firm of lawyers qualified to advise on Hong Kong law, in an agreed form.

If any of the conditions precedent have not been fulfilled (or, in the case of the condition referred to in paragraph (d) above, waived) by 31st December 2006 (or such later date as the parties to the First Agreement may agree in writing), any party to the First Agreement may at its option (but without prejudice to any other right or remedy it may have), by notice to the other parties to the First Agreement elect to terminate the First Agreement, in which event the First Agreement will be of no further effect, the rights and obligations of the parties under the First Agreement will lapse and the parties thereto will be released from such obligations without any liability.

The Second Agreement

Completion of the Second Agreement is conditional upon the fulfillment (or, in the case of paragraph (c) below, waiver) of the following conditions precedent:

(a) The Second Agreement and the transactions contemplated thereby having been approved by resolution of the Shareholders in general meeting taken on a poll and Melco having obtained all other approvals and consents which are necessary or desirable for the completion of the transactions contemplated by the Second Agreement;

(b) all consents or approvals of any relevant governmental authorities or other relevant regulatory bodies in Hong Kong and Macau which are necessary for entering into the Second Agreement and the consummation of the transactions contemplated thereby having been obtained and not having been revoked; and

(c) Melco Leisure having delivered to Melee Entertainment an opinion addressed to Melee Entertainment by a firm of lawyers qualified to advise on Macau law, in an agreed form.

If the conditions precedent have not been fulfilled (or in the case of the condition referred to in paragraph (c) above, waived) by 31st December 2006 (or such later date as the parties to the Second Agreement may agree in writing) then either party to the Second Agreement may at its option (but without prejudice to any other right or remedy it may have) by notice to the other party to the Second Agreement elect to terminate the Second Agreement, in which event the Second Agreement shall be of no further effect, the rights and obligations of the parties under the Second Agreement will lapse and the parties thereto will be released from such obligations without any liability.

Completion

The First Agreement provides that completion will take place on the 3rd Business Day following the fulfillment or (if applicable) waiver of the conditions precedent to completion under the First Agreement, or such other time as the parties to the First Agreement may agree.

The Second Agreement provides that completion will take place on the 3rd Business Day following the fulfillment or (if applicable) waiver of the conditions precedent to completion under the Second Agreement, or such other time as the parties to the Second Agreement may agree.

The Directors anticipate that the First Agreement and the Second Agreement will be completed around [ ].

REASONS FOR AND BENEFITS OF THE TRANSACTIONS DESCRIBED IN THIS ANNOUNCEMENT 14.58(8)

The acquisition of the Land provides Melee with a sizeable and valuable piece of land at a strategic location in Macau and offers Melco a rare opportunity to considerably expand its leisure, entertainment and hospitality business there. When completed, the development will provide a visible presence of Melco in Macau. With the anticipated increase of the number of tourists from Mainland China, the continued increase in per capita annual disposal income of urban households in the PRC, the growth in GDP (Gross Domestic Product) in Macau in 2004, the buoyant condition of the Macau property market, the increasing demand for quality residential, retail and hotel property in Macau, the increased demand for serviced apartments as a result of the many new developments in Macau, the increase in Macau's employment rate and the increase in expatriate work force in the gambling and related industries there, Melco is confident that the proposed developments on the Land will provide significant recurring income to Melco when completed.

INFORMATION ON MELCO ENTERTAINMENT AND MELCO PBL HOLDINGS 14.58(2)

Melco Entertainment is a company incorporated in the Cayman Islands which is directly owned as to 80% by Melco PBL Holdings and as to the balance of 20% by Melco Leisure, a wholly owned subsidiary of Melco. The board of directors of Melco Entertainment consists of 9 directors, of whom Melco has appointed 5 directors and its joint venture partner PBL has appointed 4 directors.

Melco PBL Holdings is a 50:50 joint venture company established between Melco and PBL with the intention for it to become the holding company of a premiere gaming and entertainment group engaged in the gaming, entertainment and hospitality businesses in the Asia Pacific and Greater China regions.

PBL is an Australian company and has its securities listed on the Australian Stock Exchange. It is one of Australia's largest diversified media and entertainment companies, the core business of which includes television production and broadcasting, magazine publishing and distribution, gaming and entertainment. Through its wholly owned subsidiary, Crown Limited, PBL operates one of the largest entertainment complexes in Australia including the Crown Casino, which is the largest casino in the Southern hemisphere, and two luxury hotels, namely the Crown Towers and the Crown Promenade Hotel, in Melbourne, Australia. Except for its interest in Melco PBL Holdings and its subsidiaries and its related rights to appoint directors to the board of Melco PBL Holdings and its subsidiaries, PBL is not otherwise a connected person of Melco or any of its subsidiaries, its substantial shareholders, chief executive or Directors. 14A.56(2)

The operation and management of Melco PBL Holdings and Melco Entertainment are governed by the provisions of a Shareholders Agreement dated 8th March 2005 between, among others, Melco and PBL. Pursuant to the provisions of that Shareholders Agreement:

(a) Melco PBL Holdings is the principal investment vehicle for all future expansion and acquisition activities of both the Melco Group and the PBL Group in the gaming, entertainment and hospitality industries in the Asia Pacific region (excluding Australia and New Zealand) and the Greater China region.

(b) All gaming venture opportunities sourced by the Melco Group or the PBL Group in the Asia Pacific region other than Greater China, Australia and New Zealand, are required to be contributed to, and carried out through, a joint venture company to be established and owned as to 80% by Melco PBL Holdings and as to 20% by PBL, thus giving PBL a direct and indirect attributable interest in that joint venture company of 60% and Melco a direct and indirect attributable interest in that joint venture company of 40%.

(c) Similarly, all gaming venture opportunities in Greater China (including Macau) sourced by the Melco Group or the PBL Group are required to be contributed to, and carried out through, a separate joint venture company, owned as to 80% by Melco PBL Holdings and as to 20% by Melco. Accordingly, Melco has a direct and indirect 60% attributable interest in the joint venture company responsible for Greater China, with PBL holding the remaining 40%. The joint venture company responsible for gaming venture opportunities in Great China (including Macau) is Melco Entertainment.

The requirement for each of the Melco Group and the PBL Group to transfer all their respective gaming venture opportunities in Asia Pacific (excluding Australia and New Zealand) and Greater China into one or other of the joint venture companies, which are subsidiaries of Melco PBL Holdings and held in the respective proportions described above, is expected to benefit both Melco and PBL from the respective efforts and business connections of the other in the relevant jurisdictions. Each of them is expected to benefit from the reciprocal covenants and obligations of the other in this regard under the Shareholders Agreement.

Accordingly, following the Shareholders Agreement having been entered into, the Declaration Agreement was entered into on 9th March 2005. Under the Declaration Agreement, Melco Leisure declared that all its rights and benefits under the Joint Venture MOA and its 50.8% interest in the Joint Venture were held for the benefit of Melco Entertainment and would be transferred to Melco Entertainment at its request, to the intent that Melco Leisure's 50.8% interest in any land acquired by the Joint Venture would be transferred to and developed by Melco Entertainment (instead of Melco Leisure) in conjunction with Great Respect.

INFORMATION ON THE JOINT VENTURE

The Joint Venture is constituted by a legally binding Joint Venture MOA made between Melco Leisure and Great Respect on 28th October 2004. The Joint Venture MOA contains the following principal terms:

- An acknowledgement that Great Respect, through its business relationships and connections, may be able to secure land in Cotai, Macau and that the parties wish to apply for any land which could be secured and, if obtained, to jointly develop the land.

- Great Respect is required to use its best efforts and with due diligence, through its business relationships and connections, to proceed to apply to the Macau Government for the grant of development rights in relation to one or more parcels of land in Cotai, Macau. For expedience, Melco Leisure would make available one of its Macau subsidiaries as the Macanese vehicle to make the application.
- Great Respect is responsible for all costs and expenses incurred in relation to the application, provided that the land premium payable on the grant of any land successfully secured as a result of Great Respect's efforts would be borne by Melco Leisure and Great Respect in accordance with the percentages specified below.
- The Joint Venture MOA provides that if the Macau Government were to agree to grant land in Cotai to the Joint Venture, or the vehicle provided by Melco Leisure to make the application, Melco Leisure would have an interest of 50.8% in the land and Great Respect would have an interest of 49.2%.
- Similarly, the Joint Venture MOA also provides that, upon a land application being approved, the parties would form a joint venture to develop the land on a 50.8% (Melco Leisure) 49.2% (Great Respect) basis.
- Great Respect is required to liaise with SJM for the operation of a casino at the developed property.
- The Joint Venture MOA contemplates that the parties would negotiate and enter into more detailed joint venture documentation prior to the formal grant of development rights in relation to any land secured by Great Respect for the benefit of the Joint Venture.

INFORMATION ON THE MELCO GROUP 14.58(2)

Currently, the Melco group's business is broadly divided into four divisions:

- Leisure and entertainment
- Investment banking and financial services
- Technology
- Property investment

Great Wonders, an existing member of the Melco Entertainment group, currently has been granted the right to develop a luxury hotel with a casino and electronic gaming machine lounge on a parcel of land with an area of approximately 5,230 sq. metres located at Biaxa da Taipa, Macau. It is contemplated that upon completion of the hotel, the casino will be operated by SJM and the electronic gaming machine lounge will (subject to the approval of the Macau Government authorities) be managed by Mocha Slot, a subsidiary of Melco Entertainment. Details of this investment are set out in Melco's announcements dated 23rd November 2004 and its shareholder circular dated 5th January 2005.

FINANCIAL INFORMATION 14.58(6),(7)

Except for having been offered the right to apply to the Macau Government for the development rights in respect of the Land and except for Melco Hotels having made an application to the Macau Government for the grant of development rights, each of the Joint Venture and Melco Hotels do not carry on any business or have any other material assets. Moreover, since no development rights have yet been granted in respect of the Land, the 49.2% interest of Great Respect in the Joint Venture does not have a net asset value, net profits or income stream attributable to it. The unaudited management accounts of Melco Hotels as at [ ] show a negative net asset value of MOP$[ ] (equivalent to approximately HK($[●]) as at the date of those management accounts and an accumulated loss of MOP$[ ] (equivalent to approximately HK$[●]) since the date of Melco Hotels' incorporation on 20th July 2004.

BASIS OF DETERMINATION OF PURCHASE PRICE FOR THE ACQUISITION AND CONVERTIBLE LOAN NOTES CONVERSION PRICE 14.58(5)

A long term lease in respect of the Land for the construction and development of an integrated entertainment resort having the features described above, once granted, has been valued in the preliminary report of Savills (Hong Kong) Limited, an independent valuer, at approximately HK$4,506 million on an open market basis and on the basis of generally accepted valuation methodologies. The purchase price for Great Respect's 49.2% interest in the Joint Venture has been arrived at after arm's length negotiations among the parties (including the representatives of PBL on Melco Entertainment's board), principally by reference to that preliminary valuation report. The purchase price for Great Respect's 49.2% interest in the Joint Venture represents a significant discount to the amount derived from the preliminary valuation report of Savills (Hong Kong) Limited. Details of the final report will be set out in the circular to be sent to Shareholders. The purchase price for Great Respect's 49.2% interest in the Joint Venture has been unanimously approved by the board of directors of Melco Entertainment, including the directors appointed by PBL.

The conversion price under the Convertible Loan Notes to be subscribed by Great Respect on completion of the First Agreement has been determined as the average closing price of a Share for the five consecutive trading days up to and including the Last Trading Date.

FINANCING FOR THE TRANSACTIONS DESCRIBED IN THIS ANNOUNCEMENT

The consideration of HK$1,180 million for the acquisition of the 49.2% interest of Great Respect in the Joint Venture will be financed from existing internal resources of Melco Entertainment. 14.58(4)

Great Respect has agreed to apply the entire amount of the proceeds of the sale of its interest in the Joint Venture in subscription for the Convertible Loan Notes, in order to assist Melco in financing its share of the development costs of the Land and the proposed integrated entertainment resort. Those development costs will be required to be provided by Melco and PBL to Melco Entertainment, in proportion to their respective shareholdings in Melco Entertainment.

The financing required for the contemplated development of the Land and the construction and development of the integrated entertainment resort described in this announcement, will be financed:

- in part from the internal resources of Melco and PBL;
- in part from the proceeds of the subscription for the Convertible Loan Notes by Great Respect;
- in part from the proceeds of a possible Placing, details of which will be set out in a subsequent announcement; and
- to the extent required, from third party bank borrowings and other sources.

EFFECT ON SHAREHOLDINGS OF MELCO

The existing issued share capital of Melco comprises 491,019,270 Shares. A concert party comprising Mr. Lawrence Ho, Lasting Legend, Better Joy, Dr. Stanley Ho, Madam Laam King Ying and Shun Tak Shipping Co. Ltd. hold, in aggregate, 259,066,422 shares representing approximately 52.76% of the shares in issue. The balance of 231,952,848 shares, representing approximately 47.24% of Melco, are held by the public.

Dr. Stanley Ho is the father of Mr. Lawrence Ho and Madam Laam King Ying is the mother of Mr. Lawrence Ho. Shun Tak Shipping Co. Ltd. is a company controlled by Dr. Stanley Ho. Lasting Legend and Better Joy are both companies controlled by Mr. Lawrence Ho. As such, Dr. Stanley Ho, Madam Laam King Ying, Shun Tak, Lasting Legend, Better Joy and Mr. Lawrence Ho are parties acting in concert for the purposes of the Takeovers Code.

In addition, STDM holds a HK$100 million 5 year convertible bond and a HK$56 million 5 year convertible bond which are convertible into 25,000,000 and 6,829,268 new Shares, respectively, at the conversion price of HK$4.00 per Share and HK$8.20 per Share, respectively. Dr. Stanley Ho is a director and shareholder of STDM, which is deemed under the Takeovers Code to be acting in concert with the Concert Party.

As referred to in Melco's announcement dated 22nd March 2005, Melco has entered into an agreement with STDM for the purpose of acquiring the remaining 30% interest in Great Wonders. The consideration for the acquisition includes the issue of 11,111,111 new Shares at an issue price of HK$18.00 per Share to STDM. Those Shares represent approximately 2.26% of the existing issued Shares of the Company and approximately 2.21% of the enlarged issued Share capital of Melco immediately following their allotment and issue. The acquisition of the remaining 30% of Great Wonders from STDM is a connected transaction for Melco under the Listing Rules and is, therefore, subject to approval by resolution of the Independent Shareholders, which will be proposed at an extraordinary general meeting of Melco to be convened and held in June 2005. Subject to that approval having been obtained, those Shares will be issued to STDM on the later of the date of completion of the acquisition of the remaining 30% interest in Great Wonders or the date of the grant by the Macau Government of a long term lease in respect of the land in Baixa, Taipa held by Great Wonders.

The table below shows the Shareholding of the Company:

- as at the date of this announcement
- on issue of the consideration shares to be issued to STDM on completion of the acquisition of the remaining 30% of Great Wonders, as referred to above
- assuming full conversion of the HK$100 million 5 year convertible bonds and the HK$56 million 5 year convertible bonds held by STDM
- assuming conversion of the Convertible Loan Notes to be issued on completion of the First Agreement

	Issued Shares at the date of this announcement		Upon issue of the 11,111,111 Shares agreed to be issued to STDM (as referred to above)		Upon Conversion of the Convertible Loan Notes in full		Upon exercise in full of the convertible bonds held by STDM (as referred to above)	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Better Joy (Note b)	144,266.303	29.381	144,266,303	28.731%	144,266,303	25.700%	144,266,303	24.321%
Mr. Lawrence Ho (Note c)	60,470,818	12.315	60,470,818	12.043%	60,470,818	10.773%	60,470,818	10.195%
Shun Tak Shipping Co. Ltd. (Note d)	39,083,147	7.960	39,083,147	7.783%	39,083,147	6.963%	39,083,147	6.589%
Dr. Stanley Ho	15,023,867	3.060	15,023,867	2.992%	74,231,092	13.224%	74,231,092	12.514%
(Note e)					(note f)		(note f)	
Madam Lucina Laam King Ying	222,287	0.045	222,287	0.044%	222,287	0.040%	222,287	0.037%
STDM			11,111,111	2.213%	11,111,111	1.979%	42,940,379	7.239%
Others (Public)	231,952,848	47.239	231,952,848	46.194%	231,952,848	41.321%	231,952,848	39.104%

Notes:

a. Each column assumes the steps referred to in all previous columns have been completed.

b. Better Joy is owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho.

c. Interest of Mr. Lawrence Ho includes his personal interest and the interest held through Lasting Legend, a company controlled and wholly owned by him.

d. Interest of Shun Tak Shipping Co. Ltd. includes the interests held by it and its wholly owned subsidiaries.

e. Interest of Dr. Stanley Ho includes his personal interests and interests held through two companies controlled and wholly owned by him, namely, Sharikat Investments Limited and Dareset Limited.

f. Includes interests held through Great Respect, a company controlled by a discretionary family trust of Dr. Stanley Ho.

IMPLICATIONS UNDER THE TAKEOVERS CODE, POSSIBLE PLACING AND POSSIBLE WHITEWASH WAIVER

The Concert Party currently holds Shares representing approximately 52.76% of the total voting rights of Melco. Great Respect is deemed under the Takeovers Code to be a member of the Concert Party.

As set out in Note 10 to Rule 26.1 of the Takeovers Code, in general, the acquisition of convertible securities does not give rise to an obligation under Rule 26 of the Takeovers Code to make an offer, but the exercise of any conversion rights will be considered to be an acquisition of voting rights for the purpose of Rule 26 of the Takeovers Code. Accordingly, the issue of the Convertible Loan Notes on completion of the First Agreement will, in and of itself, not have any Takeovers Code consequences prior to the exercise of the conversion rights under the Convertible Loan Notes.

As referred to above, Melco and its controlling shareholders are currently considering a possible Placing, in order to raise part of the funding required for the development of the project described in this announcement. If the Placing proceeds, the shareholding of the Concert Party in Melco will be diluted to less than 50% of the total voting rights of Melco. The Placing, if it were to proceed, would be completed prior to completion of the First Agreement. Accordingly, if, following the Placing and the issue of the Convertible Loan Notes on completion of the First Agreement, the conversion rights conferred by the Convertible Loan Notes were subsequently exercised in circumstances where the exercise of the conversion rights resulted in an increase of the Concert Party's shareholding in Melco by more than 2% from the lowest percentage holding of the Concert Party in the 12 month period immediately preceding the date of that exercise, the Concert Party would ordinarily be obliged, as a result of that exercise of conversion rights, to make an unconditional cash offer to acquire all of the Shares of Melco other than those already owned by the Concert Party.

However, if the Placing proceeds, an application will be made by Great Respect to the SFC for the Whitewash Waiver which, if granted, would be subject to the approval of independent shareholders, such approval to be sought at the EGM pursuant to a vote conducted by way of poll. The Whitewash Waiver would be a waiver by the Executive of the obligations of Great Respect and the Concert Party to make a mandatory general offer to acquire the entire issued share capital of Melco not otherwise owned by the Concert Party as a result of the exercise in full of the Convertible Loan Notes, following the Placing having occurred and the shareholding of the Concert Party in Melco having been diluted to less than 50% of the voting rights of Melco.

The transactions described in this announcement are not conditional on the Whitewash Waiver being granted.

IMPLICATIONS UNDER THE LISTING RULES

The First Agreement constitutes a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the total assets which are the subject of the transaction (calculated as Great Respect's 49.2% interest in the Joint Venture on the basis of the open market value of the Land derived from the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer)), exceeds 100% of the total assets of Melco. Accordingly, the First Agreement is conditional on approval by Shareholders (by way of poll) at the EGM.

Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho, who is a director, shareholder and connected person of Melco. Accordingly, the First Agreement also constitutes a connected transaction of Melco under the Listing Rules. Dr. Stanley Ho, Mr. Lawrence Ho and their respective associates, including Madam Lucina Laam King Ying, Better Joy, Lasting Legend and (to the extent it holds Shares at the relevant time) STDM, will abstain from voting on the relevant resolution regarding the First Agreement and the transactions contemplated by it. In aggregate, these persons hold Shares representing approximately 52.76% of the issued Share capital of Melco. 14A.56(2)

An independent board committee of Melco comprising its independent non-executive directors will be appointed to advise the Independent Shareholders on whether or not the terms of the First Agreement and the transactions contemplated by it are fair and reasonable and in the interests of the Independent Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee.

The Second Agreement constitutes a very substantial disposal for Melco under Chapter 14 of the Listing Rules, on the basis that the preliminary open market valuation of the Land, as determined in the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer), exceeds 75% of the total assets of Melco. Accordingly, the Second Agreement is also conditional on approval by shareholders (by way of poll) at the EGM.

The legally binding commitments of Melco Hotels expected to be entered into in the future as a result of its in principle acceptance of the Macau Government's offer to grant a long term lease in respect of the Land, and in connection with the future development of the Land as an integrated entertainment resort, will, in aggregate, constitute a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the aggregate of the amount of the Land premium required to be paid to secure the grant of a long term lease in respect of the Land and the costs of development and construction of an integrated entertainment resort having the features described in this announcement will exceed 100% of the total assets and total market capitalization of Melco. The total costs of obtaining the development rights in respect of the Land and completing the development of the project described in this announcement are expected to be in the region of HK$8,000 million.

A circular containing further details of:

(a) the Agreements and the transactions contemplated by them;

(b) the in principle acceptance by Melco Hotels of the Macau Government's offer to grant a long term lease in respect of the Land; and

(c) the proposed development of the Land, involving the construction of an integrated entertainment resort having the features described in this announcement;

together with the information required by the Listing Rules, and convening the EGM, will be dispatched to Shareholders within 21 days from the date of publication of this announcement. The information required by the Listing Rules to be incorporated in that circular includes the following:

- A description of the principal terms of the Agreements
- A description of the terms of the in principle acceptance by Melco Hotels on 10th May 2005 of the Macau Government's offer to grant a long term lease in respect of the Land
- The proposals for the development of the Land as an integrated entertainment resort
- A valuation report in respect of the Land, prepared by Savills (Hong Kong) Limited, an independent valuer
- The recommendation from the independent board committee of Melco in respect of the First Agreement and the transactions contemplated thereby
- A letter of advice from the independent financial adviser to the independent board committee of Melco in respect of the First Agreement and the transactions contemplated thereby

VIEWS OF THE DIRECTORS

The Directors, other than the members of the independent board committee appointed to consider the transactions contemplated by the First Agreement (who reserve their views pending receipt of the letter of advice to be issued by the independent financial adviser), consider that the terms of the First Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors also consider that the terms of the Second Agreement are fair and reasonable and in the interest of the Shareholders as a whole. 14.58(8)

The Directors further consider that the terms on which Melco Hotels has accepted in principle the Macau Government's offer to grant a long term lease in respect of the Land, and the proposal to develop the Land as an integrated entertainment resort having the features described in this announcement, are each fair and reasonable and in the interests of the Shareholders as a whole.

SUSPENSION AND RESUMPTION OF TRADING

At the request of Melco, the Shares were suspended from trading on the Stock Exchange at 9:30 a.m. on 11th May 2005, pending the release of this announcement. The Shares will remain suspended following the publication of this announcement, pending the publication of a further announcement regarding the possible Placing referred to above.

As at the date of this announcement, the executive directors of Melco are Dr. Stanley Ho, Mr. Lawrence Ho and Mr. Frank Tsoi; the non-executive directors are Mr. Ng Ching Wo and Mr. Ho Cheuk Yuet; and the three independent non-executive directors are Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Kar Shui.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

"Agreements"	the First Agreement and the Second Agreement
"associate"	the meaning assigned to that expression in the Listing Rules
"Better Joy"	Better Joy Overseas Limited, a company owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho
"Board"	the Board of Directors of Melco
"Concert Party"	the concert party consisting of Dr. Stanley Ho, Madam Lucina Laam King Ying, Mr. Lawrence Ho, Lasting Legend, Better Joy, STDM and Great Respect
"Convertible Loan Notes"	HK$1,180 million in principal amount of Convertible Loan Notes due 2010 to be issued by Melco and subscribed by Great Respect under the First Agreement and conferring the right to subscribe for new Shares at an initial conversion price of HK$19.93 per Share, subject to adjustment in accordance with the terms and conditions of the Convertible Loan Notes
"Declaration Agreement"	the agreement dated 9th March 2005 between Melco Leisure and Melco Entertainment, pursuant to which Melco Leisure declared that all its rights and benefits under the Joint Venture MOA are held by it on behalf of Melco Entertainment and that it would, at the request of Melco Entertainment, and

	as required by the Shareholders Agreement, transfer its 50.8% interest under the Joint Venture MOA and its interest in Melco Hotels to Melco Entertainment
"EGM"	the extraordinary general meeting of Shareholders proposed to be convened by Melco to consider and, if thought fit, approve: (a) the Agreements and the transactions contemplated by them; (b) the grant of a long term lease in respect of the Land to Melco Hotels; (c) the development of the Land by Melco Hotels and Melco Entertainment, involving the construction of an integrated entertainment resort having the features described in this announcement; and (d) if the Placing proceeds, the Whitewash Waiver;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC
"First Agreement"	an agreement dated 11th May 2005 between Melco Entertainment, Great Respect and Melco relating to the acquisition by Melco Entertainment of the 49.2% interest of Great Respect in the Joint Venture and the application by Great Respect of the proceeds of that acquisition to subscribe for the Convertible Loan Notes to be issued by Melco
"Great Wonders"	Great Wonders, Investments, Limited, which is currently a 70% owned subsidiary of Melco Entertainment and which would become a wholly owned subsidiary of Melco Entertainment on completion of the proposed acquisition by Melco Entertainment of the remaining 30% interest in Great Wonders held by STDM, announced by Melco on 22nd March 2005
"Independent Shareholders"	Shareholders of Melco other than Dr. Stanley Ho and his associates, namely Madam Lucina Laam King Ying, Mr. Lawrence Ho, Lasting Legend, Better Joy and (if it holds Shares at the relevant time) STDM

“Joint Venture”	the joint venture established by the Joint Venture MOA
“Joint Venture MOA”	the legally binding Memorandum of Agreement dated 28th October 2004 between Melco Leisure and Great Respect having the principal terms described in this announcement;
“Lasting Legend”	Lasting Legend Limited, a company wholly owned by Mr. Lawrence Ho
“Land”	a parcel of land with an area of 113,325 sq. metres located at Taipa, Macau, on the Cotai Strip
“Last Trading Date”	10th May 2005, being the last date on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares made at the request of Melco pending the release of this announcement
“Listing Rules”	the Rules governing the Listing of securities on the Stock Exchange of Hong Kong Limited
“Melco”	Melco International Development Limited, a company established under the laws of Hong Kong and having its securities listed on the Stock Exchange
“Melco Entertainment”	Melco Entertainment Limited, a subsidiary of Melco PBL Holdings established under the laws of the Cayman Islands to engage in the business of gaming, entertainment and hospitality in the Greater China Region
“Melco Hotels”	Melco Hotels and Resorts (Macau) Limited, a subsidiary of Melco Leisure established under the laws of Macau
“Melco Leisure”	Melco Leisure & Entertainment Group Limited, a subsidiary of Melco established under the laws of the British Virgin Islands
“Melco PBL Holdings”	Melco PBL Holdings Limited, a 50/50 joint venture established between Melco and PBL under the laws of the Cayman Islands to engage in the businesses of gaming, entertainment and hospitality in the Asia Pacific and Greater China regions

"Mocha Slot"	Mocha Slot Group Limited, a subsidiary of Melco Entertainment, established under the laws of Macau
"MOP"	pataca, the lawful currency of Macau
"PBL"	Publishing and Broadcasting Limited, a company established under the laws of Australia and having its securities listed on the Australian Stock Exchange
"Placing"	a possible placing of existing Shares held by one or more members of the Concert Party and a corresponding "top up" subscription for new Shares (as contemplated by Listing Rule 14A.31(3)(d) and Note 6 of the Notes on dispensations from Rule 26.1 of the Takeovers Code), which is being considered by the Directors
"Second Agreement"	an agreement dated [11th] May 2005 between Melco Entertainment as transferee and Melco Leisure as transferor, pursuant to which Melco Leisure will transfer its 50.8% interest in the Joint Venture and its interest in Melco Hotels to Melco Entertainment, in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement
"Shares"	ordinary shares of HK$1.00 each in the capital of Melco
"Shareholders"	holders of Shares
"SJM"	Sociedade de Jogos de Macau, S.A., a company established under the laws of Macau and a subsidiary of STDM
"STDM"	Sociedade de Turismo e Diversoes de Macau, S.A.R.L. a company established under the laws of Macau
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Whitewash Waiver"	the waiver by the Executive of the obligations of Great Respect and the Concert Party to make a mandatory offer pursuant to the provisions of Rule 26 of the Takeovers Code to acquire the entire

issued share capital of Melco not otherwise owned by the Concert Party, arising as a result of any and all future exercises of the conversion rights conferred by the Convertible Loan Notes, such waiver to be unconditional or subject to such conditions as are customary or which are reasonably acceptable to Great Respect and the Concert Party, including the approval of the Independent Shareholders pursuant to a vote conducted by way of poll having been obtained at the EGM and full compliance with the provisions of the Takeovers Code

By order of the board of
Melco International Development Limited
Lawrence Ho
Managing Director

Hong Kong, [•] May 2005

Please also refer to the published version of this announcement in the Standard.

Exhibit 10.17

DATED 11th May 2005

MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED
(as assignor and transferor)

and

MELCO ENTERTAINMENT LIMITED
(as assignee and transferee)

TRANSFER DEED
in relation to the entire issued equity capital of
Melco Hotels and Resorts (Macau) Limited
and
ASSIGNMENT DEED
in relation to a memorandum of agreement dated 28th October 2004

RICHARDS BUTLER
20th Floor
Alexandra House
16-20 Chater Road
Central, Hong Kong

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THIS DEED is made this 11th day of May 2005

BETWEEN:-

(1) **MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED** , a company incorporated in British Virgin Islands with limited liability and having its registered office at the offices of Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands ("**Melco Leisure**"); and

(2) **MELCO ENTERTAINMENT LIMITED**, a company incorporated in the Cayman Islands and having its registered office at Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands ("**Melco Entertainment**").

WHEREAS :-

(A) On 28th October 2004, Great Respect and Melco Leisure entered into the Joint Venture MOA and established the Joint Venture, pursuant to which Great Respect, through its business relationships and connections in Macau, agreed to use its best endeavours to proceed to apply to the Macau Government for the grant of development rights in respect of one or more parcels of land in Cotai, Macau. Under the Joint Venture MOA, for expedience Melco Leisure would make available one of its Macau subsidiaries (which was ultimately the Company) to the Joint Venture, as the Macanese vehicle to make the application.

(B) Under the Joint Venture MOA, Great Respect is responsible for all the costs and expenses incurred in relation to the application, except that the land premium payable for the grant of any land secured by the efforts of Great Respect for the Joint Venture is required to be borne by the parties to the Joint Venture MOA as to 50.8% by Melco Leisure and as to the balance of 49.2% by Great Respect.

(C) The Joint Venture MOA provides that in the event the Macau Government agrees to make a grant of development rights in respect of one or more parcels of land in Cotai, Macau, to the Joint Venture, Melco Leisure and Great Respect shall have interests in the relevant land on a 50.8% (Melco Leisure): 49.2% (Great Respect) basis.

(D) The Joint Venture MOA further provides that, upon a land application in respect of any land secured for the Joint Venture by the efforts of Great Respect being approved, Melco Leisure and Great Respect would form a joint venture to jointly develop the relevant land on a 50.8% (Melco Leisure):49.2% (Great Respect) basis.

(E) Under the terms of the Joint Venture MOA, Melco Leisure is entitled to a 50.8% interest in the Macau Property and its subsequent development.

(F) In March 2005, Melco and PBL established a 50/50 joint venture between the parties, namely, Melco PBL Holdings, to engage in the businesses of gaming, entertainment and hospitality in the Asia Pacific and Greater China regions.

(G) Pursuant to the Shareholders Agreement entered into between Melco and PBL in respect of Melco PBL Holdings, all gaming ventures in Macau are required to be carried out by Melco and PBL through Melco Entertainment, a non-wholly owned subsidiary of Melco PBL Holdings in respect of which Melco has a 60% direct and indirect attributable interest.

(H) On 9th March 2005, Melco Leisure and Melco Entertainment executed the Declaration Agreement pursuant to which Melco Leisure declared that all its rights and benefits under the Joint Venture MOA are held by it on behalf of Melco Entertainment and that it would, at the request of Melco Entertainment, and as required by the Shareholders Agreement, transfer its 50.8% interest under the Joint Venture MOA and its interest in the Company to Melco Entertainment.

(I) On 21st April 2005, pursuant to the efforts of Great Respect on behalf of the Joint Venture, the Consent Letter was issued by the Macau Government to the Company, a wholly owned subsidiary of Melco Leisure, pursuant to which the Macau Government offered to the Company the right to be granted a long term lease of the Macau Property, to construct and develop an integrated entertainment resort.

(J) At the request of Melco Entertainment and in accordance with the terms of the Shareholders Agreement and the Declaration Agreement, Melco Leisure has agreed to transfer its 50.8% interest in the Joint Venture and its interest in the Company to Melco Entertainment, upon the terms and subject to the conditions set out in this Deed.

THIS DEED WITNESSETH as follows:-

1. INTERPRETATION

1.1 In this Deed, including the Recitals and Schedules hereto, unless the context otherwise requires, the following terms shall have the meanings set out below:-

"Announcement"	the press announcement in the agreed form annexed hereto as Annexure A, which is expected to be issued by Melco immediately following the execution of this Deed (subject to such amendments as the Stock Exchange and/or the SFC may approve and/or require);
"Assigned Property"	has the meaning ascribed to it in Clause 2.1(ii);
"Assignment"	the assignment of the Assigned Property by Melco Leisure to Melco Entertainment in accordance with Clause 2.1(ii) and other terms and conditions of this Deed;

"Business Day"	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted at any time between 9:00 a.m. and 5:30 p.m. or on which a "black" rainstorm warning is hoisted at any time between 9:00 a.m. and 5:30 p.m.) on which licensed banks in Hong Kong are open for business;
"Companies Ordinance"	the Companies Ordinance (Chapter 32) of the laws of Hong Kong;
"Company"	Melco Hotels and Resorts (Macau) Limited, a company incorporated in Macau and the details of which are set out in Schedule 1;
"Completion"	completion of the transactions contemplated by this Deed in accordance with the provisions of Clause 5 and, where the context requires, also means the performance by the parties hereto of their respective obligations pursuant to Clause 5;
"Completion Date"	the third Business Day next following the date on which the last unfulfilled Condition is satisfied or waived or if Completion is deferred in accordance with Clause 5.2(i), such deferred date on which Completion takes place;
"Conditions"	the conditions set out in Clause 3.1;
"Consent Letter"	the letter dated 21st April 2005 issued by the Macau Government to the Company pursuant to which the Macau Government offered to the Company the right to be granted a long term lease of the Macau Property, to construct and develop an integrated entertainment resort, subject to the terms and conditions set out therein;
"Declaration Agreement"	the agreement dated 9th March 2005 entered into between Melco Leisure and Melco Entertainment;
"Deed of Assignment"	the deed of assignment in the form set out in Schedule 3 relating to the assignment of all of Melco Leisure's right, title and interest in and under, and the full benefit of, the Joint Venture and the Joint Venture MOA, to be executed and delivered by Melco Leisure on Completion;

"Executive"	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director;
"Great Respect"	Great Respect Limited, a company incorporated in the British Virgin Islands and a party to the Joint Venture MOA;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Joint Venture"	the joint venture between Great Respect and Melco Leisure established by the Joint Venture MOA;
"Joint Venture MOA"	the memorandum of agreement dated 28th October 2004 entered into between Melco Leisure and Great Respect, including any subsequent amendment or variation thereof or supplement thereto;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
"Longstop Date"	31st August, 2005 or such other date as Melco Leisure and Melco Entertainment may agree in writing;
"Macau"	the Macau Special Administrative Region of the People's Republic of China;
"Macau Government"	the government of Macau;
"Macau Property"	the plot of land in respect of which the Macau Government has offered the Company the right to apply for a long term lease, to construct and develop an integrated entertainment resort, the details of which are set out in Schedule 2;

"Melco PBL Holdings"	Melco PBL Holdings Limited, a 50/50 joint venture established between Melco and PBL under the laws of the Cayman Islands to engage in the businesses of gaming, entertainment and hospitality in the Asia Pacific and Greater China regions;
"Melco"	Melco International Development Limited, the holding company of Melco Leisure and a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange;
"MOP"	Macau Pataca, the lawful currency of Macau;
"PBL"	Publishing and Broadcasting Limited, a company established under the laws of Australia and having its securities listed on the Australian Stock Exchange;
"Relevant Capital"	the amount of MOP25,000 in the equity capital of the Company, representing the entire issued equity capital of the Company as at the date hereof and as at Completion;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Shareholders Agreement"	the shareholders agreement dated 8th March 2005 entered into between Melco and PBL which sets out the respective rights and obligations of Melco and PBL in relation to Melco PBL Holdings;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers (as amended from time to time).

1.2 In this Deed, references to **"Recitals"**, **"Clauses"**, **"sub-Clauses"**, the **"Schedules"** and the **"Annexures"** are to the introduction section preceding Clause 1, the clauses and sub-clauses of and the schedules and annexures to this Deed, respectively.

1.3 In this Deed, the singular includes the plural, words importing one gender include the other gender and the neuter and references to persons include bodies corporate or unincorporate. References to time are, unless otherwise provided herein, to Hong Kong time.

1.4 The definitions and designations (if any) adopted in the recitals shall apply throughout this Deed and the Schedules, unless the context requires otherwise.

1.5 References in this Deed to statutory provisions shall be construed as references to those provisions as respectively replaced, amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification) and any subordinate legislation made under such provisions.

1.6 Unless the context otherwise requires, the term "subsidiary" shall have the meaning ascribed thereto in section 2 of the Companies Ordinance and references to "holding company" shall be construed accordingly.

1.7 Headings in this Deed are inserted for convenience only and shall not affect the interpretation of this Deed.

2. TRANSFER OF THE RELEVANT CAPITAL AND ASSIGNMENT OF ASSIGNED PROPERTY

2.1 In accordance with the terms of the Shareholders Agreement and the Declaration Agreement, and in consideration (the sufficiency of which is hereby duly acknowledged by each party hereto) of the mutual benefits to be derived by Melco and PBL under the Shareholders Agreement and the reciprocal covenants of each of them thereunder, subject to the terms and conditions of this Deed:-

(i) Melco Leisure hereby agrees to transfer as beneficial owner, and Melco Entertainment hereby agrees to accept the transfer of, the Relevant Capital free from all liens, claims, equities, charges, encumbrances and third party rights of whatsoever nature and together with all rights now or hereafter becoming attached or accruing thereto; and

(ii) Melco Leisure hereby assigns absolutely, with effect from the Completion Date, to Melco Entertainment all of Melco Leisure's right, title and interest in and under, and the full benefit of, the Joint Venture and the Joint Venture MOA (the "**Assigned Property**").

2.2 Melco Leisure shall remain liable to perform all the unperformed or outstanding obligations assumed by it under the Joint Venture MOA which are required to be performed prior to Completion (if any) and Melco Entertainment shall have no obligation under the Joint Venture MOA in the event of any failure by Melco Leisure to perform its obligations under the Joint Venture MOA which are required to be performed by it prior to Completion.

3. CONDITIONS PRECEDENT

3.1 Completion of the Assignment and the obligations of Melco Entertainment are conditional upon:-

(i) the passing of the necessary resolution(s) by the shareholders of Melco (other than those who are not permitted to vote pursuant to the Takeovers Code or the Listing Rules, or pursuant to any direction, order or decision of the Executive, the SFC or the Stock Exchange, on such resolution(s)) at the extraordinary general meeting(s) of Melco to be proposed for the purpose of approving this Deed and the transactions contemplated hereby;

(ii) Melco having obtained all approvals and consents which are necessary or desirable for the completion of the transactions and the performance of the obligations contemplated under this Deed;

(iii) all consents and approvals of any relevant governmental authorities or other regulatory bodies in Hong Kong and Macau which are necessary for entering into this Deed and the consummation of the transactions contemplated hereby having been obtained and not having been revoked; and

(iv) the issue of a legal opinion by a qualified Macau legal counsel, in such form as may be agreed between Melco Leisure and Melco Entertainment, confirming, inter alia, the due establishment, incorporation and existence of the Company under the laws of Macau.

3.2 The Conditions set out in sub-Clauses 3.1(i) to 3.1 (iii) (inclusive) shall not be waived. The Condition set out in sub-Clause 3.1 (iv) may be waived by Melco Entertainment. If the Conditions shall not have been fulfilled or waived in full on or before 5:00 p.m. on the Longstop Date, all rights, obligations and liabilities of the parties hereunder shall cease and terminate and none of the parties shall have any claim against any other in respect of this Deed save for any antecedent breaches of this Deed.

3.3 Melco Leisure and Melco Entertainment shall cooperate to procure the fulfillment of the Condition set out in sub-Clause 3.1(iv) and Melco Entertainment shall provide all information reasonably necessary for the purposes of assisting the fulfillment of the Conditions set out in sub-Clauses 3.1(i) to (iii) to Melco Leisure and, if required, Melco, the Stock Exchange, the SFC and the Executive.

4. REPRESENTATIONS AND WARRANTIES AND FURTHER ASSURANCE

4.1 Each party hereto represents and warrants to the other party that:-

(i) it is duly incorporated and validly existing under the laws of the place of its incorporation and subject to satisfaction of the Conditions in sub-Clauses 3.1(i) to (iii), it has full power to enter into this Deed and to exercise its rights and perform its obligations hereunder and (where relevant) all corporate and other actions required to authorise its execution of this Deed and its performance of its obligations hereunder have been duly taken and this Deed constitutes a legal, valid and binding agreement on it and enforceable in accordance with the terms hereof;

(ii) its obligations under this Deed will at all times constitute direct, unconditional, unsecured, unsubordinated and general obligations of, and will rank at least pari passu with, all other present and future outstanding unsecured obligations created or assumed by it;

(iii) the execution, delivery, performance and completion of this Deed by it does not and will not violate in any respect any provision of (i) any law or regulation or any order or decree of any governmental authority, agency or court of any jurisdiction which is applicable to it; (ii) the laws and documents incorporating and constituting it prevailing as at the date of this Deed and as at Completion; or (iii) any mortgage, contract or other undertaking or instrument to which it is a party or which is binding upon it or any of its assets, and does not and will not result in the creation or imposition of any encumbrance on any of its assets pursuant to the provisions of any such mortgage, contract or other undertaking or instrument; and

(iv) no consent, licence, approval or authorisation of or filing or registration with or other requirement of any governmental department authority or agency in any jurisdiction which is applicable to it is required in relation to the valid execution, delivery or performance of this Deed (or to ensure the validity or enforceability hereof).

4.2 Melco Leisure further represents and warrants to Melco Entertainment that as at the date of this Deed (which shall continue to be so up to Completion), the Company has never carried on any business other than those related or incidental to its application to the Macau Government for the grant of development rights in respect of parcel(s) of land in Cotai, Macau and that the Company does not own, hold or has any significant assets or liabilities (whether present, future, actual or contingent) other than those related to development of the Macau Property.

4.3 Melco Leisure shall, at any time and from time to time upon the written request of Melco Entertainment, promptly and duly execute and deliver to Melco Entertainment any and all such further instruments and documents that Melco Entertainment may require for perfecting or protecting its interest in respect of the Assigned Property and the Relevant Capital or as Melco Entertainment may consider necessary to obtain the full benefit of this Deed and of the rights and benefits agreed to be transferred by Melco Leisure to Melco Entertainment under this Deed.

4.4 Melco Leisure irrevocably appoints Melco Entertainment, with effect from Completion, to be Melco Leisure's true and lawful attorney with full power, in the name of Melco Leisure to perform all or any of the acts that may be required to be performed by Melco Leisure under this Deed to perfect or protect Melco Entertainment's interest in respect of the Assigned Property and the Relevant Capital or to obtain the full benefit of this Deed and of the rights and benefits agreed to be transferred by Melco Leisure to Melco Entertainment under this Deed.

5. COMPLETION

5.1 Completion shall take place at 5:00 p.m. on the Completion Date at the offices of Melco at Penthouse, 38th Floor, the Centrium, 60 Wyndham Street, Central, Hong Kong (or such other place and time as Melco Leisure and Melco Entertainment may agree in writing) when all (but not part only) of the following business shall be transacted :-

(i) Melco Leisure shall deliver to Melco Entertainment:-

(a) copies of the board resolutions of Melco Leisure (or written resolutions signed by all the directors of Melco Leisure) approving the entering into and the performance of its obligations under this Deed;

(b) instrument(s) of transfer, sold note(s) and such other transfer document(s) as required under the laws of Macau in respect of the Relevant Capital duly executed by the relevant legal and beneficial owner(s) thereof in favour of Melco Entertainment (and/or its nominee(s)) accompanied by the relevant certificate(s) for the Relevant Capital ;

(c) copies of all powers of attorney or other authorities under which the transfer(s), sold note(s) and/or such other transfer document(s) as required under the laws of Macau (if required) in respect of the Relevant Capital have been executed;

(d) such other documents as may be required to give to Melco Entertainment good title to the Relevant Capital and to enable Melco Entertainment and/or its nominee(s) to become the registered holder(s) thereof;

(e) the legal opinion referred to in sub-Clause 3.l(iv);

(f) the statutory and other books (including, without limitation, registers of members, transfers, directors and charges, and unissued and surrendered share certificates), records, accounts, cheque books and all title deeds and other documents of title of, or belonging to, or evidencing title to (or ownership of) the assets of the Company;

(g) if so requested by Melco Entertainment in writing at least two Business Days prior to Completion, Melco Leisure shall deliver to Melco Entertainment (a) letter(s) of resignation of the company secretary or company secretaries and/or the director(s) of the Company nominated by and appointed to the Company by Melco Leisure, each such resignation to be executed under seal and to take effect as from Completion or such later date as Melco Entertainment may require confirming that the relevant director or company secretary (as the case may be) has no claim against the Company for which he/she acts as director or company secretary (as the case may be), whether by way of compensation for loss of employment or otherwise;

(h) the board minutes of the Company (or the written resolutions signed by all the directors of the Company) approving the transfer of the Relevant Capital, the registration of Melco Entertainment and/or its nominee(s) as the registered holder(s) of the Relevant Capital and the resignations of directors and company secretaries (where applicable);

(i) the Deed of Assignment, duly executed by Melco Leisure; and

(j) a notice of assignment in a form acceptable to Melco Entertainment (acting reasonably), duly executed by Melco Leisure, notifying Great Respect of the Assignment under this Deed and the Deed of Assignment;

(ii) Melco Entertainment shall:-

(a) deliver to Melco Leisure a copy of the board minutes of Melco Entertainment (or written resolutions signed by all the directors of Melco Entertainment) approving the entering into and the performance of its obligations under this Deed and the transactions contemplated hereby; and

(b) execute the Deed of Assignment.

5.2 Melco Leisure and Melco Entertainment shall not be obliged to complete or perform any of their respective obligations under sub-Clauses 5.1(i) and (ii) unless the other of them complies fully with the relevant requirements of sub-Clauses 5.1(i) and (ii) (as the case may be) applicable to it. If either of Melco Leisure or Melco Entertainment shall fail or be unable to comply with any of its respective obligations under sub-Clauses 5.1(i) or (ii) (as the case may be) on or before the date fixed for Completion, Melco Leisure or Melco Entertainment not in default (as the case may be) may:-

(i) defer Completion to a date not more than 28 days after the said date (and so that the provisions of this Clause 5.2 shall apply to Completion as so deferred); or

(ii) proceed to Completion so far as practicable but without prejudice to that party's rights (whether under this Deed generally or under this Clause) to the extent that the other party or parties shall not have complied with its or their obligations hereunder; or

(iii) terminate this Deed.

6. CONFIDENTIALITY AND ANNOUNCEMENTS

Each of the parties hereto hereby undertakes to the other party to procure that no disclosure or public announcement or communication (other than the Announcement and any correspondence with any regulators and any circular to be despatched by Melco in connection with any matters referred to in Clause 3.1) concerning this Deed and the transactions contemplated hereby shall be made or despatched without the prior written consent (which consent shall not be unreasonably withheld or delayed) of the other party as to the context, timing and manner of making or despatch thereof except in the following circumstances:-

(i) the disclosure is required by law, the Listing Rules, the Takeovers Code or the Stock Exchange or the SFC; or

(ii) the information which a party hereto seeks to disclose is already in the public domain otherwise than as a result of a breach of this Clause by such party; or

(iii) the disclosure is necessary for, or reasonably incidental to, the performance of the relevant obligations or the seeking of relevant consents contemplated by this Deed or the transactions contemplated hereby.

7. NOTICES

7.1 Any notice, claim, demand, court process, document or other communication to be given under this Deed (collectively " **communications**" in this Clause) shall be in writing in the English language and may be served or given personally or sent to the facsimile number of the relevant party as specified in this Clause.

7.2 A change of address or facsimile number of the person to whom a communication is to be addressed pursuant to this Deed shall only be effective on the second Business Day after the relevant notice of change has been served in accordance with the provisions of this Clause on all other parties to this Deed with specific reference in such notice that such change is for the purposes of this Deed.

7.3 All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:-

Means of despatch	Time of deemed receipt
Local mail	second Business Days after date of despatch
Facsimile	on despatch
Personal delivery	upon receipt
Airmail from outside Hong Kong	fifth Business Day after date of despatch

7.4 The initial addresses and facsimile numbers of the parties for the service of communications and the person for whose attention such communications are to be marked are as follows:-

To Melco Leisure:-

Address:	Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
Facsimile no.:	(852) 3162 3579
Attn:	Mr. Samuel Tsang

To Melco Entertainment:-

Address:	Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
Facsimile no.:	(852) 3162 3579
Attn:	Mr. Samuel Tsang

with a copy to:-

Company:	Publishing and Broadcasting Limited
Facsimile no.:	(612) 9282 8828
Attn:	Company Secretary

7.5 A communication served in accordance with this Clause shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address (in the case of personal delivery) or that the envelope containing such communication was properly addressed, postage pre-paid and posted to the addressee's address (in the case of despatch by local mail or airmail) or that the communication was properly transmitted by facsimile to the addressee. In the case of communication by facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a report of satisfactory transmission printed out by the sending machine.

8. COSTS AND EXPENSES

Each party shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Deed and all documents incidental or relating to Completion. Unless otherwise agreed between the parties, the entire amount of the stamp duty and other transfer taxes and levies (if any) in relation to the transfer of the Relevant Capital shall be borne by Melco Entertainment.

9. MISCELLANEOUS

9.1 All provisions of this Deed shall so far as they remain to be performed or observed continue in full force and effect notwithstanding Completion.

9.2 This Deed may be executed in any number of counterparts and by different parties on separate counterparts, each of which is an original but, together, they constitute one and the same agreement.

9.3 Each of Melco Leisure and Melco Entertainment hereby undertakes to the other that it will do all such acts and things and execute all such deeds and documents as may be necessary or desirable to carry into effect or to give legal effect to the provisions of this Deed and the transactions contemplated hereby.

9.4 It is expressly declared that no variations hereof shall be effective unless made in writing and signed by all the parties hereto.

9.5 If at any time one or more provisions hereof is or becomes invalid, illegal, unenforceable or incapable of performance in any respect under the laws of any relevant jurisdiction, the validity, legality, enforceability or performance in that jurisdiction of the remaining provisions hereof or the validity, legality, enforceability or performance under the laws of any other relevant jurisdiction of those or any other provisions hereof shall not thereby in any way be affected or impaired.

10. SUCCESSORS AND ASSIGNS

This Deed shall be binding on and shall enure for the benefit of each party's successors and permitted assigns and personal representatives (as the case may be), but no assignment may be made of any of the rights or obligations hereunder of any party hereto without the prior written consent of the other party.

11. WAIVER AND SEVERABILITY

11.1 No failure or delay by any party hereto in exercising any right, power or remedy under this Deed shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.

11.2 If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Deed shall not be affected or impaired thereby.

12. GOVERNING LAW

12.1 This Deed shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereto irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

12.2 The submission to the jurisdiction of the courts of Hong Kong shall not (and shall not be construed so as to) limit the right of any of the parties hereto to take proceedings against any of the other parties hereto in any court of competent jurisdiction, nor shall the taking of proceedings by any of the parties hereto in any one or more jurisdictions preclude it from taking proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

12.3 Melco Leisure hereby confirms that it has appointed Melco International Development Limited of Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong and also agrees that any such legal process shall be sufficiently served on it if delivered to its service agent aforesaid. Melco Leisure further agrees to maintain a duly appointed agent in Hong Kong to accept service of process in Hong Kong and to keep the other party to this Deed informed of the name and address of such agent. Service on such process agent (or its substitutes appointed pursuant to the procedures described above) shall be deemed to be service on their appointor. The provisions of Clause 7 shall apply to the service of court process on the process agent of Melco Leisure as if references to an addressee of a communication in Clause 7 include such process agent.

12.4 Melco Entertainment hereby confirms that it has appointed Melco International Development Limited of Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong and also agrees that any such legal process shall be sufficiently served on it if delivered to its service agent aforesaid. Melco Entertainment further agrees to maintain a duly appointed agent in Hong Kong to accept service of process in Hong Kong and to keep the other party to this Deed informed of the name and address of such agent. Service on such process agent (or its substitutes appointed pursuant to the procedures described above) shall be deemed to be service on their appointor. The provisions of Clause 7 shall apply to the service of court process on the process agent of Melco Entertainment as if references to an addressee of a communication in Clause 7 include such process agent,

IN WITNESS whereof the parties or their duly authorised representatives have executed this Deed on the date first before appearing.

SCHEDULE 1

The Company

(i) Name	:	新濠酒店及渡假村(澳門)有限公司 (in Chinese) (Melco Hoteis E Resorts (Macau) Limitada (in Portuguese)
Registered office	:	Melco Hotels and Resorts (Macau) Limited (in English) Avenida Xian Xing Hai, n°. 105, Edificio Zhu Kuan, 19° andar, letras A-C e K-N, em Macau
Date of incorporation	:	20th July 2004
Place of incorporation	:	Macau
Equity Capital	:	MOP25,000
Directors/Administrators	:	Ho Yau Lung, Lawrence Tsui Che Yin, Frank Chan Ying Tat
Shareholders	:	Melco Leisure and Entertainment Group Limited as to the capital amount of MOP25,000 representing the entire equity capital of the Company (of which the capital amount of MOP1,000 is held by Tsui Che Yin, Frank as a nominee for Melco Leisure and Entertainment Group Limited)
Outstanding mortgage(s)/ encumbrance(s)/guarantee(s)/ indemnities	:	None
Subsidiary	:	None

SCHEDULE 2

Macau Property

1. A land parcel of 113,325 sq. meters located in Taipa, Macau, near to Cotai Strip and the Cotai Reclamation Area. The land parcel consists of the following two parcels:

   (a) Parcel A of 73,528 sq. meters, registered as Lot No. 23053 in the Property Registration Bureau;

   (b) Parcel B of 39,797 sq. meters, which is presumed by the Property Registration Bureau to be unregistered land.

2. The land parcels are shown delineated on map No. 6328/2005, which is attached to the Consent Letter.

SCHEDULE 3

Form of Deed of Assignment

DATED THE __ DAY OF_____ 2005

MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED
as Assignor

and

MELCO ENTERTAINMENT LIMITED
as Assignee

DEED OF ASSIGNMENT
in relation to
a memorandum of agreement dated 28th October 2004

RICHARDS BUTLER
20th Floor
Alexandra House
16-20 Chater Road
Central, Hong Kong

THIS DEED OF ASSIGNMENT ("DEED") is made on __, 2005

AND GIVEN BY:

(1) **MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED,** a company incorporated in British Virgin Islands with limited liability and having its registered office at the offices of Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands (the "**Assignor**"); and

IN FAVOUR OF:

(2) **MELCO ENTERTAINMENT LIMITED**, a company incorporated in the Cayman Islands and having its registered office at Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands (the "**Assignee**").

WHEREAS:

(1) By a transfer and assignment deed dated [•] (the "**Principal Deed**") entered into between the Assignor and the Assignee, the Assignor has agreed to assign to the Assignee all of the Assignor's right, title and interest in, and the full benefit of, the Joint Venture MOA upon the terms and subject to the conditions set out in the Principal Deed.

(2) It is a term of the Principal Deed that the Assignor and the Assignee shall execute this Deed on completion of the Principal Deed.

THIS DEED WITNESSETH as follows:

1. INTERPRETATION

1.1 Terms used in this Deed and not otherwise defined herein shall have the same respective meanings assigned to them in the Principal Deed.

1.2 Words importing the singular include the plural and vice versa, words importing one gender include every gender and references to persons include bodies corporate or unincorporated.

1.3 The headings to Clauses are for convenience only and have no legal effect.

2. ASSIGNMENT

The Assignor hereby assigns absolutely, with immediate effect from the date of this Deed, to the Assignee, all of the Assignor's right, title and interest in and under, and the full benefit of, the Joint Venture and the Joint Venture MOA (the "**Assigned Property**").

3. REPRESENTATIONS AND WARRANTIES

Each party hereto represents and warrants to the other party that:-

(i) it has full power, authority and legal right to execute and deliver this Deed and to perform and observe the terms and conditions hereof;

(ii) it has taken all necessary legal and corporate action to authorize the execution and delivery of this Deed and the performance and observance of the terms and conditions hereof; and

(iii) this Deed constitutes the valid and binding obligation of such party enforceable in accordance with the terms hereof.

4. FURTHER ASSURANCE

The Assignor shall, at any time and from time to time upon the written request of the Assignee, promptly and duly execute and deliver to the Assignee any and all such further instruments and documents that the Assignee may require for perfecting or protecting its interest in respect of the Assigned Property or as the Assignee may consider necessary to obtain the full benefit of this Deed and of the rights and benefits agreed to be transferred by the Assignor to the Assignee under this Deed.

5. SUCCESSORS AND ASSIGNS

This Deed shall be binding on and shall enure for the benefit of each party's successors and permitted assigns (as the case may be), but no assignment may be made of any of the rights or obligations hereunder of any party hereto without the prior written consent of the other party.

6. LAW AND JURISDICTION

6.1 This Deed shall be governed by, and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

6.2 In relation to any legal action or proceedings to enforce this Deed or arising out of or in connection with this Deed (" **Proceedings**"), each party irrevocably submits to the non-exclusive jurisdiction of the Hong Kong courts, and waives any objection to Proceedings in such courts on the grounds of venue or on the grounds that proceedings have been brought in an inappropriate forum.

AS WITNESS whereof this Deed of Assignment has been duly executed under seal on the date first above written.

THE ASSIGNOR

SEALED with the **COMMON SEAL** of)
MELCO LEISURE AND ENTERTAINMENT)
GROUP LIMITED)
in the presence of:-)

THE ASSIGNEE

SEALED with the **COMMON SEAL** of)
MELCO ENTERTAINMENT LIMITED)
in the presence of:-)

EXECUTION PAGE

MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED

SEALED with the **COMMON SEAL** of)
MELCO LEISURE AND ENTERTAINMENT)
GROUP LIMITED) [Company Seal]
in the presence of:-)

/s/

MELCO ENTERTAINMENT LIMITED)
SEALED with the **COMMON SEAL** of) [Company Seal]
MELCO ENTERTAINMENT LIMITED)
in the presence of:-

/s/

Annexure A

The Announcement

[LOGO]

Melco International Development Limited

[Company name in Chinese]

(Incorporated in Hong Kong with limited liability)

Website http://www. melco.hk.cn

(Stock Code: 200)

PROPOSED ACQUISITION OF ADDITIONAL LAND IN MACAU FOR DEVELOPMENT AS AN INTEGRATED ENTERTAINMENT RESORT VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTION

The Development Project

The Directors are pleased to announce that, on 10th May 2005, Melco Hotels accepted in principle an offer from the Macau Government to grant to Melco Hotels a long term lease in respect of a plot of land with an area of approximately 113,325 square metres in Taipa, Macau, on the Cotai Strip, for the construction and development of an integrated entertainment resort. The proposed development is expected to include: 14.58(3) 14.60(1), (2)

- one five star hotel with approximately 500 rooms and two four star hotels with approximately 750 rooms each
- subject to obtaining the necessary Macau regulatory approvals, a casino with approximately 45,000 sq. meters gaming space and 400 mass market gaming tables, 50 premium player market gaming tables and 3,000 electronic slot machines
- two blocks of service apartments with approximately 142,000 sq. meters saleable area
- retail shopping space of approximately 10,000 sq. meters
- a performance hail with approximately 8,500 sq. meters auditorium and back of house areas
- car parking facilities and other supporting infrastructure

The offer by the Macau Government to grant a long term lease in respect of the Land in the name of Melco Hotels was secured through the efforts of Great Respect, a company controlled by a discretionary trust of Dr. Stanley Ho, in the context of a joint venture established to apply to the Macau Government for the grant of one or more parcels of Land in Cotai, Macau. The Macau Government offered the opportunity to be granted development rights in respect of the Land to Melco Hotels in a letter dated 21st April 2005, which sets out detailed specifications of the permitted uses and developable gross floor area of the site and the applicable land premium payable to take up the grant of the lease. The terms of the proposed grant were accepted in principle by Melco Hotels on 10th May 2005, although a legally binding commitment of Melco Hotels will only arise upon the execution by it of a legally binding contract with the Macau Government. That legally binding contract will only be entered into by Melco Hotels subject to, or following, the approval of the Land grant and the project by Shareholders of Melco (by way of a poll) at the EGM.

Acquisition of Interests in the Joint Venture 14.58(3)

The Directors are also pleased to announce that, on 11th May 2005, Melco Entertainment agreed to acquire the interest of Great Respect in the Joint Venture referred to above which was established to apply to the Macau Government for the grant of one or more parcels of land in Cotai, Macau and which resulted in the offer of development rights in respect of the Land.

The Joint Venture is constituted by a legally binding Joint Venture MOA made between Melco Leisure and Great Respect on 28th October 2004. The Joint Venture MOA contemplated that Great Respect would use its best efforts, through its business relationships and connections in Macau, to apply to the Macau Government for the grant of development rights in respect of one or more parcels of land in Cotai, Macau. Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho. Dr. Ho has had strong links with Macau and its business community over several decades. Dr. Ho and Great Respect have been able to employ Dr. Ho's strong and enduring links with Macau and its business community for the benefit of Melco, to secure the opportunity for the Melco group to obtain a long term lease in respect of the Land, which is an opportunity which would not otherwise have been open to Melco. Under the Joint Venture MOA, for expedience Melco Leisure would make available one of its Macau subsidiaries (which was ultimately Macau Hotels) to the Joint Venture, as the Macanese vehicle to make the application.

The Joint Venture MOA provides that, if the Macau Government were to agree to grant land in Cotai to the Joint Venture, or the vehicle provided by Melco Leisure to make the application, Melco Leisure would have an interest of 50.8% in the land so agreed to be granted and Great Respect would have an interest of 49.2% in the relevant land and that, upon a land application being approved, Melco Leisure and Great Respect would jointly develop the land on a 50.8% (Melco Leisure):49.2% (Great Respect) basis.

In accordance with a Shareholders Agreement between Melco and PBL dated 8th March 2005, all gaming ventures in Macau are required to be carried out by Melco and PBL through their joint venture company, Melco Entertainment. Accordingly, pursuant to that Shareholders Agreement and a Declaration Agreement dated

9th March 2005 between Melco Leisure and Melco Entertainment, Melco Leisure is holding its 50.8% interest in the Joint Venture on behalf of Melco Entertainment and has agreed to transfer its 50.8% interest in the Joint Venture, and its interest in Melco Hotels, to Melco Entertainment.

Melco Entertainment has now also agreed to acquire the 49.2% interest of Great Respect in the Joint Venture, thereby giving Mete() Entertainment a 100% interest in the right to apply to the Macau Government for a long term lease of the Land and to subsequently develop the Land as an integrated entertainment resort.

Acquisition Agreements

Melco Entertainment has entered into the following agreements:

1. The First Agreement, dated 11th May 2005, with Great Respect and Melco, pursuant to which: 14.58(3) 14.58(4)

   (a) Melco Entertainment has agreed to purchase and take an assignment of the 49.2% interest in the Joint Venture held by Great Respect under the Joint Venture MOA, for a consideration of HK$1,180 million; and

   (b) Great Respect has undertaken to immediately subscribe the entire amount of the consideration to be received by it on completion of the First Agreement for Convertible Loan Notes to be issued by Melco.

2. The Second Agreement, dated 11th May 2005, with Melco Leisure, pursuant to which Melco) Leisure will transfer its 50.8% interest in the Joint Venture and its interest in Melco Hotels to Melco Entertainment, in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement. 14.58(3)

Convertible Loan Notes

The Convertible Loan Notes will be issued in the aggregate principal amount of HK$1,180 million, will not bear interest and will be convertible into Shares at an initial conversion price of HK$19.93 per Share, subject to customary adjustments. The conversion price has been calculated as the average closing price of a Share for the 5 (five) trading days up to and including the Last Trading Date. The Convertible Loan Notes are not transferable and are not permitted to be converted into Shares prior to the date of grant by the Macau Government to Melco Hotels of the long term lease in respect of the Land, for the construction and development of an integrated entertainment resort. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares falling to be issued on conversion of the Convertible Loan Notes. The exercise in full of the Convertible Loan Notes would result in the issue of an aggregate of 59,207,225 new Shares, representing approximately 12.06% of the issued share capital of Melco on the date of this announcement and 10.76% of the enlarged issued share capital on that date, assuming full conversion of the Convertible Loan Notes.

If a legally binding tong term lease in respect of the Land for the construction and development of an integrated entertainment resort is not formally granted to Melco Hotels by 31st December 2006, then Great Respect is required to transfer the Convertible Loan Notes back to Melco, for cancellation, and Melco is required to pay

the proceeds received by it from Great Respect on subscription of the Convertible Loan Notes to Melco Entertainment, by way of refund of the purchase price for the acquisition of Great Respect's interest in the Joint Venture.

Completion of the First Agreement and the Second Agreement are subject to the respective conditions precedent specified in this announcement. Completion of the Second Agreement is not conditional upon completion of the First Agreement; however, it is anticipated that (subject to the necessary shareholders approvals having been obtained and other relevant conditions precedent having been fulfilled), the Agreements will be completed at substantially the same time.

Implications under the Listing Rules

The First Agreement constitutes a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the total assets which are the subject of the transaction (calculated as Great Respect's 49.2% interest in the Joint Venture on the basis of the open market value of the Land derived from the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer) referred to below) exceeds 100% of the total assets of Melco. Accordingly, the First Agreement is conditional on approval by shareholders (by way of poll) at the EGM.

Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho, who is a director, shareholder and connected person of Melco. Accordingly, the First Agreement also constitutes a connected transaction of Melco under the Listing Rules. Dr. Stanley Ho, Mr. Lawrence Ho and their respective associates, including Madam Lucina Laam King Ying, Better Joy and Lasting Legend will abstain from voting on the relevant resolution regarding the First Agreement and the transactions contemplated by it. In aggregate, these persons hold shares representing approximately 52.76% of the issued share capital of Melco as at the date of this announcement. 14A.56(2)

An independent board committee of Melco comprising its independent non-executive directors will be appointed to advise the Independent Shareholders in relation to the First Agreement and the transactions contemplated by it. An independent financial adviser will be appointed to advise the independent board committee.

The Second Agreement constitutes a very substantial disposal for Melco under Chapter 14 of the Listing Rules, on the basis that the preliminary open market valuation of the Land, as determined in the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer), exceeds 75% of the total assets of Melco. Accordingly, the Second Agreement is also conditional on approval by shareholders (by way of poll) at the EGM.

The legally binding commitments of Melco Hotels expected to be entered into in the future as a result of its in principle acceptance of the Macau Government's offer to grant a long term lease in respect of the Land, and in connection with the future development of the Land as an integrated entertainment resort, will, in aggregate, constitute a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the aggregate of the amount of the Land premium required to be paid to secure the grant of a long term lease in respect of the Land and the costs of development and construction of an integrated entertainment resort will exceed 100% of the total assets and total market capitalization of Melco. The aggregate of the amount of the

Land premium and estimated development costs of the integrated entertainment resort having the features described in this announcement are expected to be in the region of approximately HK$8,000 million.

Circular

A circular containing further details of:

(a) the Agreements and the transactions contemplated by them;

(b) the in principle acceptance by Melco Hotels of the Macau Government's offer to grant a long term lease in respect of the Land; and

(c) the proposed development of the Land, involving the construction of an integrated entertainment resort having the features referred to above;

together with the information required under the Listing Rules in relation to each of the foregoing, and convening the EGM, will be despatched to Shareholders within 21 days from the date of publication of this announcement.

Possible Fund Raising and Whitewash Waiver Application

In order to raise the funds required to finance the construction and development of the proposed integrated entertainment resort, as described in this announcement, Melco is considering a possible Placing of shares. If it proceeds, the Placing would result in the aggregate shareholding of the Concert Party being diluted to less than 50% of the voting rights of Melco. Following that dilution, an exercise of the Conversion Rights under the Convertible Loan Notes which results in the Concert Party's shareholding increasing by more than 2% from the lowest percentage shareholding of the Concert Party within the 12 month period immediately preceding the date of exercise of those conversion rights would ordinarily require Great Respect or the Concert Party to make an unconditional cash offer to acquire all of the Shares of Melco other than those owned by the Concert Party, at the applicable conversion price.

However, if the Placing proceeds, an application will be made by Great Respect to the SFC for the Whitewash Waiver, in respect of the Shares falling to be issued on exercise in full of the conversion rights under the Convertible Loan Notes. If granted, the Whitewash Waiver would be subject to the approval of the Independent Shareholders and such approval would be sought at the EGM pursuant to a vote conducted by poll.

Suspension of Trading

At the request of Melco, the Shares were suspended from trading on the Stock Exchange at 9:30 a.m. on 11th May 2005 pending the release of this announcement. The Shares will remain suspended following the publication of this announcement, pending the publication of a further announcement regarding the possible Placing.

THE DEVELOPMENT PROJECT

On 10th May 2005, Meleo Hotels accepted in principle an offer from the Macau Government to grant to Melco Hotels 14.58(3) 14.60(1), (2)

a long term lease of land parcels on the Cotai Strip in Macau with an aggregate area of 113,325 sq. meters, for the development of an integrated entertainment resort with the following principal features:

- one five star hotel with approximately 500 rooms and two four star hotels with approximately 750 rooms each
- subject to obtaining the necessary Macau regulatory approvals, a casino with approximately 45,000 sq. meters gaming space and 400 mass market gaming tables., 50 premium player market gaming tables and 3,000 electronic slot machines
- two blocks of service apartments with approximately 142,000 sq. meters saleable area
- retail shopping space of approximately 10,000 sq. meters
- a performance hall with approximately 8,500 sq. meters auditorium and back of house areas
- car parking facilities and other supporting infrastructure

The Macau Government offered the opportunity to be granted development rights in respect of the Land to Melco Hotels in a letter dated 21st April 2005, which sets out detailed specifications of the permitted uses and developable gross floor area of the site and the applicable land premium payable to take up the grant. The terms of the proposed grant were accepted in principle by Melco Hotels on 10th May 2005. A limited number of matters in relation to the detailed terms of the grant and the undertaking of preliminary peripheral infrastructure work remain to be discussed with the Macau Government and Melco Hotels has, in addition, requested an increase in the developable site area from approximately 400,000 sq. meters to the approximately 450,000 sq. meters contemplated by the proposed development described above. The Directors anticipate that the requested modification to the developable gross floor area, to permit the development described above, will be granted by the Macau Government in the context of the process which is expected to ultimately result in the grant of a formal legally binding long term lease in respect of the Land. Subject to the foregoing, the terms of the proposed land grant are substantially agreed in principle, albeit that a legally binding commitment of Melco Hotels will only arise upon the execution by it of a legally binding contract with the Macau Government. That legally binding contract will only be entered into by Melco Hotels subject to, or following, the approval of the Land grant and the project by Shareholders of Melco (by way of a poll) at the EGM.

The Land consists of two individual parcels. The grant of development rights in respect of "Parcel A", a parcel of land of 73,528 sq. meters which is registered as Lot No. 23053 in the Property Registration Bureau, would be conditional on the return of the land parcel to the Macau Government by the existing holder of development rights in respect of it. Such holder is an independent third party not connected with Melco or any of its substantial shareholders, directors or chief executive. Melco has obtained written confirmation from such holder that it will complete negotiations with the Macau Government as soon as possible with the intention that "Parcel N" is surrendered to the Macau Government (and hence granted to Melco Hotels) before May 2006. The grant of rights in respect of "Parcel B", a parcel of land of 39,797 sq. meters which is thought to be unregistered, would not be subject to such a condition. 14A.56(2)

If granted, the lease term would initially be 25 years, with the right to renew for further consecutive periods of 25 years in accordance with the applicable provisions of Macau law.

The premium payable on the grant of a long term lease for the construction and development on the Land of an integrated entertainment resort having the features described above will need to be agreed with the Macau Government in the context of the process which is expected to ultimately result in the formal grant of a long term lease in respect of the Land. The amount of the land premium originally proposed by the Macau Government in its 21st April 2005 letter is MOP 509,124,823 (equivalent to approximately HK$[•]), although this amount may be adjusted if the Macau Government accedes to Melco Hotels' request to increase the developable gross floor area at the site from approximately 400,000 sq. meters to approximately 450,000 sq. meters. In addition, as is customary for this type of project, it is anticipated that Melco Hotels will also be required to provide guarantee money to the Macau Government by way of a cash deposit or bank guarantee acceptable to the Macau Government. It is anticipated that the amount of the guarantee money required to be provided by Melco Hotels will be in the region of MOP 2,300,000 (equivalent to approximately HK$[•]).

The legally binding commitments of Melco Hotels expected to be entered into in the future as a result of its in principle acceptance of the Macau Government's offer to grant a long term lease in respect of the Land, and in connection with the future development of the Land will only be entered into subject to, or following, the approval of the project by the shareholders of Melco (by way of poll) at the EGM.

The Directors intend to reach an agreement with SJM whereby, upon completion of the proposed casino and subject to obtaining the necessary Macau regulatory approvals, SJM would take a lease of and operate the casino, while (subject as aforesaid) the electronic gaming machine lounge will be managed by Mocha Slot, a subsidiary of Melco Entertainment. SJM, which is a subsidiary of STDM, is one of the three concessionaries granted rights by the Macau Government to engage in casino gaming operations in Macau from 1st April 2002 to 31st March 2020. Although there is currently no agreement in place with SJM for the lease and operation of the proposed casino, this model has been employed in Melco's other principal investment in Macau, a luxury hotel with a casino and electronic gaming machine lounge on a parcel of land with an area of approximately 5,230 sq. meters located at Biaxa da Taipa, Macau. Pursuant to those arrangements, a lease will be granted to SJM for a period from the commencement of business of the hotel to the expiry of SJM's concession to operate casinos in Macau. In terms of rental under the lease, the Melco Group is entitled to receive 40% of the gross monthly revenue generated from 60 (out of a total of 160) gaming tables and a percentage to be agreed between SJM and the Melco Group (but in any event not less than 30%) of the gross monthly revenue generated from the remaining 100 gaming tables. The Directors intend to enter into arrangements on a similar basis with SJM in relation to the casino to be built as part of the integrated entertainment resort described in this announcement. Dr. Stanley Ho, who is the Chairman and an Executive Director of Melco, has an equity interest in SJM and is a director of STDM. SJM is, therefore, treated by Melco as a connected person under the Listing Rules. Accordingly, the terms of any agreement reached with SJM in relation to the lease and operation of the

14A.56(2), (3)

proposed casino would constitute a connected transaction of Melco under Chapter 14A of the Listing Rules and, in the absence of any applicable exceptions, would be subject to the approval of the Independent Shareholders.

The offer by the Macau Government to grant a long term lease in respect of the Land in the name of Melco Hotels for the development of an integrated entertainment resort was secured through the efforts of Great Respect in the context of the Joint Venture. Melco Entertainment has agreed to acquire a 100% interest in the Joint Venture, as described below.

ACQUISITION OF INTERESTS IN THE JOINT VENTURE

A group structure chart appears below. Melco Entertainment is a company incorporated in the Cayman Islands which is directly owned as to 80% by Melco PBL Holdings and as to the balance of 20% by Melco Leisure. Melco Leisure is a wholly owned subsidiary of Melco, while Melco PBL Holdings is a 50/50 joint venture between Melco and PBL. Accordingly, Melco has a 60% direct and indirect attributable interest in Melco Entertainment.

On 11th May 2005, Melco Entertainment agreed to acquire the 49.2% interest of Great Respect in a Joint Venture established to apply to the Macau Government for the grant of one or more parcels of land in Cotai, Macau. 14.58(3)

The Joint Venture is constituted by a legally binding Joint Venture MOA made between Melco Leisure and Great Respect on 28th October 2004. The Joint Venture MOA contemplated that Great Respect would use its best efforts, through its business relationships and connections in Macau, to apply to the Macau Government for the grant of development rights in respect of one or more parcels of land in Cotai, Macau. Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho. Dr. Ho has had strong links with Macau and its business community over several decades. Dr. Ho and Great Respect have been able to employ Dr. Ho's strong and enduring links with Macau and its business community for the benefit of Melco, to secure the opportunity for the Melco group to obtain a long term lease in respect of the Land, which is an opportunity which would not otherwise have been open to Melco. Under the Joint Venture MOA, for expedience Melco Leisure would make available one of its Macau subsidiaries (which was ultimately Melco Hotels) to the Joint Venture, as the Macanese vehicle to make the application.

The Joint Venture MOA provides that, if the Macau Government were to agree to grant land in Cotai to the Joint Venture, or the vehicle provided by Melco Leisure to make the application, Melco Leisure would have an interest of 50.8% in the land so agreed to be granted and Great Respect would have an interest of 49.2% in the relevant land and that, upon a land application being approved, Melco Leisure and Great Respect would jointly develop the land on a 50.8% (Melee Leisure):49.2% (Great Respect) basis.

The Acquisition Agreements

Melco Entertainment has entered into the following two agreements:

1. The First Agreement, dated 11th May 2005, with Great Respect and Melco, pursuant to which: 14.58(3)

   (a) Melco Entertainment has agreed to purchase and take an assignment of the 49.2% interest in the Joint Venture held by Great Respect under the Joint Venture MOA, for a consideration of HK$1,180 million; and 14.58(4)

   (b) Great Respect has undertaken to immediately subscribe the entire amount of the consideration to be received by it on completion of the First Agreement for Convertible Loan Notes to be issued by Melco.

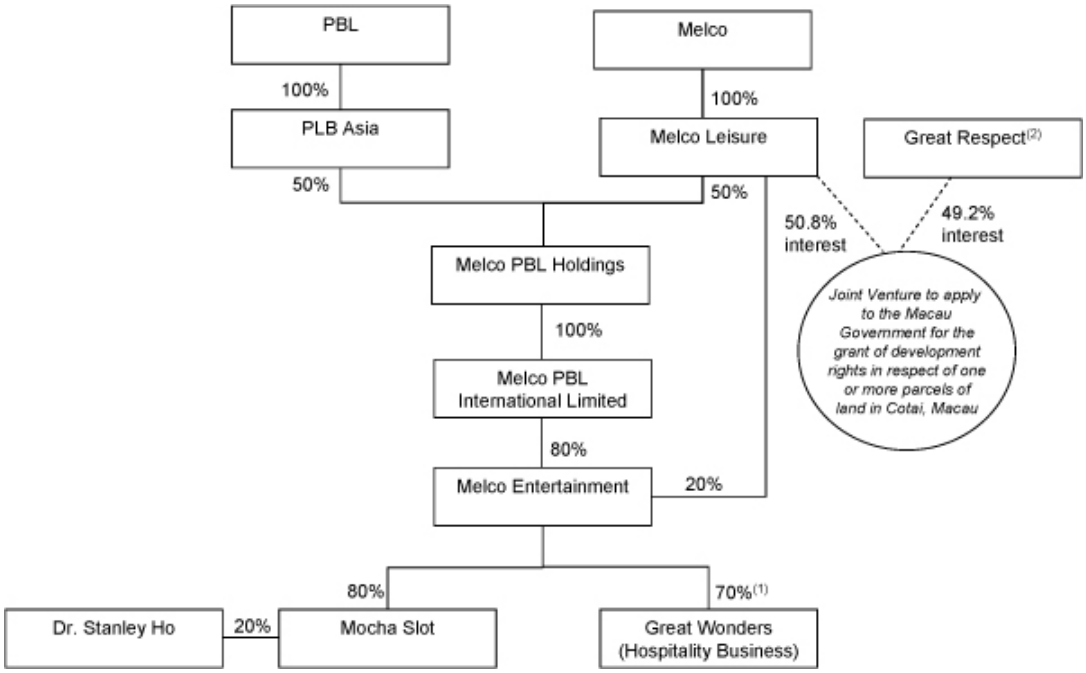
2. The Second Agreement, dated 11th May 2005, with Melco Leisure, pursuant to which Melco Leisure will transfer its 50.8% interest in the Joint Venture and its interest in Melco Hotels to Melco Entertainment, in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement and in consideration of the mutual benefits to be derived by, and reciprocal covenants of, Melco and PBL under the Shareholders Agreement.

The Convertible Loan Notes will be issued in the principal amount of HK$1,180 million, will not bear interest and will be convertible into Shares at an initial conversion price of HK$19.93 per Share, subject to customary adjustments. The conversion price has been calculated as the average closing price of a Share for the five (5) trading days up to and including the Last Trading Date. The Convertible Loan Notes are not transferable without the consent of Melco and are not permitted to be converted into Shares prior to the date of grant by the Macau Government to Melco Hotels of the long term lease in respect of the Land for the construction and development of an integrated entertainment resort. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares falling to be issued on conversion of the Convertible Loan Notes. The exercise in full of the Convertible Loan Notes would result in the issue of an aggregate of 59,207,225 new Shares, representing approximately 12.06% of the issued share capital of Melco on the date of this announcement and 10.76% of the enlarged issued share capital on that date assuming full conversion of the Convertible Loan Notes.

If the legally binding long term lease in respect of the Land is not formally granted to Melco Hotels by 31st December 2006, then Great Respect is required to transfer the Convertible Loan Notes to Melco for cancellation, and Melco is required to pay the proceeds received by it from Great Respect on subscription of the Convertible Loan Notes to Melco Entertainment, by way of refund of the purchase price for the acquisition of Great Respect's interest in the Joint Venture.

The following diagrams illustrate the structure of Melco's gaming, entertainment and hospitality businesses in Asia Pacific and Greater China before and after completion of the acquisition described above:

Before Completion

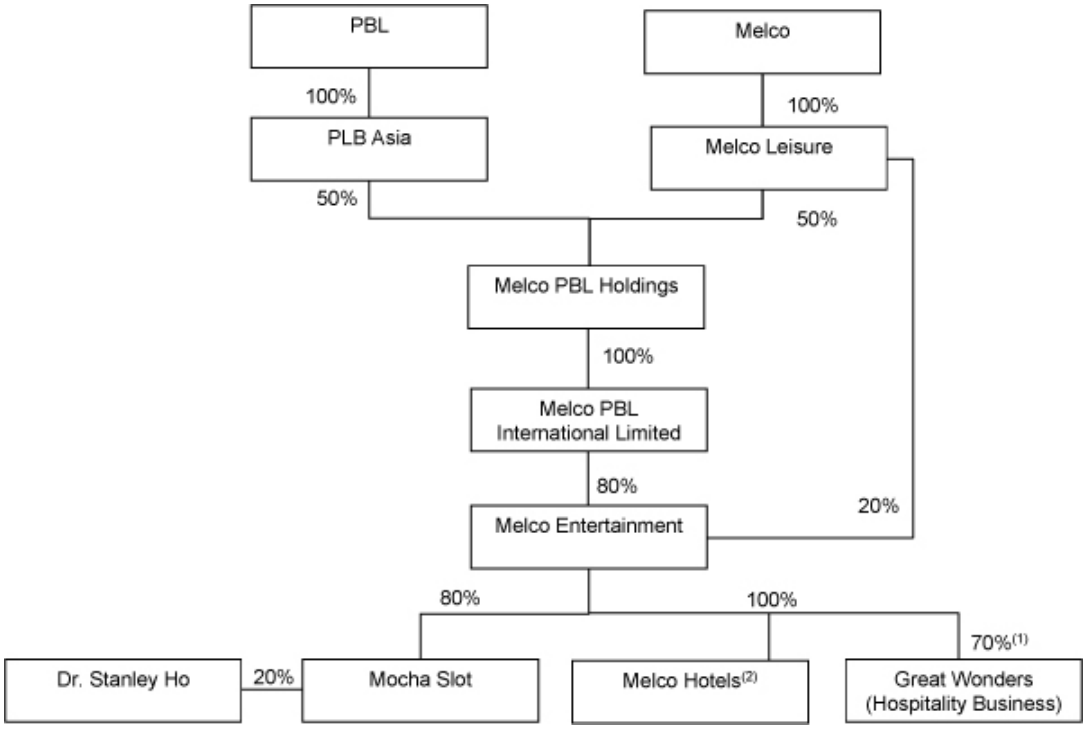


Notes:

(1) Melco Entertainment currently holds 70% of Great Wonders, but has agreed to acquire the remaining 30% from STDM pursuant to the arrangements described in Melco's announcement dated 22nd March 2005.

(2) Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho

After Completion



Note:

(1) Melco Entertainment currently holds 70% of Great Wonders, but has agreed to acquire the remaining 30% from STDM pursuant to the arrangements described in Melco's announcement dated 22nd March 2005.

(2) Holds the right to apply to the Macau Government to be granted a long term lease in respect of the Land, for the construction and development of a hotel complex, derived from the Joint Venture.

The First Agreement

Date	:	11th May 2005	14.58(3)
Parties	:	Great Respect, as assignor	
		Melco Entertainment, as assignee	
		Melco, as issuer of the Convertible Loan Notes	
Interest to be acquired	:	49.2% interest in the Joint Venture held by Great Respect	
Consideration	:	HK$1,180 million	14.58(4)

Terms of Payment	:	The consideration of HK$1,180 million is payable in cash on completion. However, Great Respect has agreed to immediately apply the entire amount of the consideration received by it on completion of the First Agreement to subscribe for the Convertible Loan Notes.	
Other Terms	:	If the legally binding long term lease in respect of the Land for the construction and development of an integrated entertainment resort is not formally granted by the Macau Government on or before 31st December 2006, Great Respect is required to surrender the entire amount of the Convertible Loan Notes to Melco for cancellation, and Melco, is required to pay the proceeds received by it from Great Respect on subscription of the Convertible Loan Notes to Melco Entertainment, by way of refund of the purchase price for the acquisition of Great Respect's interest in the Joint Venture.	

The Second Agreement

Set out below is a summary of the principal terms of the Second Agreement:

Date	:	11th May 2005	14.58(3)
Parties	:	Melco Leisure, as assignor and vendor Melco Entertainment, as assignee and purchaser	
Interest to be acquired	:	50.8% interest in the Joint Venture and entire issued equity of Melco Hotels	
Consideration	:	To be transferred in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement, in consideration of the mutual benefits to be derived by Melco and PBL, under the Shareholders Agreement and the reciprocal covenants of each of them under that agreement.	14.58(4)

The Convertible Loan Notes

Principal Amount	:	HK$1,180 million, equal to the consideration payable to Great Respect on the acquisition of its 49.2% interest in the Joint Venture.	
Status	:	General, unsecured obligations of Melco ranking equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of Melco.	
Maturity	:	Five years from the date of issue.	

Interest	:	The Convertible Loan Notes do not bear interest.
Conversion	:	The principal amount of the Convertible Loan Notes is convertible into Shares, at an initial conversion price of HK$19.93 per Share, subject to customary adjustments in accordance with the terms of the Convertible Loan Notes. The conversion price is equal to the average closing price of the Shares on the five trading days immediately preceeding the Last Trading Date. If the conversion rights in respect of the Convertible Loan Notes were exercised in full at the initial conversion price, the Shares falling to be issued on exercise of the Convertible Loan Notes would represent approximately 10.76% of the issued share capital of Melco as at the date of this announcement and approximately 12.06% of the enlarged share capital assuming conversion of the Convertible Loan Notes in full (but, in each case, disregarding amounts of accrued interest which can be converted into Shares under the terms of the Convertible Loan Notes).
Transfer	:	The Convertible Loan Notes are not transferable.
Moratorium on Conversion:	:	The Convertible Loan Notes are not permitted to be converted prior to the date on which the long term lease in respect of the Land, for the construction and development of an integrated entertainment resort, is granted to Melco Hotels by the Macau Government.

Conditions Precedent

The First Agreement

Completion of the First Agreement is conditional upon the fulfillment (or, in the case of paragraph (d) below, waiver) of the following conditions precedent:

(a) The First Agreement and the transactions contemplated thereby, including the subscription and issue of the Convertible Loan Notes, having been approved by a resolution of the Independent Shareholders in general meeting taken on a poll and Melco having obtained all other approvals and consents which are necessary or desirable for the completion of the transactions contemplated by the First Agreement;

(b) listing permission to deal in the Shares falling to be issued on conversion of the Convertible Loan Notes having been granted by the Stock Exchange and not having been revoked;

(c) all consents or approvals of any relevant governmental authorities or other relevant regulatory bodies in Hong Kong and Macau which are necessary for entering into the First Agreement and the consummation of the transactions contemplated thereby having been obtained and not having been revoked; and

(d) Great Respect delivering to Melco Entertainment an opinion addressed to it by a firm of lawyers qualified to advise on Hong Kong law, in an agreed form.

If any of the conditions precedent have not been fulfilled (or, in the case of the condition referred to in paragraph (d) above, waived) by 31st December 2006 (or such later date as the parties to the First Agreement may agree in writing), any party to the First Agreement may at its option (but without prejudice to any other right or remedy it may have), by notice to the other parties to the First Agreement elect to terminate the First Agreement, in which event the First Agreement will be of no further effect, the rights and obligations of the parties under the First Agreement will lapse and the parties thereto will be released from such obligations without any liability.

The Second Agreement

Completion of the Second Agreement is conditional upon the fulfillment (or, in the case of paragraph (c) below, waiver) of the following conditions precedent:

(a) The Second Agreement and the transactions contemplated thereby having been approved by resolution of the Shareholders in general meeting taken on a poll and Melco having obtained all other approvals and consents which are necessary or desirable for the completion of the transactions contemplated by the Second Agreement;

(b) all consents or approvals of any relevant governmental authorities or other relevant regulatory bodies in Hong Kong and Macau which are necessary for entering into the Second Agreement and the consummation of the transactions contemplated thereby having been obtained and not having been revoked; and

(c) Melco Leisure having delivered to Melee Entertainment an opinion addressed to Melee Entertainment by a firm of lawyers qualified to advise on Macau law, in an agreed form.

If the conditions precedent have not been fulfilled (or in the case of the condition referred to in paragraph (c) above, waived) by 31st December 2006 (or such later date as the parties to the Second Agreement may agree in writing) then either party to the Second Agreement may at its option (but without prejudice to any other right or remedy it may have) by notice to the other party to the Second Agreement elect to terminate the Second Agreement, in which event the Second Agreement shall be of no further effect, the rights and obligations of the parties under the Second Agreement will lapse and the parties thereto will be released from such obligations without any liability.

Completion

The First Agreement provides that completion will take place on the 3rd Business Day following the fulfillment or (if applicable) waiver of the conditions precedent to completion under the First Agreement, or such other time as the parties to the First Agreement may agree.

The Second Agreement provides that completion will take place on the 3rd Business Day following the fulfillment or (if applicable) waiver of the conditions precedent to completion under the Second Agreement, or such other time as the parties to the Second Agreement may agree.

The Directors anticipate that the First Agreement and the Second Agreement will be completed around [ ].

REASONS FOR AND BENEFITS OF THE TRANSACTIONS DESCRIBED IN THIS ANNOUNCEMENT 14.58(8)

The acquisition of the Land provides Melee with a sizeable and valuable piece of land at a strategic location in Macau and offers Melco a rare opportunity to considerably expand its leisure, entertainment and hospitality business there. When completed, the development will provide a visible presence of Melco in Macau. With the anticipated increase of the number of tourists from Mainland China, the continued increase in per capita annual disposal income of urban households in the PRC, the growth in GDP (Gross Domestic Product) in Macau in 2004, the buoyant condition of the Macau property market, the increasing demand for quality residential, retail and hotel property in Macau, the increased demand for serviced apartments as a result of the many new developments in Macau, the increase in Macau's employment rate and the increase in expatriate work force in the gambling and related industries there, Melco is confident that the proposed developments on the Land will provide significant recurring income to Melco when completed.

INFORMATION ON MELCO ENTERTAINMENT AND MELCO PBL HOLDINGS 14.58(2)

Melco Entertainment is a company incorporated in the Cayman Islands which is directly owned as to 80% by Melco PBL Holdings and as to the balance of 20% by Melco Leisure, a wholly owned subsidiary of Melco. The board of directors of Melco Entertainment consists of 9 directors, of whom Melco has appointed 5 directors and its joint venture partner PBL has appointed 4 directors.

Melco PBL Holdings is a 50:50 joint venture company established between Melco and PBL with the intention for it to become the holding company of a premiere gaming and entertainment group engaged in the gaming, entertainment and hospitality businesses in the Asia Pacific and Greater China regions.

PBL is an Australian company and has its securities listed on the Australian Stock Exchange. It is one of Australia's largest diversified media and entertainment companies, the core business of which includes television production and broadcasting, magazine publishing and distribution, gaming and entertainment. Through its wholly owned subsidiary, Crown Limited, PBL operates one of the largest entertainment complexes in Australia including the Crown Casino, which is the largest casino in the Southern hemisphere, and two luxury hotels, namely the Crown Towers and the Crown Promenade Hotel, in Melbourne, Australia. Except for its interest in Melco PBL Holdings and its subsidiaries and its related rights to appoint directors to the board of Melco PBL Holdings and its subsidiaries, PBL is not otherwise a connected person of Melco or any of its subsidiaries, its substantial shareholders, chief executive or Directors. 14A.56(2)

The operation and management of Melco PBL Holdings and Melco Entertainment are governed by the provisions of a Shareholders Agreement dated 8th March 2005 between, among others, Melco and PBL. Pursuant to the provisions of that Shareholders Agreement:

(a) Melco PBL Holdings is the principal investment vehicle for all future expansion and acquisition activities of both the Melco Group and the PBL Group in the gaming, entertainment and hospitality industries in the Asia Pacific region (excluding Australia and New Zealand) and the Greater China region.

(b) All gaming venture opportunities sourced by the Melco Group or the PBL Group in the Asia Pacific region other than Greater China, Australia and New Zealand, are required to be contributed to, and carried out through, a joint venture company to be established and owned as to 80% by Melco PBL Holdings and as to 20% by PBL, thus giving PBL a direct and indirect attributable interest in that joint venture company of 60% and Melco a direct and indirect attributable interest in that joint venture company of 40%.

(c) Similarly, all gaming venture opportunities in Greater China (including Macau) sourced by the Melco Group or the PBL Group are required to be contributed to, and carried out through, a separate joint venture company, owned as to 80% by Melco PBL Holdings and as to 20% by Melco. Accordingly, Melco has a direct and indirect 60% attributable interest in the joint venture company responsible for Greater China, with PBL holding the remaining 40%. The joint venture company responsible for gaming venture opportunities in Great China (including Macau) is Melco Entertainment.

The requirement for each of the Melco Group and the PBL Group to transfer all their respective gaming venture opportunities in Asia Pacific (excluding Australia and New Zealand) and Greater China into one or other of the joint venture companies, which are subsidiaries of Melco PBL Holdings and held in the respective proportions described above, is expected to benefit both Melco and PBL from the respective efforts and business connections of the other in the relevant jurisdictions. Each of them is expected to benefit from the reciprocal covenants and obligations of the other in this regard under the Shareholders Agreement.

Accordingly, following the Shareholders Agreement having been entered into, the Declaration Agreement was entered into on 9th March 2005. Under the Declaration Agreement, Melco Leisure declared that all its rights and benefits under the Joint Venture MOA and its 50.8% interest in the Joint Venture were held for the benefit of Melco Entertainment and would be transferred to Melco Entertainment at its request, to the intent that Melco Leisure's 50.8% interest in any land acquired by the Joint Venture would be transferred to and developed by Melco Entertainment (instead of Melco Leisure) in conjunction with Great Respect.

INFORMATION ON THE JOINT VENTURE

The Joint Venture is constituted by a legally binding Joint Venture MOA made between Melco Leisure and Great Respect on 28th October 2004. The Joint Venture MOA contains the following principal terms:

- An acknowledgement that Great Respect, through its business relationships and connections, may be able to secure land in Cotai, Macau and that the parties wish to apply for any land which could be secured and, if obtained, to jointly develop the land.

- Great Respect is required to use its best efforts and with due diligence, through its business relationships and connections, to proceed to apply to the Macau Government for the grant of development rights in relation to one or more parcels of land in Cotai, Macau. For expedience, Melco Leisure would make available one of its Macau subsidiaries as the Macanese vehicle to make the application.
- Great Respect is responsible for all costs and expenses incurred in relation to the application, provided that the land premium payable on the grant of any land successfully secured as a result of Great Respect's efforts would be borne by Melco Leisure and Great Respect in accordance with the percentages specified below.
- The Joint Venture MOA provides that if the Macau Government were to agree to grant land in Cotai to the Joint Venture, or the vehicle provided by Melco Leisure to make the application, Melco Leisure would have an interest of 50.8% in the land and Great Respect would have an interest of 49.2%.
- Similarly, the Joint Venture MOA also provides that, upon a land application being approved, the parties would form a joint venture to develop the land on a 50.8% (Melco Leisure) 49.2% (Great Respect) basis.
- Great Respect is required to liaise with SJM for the operation of a casino at the developed property.
- The Joint Venture MOA contemplates that the parties would negotiate and enter into more detailed joint venture documentation prior to the formal grant of development rights in relation to any land secured by Great Respect for the benefit of the Joint Venture.

INFORMATION ON THE MELCO GROUP 14.58(2)

Currently, the Melco group's business is broadly divided into four divisions:

- Leisure and entertainment
- Investment banking and financial services
- Technology
- Property investment

Great Wonders, an existing member of the Melco Entertainment group, currently has been granted the right to develop a luxury hotel with a casino and electronic gaming machine lounge on a parcel of land with an area of approximately 5,230 sq. metres located at Biaxa da Taipa, Macau. It is contemplated that upon completion of the hotel, the casino will be operated by SJM and the electronic gaming machine lounge will (subject to the approval of the Macau Government authorities) be managed by Mocha Slot, a subsidiary of Melco Entertainment. Details of this investment are set out in Melco's announcements dated 23rd November 2004 and its shareholder circular dated 5th January 2005.

FINANCIAL INFORMATION 14.58(6), (7)

Except for having been offered the right to apply to the Macau Government for the development rights in respect of the Land and except for Melco Hotels having made an application to the Macau Government for the grant of development rights, each of the Joint Venture and Melco Hotels do not carry on any business or have any other material assets. Moreover, since no development rights have yet been granted in respect of the Land, the 49.2% interest of Great Respect in the Joint Venture does not have a net asset value, net profits or income stream attributable to it. The unaudited management accounts of Melco Hotels as at [ ] show a negative net asset value of MOP$[ ] (equivalent to approximately HK($[•]) as at the date of those management accounts and an accumulated loss of MOP$[ ] (equivalent to approximately HK$[•]) since the date of Melco Hotels' incorporation on 20th July 2004.

BASIS OF DETERMINATION OF PURCHASE PRICE FOR THE ACQUISITION AND CONVERTIBLE LOAN NOTES CONVERSION PRICE 14.58(5)

A long term lease in respect of the Land for the construction and development of an integrated entertainment resort having the features described above, once granted, has been valued in the preliminary report of Savills (Hong Kong) Limited, an independent valuer, at approximately HK$4,506 million on an open market basis and on the basis of generally accepted valuation methodologies. The purchase price for Great Respect's 49.2% interest in the Joint Venture has been arrived at after arm's length negotiations among the parties (including the representatives of PBL on Melco Entertainment's board), principally by reference to that preliminary valuation report. The purchase price for Great Respect's 49.2% interest in the Joint Venture represents a significant discount to the amount derived from the preliminary valuation report of Savills (Hong Kong) Limited. Details of the final report will be set out in the circular to be sent to Shareholders. The purchase price for Great Respect's 49.2% interest in the Joint Venture has been unanimously approved by the board of directors of Melco Entertainment, including the directors appointed by PBL.

The conversion price under the Convertible Loan Notes to be subscribed by Great Respect on completion of the First Agreement has been determined as the average closing price of a Share for the five consecutive trading days up to and including the Last Trading Date.

FINANCING FOR THE TRANSACTIONS DESCRIBED IN THIS ANNOUNCEMENT

The consideration of HK$1,180 million for the acquisition of the 49.2% interest of Great Respect in the Joint Venture will be financed from existing internal resources of Melco Entertainment. 14.58(4)

Great Respect has agreed to apply the entire amount of the proceeds of the sale of its interest in the Joint Venture in subscription for the Convertible Loan Notes, in order to assist Melco in financing its share of the development costs of the Land and the proposed integrated entertainment resort. Those development costs will be required to be provided by Melco and PBL to Melco Entertainment, in proportion to their respective shareholdings in Melco Entertainment.

The financing required for the contemplated development of the Land and the construction and development of the integrated entertainment resort described in this announcement, will be financed:

- in part from the internal resources of Melco and PBL;
- in part from the proceeds of the subscription for the Convertible Loan Notes by Great Respect;
- in part from the proceeds of a possible Placing, details of which will be set out in a subsequent announcement; and
- to the extent required, from third party bank borrowings and other sources.

EFFECT ON SHAREHOLDINGS OF MELCO

The existing issued share capital of Melco comprises 491,019,270 Shares. A concert party comprising Mr. Lawrence Ho, Lasting Legend, Better Joy, Dr. Stanley Ho, Madam Laam King Ying and Shun Tak Shipping Co. Ltd. hold, in aggregate, 259,066,422 shares representing approximately 52.76% of the shares in issue. The balance of 231,952,848 shares, representing approximately 47.24% of Melco, are held by the public.

Dr. Stanley Ho is the father of Mr. Lawrence Ho and Madam Laam King Ying is the mother of Mr. Lawrence Ho. Shun Tak Shipping Co. Ltd. is a company controlled by Dr. Stanley Ho. Lasting Legend and Better Joy are both companies controlled by Mr. Lawrence Ho. As such, Dr. Stanley Ho, Madam Laam King Ying, Shun Tak, Lasting Legend, Better Joy and Mr. Lawrence Ho are parties acting in concert for the purposes of the Takeovers Code.

In addition, STDM holds a HK$100 million 5 year convertible bond and a HK$56 million 5 year convertible bond which are convertible into 25,000,000 and 6,829,268 new Shares, respectively, at the conversion price of HK$4.00 per Share and HK$8.20 per Share, respectively. Dr. Stanley Ho is a director and shareholder of STDM, which is deemed under the Takeovers Code to be acting in concert with the Concert Party.

As referred to in Melco's announcement dated 22nd March 2005, Melco has entered into an agreement with STDM for the purpose of acquiring the remaining 30% interest in Great Wonders. The consideration for the acquisition includes the issue of 11,111,111 new Shares at an issue price of HK$18.00 per Share to STDM. Those Shares represent approximately 2.26% of the existing issued Shares of the Company and approximately 2.21% of the enlarged issued Share capital of Melco immediately following their allotment and issue. The acquisition of the remaining 30% of Great Wonders from STDM is a connected transaction for Melco under the Listing Rules and is, therefore, subject to approval by resolution of the Independent Shareholders, which will be proposed at an extraordinary general meeting of Melco to be convened and held in June 2005. Subject to that approval having been obtained, those Shares will be issued to STDM on the later of the date of completion of the acquisition of the remaining 30% interest in Great Wonders or the date of the grant by the Macau Government of a long term lease in respect of the land in Baixa, Taipa held by Great Wonders.

The table below shows the Shareholding of the Company:

- as at the date of this announcement
- on issue of the consideration shares to be issued to STDM on completion of the acquisition of the remaining 30% of Great Wonders, as referred to above
- assuming full conversion of the HK$100 million 5 year convertible bonds and the HK$56 million 5 year convertible bonds held by STDM
- assuming conversion of the Convertible Loan Notes to be issued on completion of the First Agreement

	Issued Shares at the date of this announcement		**Upon issue of the 11,111,111 Shares agreed to be issued to STDM (as referred to above)**		**Upon Conversion of the Convertible Loan Notes in full**		**Upon exercise in full of the convertible bonds held by STDM (as referred to above)**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Better Joy (Note b)	144,266.303	29.381	144,266,303	28.731%	144,266,303	25.700%	144,266,303	24.321%
Mr. Lawrence Ho (Note c)	60,470,818	12.315	60,470,818	12.043%	60,470,818	10.773%	60,470,818	10.195%
Shun Tak Shipping Co. Ltd. (Note d)	39,083,147	7.960	39,083,147	7.783%	39,083,147	6.963%	39,083,147	6.589%
Dr. Stanley Ho	15,023,867	3.060	15,023,867	2.992%	74,231,092	13.224%	74,231,092	12.514%
(Note e)					(note f)		(note f)	
Madam Lucina Laam King Ying	222,287	0.045	222,287	0.044%	222,287	0.040%	222,287	0.037%
STDM			11,111,111	2.213%	11,111,111	1.979%	42,940,379	7.239%
Others (Public)	231,952,848	47.239	231,952,848	46.194%	231,952,848	41.321%	231,952,848	39.104%

Notes:

a. Each column assumes the steps referred to in all previous columns have been completed.

b. Better Joy is owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho.

c. Interest of Mr. Lawrence Ho includes his personal interest and the interest held through Lasting Legend, a company controlled and wholly owned by him.

d. Interest of Shun Tak Shipping Co. Ltd. includes the interests held by it and its wholly owned subsidiaries.

e. Interest of Dr. Stanley Ho includes his personal interests and interests held through two companies controlled and wholly owned by him, namely, Sharikat Investments Limited and Dareset Limited.

f. Includes interests held through Great Respect, a company controlled by a discretionary family trust of Dr. Stanley Ho.

IMPLICATIONS UNDER THE TAKEOVERS CODE, POSSIBLE PLACING AND POSSIBLE WHITEWASH WAIVER

The Concert Party currently holds Shares representing approximately 52.76% of the total voting rights of Melco. Great Respect is deemed under the Takeovers Code to be a member of the Concert Party.

As set out in Note 10 to Rule 26.1 of the Takeovers Code, in general, the acquisition of convertible securities does not give rise to an obligation under Rule 26 of the Takeovers Code to make an offer, but the exercise of any conversion rights will be considered to be an acquisition of voting rights for the purpose of Rule 26 of the Takeovers Code. Accordingly, the issue of the Convertible Loan Notes on completion of the First Agreement will, in and of itself, not have any Takeovers Code consequences prior to the exercise of the conversion rights under the Convertible Loan Notes.

As referred to above, Melco and its controlling shareholders are currently considering a possible Placing, in order to raise part of the funding required for the development of the project described in this announcement. If the Placing proceeds, the shareholding of the Concert Party in Melco will be diluted to less than 50% of the total voting rights of Melco. The Placing, if it were to proceed, would be completed prior to completion of the First Agreement. Accordingly, if, following the Placing and the issue of the Convertible Loan Notes on completion of the First Agreement, the conversion rights conferred by the Convertible Loan Notes were subsequently exercised in circumstances where the exercise of the conversion rights resulted in an increase of the Concert Party's shareholding in Melco by more than 2% from the lowest percentage holding of the Concert Party in the 12 month period immediately preceding the date of that exercise, the Concert Party would ordinarily be obliged, as a result of that exercise of conversion rights, to make an unconditional cash offer to acquire all of the Shares of Melco other than those already owned by the Concert Party.

However, if the Placing proceeds, an application will be made by Great Respect to the SFC for the Whitewash Waiver which, if granted, would be subject to the approval of independent shareholders, such approval to be sought at the EGM pursuant to a vote conducted by way of poll. The Whitewash Waiver would be a waiver by the Executive of the obligations of Great Respect and the Concert Party to make a mandatory general offer to acquire the entire issued share capital of Melco not otherwise owned by the Concert Party as a result of the exercise in full of the Convertible Loan Notes, following the Placing having occurred and the shareholding of the Concert Party in Melco having been diluted to less than 50% of the voting rights of Melco.

The transactions described in this announcement are not conditional on the Whitewash Waiver being granted.

IMPLICATIONS UNDER THE LISTING RULES

The First Agreement constitutes a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the total assets which are the subject of the transaction (calculated as Great Respect's 49.2% interest in the Joint Venture on the basis of the open market value of the Land derived from the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer)), exceeds 100% of the total assets of Melco. Accordingly, the First Agreement is conditional on approval by Shareholders (by way of poll) at the EGM.

Great Respect is a company controlled by a discretionary family trust of Dr. Stanley Ho, who is a director, shareholder and connected person of Melco. Accordingly, the First Agreement also constitutes a connected transaction of Melco under the Listing Rules. Dr. Stanley Ho, Mr. Lawrence Ho and their respective associates, including Madam Lucina Laam King Ying, Better Joy, Lasting Legend and (to the extent it holds Shares at the relevant time) STDM, will abstain from voting on the relevant resolution regarding the First Agreement and the transactions contemplated by it. In aggregate, these persons hold Shares representing approximately 52.76% of the issued Share capital of Melco. 14A.56(2)

An independent board committee of Melco comprising its independent non-executive directors will be appointed to advise the Independent Shareholders on whether or not the terms of the First Agreement and the transactions contemplated by it are fair and reasonable and in the interests of the Independent Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee.

The Second Agreement constitutes a very substantial disposal for Melco under Chapter 14 of the Listing Rules, on the basis that the preliminary open market valuation of the Land, as determined in the preliminary valuation report of Savills (Hong Kong) Limited (an independent valuer), exceeds 75% of the total assets of Melco. Accordingly, the Second Agreement is also conditional on approval by shareholders (by way of poll) at the EGM.

The legally binding commitments of Melco Hotels expected to be entered into in the future as a result of its in principle acceptance of the Macau Government's offer to grant a long term lease in respect of the Land, and in connection with the future development of the Land as an integrated entertainment resort, will, in aggregate, constitute a very substantial acquisition for Melco under Chapter 14 of the Listing Rules, on the basis that the aggregate of the amount of the Land premium required to be paid to secure the grant of a long term lease in respect of the Land and the costs of development and construction of an integrated entertainment resort having the features described in this announcement will exceed 100% of the total assets and total market capitalization of Melco. The total costs of obtaining the development rights in respect of the Land and completing the development of the project described in this announcement are expected to be in the region of HK$8,000 million.

A circular containing further details of:

(a) the Agreements and the transactions contemplated by them;

(b) the in principle acceptance by Melco Hotels of the Macau Government's offer to grant a long term lease in respect of the Land; and

(c) the proposed development of the Land, involving the construction of an integrated entertainment resort having the features described in this announcement;

together with the information required by the Listing Rules, and convening the EGM, will be dispatched to Shareholders within 21 days from the date of publication of this announcement. The information required by the Listing Rules to be incorporated in that circular includes the following:

- A description of the principal terms of the Agreements
- A description of the terms of the in principle acceptance by Melco Hotels on 10th May 2005 of the Macau Government's offer to grant a long term lease in respect of the Land
- The proposals for the development of the Land as an integrated entertainment resort
- A valuation report in respect of the Land, prepared by Savills (Hong Kong) Limited, an independent valuer
- The recommendation from the independent board committee of Melco in respect of the First Agreement and the transactions contemplated thereby
- A letter of advice from the independent financial adviser to the independent board committee of Melco in respect of the First Agreement and the transactions contemplated thereby

VIEWS OF THE DIRECTORS

The Directors, other than the members of the independent board committee appointed to consider the transactions contemplated by the First Agreement (who reserve their views pending receipt of the letter of advice to be issued by the independent financial adviser), consider that the terms of the First Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors also consider that the terms of the Second Agreement are fair and reasonable and in the interest of the Shareholders as a whole. 14.58(8)

The Directors further consider that the terms on which Melco Hotels has accepted in principle the Macau Government's offer to grant a long term lease in respect of the Land, and the proposal to develop the Land as an integrated entertainment resort having the features described in this announcement, are each fair and reasonable and in the interests of the Shareholders as a whole.

SUSPENSION AND RESUMPTION OF TRADING

At the request of Melco, the Shares were suspended from trading on the Stock Exchange at 9:30 a.m. on 11th May 2005, pending the release of this announcement. The Shares will remain suspended following the publication of this announcement, pending the publication of a further announcement regarding the possible Placing referred to above.

As at the date of this announcement, the executive directors of Melco are Dr. Stanley Ho, Mr. Lawrence Ho and Mr. Frank Tsoi; the non-executive directors are Mr. Ng Ching Wo and Mr. Ho Cheuk Yuet; and the three independent non-executive directors are Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Kar Shui.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

"Agreements"	the First Agreement and the Second Agreement
"associate"	the meaning assigned to that expression in the Listing Rules
"Better Joy"	Better Joy Overseas Limited, a company owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho
"Board"	the Board of Directors of Melco
"Concert Party"	the concert party consisting of Dr. Stanley Ho, Madam Lucina Laam King Ying, Mr. Lawrence Ho, Lasting Legend, Better Joy, STDM and Great Respect
"Convertible Loan Notes"	HK$1,180 million in principal amount of Convertible Loan Notes due 2010 to be issued by Melco and subscribed by Great Respect under the First Agreement and conferring the right to subscribe for new Shares at an initial conversion price of HK$19.93 per Share, subject to adjustment in accordance with the terms and conditions of the Convertible Loan Notes
"Declaration Agreement"	the agreement dated 9th March 2005 between Melco Leisure and Melco Entertainment, pursuant to which Melco Leisure declared that all its rights and benefits under the Joint Venture MOA are held by it on behalf of Melco Entertainment and that it would, at the request of Melco Entertainment, and as required by the Shareholders Agreement, transfer its 50.8% interest under the Joint Venture MOA and its interest in Melco Hotels to Melco Entertainment
"EGM"	the extraordinary general meeting of Shareholders proposed to be convened by Melco to consider and, if thought fit, approve: (a) the Agreements and the transactions contemplated by them;

	(b) The grant of a long term lease in respect of the Land to Melco Hotels;
	(c) the development of the Land by Melco Hotels and Melco Entertainment, involving the construction of an integrated entertainment resort having the features described in this announcement; and
	(d) if the Placing proceeds, the Whitewash Waiver;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC
"First Agreement"	an agreement dated 11th May 2005 between Melco Entertainment, Great Respect and Melco relating to the acquisition by Melco Entertainment of the 49.2% interest of Great Respect in the Joint Venture and the application by Great Respect of the proceeds of that acquisition to subscribe for the Convertible Loan Notes to be issued by Melco
"Great Wonders"	Great Wonders, Investments, Limited, which is currently a 70% owned subsidiary of Melco Entertainment and which would become a wholly owned subsidiary of Melco Entertainment on completion of the proposed acquisition by Melco Entertainment of the remaining 30% interest in Great Wonders held by STDM, announced by Melco on 22nd March 2005
"Independent Shareholders"	Shareholders of Melco other than Dr. Stanley Ho and his associates, namely Madam Lucina Laam King Ying, Mr. Lawrence Ho, Lasting Legend, Better Joy and (if it holds Shares at the relevant time) STDM
"Joint Venture"	the joint venture established by the Joint Venture MOA
"Joint Venture MOA"	the legally binding Memorandum of Agreement dated 28th October 2004 between Melco Leisure and Great Respect having the principal terms described in this announcement;
"Lasting Legend"	Lasting Legend Limited, a company wholly owned by Mr. Lawrence Ho
"Land"	a parcel of land with an area of 113,325 sq. metres located at Taipa, Macau, on the Cotai Strip
"Last Trading Date"	10th May 2005, being the last date on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares made at the request of Melco pending the release of this announcement

"Listing Rules"	the Rules governing the Listing of securities on the Stock Exchange of Hong Kong Limited
"Melco"	Melco International Development Limited, a company established under the laws of Hong Kong and having its securities listed on the Stock Exchange
"Melco Entertainment"	Melco Entertainment Limited, a subsidiary of Melco PBL Holdings established under the laws of the Cayman Islands to engage in the business of gaming, entertainment and hospitality in the Greater China Region
"Melco Hotels"	Melco Hotels and Resorts (Macau) Limited, a subsidiary of Melco Leisure established under the laws of Macau
"Melco Leisure"	Melco Leisure & Entertainment Group Limited, a subsidiary of Melco established under the laws of the British Virgin Islands
"Melco PBL Holdings"	Melco PBL Holdings Limited, a 50/50 joint venture established between Melco and PBL under the laws of the Cayman Islands to engage in the businesses of gaming, entertainment and hospitality in the Asia Pacific and Greater China regions
"Mocha Slot"	Mocha Slot Group Limited, a subsidiary of Melco Entertainment, established under the laws of Macau
"MOP"	pataca, the lawful currency of Macau
"PBL"	Publishing and Broadcasting Limited, a company established under the laws of Australia and having its securities listed on the Australian Stock Exchange
"Placing"	a possible placing of existing Shares held by one or more members of the Concert Party and a corresponding "top up" subscription for new Shares (as contemplated by Listing Rule 14A.31(3)(d) and Note 6 of the Notes on dispensations from Rule 26.1 of the Takeovers Code), which is being considered by the Directors
"Second Agreement"	an agreement dated [11th] May 2005 between Melco Entertainment as transferee and Melco Leisure as transferor, pursuant to which Melco Leisure will transfer its 50.8% interest in the Joint Venture and its interest in Melco Hotels to Melco Entertainment, in accordance with the requirements of the Shareholders Agreement and the Declaration Agreement
"Shares"	ordinary shares of HK$1.00 each in the capital of Melco

"Shareholders"	holders of Shares
"SJM"	Sociedade de Jogos de Macau, S.A., a company established under the laws of Macau and a subsidiary of STDM
"STDM"	Sociedade de Turismo e Diversoes de Macau, S.A.R.L. a company established under the laws of Macau
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Whitewash Waiver"	the waiver by the Executive of the obligations of Great Respect and the Concert Party to make a mandatory offer pursuant to the provisions of Rule 26 of the Takeovers Code to acquire the entire issued share capital of Melco not otherwise owned by the Concert Party, arising as a result of any and all future exercises of the conversion rights conferred by the Convertible Loan Notes, such waiver to be unconditional or subject to such conditions as are customary or which are reasonably acceptable to Great Respect and the Concert Party, including the approval of the Independent Shareholders pursuant to a vote conducted by way of poll having been obtained at the EGM and full compliance with the provisions of the Takeovers Code

By order of the board of
Melco International Development Limited
Lawrence Ho
Managing Director

Hong Kong, [•] May 2005

Please also refer to the published version of this announcement in the Standard.

Exhibit 10.18

[Letterhead of Melco Hotels and Resorts (Macau) Limited]

Date : 3 November 2006

Joe Dujmovic
Managing Director
Leighton Asia (Northern) Limited
39/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Dear Joe

City of Dreams, Cotai, Macau (the "Project")
Letter of Intent

We refer our letter dated 28 August 2006 relating to the Project ("Letter") and attaching a copy of the Principles of Understanding dated 28 August 2006 (the "Principles").

The Letter confirmed that the parties had agreed to proceed to negotiate a final binding contract mutually acceptable to both the Employer and the Contractor (the "Contract") elaborating the provisions of the Principles within two months from the date of the Letter. Although the parties have been negotiating the terms of the Contract, the terms have not yet been finalised. Accordingly, we now write to confirm that the parties have agreed to proceed to negotiate the Contract until 30 November 2006 or such later date as the parties may agree.

The other provisions of the Letter shall continue to apply (as if the period provided in the Letter for agreeing the Contract had been the period until 30 November 2006 or such later date as the parties may agree).

Please arrange for the parties comprising the Contractor to confirm their acceptance of the above by signing and returning the enclosed copy of this letter.

Yours faithfully
For and on behalf of
Melco Hotels and Resorts (Macau) Limited

/s/
Lawrence Ho
Director

We hereby confirm our acceptance of the terms set out in this letter

/s/
For and on behalf of **Leighton Contractors (Asia) Limited**

Name: Joe Dujmovic Date: 3/11/06

/s/

For and on behalf of **China State Construction Engineering (Hong Kong) Limited**

Name: CN Yip Date: 6 November 2006

/s/

For and on behalf of **John Holland Pty Limited**

Name: Joe Dojmovic Date: 3/11/06

[Letterhead of Melco Hotels and Resorts (Macau) Limited]

28 August 2006

Joe Dujmovic
Managing Director
Leighton Asia (Northern) Limited
39/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Dear Joe,

City of Dreams, Cotai, Macau (the "Project")
Letter of Intent

As you are aware, a set of commercial principles regarding the Project have been discussed and documented between Tony Rafaniello and the undersigned (on behalf of the Melco/PBL Joint Venture) and yourself (on behalf of The Leighton China State John Holland Joint Venture (the "Contractor")). Those principles are set out in a document entitled City of Dreams Macau, Principles of Understanding dated 28 August, 2006 ("Principles"). A copy of the Principles is attached to this letter.

We are writing this letter to you at the request of the Board of the Melco/PBL joint venture which comprises representatives of both Melco and PBL. Melco Hotels and Resorts (Macau) Limited, the owner of the City of Dreams, is a wholly owned subsidiary of the joint venture (the "Employer"). Unless the context requires otherwise, words and expressions defined in the Principles shall have the same meaning when used in this letter.

We confirm that the parties have agreed to proceed to negotiate a final binding contract mutually acceptable to both the Employer and the Contractor ("Contract") on the basis of the Principles within two months from the date of this letter.

In the interim and pending agreement and execution of the Contract between the parties, the Contractor shall commence planning and preliminary works in accordance with the Principles and instructions from the Employer. The Employer may terminate any such works instructed or the arrangements under this letter and upon such termination, the Contractor will be entitled to reimbursement in accordance with the Principles incurred up to the date of termination.

The Contractor shall not make any public announcement or disclose to any third party the contents of this letter or the Principles or any communication, correspondence and negotiation between the parties or any other information in connection with the Project before execution of the Contract and without prior consent in writing of the Employer.

Please confirm in writing your acceptance of the above on or before 30 August 2006.

Yours faithfully,
For and on behalf of
Melco Hotels and Resorts (Macau) Ltd.
/s/
Charles R. Goodwin
Project Director - Construction

CITY OF DREAMS, MACAU
PRINCIPLES OF UNDERSTANDING
BETWEEN

Melco Hotels and Resorts (Macau) Limited, a joint venture company of Melco International Development Limited of Hong Kong and Publishing & Broadcasting Limited of Sydney, Australia ("Employer")
&
The Leighton China State John Holland Joint Venture, between Leighton Contractors (Asia) Limited of Hong Kong, China State Construction Engineering (Hong Kong) Limited of Hong Kong and John Holland Pty Limited of Hong Kong ("Contractor")

DATED 28 AUGUST 2006

Objectives

A. The Employer is committed to establishing the Project known as the City of Dreams, as Macau's pre-eminent entertainment and leisure destination. The Project will be a fully integrated, world-class resort, designed and built at the highest international standards. Quality and guest experience will ultimately be the distinguishing features that separate the Project from the competition.

B. The Parties have agreed to combine their talent, ability and resources in the best interests of completing the City of Dreams Project in an efficient, cost effective and timely manner to produce a world class hotel and casino complex.

C. The management at the highest level of both Parties have further agreed to complete the Project in a non adversarial manner with each Party striving to attain the best result for the common goal as stated above by cooperation and by adopting the highest standards of professional acumen.

D. The agreement between the Parties is structured as a cost reimbursement contract on the basis of trust that the Parties will at all times respond to the requirements of the Project with the highest level of intent to uphold the principles and the objectives stated above. Each Party will treat with the other Party in an honest, fair and professional manner to achieve the stated goals.

Contractor's Objective

E. To work closely with the Employer in a spirit of partnership in pursuit of a common goal, being the timely and efficient delivery of a high quality entertainment and leisure complex known as the City of Dreams in Macau, in return for the fee.

F. To provide a highly motivated and performance driven project team whilst maintaining a safe and healthy environment for all project staff and the workforce.

G. To maintain and enhance a reputation as the premier contractor for quality and project delivery in the region.

H. To establish a long term relationship with the Employer based on success and the achievement of the Parties, objectives and become the contractor of choice for future projects in the region.

Contractor's Commitment

I. The Contractor's joint venture team will be fully integrated with Leighton Contractors (Asia) Ltd as the leader.

J. The Contactor commits to the involvement of senior management, namely Joe Dujmovic (M.D of Leighton Asia (Northern) Limited) and Mark Ashton (G.M of Leighton Contractors (Asia) Limited) for the duration of the Project.

K. The Contractor commits to the establishment and participation in a Senior Management Steering Committee (the "Supervisory Board") with the Employer and if requested by the Supervisory Board, other invitees may attend to assist and advise the Supervisory Board, such invitees may include the architects and/or other professionals. This group will include senior management representatives of both Parties and will provide leadership, direction and overview the Project's progress to ensure the achievement of the common objectives of the Parties.

Measurement of Success

L. The measurement of success shall be:

- completion within the agreed and approved budget
- completion within the agreed programmed time
- production of a project of a high quality at all levels of construction as described by the design
- maintenance of the team spirit in all matters and avoidance of dispute between the Parties

Keys to Project Delivery

M. The keys to project delivery shall be:

- leadership;
    - direction;
    - timely, well considered decisions;
    - maintain momentum of the Project;
- assignment of best available resources;
- appointment of the best available people, paying particular attention to previous local area experience;
- comprehensive management of responsibilities;
- maintenance of "best quality" standards in all aspects of the Project;
- clear communication between the Parties
- appointment of quality, motivated sub-contractors;
- transparency between the Parties; and,
- management of risk for the benefit of the Employer in all things.

N. The Parties will work together in good faith to resolve all contract conditions embodying the contents of this document. The Contract is to be executed within two months of the date of this document, unless such period is extended by the Parties.

The Contract will be subject to approval of the Board of each of the Parties, but such approvals will not be unreasonably withheld.

Terms to be agreed in the Contract, are to include but are not to be limited to the following :

General

1. The Parties will enter into a Cost Reimbursement Contract and these Principles of Understanding will be incorporated as core terms of the Contract.
2. The description of the Works is as identified in Attachment 1 to these Principles of Understanding. The Works are subject to change and will be developed in accordance with the requirements of the Employer and the Contract.
3. The role and commitment of the Contractor is to construct and co-ordinate the Works on a cost reimbursable basis including but not limited to:
    a) procuring and managing sub-contractors and suppliers to construct the Works in accordance with the requirements of the Project, as such requirements are developed;
    b) procuring the Works within agreed budgets as they are developed;
    c) to procure that the Works are completed in accordance with agreed programmes as they are developed;
    d) advising the Employer on the practical and cost implications of the design as it develops;
    e) assisting the Employer in the process of design management including value engineering, co-ordination and buildability of the design;
    f) utilising their expertise and management systems to provide regular cost forecast up-dates and programme up-dates;
    g) providing completion planning to assist the Employer in taking over the Works in a manner suitable for the Employer;
    h) assist the Employer in the installation of the furnishings, fixtures and equipment, (FF&E), including co-ordination, installation and site management of FF&E personnel;
    i) co-ordinate and liaise with external service providers;
    j) sub-contracting parts of the Works only on sub-contracts approved by the Employer (and allowing the Employer sufficient time to review and comment upon such sub-contracts);
    k) securing from the sub-contractors direct warranties in respect of their sub-contract obligations for the benefit of the Employer and the Contractor may be required by the Employer to act on behalf of the Employer in securing the benefit of such warranties before and after completion of the relevant defects liability period;
    l) providing full details of all Project Costs incurred by the Contractor as required by the Employer and allowing the Employer or anyone appointed by the Employer to inspect the Contractor’s records on a fully open book basis.

4. The Employer's responsibilities include, but are not limited to

   a) all design procurement and design implementation;

   b) procure timely design approvals as necessary;

   c) procure timely external service connections

   d) timely payments of certified amounts;

   e) procurement and timely delivery to site of FF&E.

The Fee

5. The Contractor will be paid a fixed Fee of HK$550 million on the basis that the Project Costs shall be within the range of HK$8 billion to HK$12 billion. The Project Costs exclude procurement and delivery of FF&E, Employer's designers and other consultants, the Contractor's Fee, works external to the Site, government charges, and external service connections. The Fee shall also be subject to adjustment in accordance with paragraph 10 hereto and the Schedule of Fee Adjustment as attached hereto in Attachment 3 and the Contract.

6. Fee Adjustment for Additional Area/s.

   a) The Fee will remain fixed except in the event of increases in the basic floor plan areas, as generally described in the Description of Works contained in Attachment 1 amounting to approximately 500,000 sq m, of up to 10%. Should that basic floor plan area increase by greater than 10%, this will attract an increase of the Fee, to be calculated on the basis of 5% of the costs estimated to be associated with the cost of the building beyond the 10% area expansion limit. Likewise, should the basic floor plan area decrease by greater than 10%, there will be a decrease of the Fee, to be calculated on the basis of 5% of the estimated saved cost of the building beyond the 10% area reduction limit.

   b) In the event an additional tower is required with a building area greater than 15,000 sq m built area above the podium (over and above the current podium plus 5 towers), the additional value of this work will attract an increase in the Fee, to be calculated on the basis of 5% of the costs attributable to the additional tower.

7. The Fee will otherwise remain fixed up to end of December 2009. In the event that work is deferred beyond December 2009 by specific instruction of the Employer to defer, the value of the deferred work carried out after that date will attract a further Fee of 5.5% of the cost of the deferred work conducted after the end of December 2009. The decision to defer will be on the basis of an instruction from the Employer to defer part of the Works. Delays occasioned in any other manner will not be subject to this adjustment.

8. If there is a cause for additional fees due to an adjustment under paragraphs 6 or 7 of the Principles which can be categorized under more than one of those paragraphs, the additional fee payable will be calculated pursuant to one of the paragraphs only.

9. Subject to the adjustments set out in Attachment 3, HK$500 million of the Fee will be paid monthly as a percentage of the certified progress payments which are to be paid each month. The budget will be reviewed and adjusted if necessary at least every 6 months and the payment of the remaining Fee will be calculated and paid as a percentage based upon the remaining budget. The balance of HK$50 million will be paid upon the Project Opening Date.

10. In the event that the Casino, Crown Tower and Hard Rock Hotel do not open to the public on or before 01 December 2008 the Fee will be reduced by HK$25 million per calendar month for each complete calendar month that these areas are delayed, up to a maximum reduction of HK$100 million as set out in Attachment 3.

11. For the purposes of Paragraph 10, the Contract will contain provisions for extensions of time for issues that cause delay which are beyond the control of the Contractor and the Contractor is unable to recover the lost time. Such issues will be referred to the Supervisory Board referred to in paragraph K herein for review and resolution.

Supervision

12. Project Staff will be appointed in accordance with the standard employment conditions of the Contractor for work in Macau and in compliance with all applicable laws, and with the prior approval of the Employer. Reimbursement for costs of staff includes, but is not limited to,

    a) Project Staff remuneration package,

    b) Off-Site dedicated project related staff. Part–time charges are acceptable where the time charged is dedicated time.

    The costs are to be reimbursed based on salaries paid plus allowances such as

    a) Accommodation;

    b) Travel expenses;

    c) Relocation;

    d) Recruitment costs;

    e) Superannuation;

    f) Annual leave including travel allowances;

    g) Sick leave (where staff are on a contract basis sick leave will not be paid if it is not taken during the period of the employment contracts);

    h) Severance pay;

    i) Bonus/retention bonus (prior to setting of individual bonuses, the Contractor shall consult with the Employer's Project Director or nominee in respect of the proposed bonus to be paid. The final decision by the Contractor will take due regard of the Employer's view.);

    j) Medical;

    k) Schooling;

    l) Insurances;

    m) Vehicle including insurances, repairs, servicing and fuel.

13. Except for reasons beyond its control the Contractor will not change and/or replace staff approved by the Employer during the course of the Project without the prior approval or specific direction of the Employer, which approval shall not be unreasonably withheld or delayed. The Contractor shall ensure that it's team for the Project (including direct labour referred to in paragraph 21 below) is no larger than reasonably necessary and utilised efficiently.

14. A Project Executive Bonus Scheme for the top executives, managers, key staff and consultants involved in both the construction side and the design side of the project will be incorporated into the Contract. The bonus scheme is further identified in Attachment 3 to these Principles. This bonus scheme provides an additional pool of funds which significantly increases the normal bonuses paid to construction personnel and provides a bonus scheme to design personnel who would not otherwise receive such a bonus in a project of this type provided the Casino, Crown Tower and Hard Rock Hotel open to the public earlier than 01 December 2008. Conversely, should these areas open to the public later than 01 December 2008, this additional bonus would not be paid and the normal bonuses would be reduced. For the avoidance of doubt, any additional bonuses paid to the aforesaid top executives, managers, key staff and consultants shall not be regarded as part of the Project Costs.

Sub-Contracts/Supply Agreements

15 The terms of all sub-contracts and supply agreements between the Contractor and its sub-contractors and suppliers respectively are subject to prior approval by the Employer.

16. The Contractor shall comply with all reasonable directions of the Employer in relation to the management of claims from and against sub-contractors and suppliers.

17. All costs to be reimbursed:

    a. As per tendered and awarded sub-contract/supply agreements plus agreed and certified variations/claims.

    b. In relation to any costs involved in abortive, remedial and defective work, the Contractor will ensure that the sub-contractors responsible for the defects will carry out the remedial works at no cost to the Project, where possible. However, in the event this is not possible and costs are incurred as a result of such defects, the Contractor shall inform the Employer and these costs will become Project Costs. The sub-contracts must contain a clause which ensures sub-contractor responsibility for such defective and remedial work unless the Employer agrees to waive this condition.

18. The sub-contracts/supply agreements will each provide for a direct warranty to be provided for the benefit of the Employer in respect of the sub-contractors' or suppliers' obligations under the sub-contracts/supply agreements.

Materials

19. All material costs for the works including, but not limited to, permanent or temporary wastage, breakage, theft, abortive, freight, storage and handling will be reimbursed at invoiced costs. The Contractor is to take the necessary steps to minimise wastage, breakage, theft and abortive material.

Plant and Equipment

20. a. All plant and equipment will be reimbursed at invoiced cost.

    b. In the case of Contractor owned plant and equipment this will be paid for at a prior agreed rate based upon a true reflection of cost to the Contractor.

    c. In the event that the Contractor believes it would be more advantageous for the Project to purchase plant and/or equipment he shall first seek the approval of the Employer. Any re-sale value of the plant shall be credited to the Employer upon the sale to a third party and/or take over by the Contractor of the plant and/or equipment.

Direct Labour

21. Any direct labour employed shall be in accordance with the standard employment conditions of the Contractor for work in Macau, shall be in compliance with all applicable laws and shall be with the prior approval of the Employer.

    The costs shall be reimbursed based on wages paid plus allowances (where appropriate and approved by the Employer) such as

    a. Overtime;

    b. Mandatory Provident Fund (MPF);

    c. Annual leave;

    d. Sick leave (where labour are on a contract basis, sick leave will not be paid if it is not taken during the period of the employment contracts);

    e. Transport;

    f. Meals;

    g. Severance pay;

    h. Chinese New Year Bonus.

Fees, Charges, Statutory Charges and Insurances

22. Such costs will be reimbursed at actual invoiced cost. The Contractor is to procure all necessary insurance and such insurance is to be agreed with the Employer.

Fines

23. Fines levied against the Contractor as a result of his breaches in legislation/law will be a non-allowable cost.

Specialist Consultants and Legal Costs

24. Costs of specialist consultants are to be expended only with prior approval of the Employer and will be reimbursed based on invoiced costs. Reimbursement of any legal costs applies only to legal costs relating to the conduct of the works incurred with the prior agreement of the Employer and such legal costs are reimbursed based on invoiced costs and are distinguished from the legal costs incurred by the Contractor under paragraph 36 of the Principles where no reimbursement will be made by the Employer.

Costs Generally

25. All Project Costs are to be formally agreed by the Parties on a periodic basis in a manner to be agreed between the Parties.

26. The Contractor shall provide full details of all Project Costs incurred by the Contractor as required by the Employer and allow the Employer or anyone appointed by the Employer to inspect the Contractor's records on a fully open book basis.

27. All Project Costs and related expenditure, if any, incurred by the Contractor for the Project, are subject to prior approval by the Employer.

28. All contracts entered into by the Contractor for supply of goods or services are subject to the prior approval of the Employer;

Damages

29. The Contractor will not be liable for liquidated damages or consequential loss in the event of delays to the Works save for the adjustments to the Fee contained in paragraph 10 and Attachment 3. The Contractor's liability for other damages will be agreed and set out in the Contract. However, The Contractor will procure within sub-contract agreements liquidated damages for delayed completion. In the event that liquidated damages are paid by the sub-contractors to the Contractor, such sums will be paid to the Employer. The Contractor shall preserve the Contractor's and the Employer's rights to recover damages from third parties and shall comply with any reasonable requirement by the Employer to act on behalf of the Employer to secure or enforce those rights.

30. Other damages will be discussed and agreed during the formation of the Contract.

Payment Term

31. The intent of the agreement below is to maintain a cash neutral position for the Contractor.

    a. Subject to paragraph 35, with regard to sub-contractor/supplier work packages the Employer will, subject to the due performance of the obligations under the sub-contract/supply contracts by the relevant sub-contractor/supplier, certify payments within 14 days of receiving the application for payment from the Contractor.

b. Subject to the approval by the independent technical consultant as may be from time to time engaged by the Employer's lenders that the certified amounts are due and payable under the Contract, payment of each certified amount is to be made to the Contractor on or before the end of the month in which it is certified or at such time as specified by the Employer's lenders.

c. Sub-contractors/suppliers are to be paid within 7 days of Contractor's receipt of payment from the Employer.

d. With regard to Preliminary Costs, for the first 6 months, the Contractor shall, prior to the start of each month, provide an estimate of costs for that month (provided that the estimated Preliminary Costs shall not exceed an amount to be agreed between the Contractor and the Employer and if applicable, the Employer's lenders). On the 14th of each month during the first 6 month period, the Employer will pay (subject to paragraph 35 and if permitted by the Employer's lenders) the estimated Preliminary Costs, as agreed between the Employer and the Contractor, to the Contractor. At the end of each month Preliminary Costs are reconciled against actual costs and any adjustments are incorporated into the monthly certificate.

e. Thereafter at the end of each month the Contractor will submit a monthly statement of actual Preliminary Costs incurred for that month and the Employer will certify and make payment within 14 days following submission.

f. In accordance with paragraph 9 of this document the Fee will be included in the monthly certificate.

g. The Employer will, subject to paragraph 35 and if permitted by its financiers, establish a Project fund (i.e., Project bank account) from which the Contractor can draw monies to pay suppliers and sub-contractors engaged by the Contractor in accordance with the sums certified in the monthly certificate.

h. Subject to paragraph 35 and if permitted by its financiers, the Employer will pay the certified sums into the Project fund in sufficient time to allow the Contractor to make payments to the sub-contractors and suppliers in accordance with the terms and conditions of those agreements.

Termination

32. In addition to standard termination clauses for material defaults, it is agreed that a clause will need to be agreed and incorporated into the final Contract Agreement to provide the Employer with the right to terminate the services of the Contractor in the event that he is not performing his duties in a professional manner. The key events which could lead to termination include (but without limitation) :-

a) A material default by the Contractor in providing the overall quality of personnel required for this Project and retaining their employment as described in paragraph 12 of this document.

b) A material default by the Contractor in providing and maintaining the management systems and processes agreed with the Employer.

c) A material default by the Contractor in demonstrating ongoing awareness and care in consideration of budgetary control issues

d) A material default by the Contractor in maintaining proper management control associated with site preliminaries and staffing levels.

However, it is agreed that, prior to notice of intention to terminate for such reasons, the Contractor would be given reasonable opportunities to rectify any default in this regard and the Employer shall not use such reasons vexatiously.

33. The Employer shall be entitled to a right to terminate the Contract for convenience upon settlement of all outstanding costs due and payable by the Employer under the Contract to the date of termination including appropriate compensation, to be determined during the formation of the Contract.

Guarantee

34. The Employer (subject to paragraph 35 and if permitted by the Employer's lenders otherwise another suitable form of security will be required from the Employer) and the Contractor will each procure a guarantee by their respective parent companies for the performance of their obligations under the Contract in forms acceptable to the other Party.

Financing Arrangements

35. The Contractor acknowledges that there may be a need to resolve any inconsistencies between the Principles and the Employer's arrangements with its financiers at the City of Dreams. In particular, this may affect how the Employer is able to make payments and/or provide the parent company guarantee under the Contract. However, any adjustments made to accommodate the requirements of the financiers should not materially detract from the general agreements contained in the Principles, in particular the cost reimbursable form of contract, cash neutrality and they should not materially disadvantage the Contractor against the terms agreed in the Principles. In the spirit of the Principles, the Employer will provide the Contractor with all necessary information regarding the Employer's arrangements with its financiers so as to assist the parties resolve these issues;

Legal Costs

36. Both Parties agree to pay their own legal costs involved in agreeing and executing the Contract.

Confidentiality

37. The Contractor agrees that it shall not make any public announcement or disclose to any third party the contents of the Letter of Intent of even date between the Parties, the Principles or the Contract or any communication, correspondence and negotiation between the Parties or any other information in connection with the Project before the execution of the Contract without the prior approval of the Employer, such approval is not to be unreasonably withheld.

Benefit of Contracts

38. The Contractor shall hold the benefit of any contracts in respect of the Works particularly sub-contracts and insurance policies, on behalf of the Employer and the Contractor will account to the Employer for any such benefits derived from such contracts.

The principal terms stated in this document will form the basis and proposed framework for the Contract for this matter.

The signatories below confirm and acknowledge the above Principles of Understanding

/s/ /s/

For and on Behalf of **Melco Hotels and Resorts (Macau) Limited**
Name: C.R. Goodwood Date: 29th August 2006

/s/

For and on Behalf of **Leighton Contractors (Asia) Limited**
Name: Ashton Date: 29th August 2006

/s/

For and on Behalf of **China State Construction Engineering (Hong Kong) Limited**
Name: CN Yip Date: 29th August 2006

/s/

For and on Behalf of **John Holland Pty Limited**
Name: Joe Dujomovic Date: 29th August 2006

CITY OF DREAMS MACAU

Attachment 1 to the "Principles of Understanding"

Description of the Works

City of Dreams, Cotai, Macau Casino/resort will be a 5-star multiple hotel resort and casino complex. The casino and two hotels will be managed by "The Crown" casino group on behalf of Melco Hotels and Resorts (Macau) Limited. The resort is a 'world class' destination with the finishes and operation of the facility reflecting this standard.

Four high rise hotels and a serviced apartment will rise from the edges of the Casino podium and will be approximately:

Hard Rock	(Hotel A)	47,000 sq.m.	24/4 Tower/Podium floors	391 bays (330 keys)
Grand Hyatt	(Hotel B1)	55,000 sq.m.	32/4 Tower/Podium floors	400 bays (350 keys)
Hyatt Regency	(Hotel B2)	65,000 sq.m.	27/4 Tower/Podium floors	660 bays (620 keys)
Crown Tower	(Hotel C)	68,000 sq.m.	29/5 Tower/Podium floors	420 bays (260 keys)
Serviced Apartment	(Block 1)	75,000 sq.m.	37 levels	316 units

Each hotel and serviced apartment will have individual access, reception and entertainment facilities.

This scope excludes the second apartment (Block 2).

The casino sits within a three storey mixed use podium of 187,740 sq.m construction floor area comprising casino, VIP casino, casino expansion areas, retail, F&B, entertainment, public circulation, theatre, car parking and feature bubble attraction (the drawings upon which these floor areas are based do not include the services mezzanine levels around the casino area). The casino exterior will incorporate extensive water screening and foundations with public access to 'the bubble' being a unique architectural show piece purpose designed for this project.

Key Target Dates	
Project Commencement	28-8-06
Piling commencement	1-10-06
Casino/podium completion	31-11-08
Hotels A & C completion	31-11-08
Hotels B1 & B2 Completion	31-3-09
Serviced Apartment completion (excluding fit-out)	30-11-08
Serviced Apartment completion (including fit-out)	30-05-09

The Contractor undertakes to jointly work with the Employer and the consultants to use all reasonable endeavours to advance the completion date of the casino, podium and hotels A&C to 1 October 2008.

Attachment 2 to the "Principles of Understanding"

Meanings of the terms used in the document entitled the "Principles of Understanding"

"Contract"	means the definitive agreement to be entered in to between the Parties in relation to the Project.
"CostReimbursement Contract"	means a form of contract whereby Project Costs are reimbursed to the Contractor.
"Fee"	means the fee detailed in clause 5 of the document entitled "Principles of Understanding", which fee may only be adjusted in accordance with the other provisions contained in that "Principles of Understanding" document.
"Party"	means either the Employer or the Contractor
"Parties"	means the Employer and the Contractor
"Preliminary Costs"	means the costs identified in paragraphs 10, 14, 16, 17, 18, 19 and 21 of this document.
"Project"	means the proposed development known as Option 1B for the City of Dreams in Macau, generally comprising approximately 500,000m² of floor areas in a casino/gaming podium plus four hotel towers and one tower of serviced apartments.
"Project Opening Date"	means the date of opening to the public of all of the following buildings or structures of the Project: (i) the Casino, (ii) the Crown Towers and (iii) Hard Rock Hotel,.
"Project Costs"	means the total of all the costs incurred by the Contractor and which are recoverable from the Employer for the Works. Those costs shall be more particularly defined in the Contract.
"Project Staff"	means all staff specifically employed full time on the Project by the Contractor including the Project Director.

"Site"	means The City of Dreams Resort at Cotai, Macau
"Works"	means those works for the Project which are initiated and managed by the Contractor. For the avoidance of doubt, the Works does not include design which is to be procured separately by the Employer, supply of FF&E (but may include installation), works external to the Site, government charges, external service connections or operation of any of the buildings.

CITY OF DREAMS MACAU

Attachment 3 to the "Principles of Understanding"

Schedule of Fee adjustment including Project Executive Bonus Scheme

Project Opening Date	Leighton's Fee corresponding with Project Opening Date of which HK$50 million will be paid on the Project Opening Date (HK$ million) Date subject to adjustment in accordance with paragraph 11.	Additional Incentive Bonus to Key Design and Construction Executives, Managers and Consultants (HK$ million) Date not subject to adjustment in accordance with paragraph 14	Reduction in Normal Bonuses* Paid to Key Construction Executives, and Managers as part of the Project Costs (HK$ million) Date subject to adjustment in accordance with paragraph 11.
1 September 2008	550	65	Nil
1 October 2008	550	50	Nil
1 November 2008	550	35	Nil
1 December 2008	550	20	Nil
1 January 2009	525	Nil	(5)
1 February 2009	500	Nil	(10)
1 March 2009	475	Nil	(15)
1 April 2009	450	Nil	(20)

* *Assumes total of normal bonuses paid to key construction executives and managers in the final year is HK$20m.*

Exhibit 10.19

MANAGEMENT AGREEMENT

FOR

GRAND HYATT MACAU

GRAND HYATT MACAU

MANAGEMENT AGREEMENT

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GRAND HYATT MACAU

MANAGEMENT AGREEMENT

THIS AGREEMENT, dated this 18th day of June, 2006, by and between **Melco Hotels and Resorts (Macau) Limited (hereinafter called "Owner"),** a company organized in Macau Special Administrative Region, with its registered office at Avenida Xian Xing Hai, N º 105, Edificio Zhu Kuan, 19° andar, Petras A-C & K-N em Macau and place of business at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong Special Administrative Region, People's Republic of China ("Hong Kong") and **Hyatt of Macau Ltd. (hereinafter called "Hyatt"),** a company organized in Hong Kong Special Administrative Region, with its registered office at Tricor Services Limited, Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong, and its principal place of business at Suite 1301, The Gateway, Tower I, 25 Canton Road, Kowloon, Hong Kong Special Administrative Region, People's Republic of China, and a wholly-owned subsidiary of Hyatt International Corporation (hereinafter called "H.I.").

WHEREAS, Owner is prepared to finance, plan, build, furnish, equip and decorate, in Macau Special Administrative Region, People's Republic of China ("Macau"), a modern and outstanding hotel of "Grand Hyatt Standards" (as hereinafter defined) consisting of approximately 380 guest rooms and suites, including appropriate food and beverage outlets, banqueting and conference facilities, health (fitness) and recreational facilities, retail space and adequate parking space (collectively referred to as the "Hotel") to be operated under standards comparable to those prevailing in "Grand Hyatt" hotels throughout the world; and

WHEREAS, Owner is developing a number of buildings and facilities on the Site (as hereinafter defined) including, without limitation, a first-class casino to be operated by an affiliate of Owner (the "Casino") and additional hotel buildings including, without limitation, a hotel to be operated by Hyatt as a "Hyatt Regency" hotel (the "Regency") in accordance with the terms of another Management Agreement (the "Hyatt Regency Agreement");

WHEREAS, Hyatt is willing to provide the Hotel with management and related services; and

WHEREAS, Owner and Hyatt desire to enter into an agreement for Hyatt to render the aforesaid management and related services, upon the terms and conditions hereinafter set forth.

NOW THEREFORE, the parties hereto covenant and agree as follows:

ARTICLE I
The Site and Design, Construction, Equipping and Furnishing of the Hotel

Section 1. The Site. The Hotel shall be constructed upon lands to be granted to Owner located at Taipa, Macau S.A.R. on the Cotai Strip, in that area known (or to be known) as the "City of Dreams" (hereinafter called the "Site"). Owner shall execute and deliver an appropriate instrument supplemental hereto containing a description of the boundaries thereof.

Section 2. Construction, Furnishing and Equipping of the Hotel. On the Site, subject to applicable provisions set forth in Section 15 of Article III, Owner shall, at its expense, under a plan of financing which in Hyatt's reasonable opinion is satisfactory and will assure the fulfillment of Owner's obligations under this Agreement, and in accordance with the plans, specifications and designs substantially in conformity with H.I.'s Design and Engineering Recommendations and Minimum Standards for newly-constructed hotels and comparable to those prevailing in "Grand Hyatt" hotels around the world (the "Grand Hyatt Standards"), all of which shall be agreed upon by Owner and Hyatt both acting reasonably, and with all reasonable diligence build, equip, furnish and decorate the Hotel (as defined in Section 3 of this Article).

Section 3. The Hotel. The Hotel shall consist of:

A. That portion of the Site dedicated to the Hotel;

B. a hotel building or buildings or part of a building, completely air conditioned, with or with access to the Site

(1) areas and facilities including (a) approximately 380 guest rooms and suites, each with bathroom, (b) restaurants, bars and banquet, ballroom, meeting and other public rooms, (c) commercial space for the sale of merchandise, goods or services, (d) garage or other parking space for guests and employees, (e) storage and service support areas, (f) offices for employees, (g) health (fitness) and business centers, and (i) recreational facilities and areas;

(2) appropriate millwork and all installations and building systems necessary for the operation of the building(s) for hotel purposes (including, without limitation, elevator, heating, ventilating, air conditioning, electrical including lighting, plumbing including sanitary, refrigerating, telephone and communications, safety and security, laundry and kitchen installations and systems);

(3) all furniture and furnishings, which shall include guest room, office, public area, and other furniture, carpeting, draperies, lamps and similar items;

(4) kitchen and laundry (if necessary) equipment (it being recognized that the Hotel may use a valet or third party laundry service);

(5) special hotel equipment, and adequate spare parts therefor, which shall include (a) all equipment required for the operation of (i) guest rooms, including televisions, mini-bars and safes, (ii) banquet rooms, (iii) employee locker rooms, and (iv) a health (fitness) center, (b) office equipment, including computer hardware and software as selected by H.I. and being compatible with software selected by Owner for use in the Development, (c) dining room wagons, (d) material

handling equipment, (e) cleaning and engineering equipment, and (f) motor vehicles as required for guest and employee transportation;

(6) dining room accessories, kitchen utensils, engineering tools and equipment, housekeeping utensils and miscellaneous equipment and accessories (hereinafter called "Ancillary Hotel Equipment"); and

(7) uniforms, china, glassware, linens and silverware and the like (hereinafter called "Operating Equipment");

C. public grounds, gardens and other landscaping features and facilities;

D. fully furnished accommodation with necessary related facilities which shall be furnished in accordance with H.I. standards and specifications for the General Manager of the Hotel (as hereinafter defined) and expatriate personnel; and

E. such other facilities and appurtenances;

as are necessary or desirable for the operation of the Hotel under Grand Hyatt Standards.

The items to be supplied by Owner under (3), (4) and, with the exception of spare parts, (5) of subsection B above are hereinafter collectively referred to as "Furnishings and Equipment".

The parties acknowledge and agree that the definition of Hotel as set forth in this Section 3 will change as a result of the currently ongoing design, programming and planning exercise for the Site. Following the completion of the design, programming and planning exercise, either party may request that the parties execute and deliver a mutually acceptable instrument supplemental hereto containing a final definition of the Hotel whereupon the parties agree to negotiate in good faith, prepare and execute such instrument.

Section 4. Mixed-Use Development. Owner has advised Hyatt that the Site shall be dedicated to other uses, including retail, other hotels, and a casino (the "Development").

Section 5. Title to the Hotel. Owner warrants that it has, or will acquire, and throughout the Operating Term as hereinafter defined, will maintain full ownership of the Hotel (or if Owner's right and interest in the Hotel is derived through a lease, concession or other agreement, Owner shall keep and maintain said lease, concession or other agreement in full force and effect throughout said term) free and clear of any liens, encumbrances, covenants, charges, burdens or claims, except (a) such that do not materially and adversely affect the operation of the Hotel by Hyatt, through the General Manager and (b) mortgages or other encumbrances that provide that this Agreement shall not be subject to forfeiture or termination, except only in accordance with the provisions of this Agreement, notwithstanding a default under such mortgage or other encumbrance. Owner further warrants that Hyatt, through the General Manager, on distributing the profits to Owner in accordance with this Agreement and fulfilling its other obligations hereunder, shall and may peaceably and quietly manage and operate the Hotel during the entire Operating Term. Notwithstanding the generality of the foregoing, in the event that Owner shall, through banks or other lenders, finance the construction of the Hotel, or refinance the Hotel, or use the Hotel as collateral in connection with a borrowing for non-Hotel purposes, Owner shall secure a non-disturbance and attornment agreement, in a form reasonably acceptable to Hyatt, from any such lenders. Such agreement would provide that the lender or lenders and Hyatt will adhere to the terms of this Agreement following any foreclosure or similar action by the lender or lenders and their successors and assigns, including any person who may acquire the assets of the Hotel.

Owner shall pay and discharge any ground rents, or other rental payments, concession charges and any other charges payable by Owner in respect of the Hotel and, at its expense, undertake and prosecute all appropriate actions, judicial or otherwise, required to assure such quiet and peaceable management to Hyatt, through the General Manager. Owner shall further pay all real estate taxes and assessments that may become a lien on the Hotel and that may be due and payable during the Operating Term, unless payment thereof is in good faith being contested by Owner and enforcement thereof is stayed. Owner shall not later than twenty (20) days following the written request by Hyatt or the General Manager furnish to Hyatt or the General Manager copies of official tax bills and assessments and tax receipts showing the payment of such taxes and assessments.

Section 6. Fund for Training, Pre-Opening and Opening Expenses. Hyatt shall prepare a training, pre-opening and opening expenses budget (the "Pre-opening Budget") and deliver such Pre-opening Budget (in the format as outlined in Appendix B attached hereto) to Owner for its approval, which approval shall not be unreasonably withheld, between 18-24 months prior to the projected formal opening date of the Hotel. Owner shall make available funds as required in accordance with the Pre-opening Budget, pursuant to a disbursement schedule prepared by Hyatt and approved by Owner and shall deposit such funds into a bank account in the trade name of the Hotel (the "Grand Hyatt Macau – Pre-opening Account"). The authorized signatories of this Pre-opening Account shall be the General Manager or an Executive Assistant Manager of the Hotel as "A signatories and the Director of Finance or Assistant Director of Finance of the Hotel as "B" signatories. Such authorized signatories shall be approved by resolution(s) of the Board of Directors of Owner. The Pre-opening Budget shall include the costs and expenses of (a) recruiting, relocating, training and compensating Hotel employees (including temporary subsistence for relocated employees until they have procured permanent accommodations within or outside the Hotel in accordance with H.I.'s personnel policies), (b) organizing Hotel operations, (c) pre-opening advertising, promotion, and literature, (d) obtaining all necessary licenses and permits (including the fees of attorneys and other consultants incidental thereto), (e) interim office space outside the Hotel, (f) telephone, telefax and electronic mail charges, (g) travel and business entertainment (including opening celebrations and ceremonies), (h) the staff facilities described in Section 14 of Article III, and (i) other pre-opening activities incurred prior to or concurrently with the formal opening of the Hotel. Hyatt and its affiliates and other hotels operated by H.I. and its affiliates shall be reimbursed for all reasonable costs (evidenced by valid receipts in appropriate cases) incurred by them in connection with pre-opening activities of the Hotel, including, inter-alia, (a) for a period of twelve (12) months prior to the formal opening of the Hotel, Chain Marketing Services as defined in Section 2 of Article VII, based on US$394.00 (in 2006 United States dollars) per guest room, per annum, (b) the salaries, transportation, and subsistence outside the Hotel of personnel of Hyatt, its affiliates or other H.I. hotels assigned temporarily to the Hotel to assist in pre-opening activities (Hyatt shall make available to Owner, upon request, information on any such salaries and other subsistence to demonstrate the validity and accuracy of any such amounts), and (c) the expenses, excluding salaries, of such personnel making occasional visits to the Hotel in connection with pre-opening activities (with suitable evidence to demonstrate the validity and accuracy of any such expenses).

The Pre-opening Budget shall be revised as necessary upon consultation with Owner from time to time prior to the formal opening of the Hotel. The amounts allocated for various expense classifications within the Pre-opening Budget may be increased or decreased by Hyatt in consultation with Owner, provided that the total amount disbursed, with the exception of the additional amounts required, as provided below in this Section, as the result of postponement of the formal opening of the Hotel, shall not exceed the total of the Pre-opening Budget without the prior approval of Owner.

For the purposes hereof, Hyatt and the General Manager shall utilize the currency of Macau ("Patacas") to the fullest extent possible and the balance of the funds required hereunder shall be made available in United States dollars or in currency freely convertible into United States dollars, without reduction for income, withholding, business tax, if any, value added or any other taxes imposed by Macau or the People's Republic of China, or bank charges or any other charges. If the tax authorities of Macau or the People's Republic of China shall impose any income, withholding, business tax, if any, value added or other tax upon the funds for pre-opening expenses, such taxes shall be for the account of and shall be borne by Owner and shall be promptly paid by Owner in order that such funds shall be available to Hyatt and/or the General Manager, on a full and timely basis.

If Hyatt shall not receive timely payment from Owner of pre-opening funds in accordance with the aforesaid Pre-opening Budget, Hyatt shall have the right, but not the obligation, to advance its own funds for such purposes and to be reimbursed therefor, all in accordance with the provisions of Article XI of this Agreement.

In the event of the postponement of the formal opening of the Hotel beyond the date scheduled upon the arrival of the General Manager assigned to the Hotel, at which time the newly scheduled formal opening date shall be set forth in a memorandum to be signed by both parties, Hyatt and the General Manager, shall use their best efforts to minimize the additional costs and expenses resulting from such postponement. Owner shall make additional monthly payments as reasonably required by Hyatt, after consultation with Owner, due to the delay in, and until, the formal opening of the Hotel. With the consent of Owner, Hyatt may, through the General Manager, prior to said formal opening conduct partial operations of the Hotel, the expenses and revenues of said partial operations to increase or reduce the pre-opening expenditures budgeted in accordance with the provisions of this Section, and Hyatt shall be entitled to receive monthly its basic management and incentive fees, at the rates provided for in Section 1 of Article IV and upon the terms set forth in Section 2 of Article IV, based upon Revenue and Gross Operating Profit, as defined in Article V, resulting from such partial operations.

With the exception of fees for partial operations as provided for above, neither Hyatt nor any affiliate of Hyatt shall receive any fee or profit for rendering pre-opening services. However, if this Agreement shall be terminated before the expiration of five (5) years following the formal opening of the Hotel as the result of any default by Owner, then Hyatt shall be entitled to receive from Owner, as liquidated damages solely to compensate Hyatt for rendering pre-opening services (and without prejudice to Hyatt's right to claim and receive damages arising in respect of the termination of the Management Agreement and Hyatt's future fees and other entitlements hereunder for itself and for H.I. affiliates), the amount of US$400,000. The parties agree that the US$400,000 is the actual quantum of the damages in respect of the value of pre-opening services Hyatt would suffer due to such early termination.

Hyatt shall, through the General Manager, within four (4) months after the formal opening of the Hotel, account to Owner for all expenditures made under this Section and pay over to Owner forthwith any excess of the funds advanced by Owner over the total of such expenditures.

Section 7. Formal Opening of the Hotel. The formal opening of the Hotel shall occur on a date to be mutually agreed upon by Owner and Hyatt, but in any event only after (a) Hyatt deems (i) the Hotel to be substantially completed and (ii) the Furnishings and

Equipment, Ancillary Hotel Equipment and Operating Equipment to have been substantially installed therein, all in accordance with the provisions of Section 2 of this Article, (b) the architect has issued his certificate of completion, (c) all licenses and permits required for the operation of the Hotel (including liquor and restaurant licenses and police, fire and health department permits) have been obtained, (d) adequate working capital has been furnished by Owner in accordance with Section 1 of Article VII, and (e) the Hotel has been accepted by Hyatt and is ready to render appropriate service to guests on a fully operational basis. Notwithstanding the formal opening of the Hotel, Owner shall proceed diligently thereafter to fulfill all of its obligations hereunder regarding the construction, furnishing, equipping and decorating of the Hotel and to cure all defects or deficiencies as to which notice shall be given by Hyatt to Owner as soon as practicable after said formal opening.

ARTICLE II
Operating Term and Provisions Relating to Termination

Section 1. Operating Term. The term of this Agreement shall commence upon the date hereof and the initial operating term hereunder shall commence at the formal opening of the Hotel and expire at midnight on December 31 of the eighteenth (18 th) full calendar year following said formal opening. "Operating Term" shall mean and include the initial operating term as aforesaid and any extension thereof as may be mutually agreed by the parties, each acting in their sole discretion.

Section 2. Termination Related Provisions.

(1) Upon the expiration or earlier termination of this Agreement for whatever cause, Hyatt shall, at Owner's cost and expense, novate or assign to Owner or otherwise put into the name of Owner if not already in that name, all contracts (if any) entered into by Hyatt in relation to the Hotel, subject, where appropriate, to Owner agreeing to indemnify Hyatt to its reasonable satisfaction in connection therewith and to the Owner's right to refuse such novation or agreement, where the contract in question is not entered into in the Hotel's or Hyatt's ordinary course of business or contains unusually onerous terms. Provided however, Owner understands and agrees that contracts entered into by Hyatt or its affiliates for services which are provided for the benefit of hotels operated by Hyatt or its affiliates, such as credit card acceptance agreements, frequent flyer program participation agreements and the like, shall not be novated or assigned to Owner upon the expiration or termination of this Agreement.

(2) Hyatt shall deliver to the Owner (or its agent or nominee) all plans, designs, drawings, layouts, specifications and other documents or materials (which are not owned by Hyatt) relating to the Hotel and in the custody or control of Hyatt within thirty (30) days from termination.

(3) Hyatt shall leave at the Hotel all property located therein (other than property proprietary to Hyatt or affiliates of Hyatt) in its then existing condition.

(4) In the event there is a termination of the Hyatt Regency Agreement and not this Agreement, Hyatt and Owner shall confer on the implications of such termination on the operation of the Hotel and make any necessary changes to operational arrangements between Owner and Hyatt consequent on Hyatt ceasing to manage both the Regency and the Hotel including, without limitation, the need to revise the Operating Bank Account arrangements. Hyatt agrees to cooperate reasonably with Owner's designated replacement manager in respect of the transition of management for the Regency.

ARTICLE III
Operation of the Hotel

Section 1. Key Operating Principles. In recognizing that the Hotel forms part of the Development which comprises an integrated entertainment complex including a casino, the parties have agreed on their management philosophy in undertaking their respective roles as manager and owner of the Hotel and have recorded those philosophies in the key operating principles set out in Appendix D ("Key Operating Principles"). The intention is to ensure that Hyatt performs its management services and its obligations under this Agreement having regard to the Key Operating Principles and that Owner will perform its obligations under this Agreement having regard to the Key Operating Principles. The Key Operating Principles must be reviewed annually by the parties after the Annual Plan is agreed in accordance with Section 4 of Article VII, and any agreed amendments to the Key Operating Principles must be recorded in an instrument supplemental hereto and signed by the parties.

Section 1A. Standards of Operation. Hyatt shall, through the General Manager, operate the Hotel under standards comparable to those prevailing in "Grand Hyatt" hotels. Hyatt shall, through the General Manager, conduct all activities of the Hotel in a manner that is customary and usual to such an operation and in accordance with the laws of Macau and, insofar as feasible and in its opinion advisable, local character and traditions, with diligence and care generally attributable to a professional manager of a hotel with similar characteristics. Hyatt shall use its diligent efforts to ensure that the General Manager acts in an honest and faithful manner in the operation of the Hotel and that the relationship with Owner operates through channels of dialogue and transparency.

Section 2. Control of Operation. Subject to the terms of this Agreement, Hyatt shall, through the General Manager, have complete control and discretion in the operation of the Hotel. Nothing herein shall constitute or be construed to be or to create a partnership or joint venture between the Owner and Hyatt, and the right of Owner to receive financial returns based upon the operation of the Hotel shall not be deemed to give Owner any rights or obligations with respect to the operation or management of the Hotel. Recommendations with respect to the operation of the Hotel and any matter addressed or contained in the Annual Plan (as defined in Section 4D of Article VII hereof) made by Owner shall be considered by Hyatt and the General Manager and, if consistent with Grand Hyatt Standards, shall be respected where feasible. Any such matters may be discussed, at Owner's discretion, in the monthly meeting with the General Manager as provided in Section 6 of this Article III. The control and discretion by Hyatt, through the General Manager, shall include the use of the Hotel for all customary purposes, terms of admittance, charges for rooms and commercial space, entertainment and amusement, food and beverages, labor policies, wage rates and the hiring and discharging of employees, maintenance of the bank accounts and holding of funds in the trade name of the Hotel, and all phases of promotion and publicity relating to the Hotel. Hyatt shall have the right to select and appoint, on behalf of Owner, all employees of the Hotel, including the General Manager, the Executive Committee Members, expatriate personnel and other key executives of the Hotel; provided, however, Owner shall have the right to approve, which approval shall not be unreasonably withheld, the appointment of the General Manager, the Director of Finance and the Director of Marketing of the Hotel and any replacements thereof. Owner shall have the right, on any occasion where Hyatt believes it is necessary to appoint a new General Manager, Director of Finance, or Director of Marketing, to meet the candidate(s) for such positions and to express to Hyatt its approval or articulate concerns about such candidate(s).

Section 3. Leases and Concessions. Hyatt shall, through the General Manager, operate in the Hotel all facilities and provide all services that are located within the confines of the Hotel and are dedicated to service of the guests of the Hotel (including, without limitation, the lobby shop and newsstand). Hyatt shall not lease or grant concessions in respect of such services or facilities without the prior written consent of Owner, which shall not unreasonably be withheld, except that Hyatt or the General Manager shall have the right in the Hotel's name or, if appropriate, in the name of Owner, which shall execute the necessary documents upon request, to lease or grant concessions in respect of commercial space or services of the Hotel that are customarily subject to lease or concession in comparable hotels. The rentals or other payments received by Hyatt, the General Manager or Owner under each such lease or concession (but not the receipts of the lessees or concessionaires) shall be included in the Revenue, as hereinafter defined.

Owner shall not allow any lessee or concessionaire to utilize the name "Grand Hyatt Macau" or "澳門君悅酒店" in Chinese directly as part of its trade name in its advertising or promotional materials. However, lessees or concessionaires operating in the Hotel shall be at liberty to state the name "Grand Hyatt Macau" or "澳門君悅酒店" in Chinese as part of their address.

Section 4. Management Services. Without limiting the generality of the foregoing, during the Operating Term Hyatt shall, through the General Manager, in consideration of its fees and subject to reimbursement of its expenses as hereinafter provided, inter-alia:

(a) ask for, demand, collect and give receipts for all charges, rents and other amounts due from guests, patrons, tenants, sub-tenants, concessionaires and other third parties providing services to guests of the Hotel and, when desirable or necessary, cause notices to be served on such guests, patrons, tenants, sub-tenants and concessionaires to quit and surrender space occupied or used by them;

(b) arrange for association with one or more credit card systems in conformity with H.I.'s general policy in such regard;

(c) recruit, interview, and hire employees of the Hotel and pay from the Operating Bank Account(s) of the Hotel salaries, wages, taxes thereon as appropriate, and social benefits;

(d) subject to the affiliate provisions of Section 8 of this Article III, establish purchasing policy for the selection of suppliers and negotiate supply contracts to assure purchases on the best available terms;

(e) subject to the affiliate provisions of Section 8 of this Article III, arrange for the purchase of utilities, equipment maintenance, telephone and telex services, vermin extermination, security protection, garbage removal and other services necessary for the operation of the Hotel, and for the purchase of all food, beverages, operating supplies and expendables, Furnishings and Equipment and such other services and merchandise necessary for the proper operation of the Hotel;

(f) provide appropriate sales and marketing services including definition of policies, determination of annual and long-term objectives for occupancy, rates, revenues, clientele structure, sales terms and methods;

(g) provide appropriate advertising and promotional services including definition of policies and preparation of advertising and promotional brochures (folders, leaflets, tariffs and fact sheets, guide books, maps, etc.) to be distributed in H.I. hotels and sales offices;

(h) cause its affiliates to furnish the sales and marketing services and centralized reservation services as provided for in Section 2 of Article VII;

(i) make available its own and its affiliated companies' personnel for the purpose of reviewing all plans and specifications for alteration of the premises, and advising with reference to the design of replacement Furnishings and Equipment and the quantities required, and in general for the purpose of eliminating operational problems or improving operations;

(j) establish and implement training and motivational programs for employees, such as the "Training for Your Future" program and other training and motivational programs implemented in H.I. hotels;

(k) arrange for the insurance coverage to be maintained by Hyatt as provided in Section 2 of Article VIII and comply with the terms of all applicable insurance policies;

(l) institute in the name of Owner (and with Owner's approval) lawsuits or other legal actions in connection with the operation of the Hotel deemed necessary or advisable by Hyatt, provided that Owner shall have the right to participate in and approve any settlement or compromise thereof;

(m) install and maintain the accounting books and records in accordance with the provisions of Section 1 of Article V and other information systems required for the efficient operation of the Hotel and file such tax returns relating to Hotel operations as may be required by the laws of Macau;

(n) subject the accounting books and records and operations systems of the Hotel to review by internal auditors of H.I. or its affiliates;

(o) maintain and enhance the computer software for the hotel operations management system; and

(p) pay, when due, the Common Area Allocation (as hereinafter defined) and the Marketing Allocation (as hereinafter defined) for the Hotel.

Section 5. Operating Bank Account(s). Hyatt shall, through the General Manager, deposit all funds received from the operation of the Hotel into one or more bank account(s) in the trade name of the Hotel (the "Operating Bank Accounts") that shall be held by Hyatt in the trade name of the Hotel for the benefit of Owner at an internationally recognized bank in good standing chosen by Owner, and from which disbursements of the entire cost and expense of maintaining, conducting and supervising the operation of the Hotel, the payments pursuant to Sections 1 and 3 of Article IV, Section 2 of Article VII, capitalized alterations, additions and improvements pursuant to Sections 2 and 3 of Article VI, and any other expenditures in accordance with the terms of this Agreement shall be made by such employees of the Hotel, designated by Hyatt and approved by Owner, whose signatures shall be authorized by resolution of the Board of Directors of Owner. The sole authorized signatories of the Operating Bank Account(s) shall be the General

Manager or an Executive Assistant Manager of the Hotel (as "A" signatories), the Director of Finance or Assistant Director of Finance of the Hotel (as "B" signatories), and a signatory nominated by Owner (as a "C" signatory). Notwithstanding the foregoing, the signature of the "C" signatory shall be required only in the instance of any single transaction (or series of related transactions) of an amount equal to US$100,000 in 2006 terms, which amount shall be adjusted by the Consumer Price Index of Macau S.A.R., on an annual basis, other than payments for salaries and salary related expenses of the Hotel employees, insurance premiums, reimbursement of Chain Allocation expenses, payment of Reservations charges, payment of charges for the Gold Passport program (as each of the foregoing are defined or provided in Section 2 of Article VII hereof), and payment for service contracts in the Approved Annual Plan (as defined in Section 4D of Article VII). Owner hereby agrees that it shall and shall cause the "C" signatory to co-sign any checks, payment request or wiring instructions timely, without otherwise causing any delay to the payment procedures and timing as contemplated in this Section. All monies in such bank accounts and any interest accrued or accruing thereon, are Owner's property and under no circumstances may these monies be mingled with any funds which are not connected with the operation of the Hotel. Hyatt shall only make expenditures from the Operating Bank Accounts in a manner generally consistent with the Approved Annual Plan.

Section 6. Consultations with Owner. The General Manager of the Hotel shall meet with Owner monthly to review, explain to and discuss with Owner the monthly financial and operating results and cash flows of the Hotel, to review the forecast for the next succeeding three (3) months of the Hotel, and to discuss other operational matters and matters of interest to Owner. In addition, at Owner's request, Hyatt's Area Vice President (or other appropriate executive) shall meet with Owner on a quarterly basis to review the operation of the Hotel and to discuss the quarterly results. Hyatt's Area Vice President (or other appropriate executive) shall also, upon Owner's request, explain and discuss with the appointed representative(s) of Owner the Annual Plan (as hereinafter defined) and the opinions, views and recommendations of Owner with respect thereto.

Section 7. Hyatt's and General Manager's Right to Contract. In order to carry out its duties under this Agreement during the Operating Term, Hyatt shall, through the General Manager, have the right, in the name of Owner or in its own name as agent for Owner, to incur expenses and to enter into contracts with third parties in the ordinary course of business of the Hotel, in connection with pre-opening activities pursuant to Section 5 of Article I as well as during the Operating Term, which contracts shall include, without limitation, contracts for sales of rooms, food and beverages and other facilities of the Hotel, the purchase of food and beverages and Operating Supplies, employment of personnel, advertising and business promotion, repairs and maintenance, administration, heat, light and power, insurance, legal and accounting services, and other goods and services; provided, however, that Owner shall have the right to approve any contract (or a series of related contracts) obligating the Hotel for any amounts (excluding payments contemplated hereunder to Hyatt or any employees) in excess of US $100,000 in 2006 terms, which amount shall be adjusted by the Consumer Price Index of Macau, S.A.R., on an annual basis. Hyatt shall not enter into any onerous or restrictive obligations which would not normally be undertaken by an operator of a hotel of the same class. Pursuant to Section 5 of this Article, all amounts due and payable to the suppliers of goods and services in accordance with the terms of such contracts shall be paid from the Operating Bank Account(s) of the Hotel, which shall be replenished, to the extent necessary to make all such payments, by Owner, as required under Section 1 of Article VII of this Agreement. Any such contracts entered into by Hyatt or the General Manager on behalf of Owner shall be honored by Owner if they shall survive earlier termination of this Agreement. Hyatt must obtain the approval of Owner before entering into any contract with a term that exceeds the Operating Term.

Section 8. Contracts with Hyatt Affiliates. In its management of the Hotel, Hyatt or the General Manager, may purchase goods, supplies, insurance and services from or through H.I. or any of its affiliates so long as the prices and terms thereof are competitive with the prices and terms of goods, supplies and services of equal quality available from third parties. In addition, Hyatt may retain itself or H.I. or any of its affiliates as a consultant and to perform technical services in connection with the maintenance and enhancement of computer software for the hotel operations management system and any substantial remodeling, repairs, construction or other capital improvement to the Hotel and Hyatt or H.I. or its affiliate shall be reasonably compensated for its services. Hyatt shall, through the General Manager, have the right to utilize the Hotel and its facilities to train employees of other hotels operated by Hyatt or H.I. and its affiliates. The Hotel shall be reimbursed for any additional expenses that may be caused as a result of such training, unless such expenses shall be offset by benefits accruing to the Hotel arising out of services performed by such trainees. Except for Chain Marketing Services and other services identified in Article VII, Hyatt shall not purchase goods, supplies or services from itself or any affiliate, or enter into any other transaction with an affiliate of Hyatt wherein any portion of the cost thereof will be paid or reimbursed by the Hotel, except with the prior consent of Owner, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, recognizing the varied nature and scope of investments by or on behalf of the Pritzker Family, there will be situations where a company in which the Pritzker Family holds an interest does business, directly or indirectly, with Hyatt or individual Hyatt hotels, in some cases without the knowledge of such interest by Hyatt management. Subject to the provisions of the succeeding sentence of this Section 8, any such transactions entered into in the ordinary course of business will not be deemed a violation of the provisions of this Section. However, where the Pritzker Family interest is material and is known or becomes known to Hyatt management, Hyatt will inform Owner, and will discontinue such arrangements if then requested by Owner. "Pritzker Family" shall mean (i) all natural and adoptive lineal descendants of Nicholas J. Pritzker, deceased, and their spouses; (ii) all trusts for the benefit of any person described in clause (i) and the trustees of such trusts in their capacities as such; (iii) all legal representatives of any person or trusts described in clauses (i) or (ii); and (iv) all partnerships, corporations, limited liability companies or other entities controlled by or under common control with any person, trust or other entity described in clauses (i), (ii) or (iii). "Control" for purposes of this definition shall mean the ability to direct or otherwise significantly affect the major policies, activities or actions of any person.

Section 9. Agency Relationship. In the performance of their duties hereunder, Hyatt and the General Manager shall act solely as agents of Owner. All debts and liabilities to third persons incurred by Hyatt and the General Manager in the course of their operation and management of the Hotel shall be the debts and liabilities of Owner only and Hyatt and the General Manager shall not be liable for any such obligations by reason of their management, supervision, direction and operation of the Hotel for Owner. Hyatt and the General Manager may so inform third parties with whom they deal on behalf of Owner and may take any other reasonable steps to carry out the intent of this paragraph.

Section 10. Hyatt's Right to Reimbursement. During the term of this Agreement, Hyatt may elect to advance or to cause H.I. or any of its affiliates to advance its own funds in payment of any costs and expenses incurred for the benefit of the hotel operation that Hyatt shall have the right or the obligation to incur or cause to be incurred in accordance with the provisions of this Agreement, (a) whether incurred (i) separately and distinctly from costs and expenses incurred on behalf of other hotels of Hyatt or H.I. or its affiliates (hereinafter collectively called the "H.I. group"), or (ii) in conjunction therewith (including, without limitation, insurance premiums, advertising, business promotion, training and internal auditing programs, social benefits of the H.I. group for which

employees of the Hotel may be eligible, attendance of such employees at meetings and seminars conducted by members of the H.I. group and the Chain Marketing Services provided in accordance with Section 2 of Article VII), and (b) irrespective of whether such funds shall be paid to any third party or to any member of the H.I. group or any other hotels operated by any member of the H.I. group. If any member of the H.I. group or any hotel operated by any member of the H.I. group shall advance its own funds as aforesaid, it shall be entitled to prompt reimbursement therefor by the Hotel.

Any amount required to be reimbursed to Hyatt or H.I. or any of its affiliates in accordance with the provisions of this Agreement shall be payable in United States dollars or in the currency in which the expense was incurred, without reduction for income, withholding, business tax, if any, value added or any other taxes imposed by the tax authorities of Macau, or the People's Republic of China, or bank charges or any other charges, at the principal office of Hyatt or H.I. or its affiliate or such other place as Hyatt may, from time to time, designate. In the event that the tax authorities of Macau or the People's Republic of China shall impose any income, withholding, business tax, if any, value added or other tax upon such reimbursements of costs and expenses, or deem such reimbursements to be income taxable to Hyatt or its affiliates, such taxes shall be for the account of and shall be borne by Owner, which shall promptly pay any such taxes in order that Hyatt or its affiliates shall receive full and timely reimbursement for all of its advances hereunder. Hyatt shall, through the General Manager, have the right to withdraw the amount of such reimbursements from the Operating Bank Accounts of the Hotel, utilizing such United States dollars or other currency freely convertible into United States dollars that may be available in such Operating Bank Accounts, or Hyatt (or the General Manager) may convert such amount from Patacas to United States dollars. If exchange control regulations of Macau or the People's Republic of China delay the conversion of such amounts into United States dollars, Hyatt or H.I. or its affiliate may elect to receive and retain such amounts in Patacas during the period of such delay, but such election shall not constitute a waiver of the right of Hyatt, or H.I. or its affiliate to receive payment thereof in United States dollars.

Section 11. Employees of the Hotel. Subject to the provisions of Section 2 of Article III, Hyatt shall, on behalf of and in consultation with Owner, select and appoint the General Manager of the Hotel. Hyatt shall, through the General Manager, on behalf of Owner and subject to the provisions of Section 2 of Article III, select and appoint all employees of the Hotel, including the Executive Committee Members, expatriate personnel and other key executives of the Hotel. Each employee of the Hotel, including the General Manager, shall be the employee of Owner and not of Hyatt, and Hyatt shall not be liable to such employees for their wages or compensation, and every person performing services in connection with this Agreement, including any agent or employee of Hyatt or H.I. or any of its affiliates or any agent or employee of Owner hired by Hyatt, shall be acting as the agent of Owner. The aforesaid notwithstanding, Hyatt may elect to assign employees of Hyatt or H.I. or any of its affiliates or of other hotels of H.I. temporarily as full-time members of the executive staff of the Hotel and pay the compensation, including social benefits, of such employees. In such event Owner shall reimburse Hyatt monthly for the total aggregate compensation, including social benefits paid or payable to or with respect to such employees, and Hyatt shall make available to Owner, upon request, information on any such salaries and social benefits to demonstrate the validity and accuracy of any such reimbursed amounts. To the extent that Hyatt deems advisable and in Owner's best interest, Owner shall delegate to the General Manager of the Hotel the authority to employ, pay, supervise and discharge employees of the Hotel as shall be required.

Hyatt and the General Manager shall inform Owner of any major changes of the Hotel's personnel as soon as practicable. Hyatt shall, unless explanations for not doing so are given by Hyatt to the reasonable satisfaction of Owner, terminate the employment of any personnel of the Hotel forthwith or where practicable, after consultation with Owner, if at any time any such personnel shall:

(1) be guilty of serious misconduct or commit a material breach of any of the terms of his employment or after warning in writing, willfully neglect to perform his assigned duties; or

(2) commit any act of fraud or dishonesty (whether or not connected with his employment); or

(3) be incapacitated (including by reason of illness or accident) from performing his assigned duties for a period or periods in aggregate amounting to six calendar months in any period of twelve months; or

(4) as a result of his other activities or interests, be in a position which conflicts with his assigned duties.

Owner may request that Hyatt removes any of such personnel for any of the aforementioned reasons if it has reasonable grounds to believe that that is the case. Hyatt shall comply with Owner's request either forthwith or as soon as possible upon investigation of the matter.

With the consent of Hyatt, not to be unreasonably withheld, Owner shall have the right to request Hyatt to remove (on not less than thirty (30) days' written notice) the General Manager, Director of Finance, and/or Director of Marketing if, in the Owner's reasonable opinion, the General Manager, Director of Finance, and/or Director of Marketing, as appropriate, has demonstrated poor performance due to the lack of skills or constant neglect of his or her duties; provided, that the General Manager, Director of Finance or Director of Marketing, as appropriate, shall have previously received at least two (2) prior written warnings or reprimands, on dates at least thirty (30) days apart, from the Owner with respect to poor performance (with copies to Hyatt), and General Manager, Director of Finance or Director of Marketing, as appropriate, shall have theretofore been afforded with a reasonable opportunity to cure such circumstances.

Section 12. The General Manager. The parties understand that Hyatt shall fulfill its obligations to operate and manage the Hotel under this Agreement and shall exercise its control and discretion in such operation by designating the General Manager to be employed by Owner, which General Manager (herein called the "General Manager") shall (a) be familiar with H.I.'s method of hotel operation, (b) be furnished with H.I.'s policies and systems and procedures manuals from time to time in effect, and (c) whose major activities shall be reviewed and supervised by Hyatt while he shall retain full autonomy to make day-to-day decisions with respect to such operations. To such purpose, Owner shall grant such power of attorney to said General Manager as shall be required.

Section 13. Hyatt's Management Modules. The parties understand further that all of H.I.'s management modules including, but not limited to, policies and procedures, operations, accounting and training, which are furnished by Hyatt in connection with its management of the Hotel are and shall be at all times, without further act or action, the exclusive property of H.I. and Hyatt shall, through the General Manager, have the right to remove such management modules from the Hotel upon the expiration or sooner termination of this Agreement.

Section 14. Staff Facilities. During the pre-opening period (the period of at least twelve (12) months prior to the formal opening of the Hotel) and during the Operating Term, Owner shall provide the General Manager, the Executive Committee Members, key executives and expatriate personnel of the Hotel fully furnished accommodations with the necessary related facilities, furnished in accordance with Hyatt's standards and specifications. Such costs and expenses shall be provided for in the Pre-opening Budget and the Annual Plan.

Section 15. Special Provisions Relating to the Development and the Casino.

A. Hyatt acknowledges that the Hotel will be only one component of the Development and that Owner contemplates that the Hotel and the non-Hotel components will share certain common areas and facilities. Subject to Hyatt's reasonable approval, Owner may locate certain standard Hotel facilities such as, by way of example, the fitness center in the non-Hotel components of the Development. Owner shall assure Hyatt that, in respect of the facilities located outside of the Hotel, Hotel guests have sufficient rights of access reasonably satisfactory to Hyatt and that Hotel guests enjoy sufficient rights of use of common areas.

B. Hyatt shall cause the General Manager to meet regularly and work cooperatively with the general managers (or equivalent position) of the other components of the Development (such group, including the General Manager, the "Senior Development Management Team"), to develop and implement, and to review and update from time to time as appropriate, policies and strategies (collectively, the "Project Integration Strategies") designed to facilitate the effective coordination of operations of the Hotel and the other components of the Development and to promote the efficient, effective and profitable operation of the overall Development as a whole while permitting the operation of each component thereof in accordance with the Key Operating Principles and the terms of this Agreement. By way of example (but not limitation), the Project Integration Strategies may include policies and strategies relating to:

(1) Sales and Marketing. Sales and marketing (e.g., advertisement of Hotel jointly with the Development, and establishment and maintenance of a website and toll-free number for the Development), booking, pricing and collection strategies, all to facilitate the coordination of such matters across the components of the Development;

(2) Preferred Customers. To the extent the Senior Development Management Team determines that it is in the interest of the Development to offer package pricing or other discounting of room rates to Hotel guests who are preferred customers of the Casino or other components of the Development, the establishment of appropriate allocations of the revenues and expenses associated with such Hotel guests' patronage of the Casino and other components of the Development;

(3) Services and Facilities. Sharing of services and facilities among the components of the Development;

(4) Purchasing. Purchasing of Furnishings and Equipment and Operating Supplies;

(5) Repair and Maintenance. Leveraging of resources to promote the efficient and effective repair and maintenance of the various components of the Development;

(6) Employment Matters. Coordination of union human resources matters, including matters relating to salaries, benefits and other terms of employment at individual components of the Development;

(7) Insurance. Placement of insurance coverages and adjustment of insurance claims;

(8) Information Technology. Integration of information technology systems; and

(9) Other. Such other matters as the Senior Development Management Team shall determine to be reasonably necessary or advisable to promote the efficient and effective operation of the Development as described above.

Hyatt acknowledges that Owner may elect, in connection with the non-Hotel components, to provide to the guests of the non-Hotel components access to certain Hotel facilities. Hyatt shall reasonably cooperate with Owner, and with the persons entitled to such access, it being understood and agreed, however, that Hyatt shall have a reasonable opportunity to review and approve such arrangements, provide input and suggestions with respect thereto, and satisfy itself that the Hotel facilities to which access is being granted are of sufficient size and capacity to permit use thereof by such additional persons without thereby adversely affecting use thereof by Hotel guests and patrons. Notwithstanding the preceding, the Hotel management shall have the exclusive right to control ingress to and egress from areas of the Hotel that are intended to serve the Hotel guests exclusively, and the Hotel management may limit access to and from the Hotel in its reasonable discretion including, without limitation, in matters involving public safety.

C. A portion of the costs (the "Common Area Allocation") relating to the Hotel and to the non-Hotel components of the Development such as, for example, but not by way of limitation, insurance, common area landscaping, site maintenance, trash removal, extermination and other such costs intended for the benefit both of the Hotel and the non-Hotel portions of the Development, shall be allocated in a fair and reasonable manner. Prior to the opening of the Hotel, Owner shall propose to Hyatt, for Hyatt's review and approval acting reasonably, the proposed allocation methodology for determining the Common Area Allocation. The agreement of the parties in respect of the Common Area Allocation shall be set forth in a supplemental document to this Agreement to be signed by both parties.

D. The Hotel shall pay, as an operating expense, a reasonable allocation (the "Marketing Allocation") of the actual out of pocket expenses incurred by Owner in marketing the overall Development. Prior to the opening of the Hotel, Owner shall propose to Hyatt, for Hyatt's review and approval acting reasonably, the proposed allocation methodology for determining the Marketing Allocation. The agreement of the parties in respect of the Marketing Allocation shall be set forth in a supplemental document to this Agreement to be signed by both parties.

E. In respect of the Common Area Allocation and the Marketing Allocation, Owner shall provide Hyatt, upon request, with reasonable substantiation to back-up the allocations. Hyatt shall have the right not more than six (6) times during the Operating Term to audit, as a Hotel expense, the allocations.

F. The Casino shall have its own signage, entrance and location within the Development. Hyatt shall not manage the Casino. Owner covenants and agrees that, at all times during the term of this Agreement, the Casino shall be leased to or operated by a first-class, international casino management company that is licensed to manage and operate casinos in Macau. Prior to the Formal

Opening of the Hotel, Owner shall provide Hyatt, for Hyatt's review and approval, which approval shall not be unreasonably withheld, proposed arrangements relating to (1) the provision of and charges for rooms and other hotel services for customers of the Casino and (2) to the use of and charges for Hotel services by Casino guests including, without limitation, the ability for Casino guests to make charges for Hotel services on to a guest account maintained at the Casino. To the extent that such rooms or services are requested to be made available on a discounted basis, the extent to which Owner shall offset the amount of the discount with revenue from the Casino must be set out in the agreed arrangements referred to above. The parties acknowledge that the administrative details relating to the relationship of the Hotel and Casino may need to be set forth in an agreement supplemental to this Agreement, and that, in addition, more specific provisions embodying the terms of the preceding sentence will need to be agreed upon. In that connection, Hyatt agrees that it shall negotiate in good faith in all matters pertaining to the Casino and will, in all events, act reasonably so long as the terms and provisions thereof shall not be inconsistent with the preceding provisions.

G. Hyatt acknowledges that, as of the date of this Agreement, Owner intends that its affiliate or a company economically owned or to be owned (in either case directly or indirectly and whether by holding shares, convertible bonds, loan capital or other securities of the relevant company) jointly by Melco International Development Limited and Publishing and Broadcasting Limited, formed or to be formed to acquire a sub-concession from Wynn Resorts (Macau) Limited, to operate one or more casinos in Macau, will conclude the acquisition of such sub-concession and operate the Casino. Should such affiliate or jointly owned company (as referred to above) not be the operator of the Casino at any time or for any reason and the manager of the Casino is changed to another person and such change results in, or give rise to an inquiry or other proceeding that could result in, a determination, ruling or order of a government or regulatory authority having jurisdiction over either party to this Agreement and/or its affiliates which objects to such party continuing this Agreement or which has the effect of revoking or jeopardizing (or, should such determination, ruling or order be directed to a party to this Agreement due to any contractual relationship it may have with another beyond such party's control, which could reasonably lead to revocation or jeopardy of) a material license held by such party and/or its affiliate over a significant part of its or their business if such party continues this Agreement, then such change of manager shall be considered and deemed to be an "Owner Sale" as provided in Section 2A of Article XV hereof, and the provisions of such Section shall apply to the change of Casino manager. Hyatt confirms that it has no objection to a change of the manager of the Casino to another affiliate of Owner or a company economically owned jointly by Melco International Development Limited and Publishing and Broadcasting Limited on the basis referred to above, provided that such change does not result in, or give rise to an enquiry or other proceeding that could result in, a determination, ruling or order as referred to above in this Section.

ARTICLE IV
Management Fees and Owner's Profit Distribution

Section 1. Hyatt's Fees. During the Operating Term and any extension thereof, and during the period of partial operations prior to the formal opening of the Hotel, if any, Hyatt shall be entitled to receive:

A. Monthly as a preliminary installment of its basic management fee an amount equal to two percent (2%) of the Revenue of the Hotel during the first three (3) calendar years of the Operating Term and one and three-quarters percent (1.75%) of the Revenue of the Hotel thereafter, as defined in Article V hereof, after deducting from such basic management fee payment all basic management fee payments previously made to Hyatt for such fiscal year; and

B. Monthly, as a preliminary installment of its incentive fee, an amount equal to the designated percentage (set forth below) of the cumulative Gross Operating Profit of the Hotel during the current fiscal year,

	Percentage of Gross Operating Profit
If Gross Operating Profit for a period, expressed as a percentage of Revenue for the same period, is less than or equal to 20% of Revenue	3%
If Gross Operating Profit is greater than 20% of Revenue and is less than or equal to 30% of Revenue	4%
If Gross Operating Profit is greater than 30% of Revenue and is less than or equal to 40% of Revenue	5%
If Gross Operating Profit is greater than 40% of Revenue	7.5%

in each case Gross Operating Profit being as defined in Article V hereof, during the then current fiscal year, after deducting from such incentive fee payment all incentive fee payments previously made to Hyatt for such fiscal year.

C. Within sixty (60) days after the end of each fiscal year during the Operating Term, a final installment based upon the then relevant percentages of Revenue and Gross Operating Profit for the entire fiscal year, after deducting therefrom, however, the amount of the preliminary installments paid under Sections 1.A and 1.B above, as the case may be.

Section 2. Payment of Fees. Hyatt's basic management and incentive fees (collectively referred to as "Hyatt's Fees") shall be determined in Patacas and shall be payable in United States dollars at the official rate of exchange prevailing on such dates as such fees shall be remitted, which fees shall be remitted within thirty (30) days after the end of each calendar month. If Hyatt's Fees are remitted after thirty (30) days after the end of such calendar month, then such fees shall be converted at the official rate of exchange prevailing on such dates as such fees are determined (i.e., originally calculated). Hyatt shall, through the General Manager, have the right to withdraw the amount of its fees from the pre-opening or Operating Bank Accounts of the Hotel and, after deducting such income or withholding taxes imposed by the tax authorities of Macau as shall be applicable to such fees (and the parties acknowledge that it is intended that Hyatt is solely responsible for income taxes imposed on its net income attributable to such fees), utilize such United States dollars or other currency freely convertible into United States dollars that may be available in such bank accounts or convert such net amount from Patacas to United States dollars and remit such dollars or other foreign currency to its principal office or such other place as Hyatt may, from time to time, designate. If exchange control regulations of Macau delay the conversion of its fees into United States dollars, Hyatt may elect to receive and retain such fees in Patacas during the period of such delay, but such election shall not constitute a waiver of Hyatt's right to receive payment thereof in United States dollars at the rate of exchange as

aforesaid. In the event that such fees shall be subject to any value added tax on turnover imposed by the tax authorities of Macau, such fees shall be increased by the amount of such value added tax.

Section 3. Owner's Profit Distribution. Subject always to the retention of working capital sufficient to assure the uninterrupted and efficient operation of the Hotel (including, without limitation, amounts then deemed by Hyatt to be reasonably required to pay Hotel creditors, Hotel operating expenses, Hyatt's fees and H.I. reimbursements due hereunder, and amounts required to be credited to the Replacement Reserve), Hyatt shall during the Operating Term cause to be paid to Owner at its principal office, or at such other place as Owner may, from time to time, designate, the Gross Operating Profit after deduction of Hyatt's fees provided for in Section 1 of this Article (hereinafter referred to as "Owner's Profit Distribution") on a monthly basis. Subject always to the retention of sufficient working capital, Owner's Profit Distribution for each calendar month shall be transferred to Owner within thirty (30) days following the end of such month.

Section 4. Year-end Adjustment. If, for any fiscal year, Owner's Profit Distribution due under Section 3 and the Hyatt's Fees payable to Hyatt under Section 1 of this Article in accordance with the profit and loss statement certified by the independent public accountant pursuant to subsection C of Section 4 of Article VII shall be more or less than the preliminary installments paid in accordance with Section 3 and Section 1 above, respectively, Owner and Hyatt shall respectively repay the difference within thirty (30) days after receipt by Owner of said profit and loss statement.

Section 5. Fiscal Years. Fiscal years under this Agreement shall coincide with and be identical to calendar years for all purposes, except that the first fiscal year shall be the period between the date of the formal opening of the Hotel and December 31 of the same year, unless the period is three (3) calendar months or less, in which event the first fiscal year shall be the period from the formal opening of the Hotel until December 31 in the next succeeding year and the last fiscal year, if the Operating Term shall be terminated prior to its expiry date including any extensions thereof, shall be the period between January 1 of the year of termination and the date of such termination.

ARTICLE V
Determination of Gross Operating Profit

Section 1. Books and Records. Hyatt shall, through the General Manager, keep full and adequate books of account and other records reflecting the results of the operation of the Hotel. Such books and records shall be kept in Patacas on the accrual basis and in all material respects in accordance with the then latest edition of the "Uniform System of Accounts for the Lodging Industry", as adopted by the American Hotel and Motel Association, except as otherwise specified in this Agreement, and in accordance with the laws of Macau.

Section 2. Gross Operating Profit. The term "Gross Operating Profit" as used in this Agreement shall mean the amount computed as follows:

A. All revenues and income of any kind derived directly or indirectly from the operation of the Hotel including service charges collected from guests and not distributed to employees and rental or other payments from lessees or concessionaires (but not the gross receipts of such lessees or concessionaires) (herein called "Revenue"). For avoidance of doubt, the following items of monies shall be excluded from the definition of Revenue:

(a) working capital and other funds furnished by Owner;

(b) interest or other income accrued on amounts in the Replacement Reserve;

(c) government and local authority excise, sales and use taxes collected directly from patrons and guests or as part of the sales price of any foods, services or displays, gross receipts, admissions, or similar or equivalent taxes and paid over to government or local authorities;

(d) gratuities received and actually paid to employees;

(e) proceeds of insurance and compensation paid for any resumption; provided, however, that Owner shall be obligated to pay the basic management fee (as provided in Section 1A of Article IV);

(f) interest on funds in the operating account; and

(g) funds collected in respect of activities where a commission only is derived by the Hotel such as, without limitation, commercial tour operations; provided, however, any commissions received from such activities shall be included in Revenue.

B. From the Revenue shall be deducted the entire cost and expense of maintaining, conducting and supervising the operation of the Hotel, which shall include, without limiting the generality of the foregoing, the following:

(1) The cost of all food and beverages and Operating Supplies, as defined in Section 1 of Article VII, sold or consumed and the total relocation expenses, salaries, wages, severance payments and other compensation of all employees of the Hotel, including the General Manager, and their social benefits, which shall include, inter-alia, the life, disability and health insurance, incentive compensation and pension benefits of the H.I. chain for which they may be, in Hyatt's sole discretion, qualified;

(2) The cost of replacements of or additions to Ancillary Hotel Equipment and Operating Equipment;

(3) All costs and expenses of any advertising and business promotion for the Hotel separate and distinct from other hotels of Hyatt or H.I. or its affiliates and the Hotel's pro-rata or per-formula share of the costs and expenses of any reservation, advertising and business promotion program in which the Hotel participates with one or more hotels of Hyatt, or H.I. or its affiliates, including Chain Allocation charge, the Reservation charge and the Reserve System Transaction charge, as defined in Section 2 of Article VII, and the Hyatt Gold Passport program and selected airline mileage programs;

(4) The cost of all other goods and services;

(5) Out-of-pocket expenses incurred by Hyatt and its affiliates for the account of or in connection with the Hotel operation, including reasonable traveling expenses of employees, executives or other representatives or consultants of Hyatt and its affiliates, provided that such persons shall be afforded reasonable accommodations, food, beverages, laundry, valet and other such services by and at the Hotel without charge to such persons or Hyatt;

(6) All costs and expenses of any personnel training of the Hotel, internal audits and management operations reviews (which average two (2) to three (3) weeks in duration) and special training programs conducted by personnel of Hyatt, H.I. or its affiliates for the Hotel, and the Hotel's pro-rata share of the costs and expenses of any personnel training program in which the Hotel participates with one or more other hotels of Hyatt or H.I. or its affiliates;

(7) All expenditures made by Hyatt and/or the General Manager, for maintenance and repairs to keep the Hotel in good operating condition in accordance with Section 1 of Article VI;

(8) The provision for replacements of and additions to Furnishings and Equipment and the cost thereof in excess of the amount in the Replacement Reserve, in accordance with Section 2 of Article VI;

(9) The cost of alterations, additions and improvements in accordance with Section 3 of Article VI;

(10) Premiums (or reimbursements to Hyatt for premiums) for insurance maintained in accordance with Section 2 of Article VIII (premiums on policies for more than one year to be pro-rated over the period of insurance) and losses incurred on self-insured or uninsured risks;

(11) All taxes and public dues, other than income taxes, payable by or assessed against Hyatt with respect to the operation of the Hotel (including the business tax imposed on turnover by Macau), but excluding all taxes levied or imposed against Owner, the Hotel or its contents, such as rates and real and personal property taxes;

(12) Legal, auditing and other professional fees not relating to negotiation, renewal, termination or default under this Agreement;

(13) A reasonable provision for uncollectible accounts receivable;

(14) The basic management fee payable to Hyatt; and

(15) The Common Area Allocation and the Marketing Allocation.

C. In determining the Gross Operating Profit for any fiscal year, no adjustment shall be made for or on account of any deficiency in the Gross Operating Profit of any prior fiscal year.

D. Owner's Costs and Expenses. For the purposes of clarification, it is understood and agreed that Owner's costs and expenses are not operating expenses of the Hotel and therefore shall not be deducted from the Revenue of the Hotel in determining the Gross Operating Profit of the Hotel. Owner's costs and expenses shall include, but not be limited to, (a) Owner's administrative costs and expenses; (b) property damage insurance ("building and contents" insurance) against fire, boiler explosion and such other risks (the term building and contents shall mean the Hotel building, the Hotel building's mechanical, boiler, plumbing, air-conditioning and electrical plant and equipment, Furnishings and Equipment, Operating Equipment and inventories); (c) ground rent, real estate taxes and assessments, rates, real and personal property taxes, Owner's corporate profits and income taxes, etc.; (d) debt service, including payments of principal and interest on loans, mortgages, etc.; (e) costs relating to differences in exchange rates on Owner's cash and loans; (f) amortization of pre-opening costs and expenses; and (g) depreciation and amortization of fixed assets.

ARTICLE VI
Repairs and Changes

Section 1. Normal Repairs and Maintenance. Subject to the provision of adequate working capital by Owner pursuant to Section 1 of Article VII, Hyatt shall, through the General Manager, (save as provided in Section 4 of this Article) repair and maintain the Hotel in good order and condition, ordinary wear and tear excepted.

Section 2. Replacements of and Additions to Furnishings and Equipment. An amount equal to two percent (2%) of Revenue for the first twenty-four (24) months of the Operating Term, three percent (3%) of Revenue for the next twenty-four (24) months of the Operating Term and, thereafter, an amount equal to four percent (4%) of Revenue of the Hotel, as a provision for the replacements of and additions to Furnishings and Equipment and all proceeds from the sale of Furnishings and Equipment (which, for the purposes of this Section only, shall include telephone and switchboard equipment, otherwise included as building installations or systems) shall be credited to a reserve for the replacements of and additions to Furnishings and Equipment (the "Replacement Reserve"). Subject to the retention of an amount equal to Three Hundred Thousand United States dollars (US$300,000), which amount shall be available for unanticipated Furnishings and Equipment expenditures, Hyatt shall transfer from the operating bank account(s) of the Hotel to Owner the amounts set forth in the preceding sentence (the "Replacement Fund"). A book entry shall be credited in the amount that is to be accumulated in the Replacement Reserve. Hyatt shall be entitled to call upon Owner any amounts required to make all replacements of and additions to Furnishings and Equipment deemed by it to be necessary (except as provided under Section 4 of this Article) or desirable, which Furnishings and Equipment shall be and become, forthwith upon acquisition and installation and without further act or action, the property of Owner.

Replacements of and additions to Furnishings and Equipment deemed by Hyatt to be necessary or desirable, the cost of which shall exceed the balance in the Replacement Reserve, shall be subject to the approval of Owner, which shall make available to Hyatt, as additional working capital, the necessary funds therefor, and the cost thereof shall be charged directly to current expenses or shall be capitalized on the books of account in accordance with sound hotel accounting practices. The costs of such replacements and additions that are capitalized shall be depreciated by charges to the Hotel's operating expenses over their estimated useful lives.

Any amounts remaining in the Replacement Fund at the termination of the agreement or the expiration of the Operating Term shall be credited to Gross Operating Profit in the last fiscal year of the Operating Term.

Section 3. Alterations. Hyatt shall, through the General Manager, have the right to make, from time to time, such alterations, or improvements in or to the site, building(s), installations and building systems which are customarily made in the operation of first-class hotels. The cost of such alterations, additions or improvements shall be charged directly to current expenses or shall be capitalized on the books of account in accordance with sound hotel accounting practices. The costs of alterations, additions or improvements that are capitalized shall be amortized or depreciated by charges to the Hotel's operating expenses over their estimated period of usefulness.

Section 4. Essential Repairs, Changes and Replacements. If at any time during the Operating Term, repairs to the building(s), installations or building systems, changes in the Hotel, or replacements (a) shall be required by reason of any laws, ordinances or regulations, or by any order of governmental authority, or (b) shall be essential to the functioning or safety of the Hotel, including its structural integrity, or its continued operation under standards comparable to those prevailing in H.I. hotels throughout the world, such repairs or replacements shall be made by Owner, shall be paid for by Owner, at its expense and not as a charge against operations pursuant to Subsection B of Section 2 of Article V, and shall be made promptly and with as little hindrance to the operation of the Hotel as possible.

Section 5. Other Changes, Replacements and Additions. Any changes, replacements, additions, or improvements not otherwise provided for in this Agreement shall, if mutually agreed upon, be made promptly by Owner (or, if Hyatt agrees, by Hyatt, upon receipt from Owner of sufficient funds therefor) and, if agreed by the parties, shall be a charge against operations pursuant to Subsection B of Section 2 of Article V.

ARTICLE VII
General Covenants of Hyatt and Owner

Section 1. Opening Inventories and Working Capital. Hyatt shall prepare for Owner's approval an initial inventories and working capital budget in respect to initial inventories and working capital required for the operation of the Hotel with the format as outlined in Appendix C attached hereto (the "Initial Inventories and Working Capital Budget"). Owner shall in advance of the formal opening of the Hotel provide sufficient funds for the initial bank accounts, house cash funds, and inventories of food, beverages and immediately consumable items, such as cleaning material and paper supplies (herein referred to as "Operating Supplies"), and shall initially and throughout the Operating Term at its sole expense provide working capital sufficient to assure the timely payment of all current liabilities of the Hotel (including Hyatt's Fees payable under Section 1 of Article IV, the Chain Marketing Services payable under Section 2 of this Article, and Hyatt's reimbursements for out-of-pocket and other expenses incurred by Hyatt for the account of the hotel operation in accordance with the terms of this Agreement) and to assure the uninterrupted and efficient operation of the Hotel and the performance by Hyatt of its obligations hereunder. Initial estimates, in 2006 dollars, indicate the Initial Inventories and Working Capital Budget for the Hotel and the Regency, collectively, to be approximately Two Million Five Hundred Thousand United States Dollars (US$2,500,000). Hyatt shall use its commercially reasonable efforts to obtain the best possible credit conditions from the Hotel's suppliers, and to convert into cash in the shortest possible time the stocks of merchandise and pending accounts.

Section 2. Chain Marketing Services, Gold Passport and other Services. Hyatt shall, in the operation of the Hotel and for the benefit of its guests, cause its affiliates to provide outside Macau, convention, business and sales promotion services (including the maintenance and staffing of H.I.'s home office sales force and regional sales offices in various parts of the world), publicity and public relations services, reservation services and all other group benefits, services and facilities including institutional advertising programs (which exclude advertising in which one or more other H.I. hotels participates by mutual agreement and shares the cost thereof), to the extent appropriate furnished to other hotels operated by Hyatt and its affiliates (herein called "Chain Marketing Services").

Neither Hyatt, nor any other affiliate of Hyatt shall receive any profit for the rendition of Chain Marketing Services. Hyatt's affiliates shall, however, be entitled to be reimbursed for the Hotel's share (herein called "Chain Allocation") of all costs incurred by Hyatt's affiliates including salaries of officers or employees, in the rendition of said services, and shall also be reimbursed for reservation costs. Charges to the Hotel for Chain Marketing Services (including reservation services) shall be made, commencing from the period 12 months prior to the scheduled formal opening date of the Hotel, on the same basis as to the other hotels operated by Hyatt. The current 2006 formula for Chain Allocation is based on US$394.00 per guest room, per annum, plus one percent (1%) of the gross room revenue of the Hotel per annum during the Operating Term and period of partial operations, if any. The Reservation charge is currently US$8.00 per gross reservation plus, in circumstances where H.I.'s proprietary SPIRIT/RESERVE reservation system (or its successor) is used in making the reservation, US$0.70 per such reservation. The Chain Allocation formula, the Reservation charge and the reservation system charges are subject to change in the future, but all H.I. hotels shall be charged on the same basis. Hyatt shall cause its affiliates to provide Owner with a copy of the audited annual Chain Allocation expenditure statements.

In addition to charges for the above services, the Hotel shall be charged in connection with the Gold Passport Program (or any program that replaces the Gold Passport Program). The charge for the Gold Passport Program is currently four percent (4%) of the total charges incurred by Gold Passport Members at a participating hotel, which amount will be paid into the Gold Passport fund. The Hotel shall receive a Gold Passport per-formula payment when guests use Gold Passport points for stays at the Hotel. Neither Hyatt, nor any other affiliate of Hyatt, shall receive any profit for the rendition of the Gold Passport Program.

Hyatt shall be reimbursed for the cost of performing internal audits, management operations reviews ("M.O.R.'s") and specialized training programs based on the executive time involved (averaging two to three weeks per audit or M.O.R.) at the Hotel. The per diem charges currently range from US$200 to US$350 dependent upon the seniority of the executives performing the audit, M.O.R. or training.

The Hotel will be also charged for key executives' (including expatriate personnel's) social benefits, including life, disability and health insurance, incentive compensation and pension benefits arranged by Hyatt and consistent with Hyatt's (or H.I.'s) groupwide practices and policies.

Hyatt shall be reimbursed for the Hotel's proportionate share of premiums for the worldwide insurance coverage (including public liability and crime insurance, such as employee fidelity and cash-in-transit coverage) maintained by Hyatt.

Section 3. Right of Inspection and Review. The duly authorized officers, accountants, employees, agents, and attorneys of Owner shall have the right, upon reasonable notice to the General Manager of the Hotel, to enter upon any part of the Hotel at all reasonable times during the Operating Term for the purpose of examining or inspecting the Hotel or examining or making extracts from the books and records of the Hotel operation, or for any other purpose which Owner, in its discretion, shall deem necessary or advisable, but the same shall be done with as little disturbance to the operation of the Hotel as possible and all inquiries arising out of such inspection and review shall be addressed only to Hyatt or to the General Manager or such person or persons designated by him. Upon termination or expiration of this Agreement, all books and records relating to the operation of the Hotel shall be delivered by Hyatt to Owner. For a period of two (2) years following the expiration or earlier termination of the Operating Term, Owner shall accord to Hyatt the same right to examine or make extracts from the books and records of the Hotel operation applicable to the Operating Term.

Section 4. Reports. Hyatt shall, through the General Manager, deliver to Owner:

A. Within twenty (20) days after the end of each month a profit and loss statement showing the results of the operation of the Hotel for that month and the year to date, and containing computations of the Gross Operating Profit, Hyatt's Fees and Owner's Profit Distribution. The figures contained in such statement shall be taken from the books of account maintained by Hyatt and the General Manager. Such statement shall reflect the terms of this Agreement and shall be prepared, insofar as feasible, in all material respects in accordance with the then latest edition of the "Uniform System of Accounts for the Lodging Industry" referred to hereinabove, as set forth, for purposes of illustration only, in Appendix A hereof.

B. On or before the 31st day of August of each fiscal year including the first fiscal year, a profit and loss statement showing the results of the operation of the Hotel for the first six (6) months of such fiscal year, and containing computations of the Gross Operating Profit, Hyatt's Fees and Owner's Profit Distribution. The figures contained in such statement shall be taken from the books of account maintained by Hyatt and the General Manager. Such statement shall reflect the terms of this Agreement and shall be prepared, insofar as feasible, in all material respects in accordance with the then latest edition of the "Uniform System of Accounts for the Lodging Industry" referred to hereinabove, as set forth, for purposes of illustration only, in Appendix A hereof, and signed by the General Manager and the Director of Finance.

C. Within sixty (60) days after the end of each fiscal year, with the exception of the last fiscal year, a profit and loss statement, certified by an independent public accountant selected from one of the four (4) largest international public accounting firms (the "Big Four" firms) or their affiliates in Macau and retained by Hyatt, taken from the books of account of the Hotel and showing the results of the operation of the Hotel during the preceding fiscal year, containing a computation of the Gross Operating Profit, Hyatt's Fees and Owner's Profit Distribution for such period, and with a schedule annexed thereto showing all deposits in and withdrawals from the Replacement Fund made during such fiscal year and the balance thereof. The cost of the audit shall be charged to operations of the Hotel. Within sixty (60) days after the end of the last fiscal year, Owner shall deliver to Hyatt a profit and loss statement certified by the aforesaid independent public accountant, showing the results of the operation of the Hotel during such last fiscal year, containing computations of Revenue and Gross Operating Profit and the basic management and incentive fees payable to Hyatt for such period. Hyatt agrees to provide reasonable assistance to the

accountant in the preparation of the annual statements. Provided that said accountant's opinions shall be unqualified, such certified statements shall be deemed correct and conclusive for all purposes.

D. No later than November 1st of each calendar year during the Term, Hyatt will prepare and submit to Owner for the following calendar year (i) a forecasted budget of the Hotel's operations, including forecasts of revenues and operating expenses, estimates of necessary working capital and the assumptions underlying the same; (ii) a proposed marketing plan; and (iii) a proposed budget of Capital Expenditures (for this purpose, inclusive of additions to and replacements of Furnishings & Equipment and additions, alterations and improvements pursuant to Section 3 of Article VI) for the ensuing year. The materials described in clauses (i) and (ii) above are herein collectively referred to as the **"Operating Budget"**, the budget referred to in clause (iii) above is herein referred to as the **"Annual CapEx Plan"** and the Operating Budget and Annual CapEx Plan are collectively referred to as the **"Annual Plan"**.

(1) The Annual Plan shall be prepared in accordance with Hyatt's standard internal planning and budgeting procedures on Hyatt's standard formats. Owner agrees that it shall promptly review all Operating Budgets and Annual CapEx Plans submitted to it, and Hyatt agrees that it shall provide Owner with such additional and supplemental information with respect thereto as shall be reasonably requested by Owner and which may be prepared or compiled without unreasonable delay, expense or interruption of normal operations.

(2) Promptly after submission of the Annual Plan, representatives of Owner and Hyatt shall meet at the Hotel or at such other location as may be mutually agreed and at a mutually convenient time to discuss, and attempt in good faith to agree upon, the Annual Plan as provided below.

E. All items of expenditure contained in the Operating Budget shall be subject to approval of Owner, with the exception of the following: (i) costs associated with contracts or arrangements Hyatt or H.I. has made on a chain-wide, regional or business-segment basis in accordance with Hyatt's authority under the terms of this Agreement; (ii) individual compensation levels for Hotel employees or for Hyatt or H.I. benefit programs; (iii) items (such as room rates, menu or banquet prices, and the like) affecting the estimate of Hotel revenues; or (iv) other expenditures required to be made under the express provisions of this Agreement including, without limitation, expenditures for Management Fees, Chain Allocation, reservation costs, and Gold Passport. Owner shall not withhold its approval for any expenditures which are reasonably necessary, in nature or amount, to enable the Hotel to continue operating in accordance with the standards of operating "Grand Hyatt" hotels throughout the world. Notwithstanding the preceding exceptions regarding Hyatt's right to establish revenue and expenditure items, Owner shall have the right to suggest changes in such items if it considers the changes reasonably necessary to achieve the Key Operating Principles, subject in all respects to the maintenance of the standards identified in this Agreement. To the extent Hyatt disagrees with suggested changes, Hyatt shall provide Owner explanation for its disagreement explaining why such items meet the Key Operating Principles. The parties will seek to resolve any dispute as to whether an item of expenditure meets the Key Operating Principles in accordance with subsection E (1) below, failing which the dispute shall be submitted to an independent, international accountancy firm (the "Expert"), who shall act as an expert and not as arbitrator to resolve the matter. The Expert

shall be a person mutually acceptable to Manager and Owner, each acting reasonably in respect of granting or withholding their approval, and shall have at least ten (10) years of international hospitality consulting experience with regional knowledge of the hospitality industry. The decision of the Expert shall be binding upon Manager and Owner and shall be made by not later than the 31 st day of December of the year in which the Annual Plan has been submitted for review, and resolution of Operating Budget disputes by the Expert shall be the sole and exclusive process for resolution, Manager and Owner agreeing that any such disputes shall not be subject to arbitration hereunder. The costs of the Expert must be paid equally by the parties.

(1) Subject to the foregoing, Hyatt shall take into consideration the views and suggestions of Owner regarding all aspects of the Operating Budget and both Owner and Hyatt shall attempt, in good faith, to reach a mutually satisfactory agreement, and thereupon to incorporate any such agreements into the Operating Budget. In this connection, Owner shall have the right to suggest changes in operating policies and in the proposed Operating Budget which it considers reasonably necessary to achieve the objectives of near-term and long-term maximization of Hotel profits, subject in all respects to the standards of operating "Grand Hyatt" hotels throughout the world. To the extent Hyatt disagrees with Owner's suggestions and comments, Hyatt shall provide written explanations for its disagreements. Promptly following the foregoing discussions and explanations, Hyatt shall submit a revised Operating Budget for further comment and discussion in the manner set forth above. Thereafter, the parties shall continue to discuss the Operating Budget until such time as both Hyatt and Owner shall have reached agreement on all items comprising the Operating Budget for which Owner has approval rights hereunder.

(2) Until such time as the parties have agreed on all line items of the proposed Operating Budget for which Owner has approval rights hereunder, Hyatt shall have the right to operate the Hotel in accordance with an Operating Budget comprised of those line items which do not require Owner approval hereunder, those line items that have theretofore been agreed upon by Owner and Hyatt and, only with respect to those line items not yet approved by Owner (and for which Owner has approval rights hereunder), the standards of operation and operating policies in effect during the preceding calendar year (or, with respect to the Hotel's first Fiscal Year, as proposed by Hyatt in connection with the takeover of the Hotel). Once the Operating Budget has been approved by Owner and Hyatt (the "**Approved Annual Plan**"), Hyatt agrees that it shall use commercially reasonable efforts to operate the Hotel in a manner consistent with the Approved Annual Plan both as relates to estimates of actual amounts of expenditures, and the operating assumptions underlying the same.

(3) Notwithstanding anything to the contrary in this Section 4 of Article VII, Owner and Hyatt both acknowledge that the forecasts of revenues and estimated expenses contained in the Operating Budget represent Hyatt's best estimate of the same for the following calendar year and not in any way a guarantee of actual results. Actual revenues and expenses can vary from forecasts and estimates for reasons beyond the reasonable control of Hyatt including, without limitation, the following: (a) the volume of business and the levels of hotel occupancy; (b) the mix of business (that is, the relationship of food and beverage revenues to other hotel related revenues and the relationship of group business to individual travel business); (c) prevailing wage rates and the effects of collective bargaining agreements; (d) inflation; (e) utility rates, insurance premiums and tax increases;

(f) unanticipated and extraordinary repair and maintenance expenses; (g) the need to meet competitive market conditions; and (h) other similar causes. Owner acknowledges that so long as Hyatt adheres to its covenant to use commercially reasonable efforts to operate the Hotel in a manner consistent with the approved Operating Budget, Hyatt shall have no liability to Owner, and shall not otherwise be deemed in Default hereunder, if actual operating results vary from the Operating Budget.

(4) If at any time during the year Hyatt anticipates that revenues shall be less or expenditures shall be more than those forecasted in the Approved Annual Plan, Hyatt may, but has no obligation to, submit revisions to the Approved Annual Plan for Owner approval as provided above; provided, however, in no event shall the need for any such reforecasting of the Approved Annual Plan, or any portion of it, be deemed a default by Hyatt hereunder.

F. All items of expenditure contained in the CapEx Plan shall be subject to Owner's approval (provided, however, Owner agrees that it shall approve all CapEx Plan or relevant portions thereof that are reasonably necessary in order to enable the Hotel to meet the standards of operating "Grand Hyatt" hotels throughout the world). If Owner does not approve a proposed CapEx Plan, or any line items or specific Capital Expenditure projects within a proposed CapEx Plan, within thirty (30) days after delivery of the same to Owner, then such CapEx Plan, or such line item(s) or Capital Expenditure projects not specifically disapproved by Owner, as the case may be, shall be deemed approved. In the event of any disapproval, Owner and Hyatt shall meet and confer in good faith in an effort to reconcile differences and reach consensus during the thirty (30) day period thereafter.

(1) If, by the end of the sixty (60) day period following Hyatt's submission of the CapEx Plan to Owner, Owner has yet to approve a CapEx Plan or a specific Capital Expenditure project, or any portion thereof, Hyatt shall notify Owner in writing of any Capital Expenditure(s) Hyatt deems necessary for the Hotel to meet the standards of operating "Grand Hyatt" hotels throughout the world (collectively, the **"Disputed Capital Expenditures"**). If Owner does not agree to include the Disputed Capital Expenditures in the Approved CapEx Plan, or as an approved Capital Expenditure project, within thirty (30) days after delivery of Hyatt's notice, Hyatt shall have the right to submit the issue of whether the Disputed Capital Expenditures are necessary to enable the Hotel to meet the standards of operating "Grand Hyatt" hotels throughout the world to arbitration as provided in Article XIV. The arbitrator's determination shall be final and binding on both Owner and Hyatt.

(2) Hyatt may not incur Capital Expenditures that are in excess of those required or permitted under the Approved CapEx Plan except for the following: (i) expenditures for the replacement of or additions to Furnishings & Equipment from funds then on deposit or to be deposited in the Replacement Fund which do not exceed US$50,000 for any single expenditure, or US$250,000 in the aggregate in any calendar year; and (ii) expenditures, including Capital Expenditures, which Hyatt reasonably deems necessary to minimize personal injury and property damage in cases of casualty or other emergency, or which Hyatt deems reasonably necessary in order to comply with applicable legal requirements.

ARTICLE VIII
Insurance

Section 1. Insurance to be Maintained by Owner. Owner shall, at its expense, at all times during the period of construction, furnishing and equipping of the Hotel and at such times during the Operating Term as Owner shall be making essential repairs, changes and replacements and other repairs and changes as provided in Sections 4 and 5 of Article VI, procure and maintain adequate public liability and indemnity and property insurance in financially responsible insurance companies fully protecting both Owner and Hyatt against loss or damage arising in connection with the preparation, construction, furnishing and equipping and any pre-opening activities of the Hotel or in connection with such repairs, changes and replacements made during the Operating Term. Owner shall further, at its expense, at all times from the commencement of the construction of the Hotel and during the Operating Term, procure and maintain adequate insurance for the full replacement value of the Hotel in financially responsible insurance companies against all risk of physical loss or damage to the Hotel and its contents from, including, but not limited to, fire, boiler explosion, and such other risks and casualties for which insurance is customarily provided for hotels of similar character. If possible, such policy shall also cover "business interruption" (loss of profits), in respect of both Owner and Hyatt. All policies shall provide that Owner (and, at Owner's request, any mortgagee) be named insureds and that Hyatt, H.I. and its subsidiaries, and Hyatt Corporation be named as additional insureds thereby, as their interests may, from time to time, appear. The fire and extended coverage policy insuring damage to the building and contents shall provide that the insurance company agrees to waive any rights of subrogation against Hyatt, H.I. and its subsidiaries, and Hyatt Corporation.

Owner shall, upon request, furnish to Hyatt satisfactory evidence of all insurance maintained by Owner pursuant to this Section 1.

Section 2. Insurance to be Maintained by Hyatt. Hyatt shall, through the General Manager, maintain at all times during the Operating Term the following insurance, if available on usual terms and at customary rates:

(A) Public liability insurance including personal injury, property damage, innkeeper's liability and advertising liability; automobile liability; and crime insurance including employee fidelity in such amounts as Hyatt shall deem necessary;

(B) Workmen's compensation, employers' liability or other such insurance as may be required under applicable laws or which Hyatt shall deem advisable;

(C) In its discretion, Hyatt or the General Manager, may maintain such other insurance as it shall deem necessary for protection against claims, liabilities and losses, wherever asserted, determined or incurred, arising from the operation of the Hotel.

The insurance policies referred to in this Section may contain provisions for deductibility and Hyatt may elect to maintain all or part of such insurance under an arrangement insuring one or more hotels operated by Hyatt or its affiliates, in which event the cost of such insurance shall be allocated by Hyatt to the Hotel on a reasonable basis. All policies shall provide that Hyatt, H.I. and its subsidiaries and Hyatt Corporation, be named insureds and that Owner (and, at Owner's request, any mortgagee) be named as additional insureds thereby, as their interests may, from time to time, appear. All insurance policies maintained by Hyatt pursuant to this Article VIII shall be primary to any insurance maintained by Owner.

Hyatt shall, through the General Manager, upon request, furnish to Owner satisfactory evidence of all insurance maintained by Hyatt pursuant to this Section 2.

ARTICLE IX
Damage to and Destruction of the Hotel

If the Hotel or any portion thereof shall be damaged or destroyed at any time or times during the Operating Term by fire or any insured casualty, Owner shall, at its cost and expense and with due diligence, repair, rebuild or replace the same so that after such repairing, rebuilding or replacing, the Hotel shall be substantially the same as prior to such damage or destruction. If Owner fails to undertake such work within ninety (90) days after the fire or other casualty, or shall fail to complete the same diligently, Hyatt may, but shall not be obligated to, undertake or complete such work for the account of Owner and shall be entitled to be repaid therefor as provided in Article XI, and the proceeds of insurance shall accordingly be made available to Hyatt. Hyatt and Owner shall ensure that any proceeds from insurance shall be applied to such repairing, rebuilding or replacing.

Notwithstanding the foregoing, if:

(i) the Hotel is damaged or destroyed to such an extent that the cost of repairs or restoration as reasonably estimated by Owner exceeds thirty percent (30%) of the full replacement cost (excluding land, excavations, footings and foundations) of the Hotel; or

(ii) the Hotel is damaged or destroyed to such an extent that the estimated time for repair or restoration thereof, in the reasonable opinion of Owner, shall exceed eighteen (18) months from the commencement of such repair or restoration; or

(iii) the damage or destruction shall occur at any time within the last three (3) years of the Operating Term (unless Hyatt shall have any remaining extension options, in which event this provision shall apply only to an occurrence in the last three (3) years of the last extension of the Operating Term, or during the last year of the initial Operating Term or the then applicable extended Operating Term if Hyatt has failed theretofore to have exercised its extension option);

and if in connection with any of the foregoing, Owner elects not to rebuild or restore the Hotel, then Owner shall be entitled to elect by notice to Hyatt given at any time within one hundred eighty (180) days after the occurrence of such damage or destruction to terminate this Agreement without liability to Hyatt or Owner by reason of such termination; provided, however, if Owner terminates this Agreement by reason of any of the foregoing provisions, and Owner thereafter nevertheless commences repair or restoration or rebuilding of a first-class hotel on, or in the vicinity of, the Site, or anywhere else utilizing the proceeds of replacement cost insurance, at any time within three (3) years following any such termination, Hyatt shall have the right (but not the obligation) exercisable at any time within ninety (90) days after Hyatt has actual knowledge of Owner's intention to rebuild or restore the Hotel, to elect to manage and operate the rebuilt or restored Hotel in accordance with the provisions of this Agreement from the opening date of the rebuilt or restored Hotel and for the unexpired Term (including any extensions) remaining as of the date of the damage or

destruction event which resulted in Owner's termination hereof. If there shall be any dispute between Owner and Hyatt as to whether Owner's estimate of the cost of restoration, the full replacement cost of the Hotel, or the estimated time for repair or restoration is reasonable under the circumstances, the said dispute shall be submitted to arbitration conducted in accordance with the provisions of Article XIV.

ARTICLE X
Condemnation

If the whole of the Hotel shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority for any public or quasi-public use or purpose, or if such portion thereof shall be taken or condemned so as to make it imprudent or unreasonable, in Hyatt's reasonable opinion, to use the remaining portion as a hotel of the type and class immediately preceding such taking or condemnation, then the Operating Term shall terminate as of the date of such taking or condemnation. Hyatt shall have the right to seek an independent award from the authority exercising its rights of eminent domain for the value of the Management Agreement.

If only a part of the Hotel shall be taken or condemned and the taking or condemnation of such part does not make it unreasonable or imprudent, in Hyatt's reasonable opinion, to operate the remainder as a hotel of the type and class immediately preceding such taking or condemnation, this Agreement shall not terminate, but so much of any award made to Owner shall be made available as shall be reasonably necessary for making alterations or modifications of the Hotel, or any part thereof, so as to make it a satisfactory architectural unit as a hotel of similar type and class prior to the taking or condemnation. The balance of the award, after deduction of the sum necessary for such alterations or modifications, shall be fairly and equitably apportioned between Owner and Hyatt, so as to compensate Hyatt and Owner for their respective losses of income resulting from the taking or condemnation.

ARTICLE XI
Right to Perform Covenants and Reimbursement

If Hyatt at any time shall fail, within the time limit and after due notice as specified in Article XII, to make any payment or to perform any act to be made or performed by it pursuant to this Agreement, Owner may without further notice to or demand upon Hyatt, and without waiving or releasing Hyatt from any obligations under this Agreement, make such payment or perform such act. All sums so paid by Owner and all necessary incidental costs and expenses in connection with the performance of any such act by Owner, together with interest thereon at the best lending rate of The Hong Kong and Shanghai Banking Corporation from the date of Owner's making such expenditures shall be payable to Owner upon demand.

If Owner shall fail, within the time limit and after due notice as specified in Article XII, to make any payment or perform any act to be made or performed by it pursuant to this Agreement, Hyatt may, without further notice to or demand upon Owner and without waiving or releasing Owner from any of its obligations under this Agreement, make such payment or perform such act. All sums so paid by Hyatt, and all necessary costs and expenses incurred in connection with the performance of any such act by Hyatt together with interest thereon at the best lending rate of The Hong Kong and Shanghai Banking Corporation from the date of Hyatt's making of such expenditures, as well as all sums properly payable by Owner to Hyatt or its affiliates, together with interest thereon at the

rate above specified from the date on which payment to Hyatt therefor is due, shall be payable to Hyatt by Owner upon demand, or at the option of Hyatt, may be deducted from any installment or installments of Owner's Profit Distribution then due or thereafter becoming due under this Agreement.

With the exception of emergency cases, neither party shall have the right to make any payment or to perform any act, if there is a bona fide dispute between the parties as to the necessity thereof and such dispute has been submitted to arbitration.

ARTICLE XII
Defaults

The following shall constitute events of default:

(1) The failure of either party to make any payment to the other provided for herein for a period of thirty (30) calendar days after such payment is payable;

(2) The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by either party;

(3) The consent to an involuntary petition in bankruptcy or the failure to vacate within sixty (60) calendar days from the date of entry thereof of any order approving an involuntary petition by either party;

(4) The appointment of a receiver for all or any substantial portion of the property of either party;

(5) The entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree shall continue unstayed and in effect for any period of one hundred twenty (120) consecutive calendar days;

(6) The failure by Owner to build, equip, furnish and decorate the Hotel in accordance with Grand Hyatt Standards or to cure defects or deficiencies of which Hyatt shall notify Owner under Section 6 of Article I and the continuance of any such default for a period of thirty (30) calendar days after notice of said failure;

(7) The failure by either party to perform, keep or fulfill any of the other material covenants, undertakings, obligations or conditions set forth in this Agreement, and the continuance of any such default for a period of thirty (30) calendar days after notice of said failure.

In any of such events of default, the non-defaulting party may give to the defaulting party notice of intention to terminate this Agreement after the expiration of a period of thirty (30) calendar days from the date of such notice, and upon the expiration of such period, this Agreement shall terminate. If, however, upon receipt of such notice, the defaulting party shall promptly cure the default, then such notice shall be of no force and effect or, when such default cannot be cured within thirty (30) calendar days, if the

defaulting party shall take action to cure such default with all due diligence, then the effective date of the termination notice shall be extended for such reasonable time as shall be required for the defaulting party to cure such default.

The rights granted hereunder shall not be in substitution for, but shall be in addition to any and all rights and remedies for breach of contract granted by applicable provisions of law.

Notwithstanding the foregoing, neither party shall be deemed to be in default under this Agreement if a bona fide dispute with respect to any of the foregoing events of default has arisen between the parties and such dispute has been submitted to arbitration.

ARTICLE XIIA
Force Majeure

In the event that any party hereto shall be rendered unable to carry out the whole or any part of its obligations under this Agreement by reason of acts of God, acts of government in exercise of its sovereign power, other *force majeure*, strikes, wars, riots, civil commotion, acts of terrorism, and any other causes of such nature, then the performance of the obligations hereunder of that party or all the parties hereto as the case may be and as they are affected by such cause shall be excused during the continuance of any inability so caused, but such inability shall as far as possible be remedied with all reasonable dispatch. Notwithstanding anything herein contained to the contrary, if by reason of any one or more of the matters aforesaid, any party hereto is delayed in performing or is unable to perform any material obligation hereunder for more than three (3) months, then, either party may terminate this Agreement by ninety (90) days' prior notice given after the expiration of the said three (3) month period.

ARTICLE XIII
Trade Name and Exclusivity

Section 1. Name of Hotel. During the Operating Term, the Hotel shall at all times be known and designated as either **"Grand Hyatt Macau"** or **"Grand Hyatt City of Dreams"** (in English), at the Owner's election, and, in Chinese, as **"澳門君悅酒店"** or "夢幻之城君悅酒店" (or such other Chinese name equivalent for "Grand Hyatt City of Dreams" as may be suggested by Owner), except as may otherwise be mutually agreed by Owner and Hyatt. Hyatt hereby covenants that it has the right and authority to grant Owner a non-exclusive license to designate the Hotel under the said trade names. Owner hereby licenses Hyatt to use the "City of Dreams" name in connection with the operation of the Hotel as contemplated by this Agreement and covenants that it has the right and authority to grant Hyatt a non-exclusive license to use the name in respect of the operation of the Hotel. Hyatt will cause the trade names to be duly and properly registered and protected in Macau and shall ensure that neither Hyatt, its affiliates nor any third parties shall own, manage or operate another hotel under the trade name **"Grand Hyatt"** in English and/or "君悅酒店" in Chinese in Macau during the continuance of this Agreement. It is recognized, however, that the names "Hyatt", "Regency", "Hyatt Regency", "Grand Hyatt" and "Park Hyatt" when used alone or in conjunction with some other word or words, are the exclusive property of H.I. and Hyatt Corporation. Accordingly, no right or remedy of Owner for any default of Hyatt, nor delivery of the operation and

management of the Hotel to Owner upon expiration or sooner termination of this Agreement, nor any provision of this Agreement shall confer upon Owner, or any transferee, assignee or successor of Owner or any person, firm or corporation claiming by or through Owner, the right to use the names “Hyatt”, “Regency”, “Hyatt Regency”, “Grand Hyatt” or “Park Hyatt” or "凱悅", "君悅", or "柏悅" in Chinese, either alone or in conjunction with any other word or words, in the use or operation of the Hotel or otherwise. In the event of any breach of this covenant by Owner, Hyatt shall be entitled to damages, to relief by injunction, and to other legal rights or remedies, and this provision shall be deemed to survive the expiration or sooner termination of this Agreement.

Upon the expiration or early termination of this Agreement, Owner shall change the name of the Hotel to exclude the names “Hyatt”, “Regency”, “Hyatt Regency”, “Grand Hyatt” or “Park Hyatt” in English or "凱悅", "君悅", or "柏悅" in Chinese.

Subject to Hyatt’s review and written approval, which review Hyatt shall promptly undertake following written request of Owner, Owner may use the name of the Hotel and the Hotel logo in connection with the marketing for the Development including for use on any web site of the Owner for the Development. Among other reasons, Hyatt may disapprove of any such use if Hyatt deems the depiction of the Hotel logo inconsistent with Hyatt’s corporate marketing standards.

Section 2. Exclusivity. During the Operating Term, Hyatt and its affiliates shall not own, manage, franchise, or operate another hotel in Macau (the “Restricted Area”) under a trade name that includes “Hyatt” in English and/or "凱悅酒店" in Chinese. Other than the restriction set forth in the preceding sentence, there shall be no restriction on Hyatt’s ability to own, manage, franchise or otherwise permit the operation of hotels in the Restricted Area including any of the following:

(a) the Regency pursuant to the Hyatt Regency Agreement;

(b) hotels under the trade name “Park Hyatt” or the corresponding Chinese name for “Park Hyatt”, provided that, in respect of the period commencing as of the date hereof and continuing through the first three (3) years of the Operating Term Hyatt shall have first notified Owner, in writing, of its proposal to own, manage, franchise or otherwise permit the operation of a hotel under the trade names “Park Hyatt” or the corresponding Chinese name for “Park Hyatt” in the Restricted Area, such written notice (the “Park Hyatt Notice”) to include the key commercial terms and Owner shall not have made a written offer to Hyatt to manage a hotel under the trade names “Park Hyatt” or the corresponding Chinese name for “Park Hyatt” in the Restricted Area on terms that are not materially less favorable to Hyatt than those set out in the Park Hyatt Notice;

(c) timeshare facilities that are part of the “Hyatt Vacation Club” timeshare program;

(d) lodging facilities within the Restricted Area operated under brand names that do not include the name “Hyatt”, notwithstanding that such facility may participate in and receive the benefits of Chain Marketing Services and the other services described in Section 2 of Article VII; and

(e) lodging facilities that are part of a chain of hotels recognized in the hospitality industry generally as being a select or limited service hotel product offering including, without limitation, "Hyatt Place" hotels, notwithstanding that such hotels participate in and receive some of the benefits of the Chain Marketing Services and other services described in Section 2 of Article VII.

ARTICLE XIV
Arbitration

Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or validity hereof, shall be settled by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce ("ICC") in force on the date of this Agreement.

The arbitration shall be heard and determined by one arbitrator, who shall be selected by the parties. If within thirty (30) days following the date upon which a claim is received by the respondent, the parties cannot agree on who the arbitrator is to be, the appointing authority shall select the arbitrator. The appointing authority shall be the Hong Kong branch of the ICC or if such branch is unable to act, then the Hong Kong International Arbitration Center.

The place of arbitration shall be Hong Kong, the award shall be deemed a Hong Kong award, and the English language shall be used in the arbitral proceedings.

Any monetary award shall be made and shall be payable in US dollars free of any tax or any other deduction. The award shall include the costs and expenses of the prevailing party, including its reasonable legal fees, and interest from the date of any breach or other violation of this Agreement to the date when the award is paid in full. The arbitrator shall also fix an appropriate rate of interest. In no event, however, should the interest rate during such period be lower than the best lending rate of The Hong Kong and Shanghai Banking Corporation.

The award of the arbitrator shall be the sole and exclusive remedy between the parties regarding any and all claims and counterclaims presented to the arbitrator.

ARTICLE XV
Successors and Assigns

Section 1. Assignment by Hyatt . Hyatt shall have the right to assign its rights and obligations under this Agreement to any one or more wholly-owned subsidiaries of H.I., provided that each assignee enjoys the benefits of the H.I. organization in the same degree as Hyatt. Hyatt shall take such steps as are necessary to ensure that the assignee is bound by this Agreement, and, notwithstanding any such assignment, Hyatt shall not be released from any duties or obligations arising hereunder.

Except as hereinabove provided, Hyatt shall not assign this Agreement without the prior consent of Owner.

Hyatt shall provide copy of the assignment to Owner as soon as possible thereafter.

Section 2. Assignment by Owner. Owner shall have the right to assign its rights and obligations under this Agreement or its interest in the Hotel to any direct or indirect wholly-owned subsidiary of Melco PBL Melco Holdings Limited (being the joint venture company owned by Melco International Development Limited and Publishing and Broadcasting Limited), provided that Owner shall continue to be liable under this Agreement to the same extent as though such assignment had not been made. Owner shall provide as soon as practicable Hyatt with copies of the documents evidencing a permitted assignment hereunder.

In addition, but subject to Section 2A of this Article XV, Owner shall have the right to assign this Agreement or sell, assign or transfer its interest in the Hotel, or such persons who hold the majority equity interest in Owner at the date of this Agreement, shall have the right to sell, assign, or transfer their majority equity interest in Owner, without the prior consent of Hyatt, to any person or entity who agrees to be bound by all the terms of this Agreement.

Section 2A. Owner Sale. In the event Owner elects to sell, assign or transfer the Hotel (or the persons who hold the majority equity interest in Owner elect to sell, assign or transfer their majority equity interest including a public offering of equity interests in Owner) to a person or entity, and the acquisition by such person or entity results in, or gives rise to an inquiry or other proceeding that could result in, a determination, ruling or order of a government or regulatory authority having jurisdiction over either party and/or its affiliates which objects to such party continuing this Agreement or which has the effect of revoking or jeopardizing (or, should such determination, ruling or order be directed to a party to this Agreement due to any contractual relationship it may have with another beyond such party's control, which could reasonably lead to revocation or jeopardy of) a material license held by such party and/or its affiliate over a significant part of its or their business if such party continues this Agreement, then, in such event, Hyatt shall have the right, subject to the provisions of the next paragraph, to terminate this Agreement by providing not less than one-hundred twenty (120) days' prior written notice of such termination.

In connection with a determination by (or notice from) any government or regulatory authority that would, if carried to its logical conclusion, adversely affect or jeopardize a material license as provided in the preceding paragraph before either party exercises its right to terminate this Agreement, it shall afford to the other party (i) full access of official correspondence or other records that provide explanation for the government or regulatory action, (ii) the ability to consult with the affected party in good faith regarding the potential effect of the determination, and (iii) an opportunity to participate in any hearing or other proceeding that bears upon the determination giving rise to the right to terminate this Agreement. It is the intention of this provision that any such matter shall be viewed as affecting both parties hereunder such that both parties should be able to address such a determination before any action to terminate is taken hereunder.

In the event of termination under this Section 2A, no compensation shall be payable by or to either party as a result of such termination.

Section 3. Successors and Assigns. The terms, provisions, covenants, undertakings, agreements, obligations and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successors in interest and the assigns of the parties, except that no assignment, transfer, pledge, mortgage or lease by or through Hyatt or by or through Owner, as the case may be, in violation of the provisions of this Agreement shall vest any rights in the assignee, transferee, mortgagee, pledgee, lessee or in any occupant.

ARTICLE XVI
Further Instruments

Each party hereto covenants to the other party that it shall execute and deliver all other appropriate supplemental agreements and other instruments, and take any other action, including obtaining any government approval, necessary to make this Agreement fully and legally effective, binding, and enforceable as between the parties and as against third parties. Owner, together with Hyatt, shall take the appropriate steps to register this Agreement with the relevant government departments in the People's Republic of China. Any fees or expenses incurred in connection with the actions called for by this Article XVI shall be borne by Owner.

If required under applicable law in Macau, Hyatt shall register its business as a service provider pursuant to this Agreement with the Serviços de Finanças de Macau (the Macau Finance Department) as soon as reasonably practicable after the determination of registration is determined including, if required, filing the relevant annual tax returns in respect of its income/fees arising from the businesses. Hyatt must, upon request, immediately deliver to Owner the certified copy of the registration application with acknowledgement of receipt by the Serviços de Finanças de Macau, which shall be kept in Owner's files. Hyatt undertakes to inform Owner of all relevant tax matters in connection with this Agreement, including but not limited to the amount of Taxes (as defined hereinbelow) levied in relation this Agreement and the time of payment of such Taxes. Hyatt shall be responsible for payment of Taxes levied by the Macau authority in relation to this Agreement and all costs in relation to the registration application and filing of the annual tax returns. If the Serviços de Finanças de Macau (the Macau Finance Department) determines that Hyatt should have registered as a service provider in Macau in respect of its services under this Agreement before commencing to provide services hereunder, Hyatt's position being that no services required hereunder are to be provided in Macau, and such registration was not made by Hyatt, Hyatt shall be liable for and shall reimburse Owner (i) any excess Taxes paid by Owner, which would not have not been paid if Owner could have deducted as costs for tax purposes amounts paid to Hyatt in accordance with this Agreement, and (ii) the amount of any Taxes that are paid by Owner. Prior to the payment of any Taxes to the Serviços de Finanças de Macau (the Macau Finance Department), Owner shall first notify Hyatt of its intention to pay the Taxes and afford Hyatt a reasonable opportunity to either pay the Taxes or contest the payment of the Taxes within the term defined by law for such purpose.

"Taxes" shall mean taxes, levies, imposts, deductions, charges, withholdings and duties (including stamp and transaction duties) under Macau SAR law, together with any related interest, penalties, fines and other statutory charges.

ARTICLE XVII
Notices

Any notice by either party to the other shall be deemed to have been duly given, if either delivered personally or enclosed in a registered post paid envelope addressed:

to Owner at:

38th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong, S.A.R.
People's Republic of China

to Hyatt at:	1301, The Gateway, Tower 1 25 Canton Road Kowloon, Hong Kong, S.A.R. People's Republic of China
with a copy to:	Hyatt International Corporation Hyatt Center, 12th Floor 71 South Wacker Drive, Chicago, Illinois 60606, USA

as the case may be, or to such other address and to the attention of such persons as the parties may designate by like notice hereunder.

Any such notice shall be deemed to have been rendered or given (i) on the date hand delivered or delivered by reputable courier service (or when delivery is refused), unless such hand or courier delivery was not on a business day or was later than 5:30 p.m. (local time) on a business day, in which event delivery shall be deemed to have been rendered on the next business day and (ii) five (5) business days from the date deposited in the mail, if mailed as aforesaid.

ARTICLE XVIII
Applicable Law

This agreement shall be construed, interpreted and applied in accordance with, and shall be governed by, the laws applicable in the Hong Kong Special Administrative Region of the People's Republic of China.

ARTICLE XIX
Miscellaneous

Section 1. Right to Make Agreement. Each party warrants, with respect to itself, that neither the execution of this Agreement nor the completion of the transactions contemplated hereby, shall violate any provision of law or the judgment, writ, injunction, order or decree of any court or governmental authority having jurisdiction over it; result in or constitute a breach or default under any indenture, contract, other commitment or restriction to which it is a party or by which it is bound; or, except as provided in Article XX, require any consent, vote or approval which, the time of the transaction involved shall not have been given or taken. Each party covenants that it has and will continue to have throughout the term of this Agreement and any extensions thereof, the full right to enter into this Agreement and perform its obligations hereunder.

Section 2. Consents and Approvals. Wherever in this Agreement the consent or approval of Owner or Hyatt is required, such consent or approval shall not be unreasonably withheld or delayed, shall be in writing and shall be executed by a duly authorized officer or agent of the party granting such consent or approval. If either Owner or Hyatt fails to respond within thirty (30) days to a request by the other party for a consent or approval, such consent or approval shall be deemed to have not been given.

Section 3. Entire Agreement. This agreement, together with other writings signed by the parties expressly stated to be supplemental hereto and together with any instruments to be executed and delivered pursuant to this Agreement, constitutes the entire agreement between the parties and supersedes all prior understandings and writings, and may be amended or changed only by a writing signed by the parties hereto.

Section 4. Survival and Continuation. Notwithstanding the termination of this Agreement or of the General Manager's management of the Hotel in accordance with this Agreement, all obligations of either party provided for herein, that in order to give effect to the intent of the parties need to survive such termination, including *interalia*, the payment of monies due by Owner to Hyatt or due by Hyatt to Owner, shall survive and continue until they have been fully satisfied or performed.

Section 5. Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed a waiver of such terms and conditions on any future occasion.

Section 6. Proration. Wherever in this Agreement there is a reference to the payment of a sum of money applicable to a fiscal year during the Operating Term, such payment shall be prorated for any part of such fiscal year that shall be less than twelve (12) calendar months.

Section 7. Costs and Expenses. Each party shall bear its own legal costs and expenses for and incidental to the preparation, execution and finalization of this Agreement.

ARTICLE XX
EARLY TERMINATION

Section 1. Performance Test.

Commencing with the earlier of (a) the third (3rd) full fiscal year after the completion of the last component of the entire Development, as set forth in the final plan for the Development, and (b) the sixth (6th) full fiscal year of the Operating Term, Owner shall have the right to terminate this Agreement and any related agreements if, for any two (2) consecutive full fiscal years of operation, excluding any year in which a claim of *force majeure* (as defined in Article XIIA) exists, both (a) the Hotel's RevPAR (as hereinafter defined) is less than eighty percent (80%) of the weighted average (based upon proportionate number of keys of each hotel) RevPAR of its Competitive Set (as hereinafter defined) for each of the two (2) consecutive operating years in question **AND** (b) the Hotel's Gross Operating Profit is less than 80% of the Gross Operating Profit as projected for each such year in the Annual Plan for each such year (the "Performance Test"). Notice of Owner's election to terminate shall be given in writing within sixty (60) days following the delivery of the annual profit and loss statement for the second of two (2) failed consecutive fiscal years. Failure by Hyatt to achieve the Performance Test contemplated in this Section 1 shall not be deemed a default by Hyatt under this Agreement. For the purposes of this Agreement, the term "RevPAR" shall mean the occupancy rate multiplied by the average daily rate of the Hotel or the Competitive Set, as applicable.

For purposes of this Section 1, the term Competitive Set means the international hotels located in the area of Macau commonly known as "the Cotai Strip" whose age, guest standards, clienteles, facilities, sizes and locations are comparable to and competitive with those of the Hotel, which as at the date of this Agreement include hotels to be operated by any of the following (it being acknowledged that, at the time of execution hereof, not all of the hotels have been built): Hilton International Corporation; Starwood Hotels & Resorts Worldwide, Inc.;

Shangri La Hotels Corporation, Fairmont Raffles Holdings Limited, Venetian Macau, Far East Consortium International Limited, Marriott International, Four Seasons, MGM and; Wynn Resorts Limited. In the event that either party hereto in good faith believes that any hotel included in the Competitive Set should be changed because such hotel(s) is no longer competitive with the Hotel (or in the event any such Hotel is not built), such party shall propose a change to the other party, and if the other party agrees, the parties shall designate a new list in writing signed by each of them. If the non-proposing party does not agree, the proposing party shall have the right to submit the dispute to binding arbitration as provided in Article XIV of this Agreement.

Section 2. Cure Rights.

In the event notice has been given to Hyatt of Owner's election to terminate under Section 1 above, Hyatt shall have the right, within forty-five (45) days of receipt of Owner's notice, to cure such Performance Test failure on not more than one (1) occasion during the Operating Term by paying to Owner an amount equal to the deficiency between Gross Operating Profit actually achieved for each of the two (2) consecutive operating years in which the Performance Test was failed and the amount equal to 80% of the projected Gross Operating Profit as projected for each such year in the Annual Plan for each such year. In the event Hyatt elects to cure a Performance Test failure, such cure payment shall be deemed a payment by Hyatt to Owner and none of such cure payment shall be repayable to Hyatt. Nothing herein contained shall be deemed to obligate Hyatt to cure any Performance Test failure, and the failure to cure the same shall not be deemed an Event of Default by Hyatt under this Agreement.

ARTICLE XXI
Special Conditions

Hyatt shall have the right, which may be exercised notwithstanding any claim of force majeure by Owner, to terminate this Agreement if:

(1) Owner shall not, by January 1, 2008, have obtained financial commitments which in Hyatt's opinion are satisfactory and will assure the fulfillment of Owner's obligations under this Agreement; or

(2) Owner shall not have obtained, by January 1, 2010, all necessary government approvals decrees, acts, orders, consents, licenses and permits to enable Hyatt, through the General Manager, to operate the Hotel in accordance with the terms of this Agreement; or

(3) Owner shall not, by January 1, 2008, have commenced the construction of the Hotel; or

(4) Owner shall not, by January 1, 2010, have substantially completed the construction, equipping, furnishing and decorating of the Hotel and have delivered the Hotel to Hyatt; or

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MELCO HOTELS AND RESORTS (MACAU) LIMITED

By: /s/
Name: Frank Tsui
Title: Director

By: /s/
Witness: Eda Kwok

By: /s/
Name: Rowen Craigie
Title: Director

By: /s/
Witness: Jacinda Chalmers

HYATT OF MACAU LTD.

By: /s/
Name: Gary Kwok
Title: Director

By: /s/
Witness: Matthew Coe

APPENDIX A
STATEMENT OF PROFIT AND LOSS

Rooms
- Revenue
- Payroll and related expenses
- Other expenses
  - Departmental income

Food and Beverage
- Revenue
  - Food
  - Beverage
- Cost of Sales
  - Food
  - Beverage

Other income
- Payroll and related expenses
- Other expenses
  - Departmental income

Telephone departmental income

Net income from minor operated departments

Rentals and Other Income

Total Operating department income

Undistributed operating expenses
- Administrative and General
- Human Resources
- Marketing
- Energy costs
- Property operation and maintenance
- Replacements of and additions to Furnishings and Equipment

Basic Management Fee

Gross Operating Profit

Incentive Management Fee

Owner’s Profit Distribution

APPENDIX B
Schedule of Pre-Opening Expenses Format

1.0 ADMINISTRATIVE AND GENERAL EXPENSES:

1.1 Payroll and Related Expenses:
(Rooms, Minor Operated Departments, Administrative and General, Personnel and Engineering.

1.2 Business Related Expenses:

- Professional fees
- Business Related
    - Travel
    - Entertainment
    - Meeting Expenses

1.3 Office Related Expenses:

- Office Rental
- Communication Costs
- Office Supplies
- Office Utilities
- Office Miscellaneous
- Deposits (communications)
- Installations - Office Equipment

2.0 SALES AND MARKETING EXPENSES:

2.1 Payroll and Related Expenses:

- Sales and Marketing Department.

2.2 Business Related Expenses:

- Office Related Expenses
    - Office Rental
    - Communication Costs
    - Office Supplies
    - Office Miscellaneous
- Travel
- Entertainment
- Meeting Expenses

2.3 Marketing Expenses:

- Sales Materials:
    - Pre-opening Brochures
    - Fact Sheets
    - Rate Sheets
    - Photography/Slides
    - Destination Folders
    - Posters/Mailings
    - Audio/Visual tools

- Direct Mail
- Trade Shows
- Promotions

- Advertising
- Public Relations
- Chain Allocation

2.4 Opening Ceremonies:

2.5 Miscellaneous:

3.0 FOOD AND BEVERAGE EXPENSES:

3.1 Payroll and Related Expenses:

- Food & Beverage Department.

3.2 Business Related Expenses:

- Office Related Expenses
  - Office Rental
  - Communication Costs
  - Office Supplies
  - Office Miscellaneous
- Travel
- Entertainment
- Meeting Expenses

3.3 Marketing Expenses:

- Sales Materials:
  - Banquet Brochures
  - Banquet Folders
  - Posters/Mailings
  - Promotional Material
- Advertising
- Entertainment and Promotion
- Market Research

3.4 Training Expenses:

- Food Testing
- Beverage/Drink
- Photography

3.5 Miscellaneous:

4.0 OTHER EXPENSES:

4.1 Training - Support Team Expenses:

- Salary and Related Expenses
- Airfares
- Board and Lodging

- Miscellaneous

5.0 CONTINGENCIES:

6.0 SOFT OPENING - PROFIT/(LOSS):

APPENDIX C
Schedule of Initial Inventories & Working Capital Format

1.0 WORKING CAPITAL:

1.1 Cash Fund

1.2 Prepayments (Deposits)

1.3 Accounts Receivable (initial)

1.4 Funding of Operating Losses

2.0 INITIAL INVENTORIES:

2.1 Salable Inventories:

- Food Inventories
- Beverage Inventories

2.2 Operating Supplies:

- Guest Supplies
- General Supplies
- Printing Supplies
- Engineering Supplies

APPENDIX D
Key Operating Principles

1. The role of the Hotel is to support the core business of gaming in the Casino by providing accommodation and related hospitality services, in line with Hyatt's international standards.
2. When formulating business strategy, the parties should seek to ensure that the goals and objectives of the Hotel are strategically aligned with those for the Casino and the Development as a whole.
3. The parties should seek to maximize REVPAR by ensuring the highest levels of occupancy as the primary objective over a high room rate. In evaluating REVPAR, the parties will use an appropriate competitive set including the other internationally branded hotels in Macau.
4. The parties should seek to attract business to the Hotel that will provide the highest potential opportunities for on-spend, and which maximize the profit potential for the Casino and throughout the rest of the Development.
5. The Hotel should support the Casino by making its facilities available to the most important patrons of the Casino as required provided that appropriate allocations will be made so the Hotel does not incur undue expense.
6. The Hotel should be operated in a manner that ensures maximum integration with, and fully leverages the facilities available throughout the Development.
7. It is recognized that Hyatt must (a) protect its brand integrity, (b) be able to maintain the standards required to enable the Hotel to operate in accordance with the standards of "Grand Hyatt" hotels around the world, and (c) match the performance of the Competitive Set

Exhibit 10.20

MANAGEMENT AGREEMENT

FOR

HYATT REGENCY MACAU

HYATT REGENCY MACAU

MANAGEMENT AGREEMENT

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HYATT REGENCY MACAU

MANAGEMENT AGREEMENT

THIS AGREEMENT, dated the 18th day of June, 2006, by and between **Melco Hotels and Resorts (Macau) Limited (hereinafter called "Owner"),** a company organized in Macau Special Administrative Region, with its registered office at Avenida Xian Xing Hai, Nº 105, Edificio Zhu Kuan, 19° andar, Petras A-C & K-N em Macau and place of business at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong Special Administrative Region, People's Republic of China ("Hong Kong") and **Hyatt of Macau Ltd. (hereinafter called "Hyatt"),** a company organized in Hong Kong Special Administrative Region, with its registered office at Tricor Services Limited, Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong, and its principal place of business at Suite 1301, The Gateway, Tower I, 25 Canton Road, Kowloon, Hong Kong Special Administrative Region, People's Republic of China, and a wholly-owned subsidiary of Hyatt International Corporation (hereinafter called "H.I.").

WHEREAS, Owner is prepared to finance, plan, build, furnish, equip and decorate, in Macau Special Administrative Region, People's Republic of China ("Macau"), a modern and outstanding hotel of "Hyatt Regency Standards" (as hereinafter defined) consisting of approximately 800 guest rooms and suites, including appropriate food and beverage outlets, banqueting and conference facilities, health (fitness) and recreational facilities, retail space and adequate parking space (collectively referred to as the "Hotel") to be operated under standards comparable to those prevailing in "Hyatt Regency" hotels throughout the world; and

WHEREAS, Owner is developing a number of buildings and facilities on the Site (as hereinafter defined) including, without limitation, a first-class casino to be operated by an affiliate of Owner (the "Casino") and additional hotel buildings including, without limitation, a hotel to be operated by Hyatt as a "Grand Hyatt" hotel (the "Grand") in accordance with the terms of another Management Agreement (the "Grand Hyatt Agreement");

WHEREAS, Hyatt is willing to provide the Hotel with management and related services; and

WHEREAS, Owner and Hyatt desire to enter into an agreement for Hyatt to render the aforesaid management and related services, upon the terms and conditions hereinafter set forth.

NOW THEREFORE, the parties hereto covenant and agree as follows:

ARTICLE I
The Site and Design, Construction, Equipping and Furnishing of the Hotel

Section 1. The Site. The Hotel shall be constructed upon lands to be granted to Owner located at Taipa, Macau S.A.R. on the Cotai Strip, in that area known (or to be known) as the "City of Dreams" (hereinafter called the "Site"). Owner shall execute and deliver an appropriate instrument supplemental hereto containing a description of the boundaries thereof.

Section 2. Construction, Furnishing and Equipping of the Hotel. On the Site, subject to applicable provisions set forth in Section 15 of Article III, Owner shall, at its expense, under a plan of financing which in Hyatt's reasonable opinion is satisfactory and will assure the fulfillment of Owner's obligations under this Agreement, and in accordance with the plans, specifications and designs substantially in conformity with H.I.'s Design and Engineering Recommendations and Minimum Standards for newly-constructed hotels and comparable to those prevailing in "Hyatt Regency" hotels around the world (the "Hyatt Regency Standards"), all of which shall be agreed upon by Owner and Hyatt both acting reasonably, and with all reasonable diligence build, equip, furnish and decorate the Hotel (as defined in Section 3 of this Article).

Section 3. The Hotel. The Hotel shall consist of:

A. That portion of the Site dedicated to the Hotel;

B. a hotel building or buildings or part of a building, completely air conditioned, with or with access to on the Site

(1) areas and facilities including (a) approximately 600 to 800 guest rooms and suites, each with bathroom, (b) restaurants, bars and banquet, ballroom, meeting and other public rooms, (c) commercial space for the sale of merchandise, goods or services, (d) garage or other parking space for guests and employees, (e) storage and service support areas, (f) offices for employees, (g) health (fitness) and business centers, and (i) recreational facilities and areas;

(2) appropriate millwork and all installations and building systems necessary for the operation of the building(s) for hotel purposes (including, without limitation, elevator, heating, ventilating, air conditioning, electrical including lighting, plumbing including sanitary, refrigerating, telephone and communications, safety and security, laundry and kitchen installations and systems);

(3) all furniture and furnishings, which shall include guest room, office, public area, and other furniture, carpeting, draperies, lamps and similar items;

(4) kitchen and laundry (if necessary) equipment (it being recognized that the Hotel may use a valet or third party laundry service);

(5) special hotel equipment, and adequate spare parts therefor, which shall include (a) all equipment required for the operation of (i) guest rooms, including televisions, mini-bars and safes, (ii) banquet rooms, (iii) employee locker rooms, and (iv) a health (fitness) center, (b) office equipment, including computer hardware and software as selected by H.I. and being compatible with software selected by Owner for use in the Development, (c) dining room wagons, (d) material handling equipment, (e) cleaning and engineering equipment, and (f) motor vehicles as required for guest and employee transportation;

(6) dining room accessories, kitchen utensils, engineering tools and equipment, housekeeping utensils and miscellaneous equipment and accessories (hereinafter called "Ancillary Hotel Equipment"); and

(7) uniforms, china, glassware, linens and silverware and the like (hereinafter called "Operating Equipment");

C. public grounds, gardens and other landscaping features and facilities;

D. fully furnished accommodation with necessary related facilities which shall be furnished in accordance with H.I. standards and specifications for the General Manager of the Hotel (as hereinafter defined) and expatriate personnel; and

E. such other facilities and appurtenances;

as are necessary or desirable for the operation of the Hotel under Hyatt Regency Standards.

The items to be supplied by Owner under (3), (4) and, with the exception of spare parts, (5) of subsection B above are hereinafter collectively referred to as "Furnishings and Equipment".

The parties acknowledge and agree that the definition of Hotel as set forth in this Section 3 will change as a result of the currently ongoing design, programming and planning exercise for the Site. Following the completion of the design, programming and planning exercise, either party may request that the parties execute and deliver a mutually acceptable instrument supplemental hereto containing a final definition of the Hotel whereupon the parties agree to negotiate in good faith, prepare and execute such instrument.

Section 4. Mixed-Use Development. Owner has advised Hyatt that the Site shall be dedicated to other uses, including retail, other hotels, and a casino (the "Development").

Section 5. Title to the Hotel. Owner warrants that it has, or will acquire, and throughout the Operating Term as hereinafter defined, will maintain full ownership of the Hotel (or if Owner's right and interest in the Hotel is derived through a lease, concession or other agreement, Owner shall keep and maintain said lease, concession or other agreement in full force and effect throughout said term) free and clear of any liens, encumbrances, covenants, charges, burdens or claims, except (a) such that do not materially and adversely affect the operation of the Hotel by Hyatt, through the General Manager and (b) mortgages or other encumbrances that provide that this Agreement shall not be subject to forfeiture or termination, except only in accordance with the provisions of this Agreement, notwithstanding a default under such mortgage or other encumbrance. Owner further warrants that Hyatt, through the General Manager, on distributing the profits to Owner in accordance with this Agreement and fulfilling its other obligations hereunder, shall and may peaceably and quietly manage and operate the Hotel during the entire Operating Term. Notwithstanding the generality of the foregoing, in the event that Owner shall, through banks or other lenders, finance the construction of the Hotel, or refinance the Hotel, or use the Hotel as collateral in connection with a borrowing for non-Hotel purposes, Owner shall secure a non-disturbance and attornment agreement, in a form reasonably acceptable to Hyatt, from any such lenders. Such agreement would provide that the lender or lenders and Hyatt will adhere to the terms of this Agreement following any foreclosure or similar action by the lender or lenders and their successors and assigns, including any person who may acquire the assets of the Hotel.

Owner shall pay and discharge any ground rents, or other rental payments, concession charges and any other charges payable by Owner in respect of the Hotel and, at its expense, undertake and prosecute all appropriate actions, judicial or otherwise, required to assure such quiet and peaceable management to Hyatt, through the General Manager. Owner shall further pay all real estate taxes and assessments that may become a lien on the Hotel and that may be due and payable during the Operating Term, unless payment thereof is in good faith being contested by Owner and enforcement thereof is stayed. Owner shall not later than twenty (20) days following the written request by Hyatt or the General Manager furnish to Hyatt or the General Manager copies of official tax bills and assessments and tax receipts showing the payment of such taxes and assessments.

Section 6. Fund for Training, Pre-Opening and Opening Expenses. Hyatt shall prepare a training, pre-opening and opening expenses budget (the "Pre-opening Budget") and deliver such Pre-opening Budget (in the format as outlined in Appendix B attached hereto) to Owner for its approval, which approval shall not be unreasonably withheld, between 18-24 months prior to the projected formal opening date of the Hotel. Owner shall make available funds as required in accordance with the Pre-opening Budget, pursuant to a disbursement schedule prepared by Hyatt and approved by Owner and shall deposit such funds into a bank account in the trade name of the Hotel (the "Hyatt Regency Macau – Pre-opening Account"). The authorized signatories of this Pre-opening Account shall be the General Manager or an Executive Assistant Manager of the Hotel as "A signatories and the Director of Finance or Assistant Director of Finance of the Hotel as "B" signatories. Such authorized signatories shall be approved by resolution(s) of the Board of Directors of Owner. The Pre-opening Budget shall include the costs and expenses of (a) recruiting, relocating, training and compensating Hotel employees (including temporary subsistence for relocated employees until they have procured permanent accommodations within or outside the Hotel in accordance with H.I.'s personnel policies), (b) organizing Hotel operations, (c) pre-opening advertising, promotion, and literature, (d) obtaining all necessary licenses and permits (including the fees of attorneys and other consultants incidental thereto), (e) interim office space outside the Hotel, (f) telephone, telefax and electronic mail charges, (g) travel and business entertainment (including opening celebrations and ceremonies), (h) the staff facilities described in Section 14 of Article III, and (i) other pre-opening activities incurred prior to or concurrently with the formal opening of the Hotel. Hyatt and its affiliates and other hotels operated by H.I. and its affiliates shall be reimbursed for all reasonable costs (evidenced by valid receipts in appropriate cases) incurred by them in connection with pre-opening activities of the Hotel, including, inter-alia, (a) for a period of twelve (12) months prior to the formal opening of the Hotel, Chain Marketing Services as defined in Section 2 of Article VII, based on US$394.00 (in 2006 United States dollars) per guest room, per annum, (b) the salaries, transportation, and subsistence outside the Hotel of personnel of Hyatt, its affiliates or other H.I. hotels assigned temporarily to the Hotel to assist in pre-opening activities (Hyatt shall make available to Owner, upon request, information on any such salaries and other subsistence to demonstrate the validity and accuracy of any such amounts), and (c) the expenses, excluding salaries, of such personnel making occasional visits to the Hotel in connection with pre-opening activities (with suitable evidence to demonstrate the validity and accuracy of any such expenses).

The Pre-opening Budget shall be revised as necessary upon consultation with Owner from time to time prior to the formal opening of the Hotel. The amounts allocated for various expense classifications within the Pre-opening Budget may be increased or decreased by Hyatt in consultation with Owner, provided that the total amount disbursed, with the exception of the additional amounts required, as provided below in this Section, as the result of postponement of the formal opening of the Hotel, shall not exceed the total of the Pre-opening Budget without the prior approval of Owner.

For the purposes hereof, Hyatt and the General Manager shall utilize the currency of Macau ("Patacas") to the fullest extent possible and the balance of the funds required hereunder shall be made available in United States dollars or in currency freely convertible into United States dollars, without reduction for income, withholding, business tax, if any, value added or any other taxes imposed by Macau or the People's Republic of China, or bank charges or any other charges. If the tax authorities of Macau or the People's Republic of China shall impose any income, withholding, business tax, if any, value added or other tax upon the funds for pre-opening expenses, such taxes shall be for the account of and shall be borne by Owner and shall be promptly paid by Owner in order that such funds shall be available to Hyatt and/or the General Manager, on a full and timely basis.

If Hyatt shall not receive timely payment from Owner of pre-opening funds in accordance with the aforesaid Pre-opening Budget, Hyatt shall have the right, but not the obligation, to advance its own funds for such purposes and to be reimbursed therefor, all in accordance with the provisions of Article XI of this Agreement.

In the event of the postponement of the formal opening of the Hotel beyond the date scheduled upon the arrival of the General Manager assigned to the Hotel, at which time the newly scheduled formal opening date shall be set forth in a memorandum to be signed by both parties, Hyatt and the General Manager, shall use their best efforts to minimize the additional costs and expenses resulting from such postponement. Owner shall make additional monthly payments as reasonably required by Hyatt, after consultation with Owner, due to the delay in, and until, the formal opening of the Hotel. With the consent of Owner, Hyatt may, through the General Manager, prior to said formal opening conduct partial operations of the Hotel, the expenses and revenues of said partial operations to increase or reduce the pre-opening expenditures budgeted in accordance with the provisions of this Section, and Hyatt shall be entitled to receive monthly its basic management and incentive fees, at the rates provided for in Section 1 of Article IV and upon the terms set forth in Section 2 of Article IV, based upon Revenue and Gross Operating Profit, as defined in Article V, resulting from such partial operations.

With the exception of fees for partial operations as provided for above, neither Hyatt nor any affiliate of Hyatt shall receive any fee or profit for rendering pre-opening services. However, if this Agreement shall be terminated before the expiration of five (5) years following the formal opening of the Hotel as the result of any default by Owner, then Hyatt shall be entitled to receive from Owner, as liquidated damages solely to compensate Hyatt for rendering pre-opening services (and without prejudice to Hyatt's right to claim and receive damages arising in respect of the termination of the Management Agreement and Hyatt's future fees and other entitlements hereunder for itself and for H.I. affiliates), the amount of US$400,000. The parties agree that the US$400,000 is the actual quantum of the damages in respect of the value of pre-opening services Hyatt would suffer due to such early termination.

Hyatt shall, through the General Manager, within four (4) months after the formal opening of the Hotel, account to Owner for all expenditures made under this Section and pay over to Owner forthwith any excess of the funds advanced by Owner over the total of such expenditures.

Section 7. Formal Opening of the Hotel. The formal opening of the Hotel shall occur on a date to be mutually agreed upon by Owner and Hyatt, but in any event only after (a) Hyatt deems (i) the Hotel to be substantially completed and (ii) the Furnishings and

Equipment, Ancillary Hotel Equipment and Operating Equipment to have been substantially installed therein, all in accordance with the provisions of Section 2 of this Article, (b) the architect has issued his certificate of completion, (c) all licenses and permits required for the operation of the Hotel (including liquor and restaurant licenses and police, fire and health department permits) have been obtained, (d) adequate working capital has been furnished by Owner in accordance with Section 1 of Article VII, and (e) the Hotel has been accepted by Hyatt and is ready to render appropriate service to guests on a fully operational basis. Notwithstanding the formal opening of the Hotel, Owner shall proceed diligently thereafter to fulfill all of its obligations hereunder regarding the construction, furnishing, equipping and decorating of the Hotel and to cure all defects or deficiencies as to which notice shall be given by Hyatt to Owner as soon as practicable after said formal opening.

ARTICLE II
Operating Term and Provisions Relating to Termination

Section 1. Operating Term. The term of this Agreement shall commence upon the date hereof and the initial operating term hereunder shall commence at the formal opening of the Hotel and expire at midnight on December 31 of the eighteenth (18 th) full calendar year following said formal opening. "Operating Term" shall mean and include the initial operating term as aforesaid and any extension thereof as may be mutually agreed by the parties, each acting in their sole discretion.

Section 2. Termination Related Provisions.

(1) Upon the expiration or earlier termination of this Agreement for whatever cause, Hyatt shall, at Owner's cost and expense, novate or assign to Owner or otherwise put into the name of Owner if not already in that name, all contracts (if any) entered into by Hyatt in relation to the Hotel, subject, where appropriate, to Owner agreeing to indemnify Hyatt to its reasonable satisfaction in connection therewith and to the Owner's right to refuse such novation or agreement, where the contract in question is not entered into in the Hotel's or Hyatt's ordinary course of business or contains unusually onerous terms. Provided however, Owner understands and agrees that contracts entered into by Hyatt or its affiliates for services which are provided for the benefit of hotels operated by Hyatt or its affiliates, such as credit card acceptance agreements, frequent flyer program participation agreements and the like, shall not be novated or assigned to Owner upon the expiration or termination of this Agreement.

(2) Hyatt shall deliver to the Owner (or its agent or nominee) all plans, designs, drawings, layouts, specifications and other documents or materials (which are not owned by Hyatt) relating to the Hotel and in the custody or control of Hyatt within thirty (30) days from termination.

(3) Hyatt shall leave at the Hotel all property located therein (other than property proprietary to Hyatt or affiliates of Hyatt) in its then existing condition.

(4) In the event there is a termination of the Grand Agreement and not this Agreement, Hyatt and Owner shall confer on the implications of such termination on the operation of the Hotel and make any necessary changes to operational arrangements between Owner and Hyatt consequent on Hyatt ceasing to manage both the Grand and the Hotel including, without limitation, the need to revise the Operating Bank Account arrangements. Hyatt agrees to cooperate reasonably with Owner's designated replacement manager in respect of the transition of management for the Grand.

ARTICLE III
Operation of the Hotel

Section 1. Key Operating Principles. In recognizing that the Hotel forms part of the Development which comprises an integrated entertainment complex including a casino, the parties have agreed on their management philosophy in undertaking their respective roles as manager and owner of the Hotel and have recorded those philosophies in the key operating principles set out in Appendix D ("Key Operating Principles"). The intention is to ensure that Hyatt performs its management services and its obligations under this Agreement having regard to the Key Operating Principles and that Owner will perform its obligations under this Agreement having regard to the Key Operating Principles. The Key Operating Principles must be reviewed annually by the parties after the Annual Plan is agreed in accordance with Section 4 of Article VII, and any agreed amendments to the Key Operating Principles must be recorded in an instrument supplemental hereto and signed by the parties.

Section 1A. Standards of Operation. Hyatt shall, through the General Manager, operate the Hotel under standards comparable to those prevailing in "Hyatt Regency" hotels. Hyatt shall, through the General Manager, conduct all activities of the Hotel in a manner that is customary and usual to such an operation and in accordance with the laws of Macau and, insofar as feasible and in its opinion advisable, local character and traditions, with diligence and care generally attributable to a professional manager of a hotel with similar characteristics. Hyatt shall use its diligent efforts to ensure that the General Manager acts in an honest and faithful manner in the operation of the Hotel and that the relationship with Owner operates through channels of dialogue and transparency.

Section 2. Control of Operation. Subject to the terms of this Agreement, Hyatt shall, through the General Manager, have complete control and discretion in the operation of the Hotel. Nothing herein shall constitute or be construed to be or to create a partnership or joint venture between the Owner and Hyatt, and the right of Owner to receive financial returns based upon the operation of the Hotel shall not be deemed to give Owner any rights or obligations with respect to the operation or management of the Hotel. Recommendations with respect to the operation of the Hotel and any matter addressed or contained in the Annual Plan (as defined in Section 4D of Article VII hereof) made by Owner shall be considered by Hyatt and the General Manager and, if consistent with Hyatt Regency Standards, shall be respected where feasible. Any such matters may be discussed, at Owner's discretion, in the monthly meeting with the General Manager as provided in Section 6 of this Article III. The control and discretion by Hyatt, through the General Manager, shall include the use of the Hotel for all customary purposes, terms of admittance, charges for rooms and commercial space, entertainment and amusement, food and beverages, labor policies, wage rates and the hiring and discharging of employees, maintenance of the bank accounts and holding of funds in the trade name of the Hotel, and all phases of promotion and publicity relating to the Hotel. Hyatt shall have the right to select and appoint, on behalf of Owner, all employees of the Hotel, including the General Manager, the Executive Committee Members, expatriate personnel and other key executives of the Hotel; provided, however, Owner shall have the right to approve, which approval shall not be unreasonably withheld, the appointment of the General Manager, the Director of Finance and the Director of Marketing of the Hotel and any replacements thereof. Owner shall have the right, on any occasion where Hyatt believes it is necessary to appoint a new General Manager, Director of Finance, or Director of Marketing, to meet the candidate(s) for such positions and to express to Hyatt its approval or articulate concerns about such candidate(s).

Section 3. Leases and Concessions. Hyatt shall, through the General Manager, operate in the Hotel all facilities and provide all services that are located within the confines of the Hotel and are dedicated to service of the guests of the Hotel (including, without limitation, the lobby shop and newsstand). Hyatt shall not lease or grant concessions in respect of such services or facilities without the prior written consent of Owner, which shall not unreasonably be withheld, except that Hyatt or the General Manager shall have the right in the Hotel's name or, if appropriate, in the name of Owner, which shall execute the necessary documents upon request, to lease or grant concessions in respect of commercial space or services of the Hotel that are customarily subject to lease or concession in comparable hotels. The rentals or other payments received by Hyatt, the General Manager or Owner under each such lease or concession (but not the receipts of the lessees or concessionaires) shall be included in the Revenue, as hereinafter defined.

Owner shall not allow any lessee or concessionaire to utilize the name "Hyatt Regency Macau" or "澳門君悅酒店" in Chinese directly as part of its trade name in its advertising or promotional materials. However, lessees or concessionaires operating in the Hotel shall be at liberty to state the name "Hyatt Regency Macau" or "澳門君悅酒店" in Chinese as part of their address.

Section 4. Management Services. Without limiting the generality of the foregoing, during the Operating Term Hyatt shall, through the General Manager, in consideration of its fees and subject to reimbursement of its expenses as hereinafter provided, inter-alia:

(a) ask for, demand, collect and give receipts for all charges, rents and other amounts due from guests, patrons, tenants, sub-tenants, concessionaires and other third parties providing services to guests of the Hotel and, when desirable or necessary, cause notices to be served on such guests, patrons, tenants, sub-tenants and concessionaires to quit and surrender space occupied or used by them;

(b) arrange for association with one or more credit card systems in conformity with H.I.'s general policy in such regard;

(c) recruit, interview, and hire employees of the Hotel and pay from the Operating Bank Account(s) of the Hotel salaries, wages, taxes thereon as appropriate, and social benefits;

(d) subject to the affiliate provisions of Section 8 of this Article III, establish purchasing policy for the selection of suppliers and negotiate supply contracts to assure purchases on the best available terms;

(e) subject to the affiliate provisions of Section 8 of this Article III, arrange for the purchase of utilities, equipment maintenance, telephone and telex services, vermin extermination, security protection, garbage removal and other services necessary for the operation of the Hotel, and for the purchase of all food, beverages, operating supplies and expendables, Furnishings and Equipment and such other services and merchandise necessary for the proper operation of the Hotel;

(f) provide appropriate sales and marketing services including definition of policies, determination of annual and long-term objectives for occupancy, rates, revenues, clientele structure, sales terms and methods;

(g) provide appropriate advertising and promotional services including definition of policies and preparation of advertising and promotional brochures (folders, leaflets, tariffs and fact sheets, guide books, maps, etc.) to be distributed in H.I. hotels and sales offices;

(h) cause its affiliates to furnish the sales and marketing services and centralized reservation services as provided for in Section 2 of Article VII;

(i) make available its own and its affiliated companies' personnel for the purpose of reviewing all plans and specifications for alteration of the premises, and advising with reference to the design of replacement Furnishings and Equipment and the quantities required, and in general for the purpose of eliminating operational problems or improving operations;

(j) establish and implement training and motivational programs for employees, such as the "Training for Your Future" program and other training and motivational programs implemented in H.I. hotels;

(k) arrange for the insurance coverage to be maintained by Hyatt as provided in Section 2 of Article VIII and comply with the terms of all applicable insurance policies;

(l) institute in the name of Owner (and with Owner's approval) lawsuits or other legal actions in connection with the operation of the Hotel deemed necessary or advisable by Hyatt, provided that Owner shall have the right to participate in and approve any settlement or compromise thereof;

(m) install and maintain the accounting books and records in accordance with the provisions of Section 1 of Article V and other information systems required for the efficient operation of the Hotel and file such tax returns relating to Hotel operations as may be required by the laws of Macau;

(n) subject the accounting books and records and operations systems of the Hotel to review by internal auditors of H.I. or its affiliates;

(o) maintain and enhance the computer software for the hotel operations management system; and

(p) pay, when due, the Common Area Allocation (as hereinafter defined) and the Marketing Allocation (as hereinafter defined) for the Hotel.

Section 5. Operating Bank Account(s). Hyatt shall, through the General Manager, deposit all funds received from the operation of the Hotel into one or more bank account(s) in the trade name of the Hotel (the "Operating Bank Accounts") that shall be held by Hyatt in the tradename of the Hotel for the benefit of Owner at an internationally recognized bank in good standing chosen by Owner, and from which disbursements of the entire cost and expense of maintaining, conducting and supervising the operation of the Hotel, the payments pursuant to Sections 1 and 3 of Article IV, Section 2 of Article VII, capitalized alterations, additions and improvements pursuant to Sections 2 and 3 of Article VI, and any other expenditures in accordance with the terms of this Agreement

shall be made by such employees of the Hotel, designated by Hyatt and approved by Owner, whose signatures shall be authorized by resolution of the Board of Directors of Owner. The sole authorized signatories of the Operating Bank Account(s) shall be the General Manager or an Executive Assistant Manager of the Hotel (as "A" signatories), the Director of Finance or Assistant Director of Finance of the Hotel (as "B" signatories), and a signatory nominated by Owner (as a "C" signatory). Notwithstanding the foregoing, the signature of the "C" signatory shall be required only in the instance of any single transaction (or series of related transactions) of an amount equal to US$100,000 in 2006 terms, which amount shall be adjusted by the Consumer Price Index of Macau S.A.R., on an annual basis, other than payments for salaries and salary related expenses of the Hotel employees, insurance premiums, reimbursement of Chain Allocation expenses, payment of Reservations charges, payment of charges for the Gold Passport program (as each of the foregoing are defined or provided in Section 2 of Article VII hereof), and payment for service contracts in the Approved Annual Plan (as defined in Section 4D of Article VII). Owner hereby agrees that it shall and shall cause the "C" signatory to co-sign any checks, payment request or wiring instructions timely, without otherwise causing any delay to the payment procedures and timing as contemplated in this Section. All monies in such bank accounts and any interest accrued or accruing thereon, are Owner's property and under no circumstances may these monies be mingled with any funds which are not connected with the operation of the Hotel. Hyatt shall only make expenditures from the Operating Bank Accounts in a manner generally consistent with the Approved Annual Plan.

Section 6. Consultations with Owner. The General Manager of the Hotel shall meet with Owner monthly to review, explain to and discuss with Owner the monthly financial and operating results and cash flows of the Hotel, to review the forecast for the next succeeding three (3) months of the Hotel, and to discuss other operational matters and matters of interest to Owner. In addition, at Owner's request, Hyatt's Area Vice President (or other appropriate executive) shall meet with Owner on a quarterly basis to review the operation of the Hotel and to discuss the quarterly results. Hyatt's Area Vice President (or other appropriate executive) shall also, upon Owner's request, explain and discuss with the appointed representative(s) of Owner the Annual Plan (as hereinafter defined) and the opinions, views and recommendations of Owner with respect thereto.

Section 7. Hyatt's and General Manager's Right to Contract. In order to carry out its duties under this Agreement during the Operating Term, Hyatt shall, through the General Manager, have the right, in the name of Owner or in its own name as agent for Owner, to incur expenses and to enter into contracts with third parties in the ordinary course of business of the Hotel, in connection with pre-opening activities pursuant to Section 5 of Article I as well as during the Operating Term, which contracts shall include, without limitation, contracts for sales of rooms, food and beverages and other facilities of the Hotel, the purchase of food and beverages and Operating Supplies, employment of personnel, advertising and business promotion, repairs and maintenance, administration, heat, light and power, insurance, legal and accounting services, and other goods and services; provided, however, that Owner shall have the right to approve any contract (or a series of related contracts) obligating the Hotel for any amounts (excluding payments contemplated hereunder to Hyatt or any employees) in excess of US $100,000 in 2006 terms, which amount shall be adjusted by the Consumer Price Index of Macau, S.A.R., on an annual basis. Hyatt shall not enter into any onerous or restrictive obligations which would not normally be undertaken by an operator of a hotel of the same class. Pursuant to Section 5 of this Article, all amounts due and payable to the suppliers of goods and services in accordance with the terms of such contracts shall be paid from the Operating Bank Account(s) of the Hotel, which shall be replenished, to the extent necessary to make all such payments, by Owner, as required under Section 1 of Article VII of this Agreement. Any such contracts entered into by Hyatt or the General

Manager on behalf of Owner shall be honored by Owner if they shall survive earlier termination of this Agreement. Hyatt must obtain the approval of Owner before entering into any contract with a term that exceeds the Operating Term.

Section 8. Contracts with Hyatt Affiliates. In its management of the Hotel, Hyatt or the General Manager, may purchase goods, supplies, insurance and services from or through H.I. or any of its affiliates so long as the prices and terms thereof are competitive with the prices and terms of goods, supplies and services of equal quality available from third parties. In addition, Hyatt may retain itself or H.I. or any of its affiliates as a consultant and to perform technical services in connection with the maintenance and enhancement of computer software for the hotel operations management system and any substantial remodeling, repairs, construction or other capital improvement to the Hotel and Hyatt or H.I. or its affiliate shall be reasonably compensated for its services. Hyatt shall, through the General Manager, have the right to utilize the Hotel and its facilities to train employees of other hotels operated by Hyatt or H.I. and its affiliates. The Hotel shall be reimbursed for any additional expenses that may be caused as a result of such training, unless such expenses shall be offset by benefits accruing to the Hotel arising out of services performed by such trainees. Except for Chain Marketing Services and other services identified in Article VII, Hyatt shall not purchase goods, supplies or services from itself or any affiliate, or enter into any other transaction with an affiliate of Hyatt wherein any portion of the cost thereof will be paid or reimbursed by the Hotel, except with the prior consent of Owner, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, recognizing the varied nature and scope of investments by or on behalf of the Pritzker Family, there will be situations where a company in which the Pritzker Family holds an interest does business, directly or indirectly, with Hyatt or individual Hyatt hotels, in some cases without the knowledge of such interest by Hyatt management. Subject to the provisions of the succeeding sentence of this Section 8, any such transactions entered into in the ordinary course of business will not be deemed a violation of the provisions of this Section. However, where the Pritzker Family interest is material and is known or becomes known to Hyatt management, Hyatt will inform Owner, and will discontinue such arrangements if then requested by Owner. "Pritzker Family" shall mean (i) all natural and adoptive lineal descendants of Nicholas J. Pritzker, deceased, and their spouses; (ii) all trusts for the benefit of any person described in clause (i) and the trustees of such trusts in their capacities as such; (iii) all legal representatives of any person or trusts described in clauses (i) or (ii); and (iv) all partnerships, corporations, limited liability companies or other entities controlled by or under common control with any person, trust or other entity described in clauses (i), (ii) or (iii). "Control" for purposes of this definition shall mean the ability to direct or otherwise significantly affect the major policies, activities or actions of any person.

Section 9. Agency Relationship. In the performance of their duties hereunder, Hyatt and the General Manager shall act solely as agents of Owner. All debts and liabilities to third persons incurred by Hyatt and the General Manager in the course of their operation and management of the Hotel shall be the debts and liabilities of Owner only and Hyatt and the General Manager shall not be liable for any such obligations by reason of their management, supervision, direction and operation of the Hotel for Owner. Hyatt and the General Manager may so inform third parties with whom they deal on behalf of Owner and may take any other reasonable steps to carry out the intent of this paragraph.

Section 10. Hyatt's Right to Reimbursement. During the term of this Agreement, Hyatt may elect to advance or to cause H.I. or any of its affiliates to advance its own funds in payment of any costs and expenses incurred for the benefit of the hotel operation that Hyatt shall have the right or the obligation to incur or cause to be incurred in accordance with the provisions of this Agreement,

(a) whether incurred (i) separately and distinctly from costs and expenses incurred on behalf of other hotels of Hyatt or H.I. or its affiliates (hereinafter collectively called the "H.I. group"), or (ii) in conjunction therewith (including, without limitation, insurance premiums, advertising, business promotion, training and internal auditing programs, social benefits of the H.I. group for which employees of the Hotel may be eligible, attendance of such employees at meetings and seminars conducted by members of the H.I. group and the Chain Marketing Services provided in accordance with Section 2 of Article VII), and (b) irrespective of whether such funds shall be paid to any third party or to any member of the H.I. group or any other hotels operated by any member of the H.I. group. If any member of the H.I. group or any hotel operated by any member of the H.I. group shall advance its own funds as aforesaid, it shall be entitled to prompt reimbursement therefor by the Hotel.

Any amount required to be reimbursed to Hyatt or H.I. or any of its affiliates in accordance with the provisions of this Agreement shall be payable in United States dollars or in the currency in which the expense was incurred, without reduction for income, withholding, business tax, if any, value added or any other taxes imposed by the tax authorities of Macau, or the People's Republic of China, or bank charges or any other charges, at the principal office of Hyatt or H.I. or its affiliate or such other place as Hyatt may, from time to time, designate. In the event that the tax authorities of Macau or the People's Republic of China shall impose any income, withholding, business tax, if any, value added or other tax upon such reimbursements of costs and expenses, or deem such reimbursements to be income taxable to Hyatt or its affiliates, such taxes shall be for the account of and shall be borne by Owner, which shall promptly pay any such taxes in order that Hyatt or its affiliates shall receive full and timely reimbursement for all of its advances hereunder. Hyatt shall, through the General Manager, have the right to withdraw the amount of such reimbursements from the Operating Bank Accounts of the Hotel, utilizing such United States dollars or other currency freely convertible into United States dollars that may be available in such Operating Bank Accounts, or Hyatt (or the General Manager) may convert such amount from Patacas to United States dollars. If exchange control regulations of Macau or the People's Republic of China delay the conversion of such amounts into United States dollars, Hyatt or H.I. or its affiliate may elect to receive and retain such amounts in Patacas during the period of such delay, but such election shall not constitute a waiver of the right of Hyatt, or H.I. or its affiliate to receive payment thereof in United States dollars.

Section 11. Employees of the Hotel. Subject to the provisions of Section 2 of Article III, Hyatt shall, on behalf of and in consultation with Owner, select and appoint the General Manager of the Hotel. Hyatt shall, through the General Manager, on behalf of Owner and subject to the provisions of Section 2 of Article III, select and appoint all employees of the Hotel, including the Executive Committee Members, expatriate personnel and other key executives of the Hotel. Each employee of the Hotel, including the General Manager, shall be the employee of Owner and not of Hyatt, and Hyatt shall not be liable to such employees for their wages or compensation, and every person performing services in connection with this Agreement, including any agent or employee of Hyatt or H.I. or any of its affiliates or any agent or employee of Owner hired by Hyatt, shall be acting as the agent of Owner. The aforesaid notwithstanding, Hyatt may elect to assign employees of Hyatt or H.I. or any of its affiliates or of other hotels of H.I. temporarily as full-time members of the executive staff of the Hotel and pay the compensation, including social benefits, of such employees. In such event Owner shall reimburse Hyatt monthly for the total aggregate compensation, including social benefits paid or payable to or with respect to such employees, and Hyatt shall make available to Owner, upon request, information on any such salaries and social benefits to demonstrate the validity and accuracy of any such reimbursed amounts. To the extent that Hyatt deems advisable and in Owner's best interest, Owner shall delegate to the General Manager of the Hotel the authority to employ, pay, supervise and discharge employees of the Hotel as shall be required.

Hyatt and the General Manager shall inform Owner of any major changes of the Hotel's personnel as soon as practicable. Hyatt shall, unless explanations for not doing so are given by Hyatt to the reasonable satisfaction of Owner, terminate the employment of any personnel of the Hotel forthwith or where practicable, after consultation with Owner, if at any time any such personnel shall:

(1) be guilty of serious misconduct or commit a material breach of any of the terms of his employment or after warning in writing, willfully neglect to perform his assigned duties; or

(2) commit any act of fraud or dishonesty (whether or not connected with his employment); or

(3) be incapacitated (including by reason of illness or accident) from performing his assigned duties for a period or periods in aggregate amounting to six calendar months in any period of twelve months; or

(4) as a result of his other activities or interests, be in a position which conflicts with his assigned duties.

Owner may request that Hyatt removes any of such personnel for any of the aforementioned reasons if it has reasonable grounds to believe that that is the case. Hyatt shall comply with Owner's request either forthwith or as soon as possible upon investigation of the matter.

With the consent of Hyatt, not to be unreasonably withheld, Owner shall have the right to request Hyatt to remove (on not less than thirty (30) days' written notice) the General Manager, Director of Finance, and/or Director of Marketing if, in the Owner's reasonable opinion, the General Manager, Director of Finance, and/or Director of Marketing, as appropriate, has demonstrated poor performance due to the lack of skills or constant neglect of his or her duties; provided, that the General Manager, Director of Finance or Director of Marketing, as appropriate, shall have previously received at least two (2) prior written warnings or reprimands, on dates at least thirty (30) days apart, from the Owner with respect to poor performance (with copies to Hyatt), and General Manager, Director of Finance or Director of Marketing, as appropriate, shall have theretofore been afforded with a reasonable opportunity to cure such circumstances.

Section 12. The General Manager. The parties understand that Hyatt shall fulfill its obligations to operate and manage the Hotel under this Agreement and shall exercise its control and discretion in such operation by designating the General Manager to be employed by Owner, which General Manager (herein called the "General Manager") shall (a) be familiar with H.I.'s method of hotel operation, (b) be furnished with H.I.'s policies and systems and procedures manuals from time to time in effect, and (c) whose major activities shall be reviewed and supervised by Hyatt while he shall retain full autonomy to make day-to-day decisions with respect to such operations. To such purpose, Owner shall grant such power of attorney to said General Manager as shall be required.

Section 13. Hyatt's Management Modules. The parties understand further that all of H.I.'s management modules including, but not limited to, policies and procedures, operations, accounting and training, which are furnished by Hyatt in connection with its management of the Hotel are and shall be at all times, without further act or action, the exclusive property of H.I. and Hyatt shall,

through the General Manager, have the right to remove such management modules from the Hotel upon the expiration or sooner termination of this Agreement.

Section 14. Staff Facilities. During the pre-opening period (the period of at least twelve (12) months prior to the formal opening of the Hotel) and during the Operating Term, Owner shall provide the General Manager, the Executive Committee Members, key executives and expatriate personnel of the Hotel fully furnished accommodations with the necessary related facilities, furnished in accordance with Hyatt's standards and specifications. Such costs and expenses shall be provided for in the Pre-opening Budget and the Annual Plan.

Section 15. Special Provisions Relating to the Development and the Casino.

A. Hyatt acknowledges that the Hotel will be only one component of the Development and that Owner contemplates that the Hotel and the non-Hotel components will share certain common areas and facilities. Subject to Hyatt's reasonable approval, Owner may locate certain standard Hotel facilities such as, by way of example, the fitness center in the non-Hotel components of the Development. Owner shall assure Hyatt that, in respect of the facilities located outside of the Hotel, Hotel guests have sufficient rights of access reasonably satisfactory to Hyatt and that Hotel guests enjoy sufficient rights of use of common areas.

B. Hyatt shall cause the General Manager to meet regularly and work cooperatively with the general managers (or equivalent position) of the other components of the Development (such group, including the General Manager, the "Senior Development Management Team"), to develop and implement, and to review and update from time to time as appropriate, policies and strategies (collectively, the "Project Integration Strategies") designed to facilitate the effective coordination of operations of the Hotel and the other components of the Development and to promote the efficient, effective and profitable operation of the overall Development as a whole while permitting the operation of each component thereof in accordance with the Key Operating Principles and the terms of this Agreement. By way of example (but not limitation), the Project Integration Strategies may include policies and strategies relating to:

(1) Sales and Marketing. Sales and marketing (e.g., advertisement of Hotel jointly with the Development, and establishment and maintenance of a website and toll-free number for the Development), booking, pricing and collection strategies, all to facilitate the coordination of such matters across the components of the Development;

(2) Preferred Customers. To the extent the Senior Development Management Team determines that it is in the interest of the Development to offer package pricing or other discounting of room rates to Hotel guests who are preferred customers of the Casino or other components of the Development, the establishment of appropriate allocations of the revenues and expenses associated with such Hotel guests' patronage of the Casino and other components of the Development;

(3) Services and Facilities. Sharing of services and facilities among the components of the Development;

(4) Purchasing. Purchasing of Furnishings and Equipment and Operating Supplies;

(5) Repair and Maintenance. Leveraging of resources to promote the efficient and effective repair and maintenance of the various components of the Development;

(6) Employment Matters. Coordination of union human resources matters, including matters relating to salaries, benefits and other terms of employment at individual components of the Development;

(7) Insurance. Placement of insurance coverages and adjustment of insurance claims;

(8) Information Technology. Integration of information technology systems; and

(9) Other. Such other matters as the Senior Development Management Team shall determine to be reasonably necessary or advisable to promote the efficient and effective operation of the Development as described above.

Hyatt acknowledges that Owner may elect, in connection with the non-Hotel components, to provide to the guests of the non-Hotel components access to certain Hotel facilities. Hyatt shall reasonably cooperate with Owner, and with the persons entitled to such access, it being understood and agreed, however, that Hyatt shall have a reasonable opportunity to review and approve such arrangements, provide input and suggestions with respect thereto, and satisfy itself that the Hotel facilities to which access is being granted are of sufficient size and capacity to permit use thereof by such additional persons without thereby adversely affecting use thereof by Hotel guests and patrons. Notwithstanding the preceding, the Hotel management shall have the exclusive right to control ingress to and egress from areas of the Hotel that are intended to serve the Hotel guests exclusively, and the Hotel management may limit access to and from the Hotel in its reasonable discretion including, without limitation, in matters involving public safety.

C. A portion of the costs (the "Common Area Allocation") relating to the Hotel and to the non-Hotel components of the Development such as, for example, but not by way of limitation, insurance, common area landscaping, site maintenance, trash removal, extermination and other such costs intended for the benefit both of the Hotel and the non-Hotel portions of the Development, shall be allocated in a fair and reasonable manner. Prior to the opening of the Hotel, Owner shall propose to Hyatt, for Hyatt's review and approval acting reasonably, the proposed allocation methodology for determining the Common Area Allocation. The agreement of the parties in respect of the Common Area Allocation shall be set forth in a supplemental document to this Agreement to be signed by both parties.

D. The Hotel shall pay, as an operating expense, a reasonable allocation (the "Marketing Allocation") of the actual out of pocket expenses incurred by Owner in marketing the overall Development. Prior to the opening of the Hotel, Owner shall propose to Hyatt, for Hyatt's review and approval acting reasonably, the proposed allocation methodology for determining the Marketing Allocation. The agreement of the parties in respect of the Marketing Allocation shall be set forth in a supplemental document to this Agreement to be signed by both parties.

E. In respect of the Common Area Allocation and the Marketing Allocation, Owner shall provide Hyatt, upon request, with reasonable substantiation to back-up the allocations. Hyatt shall have the right not more than six (6) times during the Operating Term to audit, as a Hotel expense, the allocations.

F. The Casino shall have its own signage, entrance and location within the Development. Hyatt shall not manage the Casino. Owner covenants and agrees that, at all times during the term of this Agreement, the Casino shall be leased to or operated by a first-class, international casino management company that is licensed to manage and operate casinos in Macau. Prior to the Formal Opening of the Hotel, Owner shall provide Hyatt, for Hyatt's review and approval, which approval shall not be unreasonably withheld, proposed arrangements relating to (1) the provision of and charges for rooms and other hotel services for customers of the Casino and (2) to the use of and charges for Hotel services by Casino guests including, without limitation, the ability for Casino guests to make charges for Hotel services on to a guest account maintained at the Casino. To the extent that such rooms or services are requested to be made available on a discounted basis, the extent to which Owner shall offset the amount of the discount with revenue from the Casino must be set out in the agreed arrangements referred to above. The parties acknowledge that the administrative details relating to the relationship of the Hotel and Casino may need to be set forth in an agreement supplemental to this Agreement, and that, in addition, more specific provisions embodying the terms of the preceding sentence will need to be agreed upon. In that connection, Hyatt agrees that it shall negotiate in good faith in all matters pertaining to the Casino and will, in all events, act reasonably so long as the terms and provisions thereof shall not be inconsistent with the preceding provisions.

G. Hyatt acknowledges that, as of the date of this Agreement, Owner intends that its affiliate or a company economically owned or to be owned (in either case directly or indirectly and whether by holding shares, convertible bonds, loan capital or other securities of the relevant company) jointly by Melco International Development Limited and Publishing and Broadcasting Limited, formed or to be formed to acquire a sub-concession from Wynn Resorts (Macau) Limited, to operate one or more casinos in Macau, will conclude the acquisition of such sub-concession and operate the Casino. Should such affiliate or jointly owned company (as referred to above) not be the operator of the Casino at any time or for any reason and the manager of the Casino is changed to another person and such change results in, or give rise to an inquiry or other proceeding that could result in, a determination, ruling or order of a government or regulatory authority having jurisdiction over either party to this Agreement and/or its affiliates which objects to such party continuing this Agreement or which has the effect of revoking or jeopardizing (or, should such determination, ruling or order be directed to a party to this Agreement due to any contractual relationship it may have with another beyond such party's control, which could reasonably lead to revocation or jeopardy of) a material license held by such party and/or its affiliate over a significant part of its or their business if such party continues this Agreement, then such change of manager shall be considered and deemed to be an "Owner Sale" as provided in Section 2A of Article XV hereof, and the provisions of such Section shall apply to the change of Casino manager. Hyatt confirms that it has no objection to a change of the manager of the Casino to another affiliate of Owner or a company economically owned jointly by Melco International Development Limited and Publishing and Broadcasting Limited on the basis referred to above, provided that such change does not result in, or give rise to an enquiry or other proceeding that could result in, a determination, ruling or order as referred to above in this Section.

ARTICLE IV
Management Fees and Owner's Profit Distribution

Section 1. Hyatt's Fees. During the Operating Term and any extension thereof, and during the period of partial operations prior to the formal opening of the Hotel, if any, Hyatt shall be entitled to receive:

A. Monthly as a preliminary installment of its basic management fee an amount equal to two percent (2%) of the Revenue of the Hotel during the first three (3) calendar years of the Operating Term and one and three-quarters percent (1.75%) of the Revenue of the Hotel thereafter, as defined in Article V hereof, after deducting from such basic management fee payment all basic management fee payments previously made to Hyatt for such fiscal year; and

B. Monthly, as a preliminary installment of its incentive fee, an amount equal to the designated percentage (set forth below) of the cumulative Gross Operating Profit of the Hotel during the current fiscal year,

	Percentage of Gross Operating Profit
If Gross Operating Profit for a period, expressed as a percentage of Revenue for the same period, is less than or equal to 20% of Revenue	3%
If Gross Operating Profit is greater than 20% of Revenue and is less than or equal to 30% of Revenue	4%
If Gross Operating Profit is greater than 30% of Revenue and is less than or equal to 40% of Revenue	5%
If Gross Operating Profit is greater than 40% of Revenue	7.5%

in each case Gross Operating Profit being as defined in Article V hereof, during the then current fiscal year, after deducting from such incentive fee payment all incentive fee payments previously made to Hyatt for such fiscal year.

C. Within sixty (60) days after the end of each fiscal year during the Operating Term, a final installment based upon the then relevant percentages of Revenue and Gross Operating Profit for the entire fiscal year, after deducting therefrom, however, the amount of the preliminary installments paid under Sections 1.A and 1.B above, as the case may be.

Section 2. Payment of Fees. Hyatt's basic management and incentive fees (collectively referred to as "Hyatt's Fees") shall be determined in Patacas and shall be payable in United States dollars at the official rate of exchange prevailing on such dates as such fees shall be remitted, which fees shall be remitted within thirty (30) days after the end of each calendar month. If Hyatt's Fees are remitted after thirty (30) days after the end of such calendar month, then such fees shall be converted at the official rate of exchange prevailing on such dates as such fees are determined (i.e., originally calculated). Hyatt shall, through the General Manager, have the right to withdraw the amount of its fees from the pre-opening or Operating Bank Accounts of the Hotel and, after deducting such income or withholding taxes imposed by the tax authorities of Macau as shall be applicable to such fees (and the parties acknowledge that it is intended that Hyatt is solely responsible for income taxes imposed on its net income attributable to such fees), utilize such United States dollars or other currency freely convertible into United States dollars that may be available in such bank accounts or convert such net amount from Patacas to United States dollars and remit such dollars or other foreign currency to its principal office or such other place as Hyatt may, from time to time, designate. If exchange control regulations of Macau delay the conversion of its

fees into United States dollars, Hyatt may elect to receive and retain such fees in Patacas during the period of such delay, but such election shall not constitute a waiver of Hyatt's right to receive payment thereof in United States dollars at the rate of exchange as aforesaid. In the event that such fees shall be subject to any value added tax on turnover imposed by the tax authorities of Macau, such fees shall be increased by the amount of such value added tax.

Section 3. Owner's Profit Distribution. Subject always to the retention of working capital sufficient to assure the uninterrupted and efficient operation of the Hotel (including, without limitation, amounts then deemed by Hyatt to be reasonably required to pay Hotel creditors, Hotel operating expenses, Hyatt's fees and H.I. reimbursements due hereunder, and amounts required to be credited to the Replacement Reserve), Hyatt shall during the Operating Term cause to be paid to Owner at its principal office, or at such other place as Owner may, from time to time, designate, the Gross Operating Profit after deduction of Hyatt's fees provided for in Section 1 of this Article (hereinafter referred to as "Owner's Profit Distribution") on a monthly basis. Subject always to the retention of sufficient working capital, Owner's Profit Distribution for each calendar month shall be transferred to Owner within thirty (30) days following the end of such month.

Section 4. Year-end Adjustment. If, for any fiscal year, Owner's Profit Distribution due under Section 3 and the Hyatt's Fees payable to Hyatt under Section 1 of this Article in accordance with the profit and loss statement certified by the independent public accountant pursuant to subsection C of Section 4 of Article VII shall be more or less than the preliminary installments paid in accordance with Section 3 and Section 1 above, respectively, Owner and Hyatt shall respectively repay the difference within thirty (30) days after receipt by Owner of said profit and loss statement.

Section 5. Fiscal Years. Fiscal years under this Agreement shall coincide with and be identical to calendar years for all purposes, except that the first fiscal year shall be the period between the date of the formal opening of the Hotel and December 31 of the same year, unless the period is three (3) calendar months or less, in which event the first fiscal year shall be the period from the formal opening of the Hotel until December 31 in the next succeeding year and the last fiscal year, if the Operating Term shall be terminated prior to its expiry date including any extensions thereof, shall be the period between January 1 of the year of termination and the date of such termination.

ARTICLE V
Determination of Gross Operating Profit

Section 1. Books and Records. Hyatt shall, through the General Manager, keep full and adequate books of account and other records reflecting the results of the operation of the Hotel. Such books and records shall be kept in Patacas on the accrual basis and in all material respects in accordance with the then latest edition of the "Uniform System of Accounts for the Lodging Industry", as adopted by the American Hotel and Motel Association, except as otherwise specified in this Agreement, and in accordance with the laws of Macau.

Section 2. Gross Operating Profit. The term "Gross Operating Profit" as used in this Agreement shall mean the amount computed as follows:

A. All revenues and income of any kind derived directly or indirectly from the operation of the Hotel including service charges collected from guests and not distributed to employees and rental or other payments from lessees or concessionaires (but

not the gross receipts of such lessees or concessionaires) (herein called "Revenue"). For avoidance of doubt, the following items of monies shall be excluded from the definition of Revenue:

(a) working capital and other funds furnished by Owner;

(b) interest or other income accrued on amounts in the Replacement Reserve;

(c) government and local authority excise, sales and use taxes collected directly from patrons and guests or as part of the sales price of any foods, services or displays,, gross receipts, admissions, or similar or equivalent taxes and paid over to government or local authorities;

(d) gratuities received and actually paid to employees;

(e) proceeds of insurance and compensation paid for any resumption; provided, however, that Owner shall be obligated to pay the basic management fee (as provided in Section 1A of Article IV);

(f) interest on funds in the operating account; and

(g) funds collected in respect of activities where a commission only is derived by the Hotel such as, without limitation, commercial tour operations; provided, however, any commissions received from such activities shall be included in Revenue.

B. From the Revenue shall be deducted the entire cost and expense of maintaining, conducting and supervising the operation of the Hotel, which shall include, without limiting the generality of the foregoing, the following:

(1) The cost of all food and beverages and Operating Supplies, as defined in Section 1 of Article VII, sold or consumed and the total relocation expenses, salaries, wages, severance payments and other compensation of all employees of the Hotel, including the General Manager, and their social benefits, which shall include, inter-alia, the life, disability and health insurance, incentive compensation and pension benefits of the H.I. chain for which they may be, in Hyatt's sole discretion, qualified;

(2) The cost of replacements of or additions to Ancillary Hotel Equipment and Operating Equipment;

(3) All costs and expenses of any advertising and business promotion for the Hotel separate and distinct from other hotels of Hyatt or H.I. or its affiliates and the Hotel's pro-rata or per-formula share of the costs and expenses of any reservation, advertising and business promotion program in which the Hotel participates with one or more hotels of Hyatt, or H.I. or its affiliates, including Chain Allocation charge, the Reservation charge and the Reserve System Transaction charge, as defined in Section 2 of Article VII, and the Hyatt Gold Passport program and selected airline mileage programs;

(4) The cost of all other goods and services;

(5) Out-of-pocket expenses incurred by Hyatt and its affiliates for the account of or in connection with the Hotel operation, including reasonable traveling expenses of employees, executives or other representatives or consultants of Hyatt and its affiliates, provided that such persons shall be afforded reasonable accommodations, food, beverages, laundry, valet and other such services by and at the Hotel without charge to such persons or Hyatt;

(6) All costs and expenses of any personnel training of the Hotel, internal audits and management operations reviews (which average two (2) to three (3) weeks in duration) and special training programs conducted by personnel of Hyatt, H.I. or its affiliates for the Hotel, and the Hotel's pro-rata share of the costs and expenses of any personnel training program in which the Hotel participates with one or more other hotels of Hyatt or H.I. or its affiliates;

(7) All expenditures made by Hyatt and/or the General Manager, for maintenance and repairs to keep the Hotel in good operating condition in accordance with Section 1 of Article VI;

(8) The provision for replacements of and additions to Furnishings and Equipment and the cost thereof in excess of the amount in the Replacement Reserve, in accordance with Section 2 of Article VI;

(9) The cost of alterations, additions and improvements in accordance with Section 3 of Article VI;

(10) Premiums (or reimbursements to Hyatt for premiums) for insurance maintained in accordance with Section 2 of Article VIII (premiums on policies for more than one year to be pro-rated over the period of insurance) and losses incurred on self-insured or uninsured risks;

(11) All taxes and public dues, other than income taxes, payable by or assessed against Hyatt with respect to the operation of the Hotel (including the business tax imposed on turnover by Macau), but excluding all taxes levied or imposed against Owner, the Hotel or its contents, such as rates and real and personal property taxes;

(12) Legal, auditing and other professional fees not relating to negotiation, renewal, termination or default under this Agreement;

(13) A reasonable provision for uncollectible accounts receivable;

(14) The basic management fee payable to Hyatt; and

(15) The Common Area Allocation and the Marketing Allocation.

C. In determining the Gross Operating Profit for any fiscal year, no adjustment shall be made for or on account of any deficiency in the Gross Operating Profit of any prior fiscal year.

D. Owner's Costs and Expenses. For the purposes of clarification, it is understood and agreed that Owner's costs and expenses are not operating expenses of the Hotel and therefore shall not be deducted from the Revenue of the Hotel in determining the Gross Operating Profit of the Hotel. Owner's costs and expenses shall include, but not be limited to, (a) Owner's administrative costs and expenses; (b) property damage insurance ("building and contents" insurance) against fire, boiler explosion and such other risks (the term building and contents shall mean the Hotel building, the Hotel building's mechanical, boiler, plumbing, air-conditioning and electrical plant and equipment, Furnishings and Equipment, Operating Equipment and inventories); (c) ground rent, real estate taxes and assessments, rates, real and personal property taxes, Owner's corporate profits and income taxes, etc.; (d) debt service, including payments of principal and interest on loans, mortgages, etc.; (e) costs relating to differences in exchange rates on Owner's cash and loans; (f) amortization of pre-opening costs and expenses; and (g) depreciation and amortization of fixed assets.

ARTICLE VI
Repairs and Changes

Section 1. Normal Repairs and Maintenance. Subject to the provision of adequate working capital by Owner pursuant to Section 1 of Article VII, Hyatt shall, through the General Manager, (save as provided in Section 4 of this Article) repair and maintain the Hotel in good order and condition, ordinary wear and tear excepted.

Section 2. Replacements of and Additions to Furnishings and Equipment. An amount equal to two percent (2%) of Revenue for the first twenty-four (24) months of the Operating Term, three percent (3%) of Revenue for the next twenty-four (24) months of the Operating Term and, thereafter, an amount equal to four percent (4%) of Revenue of the Hotel, as a provision for the replacements of and additions to Furnishings and Equipment and all proceeds from the sale of Furnishings and Equipment (which, for the purposes of this Section only, shall include telephone and switchboard equipment, otherwise included as building installations or systems) shall be credited to a reserve for the replacements of and additions to Furnishings and Equipment (the "Replacement Reserve"). Subject to the retention of an amount equal to Three Hundred Thousand United States dollars (US$300,000), which amount shall be available for unanticipated Furnishings and Equipment expenditures, Hyatt shall transfer from the operating bank account(s) of the Hotel to Owner the amounts set forth in the preceding sentence (the "Replacement Fund"). A book entry shall be credited in the amount that is to be accumulated in the Replacement Reserve. Hyatt shall be entitled to call upon Owner any amounts required to make all replacements of and additions to Furnishings and Equipment deemed by it to be necessary (except as provided under Section 4 of this Article) or desirable, which Furnishings and Equipment shall be and become, forthwith upon acquisition and installation and without further act or action, the property of Owner.

Replacements of and additions to Furnishings and Equipment deemed by Hyatt to be necessary or desirable, the cost of which shall exceed the balance in the Replacement Reserve, shall be subject to the approval of Owner, which shall make available to Hyatt, as additional working capital, the necessary funds therefor, and the cost thereof shall be charged directly to current expenses or shall be capitalized on the books of account in accordance with sound hotel accounting practices. The costs of such replacements and additions that are capitalized shall be depreciated by charges to the Hotel's operating expenses over their estimated useful lives. Any amounts remaining in the Replacement Fund at the termination of the agreement or the expiration of the Operating Term shall be credited to Gross Operating Profit in the last fiscal year of the Operating Term.

Section 3. Alterations. Hyatt shall, through the General Manager, have the right to make, from time to time, such alterations, or improvements in or to the site, building(s), installations and building systems which are customarily made in the operation of first-class hotels. The cost of such alterations, additions or improvements shall be charged directly to current expenses or shall be capitalized on the books of account in accordance with sound hotel accounting practices. The costs of alterations, additions or improvements that are capitalized shall be amortized or depreciated by charges to the Hotel's operating expenses over their estimated period of usefulness.

Section 4. Essential Repairs, Changes and Replacements. If at any time during the Operating Term, repairs to the building(s), installations or building systems, changes in the Hotel, or replacements (a) shall be required by reason of any laws, ordinances or regulations, or by any order of governmental authority, or (b) shall be essential to the functioning or safety of the Hotel, including its structural integrity, or its continued operation under standards comparable to those prevailing in H.I. hotels throughout the world, such repairs or replacements shall be made by Owner, shall be paid for by Owner, at its expense and not as a charge against operations pursuant to Subsection B of Section 2 of Article V, and shall be made promptly and with as little hindrance to the operation of the Hotel as possible.

Section 5. Other Changes, Replacements and Additions. Any changes, replacements, additions, or improvements not otherwise provided for in this Agreement shall, if mutually agreed upon, be made promptly by Owner (or, if Hyatt agrees, by Hyatt, upon receipt from Owner of sufficient funds therefor) and, if agreed by the parties, shall be a charge against operations pursuant to Subsection B of Section 2 of Article V.

ARTICLE VII
General Covenants of Hyatt and Owner

Section 1. Opening Inventories and Working Capital. Hyatt shall prepare for Owner's approval an initial inventories and working capital budget in respect to initial inventories and working capital required for the operation of the Hotel with the format as outlined in Appendix C attached hereto (the "Initial Inventories and Working Capital Budget"). Owner shall in advance of the formal opening of the Hotel provide sufficient funds for the initial bank accounts, house cash funds, and inventories of food, beverages and immediately consumable items, such as cleaning material and paper supplies (herein referred to as "Operating Supplies"), and shall initially and throughout the Operating Term at its sole expense provide working capital sufficient to assure the timely payment of all current liabilities of the Hotel (including Hyatt's Fees payable under Section 1 of Article IV, the Chain Marketing Services payable under Section 2 of this Article, and Hyatt's reimbursements for out-of-pocket and other expenses incurred by Hyatt for the account of the hotel operation in accordance with the terms of this Agreement) and to assure the uninterrupted and efficient operation of the Hotel and the performance by Hyatt of its obligations hereunder. Initial estimates, in 2006 dollars, indicate the Initial Inventories and Working Capital Budget for the Hotel and the Grand, collectively, to be approximately Two Million Five Hundred Thousand United States Dollars (US$2,500,000). Hyatt shall use its commercially reasonable efforts to obtain the best possible credit conditions from the Hotel's suppliers, and to convert into cash in the shortest possible time the stocks of merchandise and pending accounts.

Section 2. Chain Marketing Services, Gold Passport and other Services. Hyatt shall, in the operation of the Hotel and for the benefit of its guests, cause its affiliates to provide outside Macau, convention, business and sales promotion services (including the maintenance and staffing of H.I.'s home office sales force and regional sales offices in various parts of the world), publicity and public relations services, reservation services and all other group benefits, services and facilities including institutional advertising programs (which exclude advertising in which one or more other H.I. hotels participates by mutual agreement and shares the cost thereof), to the extent appropriate furnished to other hotels operated by Hyatt and its affiliates (herein called "Chain Marketing Services").

Neither Hyatt, nor any other affiliate of Hyatt shall receive any profit for the rendition of Chain Marketing Services. Hyatt's affiliates shall, however, be entitled to be reimbursed for the Hotel's share (herein called "Chain Allocation") of all costs incurred by Hyatt's affiliates including salaries of officers or employees, in the rendition of said services, and shall also be reimbursed for reservation costs. Charges to the Hotel for Chain Marketing Services (including reservation services) shall be made, commencing from the period 12 months prior to the scheduled formal opening date of the Hotel, on the same basis as to the other hotels operated by Hyatt. The current 2006 formula for Chain Allocation is based on US$394.00 per guest room, per annum, plus one percent (1%) of the gross room revenue of the Hotel per annum during the Operating Term and period of partial operations, if any. The Reservation charge is currently US$8.00 per gross reservation plus, in circumstances where H.I.'s proprietary SPIRIT/RESERVE reservation system (or its successor) is used in making the reservation, US$0.70 per such reservation. The Chain Allocation formula, the Reservation charge and the reservation system charges are subject to change in the future, but all H.I. hotels shall be charged on the same basis. Hyatt shall cause its affiliates to provide Owner with a copy of the audited annual Chain Allocation expenditure statements.

In addition to charges for the above services, the Hotel shall be charged in connection with the Gold Passport Program (or any program that replaces the Gold Passport Program). The charge for the Gold Passport Program is currently four percent (4%) of the total charges incurred by Gold Passport Members at a participating hotel, which amount will be paid into the Gold Passport fund. The Hotel shall receive a Gold Passport per-formula payment when guests use Gold Passport points for stays at the Hotel. Neither Hyatt, nor any other affiliate of Hyatt, shall receive any profit for the rendition of the Gold Passport Program.

Hyatt shall be reimbursed for the cost of performing internal audits, management operations reviews ("M.O.R.'s") and specialized training programs based on the executive time involved (averaging two to three weeks per audit or M.O.R.) at the Hotel. The per diem charges currently range from US$200 to US$350 dependent upon the seniority of the executives performing the audit, M.O.R. or training.

The Hotel will be also charged for key executives' (including expatriate personnel's) social benefits, including life, disability and health insurance, incentive compensation and pension benefits arranged by Hyatt and consistent with Hyatt's (or H.I.'s) groupwide practices and policies.

Hyatt shall be reimbursed for the Hotel's proportionate share of premiums for the worldwide insurance coverage (including public liability and crime insurance, such as employee fidelity and cash-in-transit coverage) maintained by Hyatt.

Section 3. Right of Inspection and Review. The duly authorized officers, accountants, employees, agents, and attorneys of Owner shall have the right, upon reasonable notice to the General Manager of the Hotel, to enter upon any part of the Hotel at all reasonable times during the Operating Term for the purpose of examining or inspecting the Hotel or examining or making extracts from the books and records of the Hotel operation, or for any other purpose which Owner, in its discretion, shall deem necessary or advisable, but the same shall be done with as little disturbance to the operation of the Hotel as possible and all inquiries arising out of such inspection and review shall be addressed only to Hyatt or to the General Manager or such person or persons designated by him. Upon termination or expiration of this Agreement, all books and records relating to the operation of the Hotel shall be delivered by Hyatt to Owner. For a period of two (2) years following the expiration or earlier termination of the Operating Term, Owner shall accord to Hyatt the same right to examine or make extracts from the books and records of the Hotel operation applicable to the Operating Term.

Section 4. Reports. Hyatt shall, through the General Manager, deliver to Owner:

A. Within twenty (20) days after the end of each month a profit and loss statement showing the results of the operation of the Hotel for that month and the year to date, and containing computations of the Gross Operating Profit, Hyatt's Fees and Owner's Profit Distribution. The figures contained in such statement shall be taken from the books of account maintained by Hyatt and the General Manager. Such statement shall reflect the terms of this Agreement and shall be prepared, insofar as feasible, in all material respects in accordance with the then latest edition of the "Uniform System of Accounts for the Lodging Industry" referred to hereinabove, as set forth, for purposes of illustration only, in Appendix A hereof.

B. On or before the 31st day of August of each fiscal year including the first fiscal year, a profit and loss statement showing the results of the operation of the Hotel for the first six (6) months of such fiscal year, and containing computations of the Gross Operating Profit, Hyatt's Fees and Owner's Profit Distribution. The figures contained in such statement shall be taken from the books of account maintained by Hyatt and the General Manager. Such statement shall reflect the terms of this Agreement and shall be prepared, insofar as feasible, in all material respects in accordance with the then latest edition of the "Uniform System of Accounts for the Lodging Industry" referred to hereinabove, as set forth, for purposes of illustration only, in Appendix A hereof, and signed by the General Manager and the Director of Finance.

C. Within sixty (60) days after the end of each fiscal year, with the exception of the last fiscal year, a profit and loss statement, certified by an independent public accountant selected from one of the four (4) largest international public accounting firms (the "Big Four" firms) or their affiliates in Macau and retained by Hyatt, taken from the books of account of the Hotel and showing the results of the operation of the Hotel during the preceding fiscal year, containing a computation of the Gross Operating Profit, Hyatt's Fees and Owner's Profit Distribution for such period, and with a schedule annexed thereto showing all deposits in and withdrawals from the Replacement Fund made during such fiscal year and the balance thereof. The cost of the audit shall be charged to operations of the Hotel. Within sixty (60) days after the end of the last fiscal year, Owner shall deliver to Hyatt a profit and loss statement certified by the aforesaid independent public accountant, showing the results of the operation of the Hotel during such last fiscal year, containing computations of Revenue and Gross Operating Profit and the basic management and incentive fees payable to Hyatt for such period. Hyatt agrees to provide reasonable assistance to the accountant

in the preparation of the annual statements. Provided that said accountant's opinions shall be unqualified, such certified statements shall be deemed correct and conclusive for all purposes.

D. No later than November 1st of each calendar year during the Term, Hyatt will prepare and submit to Owner for the following calendar year (i) a forecasted budget of the Hotel's operations, including forecasts of revenues and operating expenses, estimates of necessary working capital and the assumptions underlying the same; (ii) a proposed marketing plan; and (iii) a proposed budget of Capital Expenditures (for this purpose, inclusive of additions to and replacements of Furnishings & Equipment and additions, alterations and improvements pursuant to Section 3 of Article VI) for the ensuing year. The materials described in clauses (i) and (ii) above are herein collectively referred to as the **"Operating Budget"**, the budget referred to in clause (iii) above is herein referred to as the **"Annual CapEx Plan"** and the Operating Budget and Annual CapEx Plan are collectively referred to as the **"Annual Plan"**.

(1) The Annual Plan shall be prepared in accordance with Hyatt's standard internal planning and budgeting procedures on Hyatt's standard formats. Owner agrees that it shall promptly review all Operating Budgets and Annual CapEx Plans submitted to it, and Hyatt agrees that it shall provide Owner with such additional and supplemental information with respect thereto as shall be reasonably requested by Owner and which may be prepared or compiled without unreasonable delay, expense or interruption of normal operations.

(2) Promptly after submission of the Annual Plan, representatives of Owner and Hyatt shall meet at the Hotel or at such other location as may be mutually agreed and at a mutually convenient time to discuss, and attempt in good faith to agree upon, the Annual Plan as provided below.

E. All items of expenditure contained in the Operating Budget shall be subject to approval of Owner, with the exception of the following: (i) costs associated with contracts or arrangements Hyatt or H.I. has made on a chain-wide, regional or business-segment basis in accordance with Hyatt's authority under the terms of this Agreement; (ii) individual compensation levels for Hotel employees or for Hyatt or H.I. benefit programs; (iii) items (such as room rates, menu or banquet prices, and the like) affecting the estimate of Hotel revenues; or (iv) other expenditures required to be made under the express provisions of this Agreement including, without limitation, expenditures for Management Fees, Chain Allocation, reservation costs, and Gold Passport. Owner shall not withhold its approval for any expenditures which are reasonably necessary, in nature or amount, to enable the Hotel to continue operating in accordance with the standards of operating "Hyatt Regency" hotels throughout the world. Notwithstanding the preceding exceptions regarding Hyatt's right to establish revenue and expenditure items, Owner shall have the right to suggest changes in such items if it considers the changes reasonably necessary to achieve the Key Operating Principles, subject in all respects to the maintenance of the standards identified in this Agreement. To the extent Hyatt disagrees with suggested changes, Hyatt shall provide Owner explanation for its disagreement explaining why such items meet the Key Operating Principles. The parties will seek to resolve any dispute as to whether an item of expenditure meets the Key Operating Principles in accordance with subsection E (1) below, failing which the dispute shall be submitted to an independent, international accountancy firm (the "Expert"), who shall act as an expert and not as arbitrator to resolve the matter. The Expert

shall be a person mutually acceptable to Manager and Owner, each acting reasonably in respect of granting or withholding their approval, and shall have at least ten (10) years of international hospitality consulting experience with regional knowledge of the hospitality industry. The decision of the Expert shall be binding upon Manager and Owner and shall be made by not later than the 31 st day of December of the year in which the Annual Plan has been submitted for review, and resolution of Operating Budget disputes by the Expert shall be the sole and exclusive process for resolution, Manager and Owner agreeing that any such disputes shall not be subject to arbitration hereunder. The costs of the Expert must be paid equally by the parties.

(1) Subject to the foregoing, Hyatt shall take into consideration the views and suggestions of Owner regarding all aspects of the Operating Budget and both Owner and Hyatt shall attempt, in good faith, to reach a mutually satisfactory agreement, and thereupon to incorporate any such agreements into the Operating Budget. In this connection, Owner shall have the right to suggest changes in operating policies and in the proposed Operating Budget which it considers reasonably necessary to achieve the objectives of near-term and long-term maximization of Hotel profits, subject in all respects to the standards of operating "Hyatt Regency" hotels throughout the world. To the extent Hyatt disagrees with Owner's suggestions and comments, Hyatt shall provide written explanations for its disagreements. Promptly following the foregoing discussions and explanations, Hyatt shall submit a revised Operating Budget for further comment and discussion in the manner set forth above. Thereafter, the parties shall continue to discuss the Operating Budget until such time as both Hyatt and Owner shall have reached agreement on all items comprising the Operating Budget for which Owner has approval rights hereunder.

(2) Until such time as the parties have agreed on all line items of the proposed Operating Budget for which Owner has approval rights hereunder, Hyatt shall have the right to operate the Hotel in accordance with an Operating Budget comprised of those line items which do not require Owner approval hereunder, those line items that have theretofore been agreed upon by Owner and Hyatt and, only with respect to those line items not yet approved by Owner (and for which Owner has approval rights hereunder), the standards of operation and operating policies in effect during the preceding calendar year (or, with respect to the Hotel's first Fiscal Year, as proposed by Hyatt in connection with the takeover of the Hotel). Once the Operating Budget has been approved by Owner and Hyatt (the "**Approved Annual Plan**"), Hyatt agrees that it shall use commercially reasonable efforts to operate the Hotel in a manner consistent with the Approved Annual Plan both as relates to estimates of actual amounts of expenditures, and the operating assumptions underlying the same.

(3) Notwithstanding anything to the contrary in this Section 4 of Article VII, Owner and Hyatt both acknowledge that the forecasts of revenues and estimated expenses contained in the Operating Budget represent Hyatt's best estimate of the same for the following calendar year and not in any way a guarantee of actual results. Actual revenues and expenses can vary from forecasts and estimates for reasons beyond the reasonable control of Hyatt including, without limitation, the following: (a) the volume of business and the levels of hotel occupancy; (b) the mix of business (that is, the relationship of food and beverage revenues to other hotel related revenues and the relationship of group business to individual travel business); (c) prevailing wage rates and the effects of collective bargaining agreements; (d) inflation; (e) utility rates, insurance premiums and tax increases;

(f) unanticipated and extraordinary repair and maintenance expenses; (g) the need to meet competitive market conditions; and (h) other similar causes. Owner acknowledges that so long as Hyatt adheres to its covenant to use commercially reasonable efforts to operate the Hotel in a manner consistent with the approved Operating Budget, Hyatt shall have no liability to Owner, and shall not otherwise be deemed in Default hereunder, if actual operating results vary from the Operating Budget.

(4) If at any time during the year Hyatt anticipates that revenues shall be less or expenditures shall be more than those forecasted in the Approved Annual Plan, Hyatt may, but has no obligation to, submit revisions to the Approved Annual Plan for Owner approval as provided above; provided, however, in no event shall the need for any such reforecasting of the Approved Annual Plan, or any portion of it, be deemed a default by Hyatt hereunder.

F. All items of expenditure contained in the CapEx Plan shall be subject to Owner's approval (provided, however, Owner agrees that it shall approve all CapEx Plan or relevant portions thereof that are reasonably necessary in order to enable the Hotel to meet the standards of operating "Hyatt Regency" hotels throughout the world). If Owner does not approve a proposed CapEx Plan, or any line items or specific Capital Expenditure projects within a proposed CapEx Plan, within thirty (30) days after delivery of the same to Owner, then such CapEx Plan, or such line item(s) or Capital Expenditure projects not specifically disapproved by Owner, as the case may be, shall be deemed approved. In the event of any disapproval, Owner and Hyatt shall meet and confer in good faith in an effort to reconcile differences and reach consensus during the thirty (30) day period thereafter.

(1) If, by the end of the sixty (60) day period following Hyatt's submission of the CapEx Plan to Owner, Owner has yet to approve a CapEx Plan or a specific Capital Expenditure project, or any portion thereof, Hyatt shall notify Owner in writing of any Capital Expenditure(s) Hyatt deems necessary for the Hotel to meet the standards of operating "Hyatt Regency" hotels throughout the world (collectively, the **"Disputed Capital Expenditures"**). If Owner does not agree to include the Disputed Capital Expenditures in the Approved CapEx Plan, or as an approved Capital Expenditure project, within thirty (30) days after delivery of Hyatt's notice, Hyatt shall have the right to submit the issue of whether the Disputed Capital Expenditures are necessary to enable the Hotel to meet the standards of operating "Hyatt Regency" hotels throughout the world to arbitration as provided in Article XIV. The arbitrator's determination shall be final and binding on both Owner and Hyatt.

(2) Hyatt may not incur Capital Expenditures that are in excess of those required or permitted under the Approved CapEx Plan except for the following: (i) expenditures for the replacement of or additions to Furnishings & Equipment from funds then on deposit or to be deposited in the Replacement Fund which do not exceed US$50,000 for any single expenditure, or US$250,000 in the aggregate in any calendar year; and (ii) expenditures, including Capital Expenditures, which Hyatt reasonably deems necessary to minimize personal injury and property damage in cases of casualty or other emergency, or which Hyatt deems reasonably necessary in order to comply with applicable legal requirements.

ARTICLE VIII
Insurance

Section 1. Insurance to be Maintained by Owner. Owner shall, at its expense, at all times during the period of construction, furnishing and equipping of the Hotel and at such times during the Operating Term as Owner shall be making essential repairs, changes and replacements and other repairs and changes as provided in Sections 4 and 5 of Article VI, procure and maintain adequate public liability and indemnity and property insurance in financially responsible insurance companies fully protecting both Owner and Hyatt against loss or damage arising in connection with the preparation, construction, furnishing and equipping and any pre-opening activities of the Hotel or in connection with such repairs, changes and replacements made during the Operating Term. Owner shall further, at its expense, at all times from the commencement of the construction of the Hotel and during the Operating Term, procure and maintain adequate insurance for the full replacement value of the Hotel in financially responsible insurance companies against all risk of physical loss or damage to the Hotel and its contents from, including, but not limited to, fire, boiler explosion, and such other risks and casualties for which insurance is customarily provided for hotels of similar character. If possible, such policy shall also cover "business interruption" (loss of profits), in respect of both Owner and Hyatt. All policies shall provide that Owner (and, at Owner's request, any mortgagee) be named insureds and that Hyatt, H.I. and its subsidiaries, and Hyatt Corporation be named as additional insureds thereby, as their interests may, from time to time, appear. The fire and extended coverage policy insuring damage to the building and contents shall provide that the insurance company agrees to waive any rights of subrogation against Hyatt, H.I. and its subsidiaries, and Hyatt Corporation.

Owner shall, upon request, furnish to Hyatt satisfactory evidence of all insurance maintained by Owner pursuant to this Section 1.

Section 2. Insurance to be Maintained by Hyatt. Hyatt shall, through the General Manager, maintain at all times during the Operating Term the following insurance, if available on usual terms and at customary rates:

(A) Public liability insurance including personal injury, property damage, innkeeper's liability and advertising liability; automobile liability; and crime insurance including employee fidelity in such amounts as Hyatt shall deem necessary;

(B) Workmen's compensation, employers' liability or other such insurance as may be required under applicable laws or which Hyatt shall deem advisable;

(C) In its discretion, Hyatt or the General Manager, may maintain such other insurance as it shall deem necessary for protection against claims, liabilities and losses, wherever asserted, determined or incurred, arising from the operation of the Hotel.

The insurance policies referred to in this Section may contain provisions for deductibility and Hyatt may elect to maintain all or part of such insurance under an arrangement insuring one or more hotels operated by Hyatt or its affiliates, in which event the cost of such insurance shall be allocated by Hyatt to the Hotel on a reasonable basis. All policies shall provide that Hyatt, H.I. and its subsidiaries and Hyatt Corporation, be named insureds and that Owner (and, at Owner's request, any mortgagee) be named as additional insureds thereby, as their interests may, from time to time, appear. All insurance policies maintained by Hyatt pursuant to this Article VIII shall be primary to any insurance maintained by Owner.

Hyatt shall, through the General Manager, upon request, furnish to Owner satisfactory evidence of all insurance maintained by Hyatt pursuant to this Section 2.

ARTICLE IX
Damage to and Destruction of the Hotel

If the Hotel or any portion thereof shall be damaged or destroyed at any time or times during the Operating Term by fire or any insured casualty, Owner shall, at its cost and expense and with due diligence, repair, rebuild or replace the same so that after such repairing, rebuilding or replacing, the Hotel shall be substantially the same as prior to such damage or destruction. If Owner fails to undertake such work within ninety (90) days after the fire or other casualty, or shall fail to complete the same diligently, Hyatt may, but shall not be obligated to, undertake or complete such work for the account of Owner and shall be entitled to be repaid therefor as provided in Article XI, and the proceeds of insurance shall accordingly be made available to Hyatt. Hyatt and Owner shall ensure that any proceeds from insurance shall be applied to such repairing, rebuilding or replacing.

Notwithstanding the foregoing, if:

(i) the Hotel is damaged or destroyed to such an extent that the cost of repairs or restoration as reasonably estimated by Owner exceeds thirty percent (30%) of the full replacement cost (excluding land, excavations, footings and foundations) of the Hotel; or

(ii) the Hotel is damaged or destroyed to such an extent that the estimated time for repair or restoration thereof, in the reasonable opinion of Owner, shall exceed eighteen (18) months from the commencement of such repair or restoration; or

(iii) the damage or destruction shall occur at any time within the last three (3) years of the Operating Term (unless Hyatt shall have any remaining extension options, in which event this provision shall apply only to an occurrence in the last three (3) years of the last extension of the Operating Term, or during the last year of the initial Operating Term or the then applicable extended Operating Term if Hyatt has failed theretofore to have exercised its extension option);

and if in connection with any of the foregoing, Owner elects not to rebuild or restore the Hotel, then Owner shall be entitled to elect by notice to Hyatt given at any time within one hundred eighty (180) days after the occurrence of such damage or destruction to terminate this Agreement without liability to Hyatt or Owner by reason of such termination; provided, however, if Owner terminates this Agreement by reason of any of the foregoing provisions, and Owner thereafter nevertheless commences repair or restoration or rebuilding of a first-class hotel on, or in the vicinity of, the Site, or anywhere else utilizing the proceeds of replacement cost insurance, at any time within three (3) years following any such termination, Hyatt shall have the right (but not the obligation) exercisable at any time within ninety (90) days after Hyatt has actual knowledge of Owner's intention to rebuild or restore the Hotel, to elect to manage and operate the rebuilt or restored Hotel in accordance with the provisions of this Agreement from the opening date

of the rebuilt or restored Hotel and for the unexpired Term (including any extensions) remaining as of the date of the damage or destruction event which resulted in Owner's termination hereof. If there shall be any dispute between Owner and Hyatt as to whether Owner's estimate of the cost of restoration, the full replacement cost of the Hotel, or the estimated time for repair or restoration is reasonable under the circumstances, the said dispute shall be submitted to arbitration conducted in accordance with the provisions of Article XIV.

ARTICLE X
Condemnation

If the whole of the Hotel shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority for any public or quasi-public use or purpose, or if such portion thereof shall be taken or condemned so as to make it imprudent or unreasonable, in Hyatt's reasonable opinion, to use the remaining portion as a hotel of the type and class immediately preceding such taking or condemnation, then the Operating Term shall terminate as of the date of such taking or condemnation. Hyatt shall have the right to seek an independent award from the authority exercising its rights of eminent domain for the value of the Management agreement.

If only a part of the Hotel shall be taken or condemned and the taking or condemnation of such part does not make it unreasonable or imprudent, in Hyatt's reasonable opinion, to operate the remainder as a hotel of the type and class immediately preceding such taking or condemnation, this Agreement shall not terminate, but so much of any award made to Owner shall be made available as shall be reasonably necessary for making alterations or modifications of the Hotel, or any part thereof, so as to make it a satisfactory architectural unit as a hotel of similar type and class prior to the taking or condemnation. The balance of the award, after deduction of the sum necessary for such alterations or modifications, shall be fairly and equitably apportioned between Owner and Hyatt, so as to compensate Hyatt and Owner for their respective losses of income resulting from the taking or condemnation.

ARTICLE XI
Right to Perform Covenants and Reimbursement

If Hyatt at any time shall fail, within the time limit and after due notice as specified in Article XII, to make any payment or to perform any act to be made or performed by it pursuant to this Agreement, Owner may without further notice to or demand upon Hyatt, and without waiving or releasing Hyatt from any obligations under this Agreement, make such payment or perform such act. All sums so paid by Owner and all necessary incidental costs and expenses in connection with the performance of any such act by Owner, together with interest thereon at the best lending rate of The Hongkong and Shanghai Banking Corporation from the date of Owner's making such expenditures shall be payable to Owner upon demand.

If Owner shall fail, within the time limit and after due notice as specified in Article XII, to make any payment or perform any act to be made or performed by it pursuant to this Agreement, Hyatt may, without further notice to or demand upon Owner and without waiving or releasing Owner from any of its obligations under this Agreement, make such payment or perform such act. All sums so paid by Hyatt, and all necessary costs and expenses incurred in connection with the performance of any such act by Hyatt together with interest thereon at the best lending rate of The Hongkong and Shanghai Banking Corporation from the date of Hyatt's making of such expenditures, as well as all sums properly payable by Owner to Hyatt or its affiliates, together with interest thereon at the rate

above specified from the date on which payment to Hyatt therefor is due, shall be payable to Hyatt by Owner upon demand, or at the option of Hyatt, may be deducted from any installment or installments of Owner's Profit Distribution then due or thereafter becoming due under this Agreement.

With the exception of emergency cases, neither party shall have the right to make any payment or to perform any act, if there is a bona fide dispute between the parties as to the necessity thereof and such dispute has been submitted to arbitration.

ARTICLE XII
Defaults

The following shall constitute events of default:

(1) The failure of either party to make any payment to the other provided for herein for a period of thirty (30) calendar days after such payment is payable;

(2) The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by either party;

(3) The consent to an involuntary petition in bankruptcy or the failure to vacate within sixty (60) calendar days from the date of entry thereof of any order approving an involuntary petition by either party;

(4) The appointment of a receiver for all or any substantial portion of the property of either party;

(5) The entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree shall continue unstayed and in effect for any period of one hundred twenty (120) consecutive calendar days;

(6) The failure by Owner to build, equip, furnish and decorate the Hotel in accordance with Hyatt Regency Standards or to cure defects or deficiencies of which Hyatt shall notify Owner under Section 6 of Article I and the continuance of any such default for a period of thirty (30) calendar days after notice of said failure;

(7) The failure by either party to perform, keep or fulfill any of the other material covenants, undertakings, obligations or conditions set forth in this Agreement, and the continuance of any such default for a period of thirty (30) calendar days after notice of said failure.

In any of such events of default, the non-defaulting party may give to the defaulting party notice of intention to terminate this Agreement after the expiration of a period of thirty (30) calendar days from the date of such notice, and upon the expiration of such period, this Agreement shall terminate. If, however, upon receipt of such notice, the defaulting party shall promptly cure the default, then such notice shall be of no force and effect or, when such default cannot be cured within thirty (30) calendar days, if the

defaulting party shall take action to cure such default with all due diligence, then the effective date of the termination notice shall be extended for such reasonable time as shall be required for the defaulting party to cure such default.

The rights granted hereunder shall not be in substitution for, but shall be in addition to any and all rights and remedies for breach of contract granted by applicable provisions of law.

Notwithstanding the foregoing, neither party shall be deemed to be in default under this Agreement if a bona fide dispute with respect to any of the foregoing events of default has arisen between the parties and such dispute has been submitted to arbitration.

ARTICLE XIIA
Force Majeure

In the event that any party hereto shall be rendered unable to carry out the whole or any part of its obligations under this Agreement by reason of acts of God, acts of government in exercise of its sovereign power, other *force majeure*, strikes, wars, riots, civil commotion, acts of terrorism, and any other causes of such nature, then the performance of the obligations hereunder of that party or all the parties hereto as the case may be and as they are affected by such cause shall be excused during the continuance of any inability so caused, but such inability shall as far as possible be remedied with all reasonable dispatch. Notwithstanding anything herein contained to the contrary, if by reason of any one or more of the matters aforesaid, any party hereto is delayed in performing or is unable to perform any material obligation hereunder for more than three (3) months, then, either party may terminate this Agreement by ninety (90) days' prior notice given after the expiration of the said three (3) month period.

ARTICLE XIII
Trade Name and Exclusivity

Section 1. Name of Hotel. During the Operating Term, the Hotel shall at all times be known and designated as either **"Hyatt Regency Macau"** or **"Hyatt Regency City of Dreams"** (in English), at the Owner's election, and, in Chinese, as "澳門君悅酒店" or "夢幻之城君悅酒店" (or such other Chinese name equivalent for "Hyatt Regency City of Dreams" as may be suggested by Owner), except as may otherwise be mutually agreed by Owner and Hyatt. Hyatt hereby covenants that it has the right and authority to grant Owner a non-exclusive license to designate the Hotel under the said trade names. Owner hereby licenses Hyatt to use the "City of Dreams" name in connection with the operation of the Hotel as contemplated by this Agreement and covenants that it has the right and authority to grant Hyatt a non-exclusive license to use the name in respect of the operation of the Hotel. Hyatt will cause the trade names to be duly and properly registered and protected in Macau and shall ensure that neither Hyatt, its affiliates nor any third parties shall own, manage or operate another hotel under the trade name **"Hyatt Regency"** in English and/or "澳門君悅酒店" in Chinese in Macau during the continuance of this Agreement. It is recognized, however, that the names "Hyatt", "Regency", "Hyatt Regency", "Grand Hyatt" and "Park Hyatt" when used alone or in conjunction with some other word or words, are the exclusive property of H.I. and Hyatt Corporation. Accordingly, no right or remedy of Owner for any default of Hyatt, nor delivery of the operation and

management of the Hotel to Owner upon expiration or sooner termination of this Agreement, nor any provision of this Agreement shall confer upon Owner, or any transferee, assignee or successor of Owner or any person, firm or corporation claiming by or through Owner, the right to use the names “Hyatt”, “Regency”, “Hyatt Regency”, “Grand Hyatt” or “Park Hyatt” or "凱悅", "君悅", or "柏悅" in Chinese, either alone or in conjunction with any other word or words, in the use or operation of the Hotel or otherwise. In the event of any breach of this covenant by Owner, Hyatt shall be entitled to damages, to relief by injunction, and to other legal rights or remedies, and this provision shall be deemed to survive the expiration or sooner termination of this Agreement.

Upon the expiration or early termination of this Agreement, Owner shall change the name of the Hotel to exclude the names “Hyatt”, “Regency”, “Hyatt Regency”, “Grand Hyatt” or “Park Hyatt” in English or "凱悅", "君悅", or "柏悅" in Chinese.

Subject to Hyatt’s review and written approval, which review Hyatt shall promptly undertake following written request of Owner, Owner may use the name of the Hotel and the Hotel logo in connection with the marketing for the Development including for use on any web site of the Owner for the Development. Among other reasons, Hyatt may disapprove of any such use if Hyatt deems the depiction of the Hotel logo inconsistent with Hyatt’s corporate marketing standards.

Section 2. Exclusivity. During the Operating Term, Hyatt and its affiliates shall not own, manage, franchise, or operate another hotel in Macau (the “Restricted Area”) under a trade name that includes “Hyatt” in English and/or "凱悅酒店" in Chinese. Notwithstanding the preceding sentence there shall be no restriction on Hyatt’s ability to own, manage, franchise or otherwise permit the operation of hotels in the Restricted Area including any of the following: (a) the Grand pursuant to the Grand Agreement; (b) subject to the Grand Hyatt Agreement (provided such agreement shall be in effect), hotels under the trade names “Park Hyatt” or the corresponding Chinese name for “Park Hyatt’; (c) timeshare facilities that are part of the “Hyatt Vacation Club” timeshare program; (d) lodging facilities within the Restricted Area operated under brand names that do not include the name “Hyatt”, notwithstanding that such facility may participate in and receive the benefits of Chain Marketing Services and the other services described in Section 2 of Article VII; or (e) lodging facilities that are part of a chain of hotels recognized in the hospitality industry generally as being a select or limited service hotel product offering including, without limitation, “Hyatt Place” hotels, notwithstanding that such hotels participate in and receive some of the benefits of the Chain Marketing Services and other services described in Section 2 of Article VII.

ARTICLE XIV
Arbitration

Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or validity hereof, shall be settled by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (“ICC”) in force on the date of this Agreement.

The arbitration shall be heard and determined by one arbitrator, who shall be selected by the parties. If within thirty (30) days following the date upon which a claim is received by the respondent, the parties cannot agree on who the arbitrator is to be, the appointing authority shall select the arbitrator. The appointing authority shall be the Hong Kong branch of the ICC or if such branch is unable to act, then the Hong Kong International Arbitration Center.

The place of arbitration shall be Hong Kong, the award shall be deemed a Hong Kong award, and the English language shall be used in the arbitral proceedings.

Any monetary award shall be made and shall be payable in US dollars free of any tax or any other deduction. The award shall include the costs and expenses of the prevailing party, including its reasonable legal fees, and interest from the date of any breach or other violation of this Agreement to the date when the award is paid in full. The arbitrator shall also fix an appropriate rate of interest. In no event, however, should the interest rate during such period be lower than the best lending rate of The Hongkong and Shanghai Banking Corporation.

The award of the arbitrator shall be the sole and exclusive remedy between the parties regarding any and all claims and counterclaims presented to the arbitrator.

ARTICLE XV
Successors and Assigns

Section 1. Assignment by Hyatt. Hyatt shall have the right to assign its rights and obligations under this Agreement to any one or more wholly-owned subsidiaries of H.I., provided that each assignee enjoys the benefits of the H.I. organization in the same degree as Hyatt. Hyatt shall take such steps as are necessary to ensure that the assignee is bound by this Agreement, and, notwithstanding any such assignment, Hyatt shall not be released from any duties or obligations arising hereunder.

Except as hereinabove provided, Hyatt shall not assign this Agreement without the prior consent of Owner.

Hyatt shall provide copy of the assignment to Owner as soon as possible thereafter.

Section 2. Assignment by Owner. Owner shall have the right to assign its rights and obligations under this Agreement or its interest in the Hotel to any direct or indirect wholly-owned subsidiary of Melco PBL Melco Holdings Limited (being the joint venture company owned by Melco International Development Limited and Publishing and Broadcasting Limited), provided that Owner shall continue to be liable under this Agreement to the same extent as though such assignment had not been made. Owner shall provide as soon as practicable Hyatt with copies of the documents evidencing a permitted assignment hereunder.

In addition, but subject to Section 2A of this Article XV, Owner shall have the right to assign this Agreement or sell, assign or transfer its interest in the Hotel, or such persons who hold the majority equity interest in Owner at the date of this Agreement, shall have the right to sell, assign, or transfer their majority equity interest in Owner, without the prior consent of Hyatt, to any person or entity who agrees to be bound by all the terms of this Agreement.

Section 2A. Owner Sale. In the event Owner elects to sell, assign or transfer the Hotel (or the persons who hold the majority equity interest in Owner elect to sell, assign or transfer their majority equity interest including a public offering of equity interests in Owner) to a person or entity, and the acquisition by such person or entity results in, or gives rise to an inquiry or other proceeding that could result in, a determination, ruling or order of a government or regulatory authority having jurisdiction over either party and/or its

affiliates which objects to such party continuing this Agreement or which has the effect of revoking or jeopardizing (or, should such determination, ruling or order be directed to a party to this Agreement due to any contractual relationship it may have with another beyond such party's control, which could reasonably lead to revocation or jeopardy of) a material license held by such party and/or its affiliate over a significant part of its or their business if such party continues this Agreement, then, in such event, Hyatt shall have the right, subject to the provisions of the next paragraph, to terminate this Agreement by providing not less than one-hundred twenty (120) days' prior written notice of such termination.

In connection with a determination by (or notice from) any government or regulatory authority that would, if carried to its logical conclusion, adversely affect or jeopardize a material license as provided in the preceding paragraph before either party exercises its right to terminate this Agreement, it shall afford to the other party (i) full access of official correspondence or other records that provide explanation for the government or regulatory action, (ii) the ability to consult with the affected party in good faith regarding the potential effect of the determination, and (iii) an opportunity to participate in any hearing or other proceeding that bears upon the determination giving rise to the right to terminate this Agreement. It is the intention of this provision that any such matter shall be viewed as affecting both parties hereunder such that both parties should be able to address such a determination before any action to terminate is taken hereunder.

In the event of termination under this Section 2A, no compensation shall be payable by or to either party as a result of such termination.

Section 3. Successors and Assigns. The terms, provisions, covenants, undertakings, agreements, obligations and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successors in interest and the assigns of the parties, except that no assignment, transfer, pledge, mortgage or lease by or through Hyatt or by or through Owner, as the case may be, in violation of the provisions of this Agreement shall vest any rights in the assignee, transferee, mortgagee, pledgee, lessee or in any occupant.

ARTICLE XVI
Further Instruments

Each party hereto covenants to the other party that it shall execute and deliver all other appropriate supplemental agreements and other instruments, and take any other action, including obtaining any government approval, necessary to make this Agreement fully and legally effective, binding, and enforceable as between the parties and as against third parties. Owner, together with Hyatt, shall take the appropriate steps to register this Agreement with the relevant government departments in the People's Republic of China. Any fees or expenses incurred in connection with the actions called for by this Article XVI shall be borne by Owner.

If required under applicable law in Macau, Hyatt shall register its business as a service provider pursuant to this Agreement with the Serviços de Finanças de Macau (the Macau Finance Department) as soon as reasonably practicable after the determination of registration is determined including, if required, filing the relevant annual tax returns in respect of its income/fees arising from the businesses. Hyatt must, upon request, immediately deliver to Owner the certified copy of the registration application with acknowledgement of receipt by the Serviços de Finanças de Macau, which shall be kept in Owner's files. Hyatt undertakes to inform Owner of all relevant tax matters in connection with this Agreement, including but not limited to the amount of Taxes (as defined hereinbelow) levied in relation this Agreement and the time of payment of such Taxes. Hyatt shall be responsible for payment of Taxes levied by the Macau authority in relation to this Agreement and all costs in relation to the registration application and filing of the annual tax returns. If the Serviços de Finanças de Macau (the Macau Finance Department) determines that Hyatt should have registered as a service provider in Macau in respect of its services under this Agreement before commencing to provide services hereunder, Hyatt's position being that no services required hereunder are to be provided in Macau, and such registration was not made by Hyatt, Hyatt shall be liable for and shall reimburse Owner (i) any excess Taxes paid by Owner, which would not have not been paid if Owner could have deducted as costs for tax purposes amounts paid to Hyatt in accordance with this Agreement, and (ii) the amount of any Taxes that are paid by Owner. Prior to the payment of any Taxes to the Serviços de Finanças de Macau (the Macau Finance Department), Owner shall first notify Hyatt of its intention to pay the Taxes and afford Hyatt a reasonable opportunity to either pay the Taxes or contest the payment of the Taxes within the term defined by law for such purpose.

"Taxes" shall mean taxes, levies, imposts, deductions, charges, withholdings and duties (including stamp and transaction duties) under Macau SAR law, together with any related interest, penalties, fines and other statutory charges.

ARTICLE XVII
Notices

Any notice by either party to the other shall be deemed to have been duly given, if either delivered personally or enclosed in a registered post paid envelope addressed:

to Owner at:	38th Floor, The Centrium 60 Wyndham Street Central, Hong Kong, S.A.R. People's Republic of China
to Hyatt at:	1301, The Gateway, Tower 1 25 Canton Road Kowloon, Hong Kong, S.A.R. People's Republic of China
with a copy to:	Hyatt International Corporation Hyatt Center, 12th Floor 71 South Wacker Drive, Chicago, Illinois 60606, USA

as the case may be, or to such other address and to the attention of such persons as the parties may designate by like notice hereunder.

Any such notice shall be deemed to have been rendered or given (i) on the date hand delivered or delivered by reputable courier service (or when delivery is refused), unless such hand or courier delivery was not on a business day or was later than 5:30 p.m. (local time) on a business day, in which event delivery shall be deemed to have been rendered on the next business day and (ii) five (5) business days from the date deposited in the mail, if mailed as aforesaid.

ARTICLE XVIII
Applicable Law

This agreement shall be construed, interpreted and applied in accordance with, and shall be governed by, the laws applicable in the Hong Kong Special Administrative Region of the People's Republic of China.

ARTICLE XIX
Miscellaneous

Section 1. Right to Make Agreement. Each party warrants, with respect to itself, that neither the execution of this Agreement nor the completion of the transactions contemplated hereby, shall violate any provision of law or the judgment, writ, injunction, order or decree of any court or governmental authority having jurisdiction over it; result in or constitute a breach or default under any indenture, contract, other commitment or restriction to which it is a party or by which it is bound; or, except as provided in Article XX, require any consent, vote or approval which, the time of the transaction involved shall not have been given or taken. Each party covenants that it has and will continue to have throughout the term of this Agreement and any extensions thereof, the full right to enter into this Agreement and perform its obligations hereunder.

Section 2. Consents and Approvals. Wherever in this Agreement the consent or approval of Owner or Hyatt is required, such consent or approval shall not be unreasonably withheld or delayed, shall be in writing and shall be executed by a duly authorized officer or agent of the party granting such consent or approval. If either Owner or Hyatt fails to respond within thirty (30) days to a request by the other party for a consent or approval, such consent or approval shall be deemed to have not been given.

Section 3. Entire Agreement. This agreement, together with other writings signed by the parties expressly stated to be supplemental hereto and together with any instruments to be executed and delivered pursuant to this Agreement, constitutes the entire agreement between the parties and supersedes all prior understandings and writings, and may be amended or changed only by a writing signed by the parties hereto.

Section 4. Survival and Continuation. Notwithstanding the termination of this Agreement or of the General Manager's management of the Hotel in accordance with this Agreement, all obligations of either party provided for herein, that in order to give effect to the intent of the parties need to survive such termination, including *interalia*, the payment of monies due by Owner to Hyatt or due by Hyatt to Owner, shall survive and continue until they have been fully satisfied or performed.

Section 5. Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed a waiver of such terms and conditions on any future occasion.

Section 6. Proration. Wherever in this Agreement there is a reference to the payment of a sum of money applicable to a fiscal year during the Operating Term, such payment shall be prorated for any part of such fiscal year that shall be less than twelve (12) calendar months.

Section 7. Costs and Expenses. Each party shall bear its own legal costs and expenses for and incidental to the preparation, execution and finalization of this Agreement.

ARTICLE XX
EARLY TERMINATION

Section 1. Performance Test.

Commencing with the earlier of (a) the third (3rd) full fiscal year after the completion of the last component of the entire Development, as set forth in the final plan for the Development, and (b) the sixth (6th) full fiscal year of the Operating Term, Owner shall have the right to terminate this Agreement and any related agreements if, for any two (2) consecutive full fiscal years of operation, excluding any year in which a claim of *force majeure* (as defined in Article XIIA) exists, both (a) the Hotel's RevPAR (as hereinafter defined) is less than eighty percent (80%) of the weighted average (based upon proportionate number of keys of each hotel) RevPAR of its Competitive Set (as hereinafter defined) for each of the two (2) consecutive operating years in question **AND** (b) the Hotel's Gross Operating Profit is less than 80% of the Gross Operating Profit as projected for each such year in the Annual Plan for each such year (the "Performance Test"). Notice of Owner's election to terminate shall be given in writing within sixty (60) days following the delivery of the annual profit and loss statement for the second of two (2) failed consecutive fiscal years. Failure by Hyatt to achieve the Performance Test contemplated in this Section 1 shall not be deemed a default by Hyatt under this Agreement. For the purposes of this Agreement, the term "RevPAR" shall mean the occupancy rate multiplied by the average daily rate of the Hotel or the Competitive Set, as applicable.

For purposes of this Section 1, the term Competitive Set means the international hotels located in the area of Macau commonly known as "the Cotai Strip" whose age, guest standards, clienteles, facilities, sizes and locations are comparable to and competitive with those of the Hotel, which as at the date of this Agreement include hotels to be operated by any of the following (it being acknowledged that, at the time of execution hereof, not all of the hotels have been built): Hilton International Corporation; Starwood Hotels & Resorts Worldwide, Inc.; Shangri La Hotels Corporation; Fairmont Raffles Holdings Limited; Venetian Macau; Far East Consortium International Limited; Marriott International Corporation; and Galaxy Entertainment. In the event that either party hereto in good faith believes that any hotel included in the Competitive Set should be changed because such hotel(s) is no longer competitive with the Hotel (or in the event any such Hotel is not built), such party shall propose a change to the other party, and if the other party agrees, the parties shall designate a new list in writing signed by each of them. If the non-proposing party does not agree, the proposing party shall have the right to submit the dispute to binding arbitration as provided in Article XIV of this Agreement.

Section 2. Cure Rights.

In the event notice has been given to Hyatt of Owner's election to terminate under Section 1 above, Hyatt shall have the right, within forty-five (45) days of receipt of Owner's notice, to cure such Performance Test failure on not more than one (1) occasion during the Operating Term by paying to Owner an amount equal to the deficiency between Gross Operating Profit actually achieved for each of the two (2) consecutive operating years in which the Performance Test was failed and the amount equal to 80% of the projected Gross Operating Profit as projected for each such year in the Annual Plan for each such year. In the event Hyatt elects to cure a Performance Test failure, such cure payment shall be deemed a payment by Hyatt to Owner and none of such cure payment shall be repayable to Hyatt. Nothing herein contained shall be deemed to obligate Hyatt to cure any Performance Test failure, and the failure to cure the same shall not be deemed an Event of Default by Hyatt under this Agreement.

ARTICLE XXI
Special Conditions

Hyatt shall have the right, which may be exercised notwithstanding any claim of force majeure by Owner, to terminate this Agreement if:

(1) Owner shall not, by January 1, 2008, have obtained financial commitments which in Hyatt's opinion are satisfactory and will assure the fulfillment of Owner's obligations under this Agreement; or

(2) Owner shall not have obtained, by January 1, 2010, all necessary government approvals decrees, acts, orders, consents, licenses and permits to enable Hyatt, through the General Manager, to operate the Hotel in accordance with the terms of this Agreement; or

(3) Owner shall not, by January 1, 2008, have commenced the construction of the Hotel; or

(4) Owner shall not, by January 1, 2010, have substantially completed the construction, equipping, furnishing and decorating of the Hotel and have delivered the Hotel to Hyatt; or

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MELCO HOTELS AND RESORTS (MACAU) LIMITED

By: /s/
Name: Frank Tsui
Title: Director

By: /s/
Witness: Eda Kwok

By: /s/
Name: Rowen Craigie
Title: Director

By: /s/
Witness: Jacinda Chalmers

HYATT OF MACAU LTD.

By: /s/
Name: Gary Kwok
Title: Director

By: /s/
Witness: Matthew Coe

APPENDIX A
STATEMENT OF PROFIT AND LOSS

Rooms
- Revenue
- Payroll and related expenses
- Other expenses
  - Departmental income

Food and Beverage
- Revenue
  - Food
  - Beverage
- Cost of Sales
  - Food
  - Beverage

Other income
- Payroll and related expenses
- Other expenses
  - Departmental income

Telephone departmental income

Net income from minor operated departments

Rentals and Other Income

Total Operating department income

Undistributed operating expenses
- Administrative and General
- Human Resources
- Marketing
- Energy costs
- Property operation and maintenance
- Replacements of and additions to Furnishings and Equipment

Basic Management Fee

Gross Operating Profit

Incentive Management Fee

Owner's Profit Distribution

APPENDIX B
Schedule of Pre-Opening Expenses Format

1.0 ADMINISTRATIVE AND GENERAL EXPENSES:

1.1 Payroll and Related Expenses:

(Rooms, Minor Operated Departments, Administrative and General, Personnel and Engineering.

1.2 Business Related Expenses:

- Professional fees
- Business Related
    - Travel
    - Entertainment
    - Meeting Expenses

1.3 Office Related Expenses:

- Office Rental
- Communication Costs
- Office Supplies
- Office Utilities
- Office Miscellaneous
- Deposits (communications)
- Installations - Office Equipment

2.0 SALES AND MARKETING EXPENSES:

2.1 Payroll and Related Expenses:

- Sales and Marketing Department.

2.2 Business Related Expenses:

- Office Related Expenses
    - Office Rental
    - Communication Costs
    - Office Supplies
    - Office Miscellaneous
- Travel
- Entertainment
- Meeting Expenses

2.3 Marketing Expenses:

- Sales Materials:
    - Pre-opening Brochures
    - Fact Sheets
    - Rate Sheets
    - Photography/Slides
    - Destination Folders
    - Posters/Mailings
    - Audio/Visual tools

- Direct Mail
- Trade Shows
- Promotions

- Advertising
- Public Relations
- Chain Allocation

2.4 Opening Ceremonies:

2.5 Miscellaneous:

3.0 FOOD AND BEVERAGE EXPENSES:

3.1 Payroll and Related Expenses:

- Food & Beverage Department.

3.2 Business Related Expenses:

- Office Related Expenses
  - Office Rental
  - Communication Costs
  - Office Supplies
  - Office Miscellaneous
- Travel
- Entertainment
- Meeting Expenses

3.3 Marketing Expenses:

- Sales Materials:
  - Banquet Brochures
  - Banquet Folders
  - Posters/Mailings
  - Promotional Material
- Advertising
- Entertainment and Promotion
- Market Research

3.4 Training Expenses:

- Food Testing
- Beverage/Drink
- Photography

3.5 Miscellaneous:

4.0 OTHER EXPENSES:

4.1 Training - Support Team Expenses:

- Salary and Related Expenses
- Airfares
- Board and Lodging

- Miscellaneous

5.0 CONTINGENCIES:

6.0 SOFT OPENING - PROFIT/(LOSS):

APPENDIX C
Schedule of Initial Inventories & Working Capital Format

1.0 WORKING CAPITAL:

1.1 Cash Fund

1.2 Prepayments (Deposits)

1.3 Accounts Receivable (initial)

1.4 Funding of Operating Losses

2.0 INITIAL INVENTORIES:

2.1 Salable Inventories:

- Food Inventories
- Beverage Inventories

2.2 Operating Supplies:

- Guest Supplies
- General Supplies
- Printing Supplies
- Engineering Supplies

APPENDIX D
Key Operating Principles

1. The role of the Hotel is to support the core business of gaming in the Casino by providing accommodation and related hospitality services, in line with Hyatt's international standards.
2. When formulating business strategy, the parties should seek to ensure that the goals and objectives of the Hotel are strategically aligned with those for the Casino and the Development as a whole.
3. The parties should seek to maximize REVPAR by ensuring the highest levels of occupancy as the primary objective over a high room rate. In evaluating REVPAR, the parties will use an appropriate competitive set including the other internationally branded hotels in Macau.
4. The parties should seek to attract business to the Hotel that will provide the highest potential opportunities for on-spend, and which maximize the profit potential for the Casino and throughout the rest of the Development.
5. The Hotel should support the Casino by making its facilities available to the most important patrons of the Casino as required provided that appropriate allocations will be made so the Hotel does not incur undue expense.
6. The Hotel should be operated in a manner that ensures maximum integration with, and fully leverages the facilities available throughout the Development.
7. It is recognized that Hyatt must (a) protect its brand integrity, (b) be able to maintain the standards required to enable the Hotel to operate in accordance with the standards of "Hyatt Regency" hotels around the world, and (c) match the performance of the Competitive Set.

Exhibit 10.21

PROMISSORY TRANSFER OF SHARES AGREEMENT

THIS **PROMISSORY AGREEMENT** is made on the seventeen day of May 2006.

BETWEEN:

1. **DOUBLE MARGIN LIMITED,** a company duly incorporated under the laws of the British Virgin Islands, with its registered office in the British Virgin Islands, at International Trust Building, Wickhams Cay, Tortola, herein duly represented by its Director Li Chi Keung (hereinafter referred to as **" DOUBLE MARGIN");**

2. **LEONG ON KEI, aka ANGELA LEONG,** Chinese nationality, single, holder of the Macau ID card number 7385888(8) issued on 30-3-2005 with address in Macau at Avenida de Lisboa, 2-4, Hotel Lisboa, 9 Floor[, Macau] (hereinafter referred to as " **ANGELA LEONG**");

(collectively hereinafter referred to as the "**PROMISSORY SELLERS**")

3. **Swift Profit Investments Limited** 迅利投資有限公司, a company duly incorporated under the laws of the British Virgin Islands, with its registered office in the British Virgin Islands, at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, herein duly represented by its director, Mr. Ho, Lawrence Yau Lung (hereinafter referred to as **"SWIFT PROFIT");**

4. **SOCIEDADE DE FOMENTO PREDIAL OMAR, LIMITADA,** a company duly incorporated under the laws of Macau, duly registered in the Companies Registry Office of Macau, under 5345, page 177, Book C-13, with its registered office in Macau, at Avenida Lisboa, s/n, Nova Ala do Hotel Lisboa, 2.F, herein duly represented by its Managers Dr. Ho, Stanley Hung Sun and Ms. Leong On Kei (hereinafter referred to as **"OMAR");**

(together, the "**PARTIES**")

WHEREAS:

(a) OMAR

(i) **OMAR** is a company incorporated under the laws of Macau, duly registered in the Companies Registry Office of Macau, under number **5345**, page **177**, Book **C13**, with its registered office in Macau, at Avenida Lisboa, s/n, Nova Ala do Hotel Lisboa, 2.F.

(ii) the issued share capital of **OMAR** as at the date hereof is MOP$**10.000,00**, divided into 2 (two) shares (quotas), as follows:

- **DOUBLE MARGIN** is the lawful and beneficial owner of a share ("quota") of **OMAR** in the par amount of MOP$**3.500,00**;
- **ANGELA LEONG** is the lawful and beneficial owner of a share ("quota") of **OMAR** in the par amount of MOP$**6.500,00**;

(b) THE SITE

(iii) by means of a deed executed on 27th July 1990 (the "Deed") at the Macau Finance Department, the then Macau Government granted to " **MACAU-OBRAS DE ATERRO, LIMITADA**" several plots of land located at Zona dos Novos Aterros do Porto Exterior (NAPE), in Macau, amongst them a plot with an area of 6.480,00 sq. meters identified in the Deed as Lote 19 (A1/M) (the Deed and the Land shall be hereinafter referred to, respectively, as the " **MASTER LAND LEASE GRANT**" and the "**SITE**");

(iv) all terms and conditions of the **MASTER LAND LEASE GRANT** were furtheron revised by another deed executed in 9th August 1991 and by Dispacth n.o 98/SATOP/99 published in the Official Gazette n.º 45 in 10th November 1999;

(v) according to the above mentioned Dispatch n.o 98/SATOP/99 the new terms and conditions of the **MASTER LAND LEASE GRANT** for each of the land plots would be determined in separate and autonomous agreements;

(vi) by means of a Dispatch n.o 32/2001 issued by the Secretary for the Transports and Public Works of the Macau SAR and published in the Official Gazette n.º 17 in 25th April 2001, the **MASTER LAND LEASE GRANT** was amended to contemplate only the lease of the **SITE**;

(vii) by means of a Dispatch n.o 67/2004 issued by the Secretary for the Transports and Public Works of the Macau SAR and published in the Official Gazette n.º 28 in 14th July 2004, it was authorized the assignment of rights of the **MASTER LAND LEASE GRANT** concerning the **SITE** by "**MACAU-OBRAS DE ATERRO, LIMITADA**" in favor of **OMAR** (the revised version of the **MASTER LAND LEASE GRANT** regarding the **SITE**, and the authorization for the assignment of rights in favor of OMAR shall be collectively referred to as the " **LAND LEASE GRANT**");

(viii) the boundaries of the **SITE**, indicated in the relevant Government documents issued, are:

- **North**: Rua de Madrid;
- **South**: Avenida Dr. Sun Yat-Sen;
- **East**: Avenida do Governador Jaime Silvério Marques;
- **West**: Alameda do Dr. Carlos d'Assumpção

(ix) under the **LAND LEASE GRANT** conditions presently in force, the **SITE** shall be developed with the construction of a building under strata title with two towers with 13 floors and a podium, with the following gross floor areas (in square meters):

(i) housing **35,248** ; (ii) commerce **4,992**;
(iii) parking **8,372;** (iv) social equipment **2,612**

(x) during the development period the yearly land rental for the **SITE** is MOP **64,800.00** subject to revision each 5 years, and after completion of the construction the rental to be paid to the Government should be MOP$255,540.00.

(xi) the development should have been completed by **29th October 2005**.

(xii) pursuant to the **LAND LEASE GRANT** and to Decree-Law 54/89/M, 28th August, upon completion of the development **OMAR** must return to the Macau Government the unit for social equipment with a total area of 2,612 sq. meters and the attached parking spaces.

(c) THE TRANSFER OF SHARES AGREEMENT

(xiii) in order to indirectly own and possess the **SITE, SWIFT PROFIT** has decided to purchase 100% of the share capital of **OMAR** for the total consideration described in Clause 3 of this **PROMISSORY AGREEMENT**.

(d) **PRE-CONDITION FOR MAKING THE PROMISE TO SELL THE SHARES BY THE PROMISSORY SELLERS**

(xiv) The **PROMISSORY SELLERS AND/OR "SOCIEDADE DE JOGOS DE MACAU, S.A**." (hereinafter designated as **"SJM"**) are negotiating and a preliminary agreement was signed for the acquisition of a site identified as Lote 25 located at Zona dos Novos Aterros do Porto Exterior (NAPE), in Macau, from a third party related with the authority of Zhuhai and this **PROMISSORY AGREEMENT** and all its terms and conditions are subject to the completion of the proposed acquisition and the **PROMISSORY SELLERS AND/OR SJM** or their respective nominees become owners (whether directly or indirectly) of the site of Lote 25. There is an indication that this acquisition shall be completed before or on 27 th January 2007 but such completion date can be extended by both parties to a further date in accordance with **Clause 6.1.1 below**. In case the proposed acquisition of Lote 25 is not completed for whatever reasons and the **PROMISSORY SELLERS AND/OR SJM** or their respective nominees do not become owners (whether directly or indirectly) of the site of Lote 25 this **PROMISSORY AGREEMENT** shall be considered as terminated and all amounts of the consideration received by the **PROMISSORY SELLERS** and/or their legal counsel in Macau, shall be returned (without interest) to **SWIFT PROFIT.**

(e) Relationship between SWIFT PROFIT AND MELCO INTERNATIONAL DEVELOPMENT LIMITED

Swift Profit is a wholly owned subsidiary of Melco PBL Holdings Limited, which is a 50:50 joint venture of Melco International Development Limited (a company incorporated in Hong Kong and the securities of which are listed on the Hong Kong Stock Exchange) (" **Melco**") and Publishing and Broadcasting Limited (a company incorporated under the laws of Australia and the securities of which are listed on the Australian Stock Exchange) (" **PBL**") and a member of the joint venture to undertake gaming, entertainment and hospitality business in Asia region (" **Melco PBL Joint Venture**"). It is confirmed and acknowledged by Swift Profit that any of its Appointed Nominee shall be either :

(a) companies within the Melco PBL Joint Venture or;

(b) Melco or Melco's subsidiaries; or

(c) PBL or PBL's subsidiaries; or

(d) any of the directors or authorised officers of the aforesaid companies

but not any other third party.

Under such circumstances that both Parties are fully aware, the **PROMISSORY SELLERS** have agreed to promise to sell and **SWIFT PROFIT** has agreed to promise to purchase the **SALE SHARES** on and subject to the terms and conditions of this **PROMISSORY AGREEMENT**.

IS HEREBY AGREED AS FOLLOWS:

1. **DEFINITIONS**

"Affiliate"	of a specified Person means any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person and, in the case of such specified Person being a natural Person, shall include, without limitation, such specified Person's spouse, parents and descendants (whether by blood or adoption and including any stepchildren);
"Appointed Nominee"	means any company(ies) as specified in **Recital (e)** or any directors or authorised officers of such company(ies) appointed by **SWIFT PROFIT** for purchase of one or both Sale Shares upon Completion pursuant to **clause 2.3** or for dealing with the Government and/ or any othe public or private body regarding the revision of the LAND LEASE GRANT pursuant to **clause 4**;
"**Articles"**	means the articles of association of **OMAR**;
"Authority"	means any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction and whether supranational, national, regional or local and the term "Authority" shall include but not limited to "Tax Authority";
"Authorisation"	means any licence, consent, permit, approval or other authorisation, whether public or private;
"Business Day"	means a day (other than a Saturday, Sunday, public holidays or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Macau at 10:00 a.m.) on which banks in Macau are generally open for business;
"Completion"	means the completion of the sale and purchase of the Sale Shares pursuant to Clause 5;
"Completion Date"	means the date on which Completion takes place, should be on or before 27th January 2007 or such other date as mentioned in **Clause 6.1.1 or 6.1.2**
"Consideration"	has the meaning given in Clause 3;
"Control"	means, in relation to a specified Person, where another Person (or other Persons acting in concert) acquires direct or indirect control (1) of the affairs of that specified Person(or, if applicable, its holding company),

	or (2) over more than 50 per cent. of the total voting rights conferred by all the issued shares in the capital of that specified Person which are ordinarily exercisable in general meeting or (3) of the composition of the main board of directors of that specified Person (or holding company). For these purposes, **"Persons acting in concert"**, in relation to a specified Person, are Persons which actively co-operate pursuant to an agreement or understanding (whether formal or informal) with a view to obtaining or consolidating Control of that specified Person. The expressions **"Controls"; "Controlled by";** and **"common Control"** shall have a corresponding meaning;
"Deposit"	has the meaning given in **Clause 3.2**
"Encumbrance"	with respect to any asset, any mortgage, lien, pledge, charge, option, restriction, right of first refusal, right of pre-emption, third party right equity or interest, other security interest or encumbrance of any kind in respect of such asset or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect;
"Government"	means any governmental authority in Macau; and the term " **Governmental**" shall be construed accordingly;
"HK$"	means Hong Kong dollars;
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"LAND LEASE GRANT"	has the meaning given in Recital (b)(vii);
"Law"	includes all applicable legislation, statutes, directives, regulations, judgements, decisions, decrees, orders, instruments, by-laws and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, rules of common law, customary law and equity and all civil or other codes and all other laws of, or having effect in, any jurisdiction from time to time and whether before or after the date of this **PROMISSORY AGREEMENT**;
"Macau"	means the Macau Special Administrative Region of the People's Republic of China;
"MOP"	means Macau patacas;

"Notarized Share Transfer Agreement"	means the transfer of Shares Agreement to be executed at Completion according to paragraph 1 of article 366 of the Macau Commercial Code;
"Notice"	has the meaning given to it in Clause 15.1;
"SWIFT PROFIT' Warranties"	means the warranties and representations given by **SWIFT PROFIT** pursuant to Clause 10 and "**SWIFT PROFIT' Warranty**" means any one of them;
"Sale Shares" or "Shares"	means the 2 Shares ("quotas") of MOP$3.500,00 and MOP$6.500,00 each in the registered capital of OMAR, all of which have been issued and are fully paid up, representing 100% of the issued share capital of **OMAR**;
"PROMISSORY AGREEMENT"	means this **PROMISSORY AGREEMENT** including all schedules to this **PROMISSORY AGREEMENT**, as it may be amended and/or supplemented from time to time;
"**PROMISSORY SELLERS' Warranties"**	means the warranties and representations given by the **PROMISSORY SELLERS** pursuant to Clauses 10 and 11 and "**PROMISSORY SELLERS' Warranty**" means any one of them;
"**Quota"**	Share of the joint capital of a private company as defined on Articles 356 and 360 of Macau Commercial Code
"SITE"	has the meaning given in Recital (b)(iii);
"Tax" or "**Taxation**"	include all forms of tax, levy, duty (including Hong Kong estate duty), charge, fee, contribution, impost or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by a local, municipal, governmental, state, federal or other body or authority in Macau (including any fine, penalty, surcharge or interest in relation thereto); and
"Tax Authority"	means any person, organisation or body entitled to enforce or collect Tax including without limitation, the "Direcção dos Serviços de Finanças de Macau".

2. **PROMISE OF SALE AND PURCHASE**

2.1. Subject to the terms and conditions of this **PROMISSORY AGREEMENT**, the **PROMISSORY SELLERS**, as legal and beneficial owners, promise to sell to the **SWIFT PROFIT**, and **SWIFT PROFIT** promises to purchase from the **PROMISSORY SELLERS** the **SALE SHARES** free from all Encumbrances and together with all rights and advantages attaching to them as at Completion (including, without limitation, the right to receive all dividends or distributions declared, made or paid on or after Completion).

2.2 Notwithstanding 2.1 above, any and all distribution of dividends prior to **COMPLETION** shall be subject to previous written consent given by **SWIFT PROFIT.**

2.3 The **PROMISSORY SELLERS** agree that **SWIFT PROFIT** shall be freely entitled to appoint the **APPOINTED NOMINEE** which must be any company(ies) as specified in Recital (e) or any director(s) or authorised officer(s) of such company(ies) to purchase one or both **SALE SHARES**. The appointment of the **APPOINTED NOMINEE** to purchase one or both **SALE SHARES** shall be notified to the **PROMISSORY SELLERS** on or before the execution of the **NOTARIZED SHARE TRANSFER AGREEMENT.**

3. **CONSIDERATION**

3.1. The total consideration to be paid by **SWIFT PROFIT** to the **PROMISSORY SELLERS** for the **SALE SHARES** shall be **HK$1.500.000.000,00** (Hong Kong Dollars One Billion and Five Hundred Million Only) (the " **Consideration**").

3.2. **SWIFT PROFIT** shall pay the Consideration to the **PROMISSORY SELLERS** as follows:

a) Upon execution of this **PROMISSORY AGREEMENT**, **SWIFT PROFIT** hereby pays to **DOUBLE MARGIN'S** legal counsel in Macau, namely **C&C Advogados** as a stakeholder a down payment in the amount of **HKD$35.000.000,00** (Hong Kong Dollars Thirty five Million Only) by means of a cheque, who hereby acknowledges receipt;

b) Upon execution of this **PROMISSORY AGREEMENT**, **SWIFT PROFIT** hereby pays to **ANGELA LEONG'S** legal counsel in Macau, namely **C&C Advogados** as a stakeholder a down payment in the amount of **HKD$65.000.000,00** (Hong Kong Dollars Sixty Five Million) by means of a cheque, who hereby acknowledges receipt;

The aforesaid aggregate amount of **HKD$100.000.000,00** paid by **SWIFT PROFIT** shall collectively be referred to as "Deposit" and the said payment of Deposit by **SWIFT PROFIT** to the **PROMISSORY SELLERS'** legal counsel as stakeholder can be made by way of one or multiple cheque(s).

The balance amount of **HKD$1.400.000.000,00** (Hong Kong Dollars One Billion and Four Hundred Million Only) shall be paid as follows:

a) Upon execution of the Notarized Share Transfer Agreement and Completion, **SWIFT PROFIT** shall pay to **DOUBLE MARGIN** the amount of **HKD$490.000.000,00** (Hong Kong Dollars Four Hundred and Ninety Million Only) by means of a cheque, bank draft or cashier order as **SWIFT PROFIT** and/or its Appointed Nominee may deem appropriate ;

b) Upon execution of the Notarized Share Transfer Agreement and Completion, **SWIFT PROFIT** shall pay to **ANGELA LEONG** the amount of **HKD$910.000.000,00** (Hong Kong Dollars Nine Hundred and Ten Million Only) by means of a cheque, bank draft or cashier order as **SWIFT PROFIT** and/or its Appointed Nominee may deem appropriate ;

4. **POWER OF ATTORNEY**

OMAR shall execute, within 21 days, in favor of **SWIFT PROFIT** or its Appointed Nominee a revocable Power of Attorney, as per Annexed draft, granting inter alia the necessary powers for **SWIFT PROFIT** or its Appointed Nominee to make to the Government and/or any other public or private body any requests and/or petitions whatsoever related to the revision of the **LAND LEASE GRANT** so that **OMAR** can prepare the development of the **SITE** for a complex including hotel and casino.

5. REVERSION OF THE SITE

5.1. The **PROMISSORY SELLERS**, **SWIFT PROFIT** and **OMAR** acknowledge and agree that pursuant to the **LAND LEASE GRANT**, the development of the **SITE** should have been completed by **29th October 2005** and that such event may constitute a breach of the **LAND LEASE GRANT**, and thus the **SITE** might be subject to reversion to the Government.

5.2 The **PROMISSORY SELLERS**, **SWIFT PROFIT** and **OMAR** hereby agree and acknowledge that they will use their best endeavors and their best commercial efforts with the Government, so that the revision of the **LAND LEASE GRANT** is duly authorized as soon as possible, and that the **SITE** is not reverted to the Macau Government.

5.3 For the purposes mentioned in paragraph 5.2 above, the **PROMISSORY SELLERS** and **OMAR** hereby declare that they shall sign all required documentation necessary in a timely manner for the revision of the **LAND LEASE GRANT**.

5.4 If the Government decides that the **SITE** must be reverted, the **PROMISSORY SELLERS** and **OMAR** shall, or as the case may be, procure its legal counsel in Macau, namely C&C Advogados, to, within seven (7) days from the effective date of announcement of the reversion on the Macau Official Gazette, return to **SWIFT PROFIT** all amounts (without interest) paid by the latter pursuant to this **PROMISSORY AGREEMENT**.

5.5 In the event of reversion of **SITE** to the Government and after the amounts have been fully returned to **SWIFT PROFIT** as mentioned in 5.4 above, this **PROMISSORY AGREEMENT** shall be considered terminated by mutual agreement of the Parties with effect from the date of the announcement of the reversion on Macau Official Gazette.

5.6 In the event this **PROMISSORY AGREEMENT** is considered terminated under the terms stipulated in this clause and without prejudice to the payment of the amounts in the terms stipulated in 5.4 and 5.5 above, all Parties (**PROMISSORY SELLERS**, **SWIFT PROFIT** and **OMAR**) acknowledge and agree that they will not receive any compensation as a result of the said termination.

6. COMPLETION

6.1 DATE AND PLACE

6.1.1 Completion shall take place on or before 27th January 2007 and in case the completion date of the acquisition of Lote 25 by the **PROMISSORY SELLERS AND/OR SJM** or their respective nominees does not occur on or before that date, Swift Profit may either by immediate written notice to the Promissory Seller to terminate this Promissory Agreement or agree in good faith with the Promissory Sellers such other date of Completion in order to allow the Completion to take place on the same date of the acquisition of Lote 25 by the Promissory Sellers and/or SJM or their respective

6.1.2 **Condition for Completion**

Notwithstanding anything to the contrary contained herein **and without prejudice to clause 6.1.1 above**, the Completion shall only take place upon fulfilment of all of the following conditions (or upon Swift Profit has given, in its absolute discretion, a written waiver thereof to the Promissory Sellers) :

(a) the **GOVERNMENT** has authorised the revision of the **LAND LEASE GRANT** as mentioned in Clause **5.2 above;**

(b) **SWIFT PROFIT** is satisfied with the results of the due diligence review as mentioned in **Clause 9 below** in all material respect; and

(c) All the **PROMISSORY SELLERS' WARRANTIES** remain true and accurate in all material respect at the time of Completion;

In case any of the above conditions is not fulfilled on or before 27 th January 2007, Swift Profit may either :

(i) by immediate written notice to the Promissory Seller to terminate this Promissory Agreement; or

(ii) by written notice specify another date of Completion allowing further reasonable time for fulfilment of such unfulfilled conditions; or

(iii) by giving a written notice of waiver of such unfulfilled conditions to the **PROMISSORY SELLERS** and proceed with the Completion accordingly

6.1.3 The rights stipulated in 6.1.2 above shall survive until (i) the **PROMISSORY AGREEMENT** is terminated or (ii) the **NOTARIZED SHARE TRANSFER AGREEMENT** is executed.

6.1.4 The **PROMISSORY SELLERS, SWIFT PROFIT** and **OMAR** acknowledge and agree that other than the return of Deposit as mentioned in **Clause 6.1.5 below** , no other compensation shall be claimed by either Party in case of any termination of this Promissory Agreement by Swift Profit pursuant to either **Clause 6.1.1 or 6.1.2 above.**

6.1.5 If this Promissory Agreement is considered terminated under the terms stipulated in **Clause 6.1.1 or 6.1.2**, the **PROMISSORY SELLERS** and **OMAR** shall, or as the case may be, procure its legal counsel in Macau, namely C&C Advogados, to, within seven (7) days from the date of notice of termination given by Swift profit, return to **SWIFT PROFIT** all and any amounts (without interest, with exception on the default by the Promissory Sellers when the amounts shall be returned with interest) paid by the latter pursuant to this **PROMISSORY AGREEMENT**.

6.2 **COMPLETION EVENTS**

On Completion:

6.2.1 the **PROMISSORY SELLERS** and the **SWIFT PROFIT** (and/ or its Appointed Nominee) shall execute the **NOTARIZED SHARE TRANSFER AGREEMENT;**

6.2.2. the **PROMISSORY SELLERS'** legal counsel in Macau, namely C&C Advogados shall release the Deposit to the **PROMISSORY SELLERS** in accordance with their respective entitlements set out in clause **3.2 above**

6.2.3 **SWIFT PROFIT** and/ or its Appointed Nominee shall pay the balance of the Consideration to the **PROMISSORY SELLERS.**

6.2.4 the **PROMISSORY SELLERS** and **OMAR** shall provide such written documents evidencing :

(a) the resignation of all the members of the administration nominated by the Promissory Sellers as mentioned in **clause 8.1 and a written confirmation from such resigning members that they have no claim outstanding for compensation or otherwise against Omar** ;

(b) cause such persons as nominated by **SWIFT PROFIT** and/ or its Appointed Nominee to be validly appointed as new members of administration of Omar; and

(c) the termination of the commitment between **OMAR** and **SJM** regarding the operation of a casino at the premises of the building at the Site as mentioned in **clause 8.3**

7. **PRE-EMPTION RIGHT**

7.1. OMAR and each of its **SHAREHOLDERS**, being the **PROMISSORY SELLERS,** hereby waives and renounces in full the pre-emption right held pursuant to Clause 5 of the Articles in respect of the transfer of the **SALE SHARES.**

8. **OMAR'S ADMINISTRATION AND OBLIGATION OF OMAR**

8.1 The **PROMISSORY SELLERS** undertake that upon the execution of this **PROMISSORY AGREEMENT**, all the members of the administration shall submit their resignation from the positions held as follows:

- **LEONG ON KEI,** from the position of Manager;
- **HO STANLEY HUNG SUN AKA STANLEY HUNG SUN HO AKA STANLEY HO,** from the position of Manager;
- **CHAN WAI LUN ANTHONY,** from the position of Manager;
- **AMBROSE SO SHU FAI,** from the position of Manager

8.2 The resignation mentioned in 8.1 above shall only be effective as of the date of Completion.

8.3 Upon execution of this Promissory Agreement, **OMAR** shall, and the **PROMISSORY SELLERS** shall procure OMAR to, terminate the commitment with **SJM** to operate a casino at the premises of building at the Site as mentioned in **clause 11.1.4 (b) below** with effective termination date on the date of Completion and the promissory sellers shall bear all costs and expenses and other compensation, if any, to **SJM** regarding such termination. The **PROMISSORY SELLERS** hereby undertake to pay to **SJM** any and all sums that may be claimed or demanded by **SJM** and/ or any third party for such termination and to keep **OMAR** free from any liabilities resulting from the said termination.

9. **DUE DILIGENCE REVIEW PRIOR TO COMPLETION**

9.1 **SWIFT PROFIT** and their respective appointed representatives and professional advisers shall have the right, after the execution of this Promissory Agreement and until the date of Completion, to visit the **SITE,** facilities and office premises of **OMAR** and to check

the existence and condition of the **SITE** and the assets thereat and to carry out a review and investigation of, including but not limited to, the assets, liabilities, financial condition, contracts, operations, books and records, etc., commitments, business and prospects of **OMAR**.

9.2 The **PROMISSORY SELLERS** shall provide all reasonable assistance (including but not limited to allow free access to the **SITE**, the facilities and office premises of **OMAR** at reasonable time with prior appointment) and information as **SWIFT PROFIT** and/or their respective appointed representatives and professional advisers may require for the purpose of carrying out the relevant review and investigation as mentioned in paragraph 9.1 above

10. WARRANTIES

10.1. **OMAR** and the **PROMISSORY SELLERS' WARRANTIES**

10.1.1 **OMAR AND THE PROMISSORY SELLERS** jointly and severally warrant and represent to and for the benefit of **SWIFT PROFIT** that **OMAR** and the **PROMISSORY SELLERS**' Warranties are true, accurate and not misleading as at the date of this **PROMISSORY AGREEMENT**.

10.1.2 **OMAR** and the **PROMISSORY SELLERS** acknowledge and accept that **SWIFT PROFIT** is entering into this **PROMISSORY AGREEMENT** in reliance upon each of **OMAR** and the **PROMISSORY SELLERS**' Warranties.

10.1.3 **OMAR** and the **PROMISSORY SELLERS**' Warranties are given subject to matters fairly disclosed in this **PROMISSORY AGREEMENT** with sufficient details to identify the nature and extent of the matters disclosed, but no other information relating to **OMAR** of which the **SWIFT PROFIT** have knowledge (actual or constructive) shall prejudice any claim made by **SWIFT PROFIT** under this **PROMISSORY AGREEMENT** or operate to reduce any amount recoverable.

10.1.4 Each of **OMAR** and the **PROMISSORY SELLERS**' Warranties shall be separate and independent and shall not be limited by reference to any other **PROMISSORY SELLERS**' Warranty or anything in this **PROMISSORY AGREEMENT**.

10.2 **NOTIFICATION**

10.2.1 If after the signing of this **PROMISSORY AGREEMENT**:

(i) **OMAR** and the **PROMISSORY SELLERS** shall become aware that any of the **PROMISSORY SELLERS**' Warranties was untrue, inaccurate or misleading as of the signing of this **PROMISSORY AGREEMENT**; or

(ii) any event shall occur or matter shall arise of which **OMAR** and the **PROMISSORY SELLERS** become aware which results or may result in any of the **PROMISSORY SELLERS**' Warranties being untrue, inaccurate or misleading at Completion, had **OMAR** and the **PROMISSORY SELLERS**' Warranties been repeated at Completion,

OMAR and the **PROMISSORY SELLERS** shall immediately notify **SWIFT PROFIT** in writing as soon as practicable and in any event prior to Completion setting out full details of the matter and the **PROMISSORY SELLERS** shall make any investigation concerning the event or matter and take such action, at their own cost, as **SWIFT PROFIT** may require.

10.2.2 Any notification pursuant to Clause 10.2.1 shall not operate as a disclosure and **OMAR** and the **PROMISSORY SELLERS**' Warranties shall not be subject to such notification.

10.3 UPDATING OF OMAR AND THE PROMISSORY SELLERS' WARRANTIES TO COMPLETION

OMAR and the **PROMISSORY SELLERS** further jointly and severally warrant and represent to **SWIFT PROFIT** that **OMAR** and the **PROMISSORY SELLERS**' Warranties will be true and accurate and not misleading at Completion as if they had been repeated at Completion.

10.4 **TERMINATION RIGHTS**

10.4.1 Subject to **Clauses 6.1.1 and 6.1.2 above,** if, on or before Completion, upon proper notification **OMAR** and/or the **PROMISSORY SELLERS** refuse to transfer the shares to **SWIFT PROFIT ,** the latter shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to **OMAR** and the **PROMISSORY SELLERS** to terminate this **PROMISSORY AGREEMENT** and demand the return of the Deposit (with interest) and an additional compensation equivalent to the amount of the Deposit.

10.4.2 If this Promissory Agreement is considered terminated under the terms stipulated in clause 10.4.1 above, the **PROMISSORY SELLERS** and **OMAR** shall, within seven (7) days from the effective date of the termination, return to **SWIFT PROFIT** the Deposit (with interest) together such additional compensation equivalent to the amount of the Deposit.

10.4.3 Notwithstanding what is provided in the present Clause, **OMAR** and the **PROMISSORY SELLERS** agree that Article 820 of the Civil Code of Macau shall apply to this **PROMISSORY AGREEMENT**, and therefore if **SWIFT PROFIT** do not default this **PROMISSORY AGREEMENT**, the latter may chose to file a legal action for specific performance of the present **PROMISSORY AGREEMENT** in accordance with the said legal provision.

10.4.4 Any failure by **SWIFT PROFIT** to exercise the right to terminate this **PROMISSORY AGREEMENT** under Clause 10.4.1 shall not constitute a waiver of any other rights of **SWIFT PROFIT** arising out of any breach of any **PROMISSORY SELLERS**' Warranty.

10.4.5 Pursuant to paragraph 2 of article 517 of the Macau Civil Code, the **OMAR** and the **PROMISSORY SELLERS' WARRANTIES** and any liability occurring thereof are solely and exclusively undertaken by the **PROMISSORY SELLERS**. This clause 10.4.5 shall survive and remains valid after the date of Completion.

10.5 **PROMISSORY SELLERS' UNDERTAKING TO PAY**

10.5.1 Without restricting the rights of **SWIFT PROFIT** or their ability to claim damages on any other basis, in the event of a breach of any of the **PROMISSORY SELLERS**' Warranties, the **PROMISSORY SELLERS** shall pay, in cash on demand, to **SWIFT PROFIT** a sum equal to the aggregate of:

(a) the amount necessary to put **OMAR** or **SWIFT PROFIT** into the position which would have existed if the **PROMISSORY SELLERS**' Warranty had been true and accurate and not misleading, including the amount by which the value of any asset or contract (including one warranted to exist but not in fact existing) thereby is or becomes less

and the amount of any liability which thereby arises or is or becomes greater or which **OMAR** thereby incurs or to which any of them thereby becomes subject; and

(b) all costs and expenses (including, without limitation, legal fees, experts' fees and consultants' fees on an indemnity basis and all costs and expenses incurred in the recovery of the amounts payable under the claim for breach of any **PROMISSORY SELLERS**' Warranty) incurred by **SWIFT PROFIT** or **OMAR** directly or indirectly, as a result of or in connection with such breach or in order to remedy the same.

10.5.2 Without prejudice to Clause 10.5.1, where the nature of the breach of the **PROMISSORY SELLERS**' Warranties or the effect of the breach of the **PROMISSORY SELLERS**' Warranties is that:

(i) the value of an asset (including one warranted to exist but not existing) of **OMAR** is or becomes less than its value would have been had there been no breach of the **PROMISSORY SELLERS**' Warranties; or

(ii) **OMAR** has or incurs any liability or increase in liability which would not have been incurred if there had been no breach of the **PROMISSORY SELLERS**' Warranties,

the **PROMISSORY SELLERS** shall be liable to pay, in accordance with Clause 10.5.1, the full amount of such deficiency or diminution in value of the relevant asset or of the relevant liability or increase in liability.

10.5.3 Where there is an obligation pursuant to the terms of this Promissory Agreement for the **PROMISSORY SELLERS** and/ or **OMAR** to procure **C&C Advogados** to return the Deposit (with or without interest, as the case may be) or any other money paid by **SWIFT PROFIT** pursuant to the terms of this Promissory Agreement and in case **C&C Advogados** has, for whatever reasons, failed to return such sum to **SWIFT PROFIT**, the **PROMISSORY SELLERS** shall remain primarily liable to **SWIFT PROFIT** regarding the return of the relevant amount or any deficit thereto.

10.6 EFFECT OF COMPLETION

The **PROMISSORY SELLERS**' Warranties and all other provisions of this **PROMISSORY AGREEMENT**, to the extent that they have not been performed on or before Completion, shall not be extinguished or affected by Completion or by any other event or matter, except by a specific and duly authorised written waiver or release by **SWIFT PROFIT**.

11. **PROMISSORY SELLERS' WARRANTIES:**

11.1 **OMAR'S CONSTITUTION**

11.1.1 **Share Capital**

(a) The **SALE SHARES** comprise 100% of the issued and allotted share capital of **OMAR** and all the **SALE SHARES** were fully paid by the **PROMISSORY SELLERS;**

(b) The **PROMISSORY SELLERS** are the sole legal and beneficial owners of the **SALE SHARES** and have the right to exercise all voting and other rights over the **SALE SHARES**;

(c) The **SALE SHARES** are registered in the name of the **PROMISSORY SELLERS;** and

(d) All consents for the transfer of the **SALE SHARES** have been obtained or will be obtained by **COMPLETION DATE**.

(e) The Sale Shares are free from all Encumbrances and other adverse interests and claims.

11.1.2 **Options etc.**

No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, issue, sale, transfer or conversion of any share or loan capital of **OMAR** under any option or other agreement (including conversion rights and rights of pre-emption). OMAR has not agreed to allot or issue any share or loan capital.

11.1.3 **Articles**

The copy of the Articles provided by the **PROMISSORY SELLERS** to **SWIFT PROFIT** is the true, accurate and update version of the Articles.

11.1.4 **Investments, associations and branches**

OMAR:-

(a) is not the holder or beneficial owner of, and has not agreed to acquire, any share or other capital of any other company or corporation (incorporated in Macau or elsewhere);

(b) is not, and has not agreed to become, a member of any partnership, joint venture, consortium or other unincorporated association, body or undertaking in which it is to participate with any other in any business or investment (with exception to a commitment with SJM to operate a casino at the premises of building at Lot 19) ; and

(c) has no branch, agency, establishment, operations or place of business outside Macau.

11.1.5 Corporate Information

The particulars contained in Schedule 1 are true, accurate and not misleading.

11.2 **OMAR AND THE LAW**

11.2.1 **Compliance with Laws**

OMAR is conducting and has conducted its business in accordance with normal practice on similar companies in its place of incorporation, and there is no order, decree or judgment of any Authority outstanding against **OMAR** or any person for whose acts **OMAR** is vicariously liable which may have a material adverse effect upon the assets or business of **OMAR**.

11.2.2 **Authorisations**

(a) All Authorisations necessary under any Law or desirable for utilising any of the assets of **OMAR** or carrying on effectively any aspect of its business in the places and in the manner in which such business is now carried on have been obtained by **OMAR** and all of them are in full force and effect and are not limited in duration or subject to onerous conditions.

(b) There is no investigation, enquiry or proceeding outstanding or anticipated which is likely to result in the suspension, cancellation or modification of any Authorisation.

(c) All reports, returns and information required by any Law or as a condition of any Authorisations to be made or given to any person or Authority in connection with **OMAR**'s business have been made or given to the appropriate person or Authority.

(d) The utilisation of any of the assets of **OMAR** or the carrying on of any aspect of **OMAR**'s business or any business now being carried on by **OMAR** is not in breach of any of the terms and conditions of any Authorisation and so far as the **PROMISSORY SELLERS** are aware there is no circumstance, including the entry into or completion of this **PROMISSORY AGREEMENT**, which indicates that any Authorisation is likely to be suspended, cancelled or revoked or that any of them will expire within a period of one year from the date of this **PROMISSORY AGREEMENT**.

11.2.3 **Breach of the Law**

Neither **OMAR**, nor any of its officers, agents or employees (during the course of their duties in relation to **OMAR**) have committed, or omitted to do any act or thing the commission or omission of which is, or could be, in contravention of the Law and that could have relevant consequences to the company or its assets and no notice or communication from any court, tribunal, arbitrator, governmental agency or regulatory body has been received by the **PROMISSORY SELLERS** or **OMAR** with respect to any alleged, actual or potential violation or failure to comply with, any Law.

11.2.4 **Litigation**

(a) Neither **OMAR** nor any of its past or present officers or agents nor any of its past or present employees is engaged in or the subject of any litigation or arbitration or administrative or criminal proceedings or in any proceedings before an employment tribunal whether as claimant, plaintiff, defendant or otherwise, or any investigation or enquiry by any Authority.

(b) No litigation or arbitration or administrative or criminal proceedings or investigation or enquiry are pending or threatened or expected by or against **OMAR** or any such officer, agent or employee and so far as the **PROMISSORY SELLERS** are aware there are no facts or circumstances likely to give rise to the same.

(c) No distress, execution or other process been levied against **OMAR** or action taken to repossess goods in **OMAR**'s possession. No unsatisfied judgment is outstanding against **OMAR**.

(d) No event analogous to any of the foregoing has occurred in relation to **OMAR** in or outside Macau.

11.3) **OMAR'S ACCOUNTS AND RECORDS**

The PROMISSORY SELLERS shall make available to SWIFT PROFIT all existing books, books of account, ledgers, financial and other records of whatsoever kind of **OMAR**

11.4) **OMAR'S BUSINESS AND THE EFFECT OF THE SALE**

(a) **OMAR** has carried on its business in the ordinary and usual course so as to maintain it as an on-going concern and without any interruption or alteration in the nature, scope or manner of its business;

(b) there has been no material deterioration in the financial or trading position, profitability, prospects or turnover of **OMAR**;

(c) **OMAR** has not borrowed or raised any money or taken any form of financial facility (whether pursuant to a factoring arrangement or otherwise);

(c) **OMAR** has paid its creditors in accordance with their respective credit terms or (if not) within the time periods usually applicable to such creditors;

(d) **OMAR** has not entered into, or agreed to enter into, any commitment to acquire or dispose of on capital account any asset of an aggregate value in excess of [HK$200,000] or any commitment involving expenditure by it on capital account;

(e) no share or loan capital has been issued or agreed to be issued by **OMAR**;

(f) no distribution of capital or income has been declared, made or paid in respect of any share capital of **OMAR** and (excluding fluctuations in overdrawn current accounts with bankers) no loan or share capital of **OMAR** has been repaid in whole or part or has become liable to be repaid in whole or part; and

(g) **OMAR** has not done or omitted to do anything which might prejudicially affect its goodwill.

11.5. **CONSEQUENCE OF SHARE ACQUISITION BY SWIFT PROFIT**

The acquisition of the **SALE SHARES** by **SWIFT PROFIT** and compliance with the terms of this **PROMISSORY AGREEMENT** will not:

(a) cause **OMAR** to lose the benefit of any Authorisation or any right or privilege it presently enjoys or relieve any person of any obligation to **OMAR** (whether contractual or otherwise) or enable any person to determine any such obligation or any contractual right or benefit now enjoyed by **OMAR** or to exercise any right whether under an agreement with **OMAR** or otherwise;

(b) result in any present or future indebtedness of **OMAR** becoming due or capable of being declared due and payable prior to its stated maturity;

(c) give rise to or cause to become exercisable any right of pre-emption;

(d) result in a breach of, or constitute a default under any provision of the articles of association of **OMAR**;

(e) result in a breach of, or constitute a default under any order, judgement or decree of Authority by which **OMAR** is bound or subject; or

(f) result in a breach of, or constitute a default under the terms, conditions or provisions of any agreement, understanding, arrangement or instrument (including, but not limited to, any of **OMAR**'s contracts),

and, to the best of the knowledge and belief of the **PROMISSORY SELLERS**, **OMAR**'s relationships with clients, customers, suppliers and employees will not be adversely affected thereby and the **PROMISSORY SELLERS** are not aware of any circumstances (whether or not connected with **SWIFT PROFIT** or the sale of the **SALE SHARES**) indicating that, nor has it been informed or is otherwise aware that, any person who now has business dealings with **OMAR** would or might cease to do so from and after Completion.

11.6. **OMAR'S ASSETS**

11.6.1 **Assets and charges**

(a) Except for current assets disposed of by **OMAR** in the ordinary course of its business, **OMAR** is the legal and beneficial owner of, and has good marketable title to all assets which have been acquired by **OMAR** since the Balance Sheet Date and no Encumbrance is outstanding nor is there any agreement or commitment to give or create or allow any Encumbrance over or in respect of the whole or any part of **OMAR**'s assets, undertaking, goodwill or uncalled capital and no claim has been made by any person that he is entitled to any such Encumbrance.

(b) Since the Balance Sheet Date, save for disposals in the ordinary course of its business, the assets of **OMAR** have been in the possession of, or under the control of **OMAR**.

(c) No charge in favour of **OMAR** is void or voidable for want of registration.

11.6.2 **Property**

The **SITE** comprises all of the premises and land owned, occupied or otherwise used in connection with the business of **OMAR.**

11.7) **FINANCIAL OBLIGATIONS**

11.7.1 **Borrowings**

The total amount borrowed by **OMAR** from its bankers does not exceed its facilities and the total amount borrowed by **OMAR** from whatsoever source does not exceed any limitation on its borrowing contained in its articles of association, or in any debenture or loan stock deed or other instrument.

11.7.2 **Facilities**

OMAR has no financial facilities.

11.7.3 **Off-balance sheet financing**

OMAR has not engaged in any other borrowing or financing which has not been reflected in the Accounts.

11.7.4 **Security**

There is no outstanding guarantee, indemnity, suretyship or security (whether or not legally binding) given by, or for the benefit of, **OMAR**.

There is not outstanding any indebtedness or other liability (actual or contingent) owing by **OMAR** to any member of the **PROMISSORY SELLERS** or to any director of **OMAR** or any person connected with any of them, nor is there any indebtedness owing to **OMAR** by any such person.

11.8) **TAXATION**

11.8.1 **Taxes**

All Taxes liable to be assessed on **OMAR** or for which it is or may become liable in respect of income, profits or gains earned, accrued or received including any dividends, payments of interest and other distributions (deemed or otherwise) on share or loan capital made down to such date or reflected in the Accounts and, had been paid by OMAR.

11.8.2 **Other transactions**

(a) **OMAR** has not been involved in any transaction which has given or may give rise to a liability to Tax on **OMAR** other than Tax on normal trading income or turnover arising from transactions entered into in the ordinary course of business; and

(b)no payment has been made by Omar which will be wholly or partly disallowable as a deduction or charge in computing profits for Tax purposes.

11.8.3 **Returns**

OMAR has made returns, computations and notices and provided all information required for Tax purposes, all such returns and information remain correct and complete and no returns or information is, or is likely to be, the subjection of any dispute with, the relevant Tax Authority and the **PROMISSORY SELLERS** are not aware that any event, act or omission has occurred which would or might give rise to any penalty, fine, surcharge, or interest.

11.8.4 **Records**

OMAR has kept and preserved all such records and information as may usually be required by relevant Tax Authorities.

11.8.5 **Payment of Tax**

OMAR has paid all Tax which it has become liable to pay and has not paid any Tax which it was and is not properly due to pay. **OMAR** is under no liability to pay any penalty, fine, surcharge, interest or any other additional payment in connection with any claim or liability for Tax and there are no circumstances which may give rise to any such penalty, fine, surcharge, interest or other additional payment.

11.8.6 **Stamp duties**

11.8.6.1 **OMAR** has duly paid or has procured to be paid all stamp duties, transfer duties or taxes and other document taxes on all documents to which it is a party or in which it is interested and which are liable to any such taxes or duties.

11.9 **AUTHORITY AND CAPACITY**

11.9.1 The **PROMISSORY SELLERS** have full powers to enter into this **PROMISSORY AGREEMENT** and to exercise their rights and perform their obligations hereunder and all corporate and other actions required to authorise the execution of this **PROMISSORY AGREEMENT** and its performance of the obligation hereunder have been duly taken and this **PROMISSORY AGREEMENT** will, when executed by the **PROMISSORY SELLERS**, be a legal, valid and binding agreement on it and enforceable in accordance with the terms hereof; and

11.9.2 The execution, delivery and performance of this **PROMISSORY AGREEMENT** by the **PROMISSORY SELLERS** does not and will not violate in any material respect :

(a) any provisions of any Law or any order or decree of any Governmental authority, agency or court or any part thereof prevailing as at the date of this **PROMISSORY AGREEMENT** to which **SWIFT PROFIT** is subject;

(b) in the case of Double Margin, any provision of its memorandum or articles of association; or

(c) any contract or instrument which they or any of their assets are subject to.

11.10 **INSOLVENCY ETC.**

11.10.1 **Winding-up**

No order has been made, petition presented or resolution passed for the winding up of **OMAR** or **PROMISSORY SELLERS** and no meeting has been convened for the purpose of winding up **OMAR** or the **PROMISSORY SELLERS**. **OMAR** has not been a party to any transaction which could be avoided in a winding up.

11.10.2 **Administration and receivership**

No steps have been taken for the appointment of an administrator or receiver (including an administrative receiver) of all or any part of **OMAR**'s or the **PROMISSORY SELLERS'** assets.

11.10.3 **Compositions**

Neither **OMAR** nor the **PROMISSORY SELLERS** have made or proposed (or intend to propose) any arrangement or composition with its creditors or any class of its creditors.

11.10.4 **Insolvency**

Neither **OMAR** nor any of the **PROMISSORY SELLERS** is bankrupt or insolvent, or unable to pay its debts within the meaning of the insolvency legislation applicable to **OMAR** or the **PROMISSORY SELLERS** respectively and neither **OMAR** nor any of the **PROMISSORY SELLERS** has stopped paying its debts as they fall due.

11.11 **THE SITE**

11.11.1 **General Warranties**

The **PROMISSORY SELLERS** warrant that all details contained in the description of the **SITE** in paragraph (b) of the Recitals are true and accurate.

11.11.2 **Construction on the SITE**

There are no on-going construction works on the **SITE**, and the **SITE** shall be vacant on **COMPLETION DATE**.

11.11.3 **Rental payments and bond issuance**

All rental payments due under the **LAND LEASE GRANT** have been settled, and the bond required thereunder, if any, has been given in favour of the Macau SAR Government.

11.11.4 **Other Warranties in relation to the SITE**

(a) **OMAR** is the sole registered lessee of the **SITE** with the sole absolute legal and beneficial right thereto, free from all Encumbrances and other adverse interests and claims;

(b) **OMAR** has exclusive and unfettered possession of the **SITE** and no right of occupation has been acquired or is in the course of being acquired by any third party or has been granted or agreed to be granted to any third party;

(c) **OMAR** has made no commitment to any third party in respect of the **SITE**, with the exception to a commitment with SJM in order to operate a Casino at the premises of the site's building .

(d) there are no mortgages, charges (whether legal or equitable and whether fixed or floating) or debentures, liabilities to maintain roadways, liens (whether for costs or to an unpaid seller or otherwise), annuities or other unusual outgoings, or trusts (whether for securing money or otherwise) or other Encumbrances, rights of occupation, rights to acquire, rights of first refusal or other third party rights affecting the **SITE** or the proceeds of sale thereof;

(e) **OMAR** has in all material respects performed and observed all the covenants, restrictions, reservations, conditions, contracts, statutory requirements, orders, building regulations and other obligations affecting the **SITE** or its use or development and all requirements of any Governmental body, competent authority or department have been complied with in all material respects;

(f) the present user of the **SITE** is the lawful permitted user under the planning and/or building legislation or regulations and any other title deeds or documents or otherwise and is not in contravention of any applicable laws or orders or official directions and all material consents and permissions to such existing use have been obtained and are valid and subsisting;

(g) there are no outstanding notices, complaints or requirements issued by the Government in respect of the **SITE** or any part thereof, and there is no pending or threatened proceeding or Governmental action to modify the zoning, classification of or the present user of the **SITE** or any part thereof;

(h) **OMAR** has not received any notice, order, resolution from the Government concerning the expropriation of the **SITE** or any part thereof;

(i) **OMAR** has not received any order, notice or other requirement of any Governmental body, competent authority or department or any other person or body adversely affecting the **SITE** or any part thereof which has not been complied with and there are no circumstances which would entitle or require the Government or any other person to exercise any power of re-entry and taking possession or which would otherwise restrict or terminate the continued possession or occupation of the **SITE**;

(j) nothing has been done or omitted to be done on the **SITE** or any part thereof, the doing or omission of which is a contravention of any applicable laws, regulations, orders or official directions and there is no development or structures or erections on the **SITE** in contravention of such laws, regulations, orders or official directions;

(k) save and except for any statutory and governmental rights for the free and uninterrupted passage and running of water, gas, sewage, electricity, telephone and other services and the cables, pipes, lines and ancillary apparatus installed by the relevant statutory, governmental authorities or licensed service providers, which are now under the surface of the **SITE** there is no contract creating any easements or restrictions affecting the **SITE** but benefiting the adjoining properties;

(l) the **SITE** enjoys access to and from roads which prior to the date of this contract have been adopted by the appropriate highway authority and are maintainable at the public expense either directly or the **SITE** has the benefit of all necessary easements or rights over private land on terms which do not entitle any person to terminate or curtail the same;

(m) the **SITE** drains into a public sewer and is served by water and electricity Either the pipes, sewers, wires, cables, conduits and other conducting media serving the **SITE** connect directly to the mains without passing through land in the occupation or ownership of a third party or, if they do not, the facilities, easements or rights necessary for the enjoyment and present use of the **SITE** are enjoyed on terms which do not entitle any person to terminate or curtail the same;

(n) **OMAR** is entitled to or has reserved to it all necessary and appropriate rights, including rights to use in connection with the operation and maintenance of the **SITE**, the common areas, car park areas and facilities and installations which are for the common use of all owners of the development of which the **SITE** forms part; and

(o) there are no outstanding actions, disputes, claims or demands between **OMAR** and any third party affecting the **SITE** or any neighbouring property.

11.11.5 **Warranties relating to development at the SITE**

In relation to the **SITE**:

(a) the proposed development and construction of the **SITE** shall be in accordance with all applicable approvals, consents and licences from all relevant planning and other Governmental authorities;

(b) all proposed additions and alterations to be made by **OMAR** to the **SITE** are in accordance with all relevant approvals, consents and licences obtained by **OMAR** from all relevant planning and other Governmental authorities, if such approvals, consents and licences are required to be obtained;

(c) there is no contract:

(i) with any adjoining owner or the Government undertaking construction, maintenance, repair or payment obligations in relation to any facilities or building works on any adjoining properties; or

(ii) for airspace rights or rights of access which affect the **SITE**,

which is or will be binding on **OMAR**, its successors or assigns;

(d) the planning consents and permissions for development authorise all present uses at the **SITE** and are either unconditional or are subject only to conditions which are neither unusual nor temporary and which have been satisfied or fully observed and performed; and

(e) there are no planning, development or road proposals within the vicinity of the **SITE** that might affect the **SITE** or the access thereto.

11.11.6 **INFORMATION**

There is not, so far as the **PROMISSORY SELLERS** are aware, information that has not been disclosed to **SWIFT PROFIT** which, if disclosed, might reasonably affect the willingness of **SWIFT PROFIT** to buy the **SALE SHARES** on the terms of this **PROMISSORY AGREEMENT**.

11.11.7 **MATERIAL CONTRACTS**

The **PROMISSORY SELLERS** shall provide copies to **SWIFT PROFIT** (or details where unwritten) of each agreement or arrangement to which OMAR is a party which is of material importance to the business, profits or assets of OMAR."

12. **SWIFT PROFIT' WARRANTIES**

12.1 **SWIFT PROFIT** hereby represents, warrants and undertakes to the **PROMISSORY SELLERS** that:

(a) **SWIFT PROFIT** has full powers to enter into this **PROMISSORY AGREEMENT** and to exercise its rights and perform its obligations hereunder and all corporate and other actions required to authorise the execution of this **PROMISSORY AGREEMENT** and its performance of the obligation hereunder have been duly taken and this **PROMISSORY AGREEMENT** will, when executed by **SWIFT PROFIT**, be a legal, valid and binding agreement on it and enforceable in accordance with the terms hereof; and

(b) the execution, delivery and performance of this **PROMISSORY AGREEMENT** by **SWIFT PROFIT** does not and will not violate in any material respect:

(i) any provisions of any Law or regulation or any order or decree of any government authority, agency or court of law or any part thereof prevailing as at the date of this **PROMISSORY AGREEMENT** to which **SWIFT PROFIT** is subject;

(ii) any provision of **SWIFT PROFIT'S** articles of association; or

(iii) any contract or instrument to which it or any of its assets are subject to.

12.2 Subject to **clauses 6.1.1 and 6.1.2**, if **SWIFT PROFIT** fails to comply with any obligation set-out in this **PROMISSORY AGREEMENT**, the **PROMISSORY SELLERS**, in the case of non-compliance by the **SWIFT PROFIT**, shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) to terminate this **PROMISSORY AGREEMENT** and to keep the Deposit made by **SWIFT PROFIT** according to Clause 3 above.

12.3 . **SWIFT PROFIT** acknowledge and accept that **OMAR** and the **PROMISSORY SELLERS** are entering into this **PROMISSORY AGREEMENT** under condition of completion of transfer of the site of Lote 25 to **THE PROMISSORY SELLERS AND/OR SJM** or their respective nominees

12.3 According to the above, the **PROMISSORY SELLERS** acknowledge that **SWIFT PROFIT** shall not be liable to indemnify the **PROMISSORY SELLERS** for any loss or liabilities suffered by the **PROMISSORY SELLERS** for any breach of the terms of this promissory agreement by **SWIFT PROFIT** that does not exceed the amount of the Deposit

12.4 Notwithstanding what is provided in the present Clause, **SWIFT PROFIT** agrees that Article 820 of the Civil Code of Macau shall apply to this **PROMISSORY AGREEMENT**, and therefore if the **PROMISSORY SELLERS** do not default this **PROMISSORY AGREEMENT**, the latter may chose to file a legal action for specific performance of the present **PROMISSORY AGREEMENT** in accordance with the said legal provision.

12.3 **SWIFT PROFIT** further represents to the **PROMISSORY SELLERS** that the **SWIFT PROFIT'** Warranties will be true and accurate and not misleading at Completion as if they had been represented at Completion.

13. **POST-COMPLETION MATTERS**

13.1 The **PROMISSORY SELLERS** and **OMAR** undertake to **SWIFT PROFIT** that both before and after Completion, they have provided or will provide the following information to the Purchaser:

(a) information in writing in relation to significant occurrences in relation to the development of the **SITE**.

13.2 The **PROMISSORY SELLERS** and **OMAR** undertake to **SWIFT PROFIT** that both before and after Completion, they will inform **SWIFT PROFIT** in relation to such all plans, proposals, [submissions, applications for approval] in relation to the proposed developments on the **SITE**.

14. **CONFIDENTIALITY**

14.1 Each party:-

(a) shall treat as strictly confidential the provisions of this **PROMISSORY AGREEMENT** and the process of their negotiation and all information about any other party obtained or received by it as a result of entering into or performing its obligations under this **PROMISSORY AGREEMENT** ("**CONFIDENTIAL INFORMATION**"); and

(b) shall not, except with the prior written consent of each other party (which shall not be unreasonably withheld or delayed), make use of (save for the purposes of performing its obligations under this **PROMISSORY AGREEMENT**) or disclose to any person any Confidential Information and shall use all reasonable endeavours to prevent any person under its direct or indirect control from so acting.

14.2 Clause 14.1 above shall not apply if and to the extent that the party using or disclosing Confidential Information can reasonably demonstrate that:

(a) such disclosure is required by Law or is required or requested by any supervisory, regulatory or governmental body (including but not limited to the applicable stock exchanges) having jurisdiction over it or its holding company and/ or related companies and whether or not the requirement or request has the force of Law; or

(b) such disclosure is to its professional advisers in relation to the negotiation, entry into or performance of this **PROMISSORY AGREEMENT** or any matter arising out of the same or, where the disclosing party is **SWIFT PROFIT** is of information necessarily or reasonably disclosed to any person concerned with any transaction for financing the purchase of the **SALE SHARES** or the granting of security over the same or over the benefit of this **PROMISSORY AGREEMENT**, any other transaction dependent upon or relating to such purchase or any transaction involving the sale or other disposal of any of the **SALE SHARES** or the whole or any part of the issued share capital of **OMAR** or any of the assets for the time being of such company or the transfer of control of such company; or

(c) such disclosure is required to facilitate the satisfaction of the provisions of Clause 5.2.

14.3 The restrictions contained in this Clause 14 shall survive Completion and shall continue without limit of time.

14.4 Where any confidential information is also privileged, the waiver of such privilege is limited to the purposes of this **PROMISSORY AGREEMENT** and does not, and is not intended to, result in any wider waiver of the privilege. Any party hereto in possession of any confidential information relating to any other party hereto (a "**privilege holder**") shall take all reasonable steps to protect the privilege of the privilege holder therein and shall inform the privilege holder if any step is taken by any other person to obtain any of its privileged confidential information.

15. NOTICE

15.1 Each notice, demand or other communication given or made under this **PROMISSORY AGREEMENT** (each, a "**Notice**") shall be in writing and delivered or sent to the relevant party at its address or fax number set out below (or such other address or fax number as the addressee has by two Business Days' prior written notice specified to the other parties):

LEONG ON KEI, AKA ANGELA LEONG	Correspondence Address
	C/ STDM – AVENIDA DE LISBOA, 2-4, Hotel Lisboa, 9F, Macau
	Fax number : 590 590
	Attention : Dra. Connie Kong
DOUBLE MARGIN	Address : International trust Building,
	Wickhams Cay, Tortola, BVI

	Correspondence Address
	C/ STDM – AVENIDA DE LISBOA, 2-4, Hotel Lisboa, 9F, Macau
	Fax number : 590 590
	Attention : Dra. Connie Kong
SWIFT PROFIT	Correspondence Address:
	c/o 38/F., THE CENTRIUM, 60 WYNDHAM STREET,
	CENTRAL, HONG KONG
	Fax number : (852) 3162 3579
	Attention : Mr. Samuel Tsang
OMAR	Correspondence Address
	C/ STDM – AVENIDA DE LISBOA, 2-4, Hotel Lisboa, 9F, Macau
	Fax number : 590 590
	Attention : Dra. Connie Kong

15.2 A Notice shall be effective upon receipt and shall be deemed to have been received:

(a) at time of delivery, if delivered by hand or by courier; or

(b) if sent by facsimile transmission upon the receipt of machine printed confirmation; and

(c) in the case of a notice sent by post it shall be deemed to have been given on the first Business Day after posting if the address is in Macau and the fifth Business Day after posting if the address is outside Macau. In proving the giving of a Notice it shall be sufficient to prove that the Notice was left or that the envelope containing such Notice was properly addressed and posted or that the applicable means of telecommunication was properly received (as the case may be).

16. **MISCELLANEOUS**

16.1 This **PROMISSORY AGREEMENT** and the **NOTARIZED SHARE TRANSFER AGREEMENT** constitute the whole agreement between the parties hereto and shall supersede the terms of any agreement, whether oral or otherwise, made prior to the entering into of this **PROMISSORY AGREEMENT**. It is expressly declared that no purported variations hereof shall be effective unless made in writing and signed by all the parties hereto.

16.2 Each of the Parties shall at the request of any of the others do and execute or procure to be done and executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this **PROMISSORY AGREEMENT**.

16.3 No waiver by any Party of any breach by any other Party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof and any forbearance or delay by the relevant Party in exercising any of its rights hereunder shall not be constituted as a waiver thereof.

16.4 The illegality, invalidity or unenforceability of any part of this **PROMISSORY AGREEMENT** shall not affect the legality, validity or enforceability of any other part of this **PROMISSORY AGREEMENT**.

16.5 The liabilities and obligations of the **PROMISSORY SELLERS** under this **PROMISSORY AGREEMENT** shall be joint and several.

17. **COSTS AND EXPENSES**

17.1 Subject to any express provision of this **PROMISSORY AGREEMENT** to the contrary, each party to this **PROMISSORY AGREEMENT** shall bear its own costs and disbursements of and incidental to the preparation, negotiation and completion of this **PROMISSORY AGREEMENT** and the sale and purchase hereby agreed to be made.

17.2 All taxes payable in connection with the transfer of the **SALE SHARES** shall be borne by **SWIFT PROFIT**

17.3 All registration and notary fees related to the Transfer of Shares shall be borne by **SWIFT PROFIT**

18. **GOVERNING LAW AND JURISDICTION**

18.1 The laws of the Macau SAR shall apply to any matters not contemplated in this **PROMISSORY AGREEMENT**, and the Courts of the Macau SAR shall have exclusive jurisdiction to decide on any conflicts emerging from this **PROMISSORY AGREEMENT**.

DOUBLE MARGIN LIMITED)
and SIGNED by Li Chi Keung)
) /s/
in the presence of: -)
/s/)
Witness: /s/)

LEONG ON KEI aka ANGELA LEONG)
SIGNED)

) /s/
in the presence of: -)
/s/)
Name: /s/)

SWIFT PROFIT INVESTMENT LIMITED)
and SIGNED by Mr.)
) /s/
in the presence of: -)
/s/)
Name:)

Sociedade de Fomento Predial Omar, Limitada)

and SIGNED by Ms. Angela Leong	) /s/
and Mr. Li Chi Keung	) /s/
in the presence of: -	)
/s/	)
Name: /s/	)

Schedule 1

Particulars of OMAR

Name of Company:	"Sociedade Fomento Predial Omar, Limitada", in English "Omar Property Development Company Limited"
Registered number:	Nr. 5345 at fls 177 of Book C13 and Macau Commercial Registry Office
Registered office:	Avenida Lisboa, Hotel Lisboa, 2nd Floor, Macau
Date and place of incorporation:	Macau, 1-08-1991
Issued share capital:	MOP$10.000,00
Authorised share capital:	MOP$10.000,00
Registered shareholders and shares held:	Leong On Kei – MOP$6.500,00 "Double Margin Limited" – MOP$3.500,00
Directors:	Leong On Kei; Ho, Stanley Hung Sun; Li Chi Keung; Ambrose So Shu Fai; Chan Wai Lun, Anthony

Accounting reference

Exhibit 10.22

SHAREHOLDERS' AGREEMENT
RELATING TO
MELCO PBL GAMING (MACAU) LIMITED

PBL ASIA LIMITED

MELCO PBL INVESTMENTS LIMITED

MANUELA ANTONIO

MELCO PBL GAMING (MACAU) LIMITED

CONTENTS

DATE: 22nd November 2006

PARTIES

1. **PBL ASIA LIMITED** , an exempted company incorporated under the laws of the Cayman Islands of Walker House, Mary Street, P O Box 908GT, George Town, Grand Cayman, Cayman Islands ("**PBLSub**")
2. **MELCO PBL INVESTMENTS LIMITED** a company incorporated under the laws of the Cayman Islands of Walker House, Mary Street, P O Box 908GT, George Town, Grand Cayman, Cayman Islands ("**Melco PBL**")
3. **MANUELA ANTONIO** , an individual with professional address at Avenida Dr. Mário Soares No 25 Edificio Montepio 1 º, Comp. 13, Macau SAR (the "**Managing Director**")
4. **MELCO PBL GAMING (MACAU) LIMITED** , a company incorporated under the laws of Macau SAR of Avenida Dr. Mário Soares No 25 Edificio Montepio 1º, Comp. 13, Macau SAR registered with the Macau Commercial Registry under number 24325 (the " **Company**")

WHEREAS

(A) The Company was incorporated on 10 May 2006.

(B) On 8th September 2006 the Government of Macau SAR, Wynn Resorts (Macau) Limited and the Company entered into the Subconcession pursuant to which the Company is entitled, subject to the laws of Macau SAR, to engage in the exploitation of games of chance and other games in casino in Macau SAR.

(C) The Company is a company limited by shares incorporated in Macau SAR. At the date hereof the Company's registered capital, which is fully paid up is one billion Patacas (MOP1,000,000,000) divided and represented by (i) 2,800,000 Class A Shares of one hundred Patacas (MOP100) each, which Class A Shares (a) represent twenty eight per cent (28%) of the issued share capital of the Company; (b) a nominal right to receive a Class A Dividend of an aggregate amount of up to one Pataca (MOP1) per year from the Company, and (c) a nominal right to receive a Class A Capital Distribution of an aggregate amount of up to one Pataca (MOP1) upon a return of capital or the liquidation of the Company; and (ii) 7,200,000 Class B Shares of one hundred Patacas (MOP100) each which Class B Shares together (x) represent seventy-two per cent (72%) of the issued share capital of the Company (y) a right to receive all dividends and capital distributions of the Company, whether before or upon the liquidation of the Company, after payment of the Class A Dividend and, as applicable, the Class A Capital Distribution.

(D) The Managing Director is the registered holder of 1,000,000 Class A Shares representing ten per cent (10%) of the issued share capital of the Company.

(E) PBLSub is the registered holder of 1,800,000 Class A Shares representing eighteen per cent (18%) of the issued share capital of the Company and Melco PBL is the registered holder of 7,200,000 Class B Share representing seventy two per cent (72%) of the issued share capital of the Company.

(F) The terms of this Agreement shall be submitted to the Government of the Macau SAR for approval.

THE PARTIES AGREE

1. THE DICTIONARY

1.1 Dictionary

The Dictionary in Attachment A:

(a) defines some of the capitalised terms used in this Agreement; and

(b) sets out rules of interpretation which apply to this Agreement.

2. THE COMPANY

2.1 Nature of Business

The business of the Company is:

(a) to exploit games of chance and other games in casino in Macau SAR all in accordance with the terms of the Subconcession and the laws of Macau SAR; and

(b) any other correlated activity determined by the Board from time to time to the extent permitted by the laws of the Macau SAR and authorized by the Macau SAR Government.

2.2 **Place of Business**

The Company shall maintain its head office within Macau SAR.

2.3 **Name of Company**

The Company will be known as " 新濠博亞博彩(澳門)股份有限公司", in Chinese, "Melco PBL Gaming (Macau) Limited" in English and "Melco PBL Jogos (Macau), S.A." in Portuguese.

2.4 **Conduct of the Business**

The Company will conduct its affairs in accordance with the Subconcession, the Gaming Concessions Legal Regime for the exploitation of games of chance and other games in casino in the Macau SAR comprising Law no. 16/2001, Regulation no.26/2001 and all other complementary applicable laws and regulations and other Gaming Authorizations from the Gaming Authority and other applicable laws of Macau SAR.

2.5 **Operation in accordance with the Articles and this Agreement**

The Company shall operate pursuant to the terms of the Articles and this Agreement. To the extent that the terms of this Agreement conflict with mandatory provisions of the Articles under the laws of Macau SAR, the terms of the Articles shall prevail. Each Shareholder agrees to vote all Shares and take all other actions available to it which are necessary or appropriate to ensure the Articles do not conflict with the provisions of this Agreement and to give effect to the terms and intent of this Agreement.

2.6 **Term of this Agreement**

This Agreement will continue until terminated:

(a) in accordance with this Agreement; or

(b) by written agreement among the parties;

but shall not terminate on the expiry of the Subconcession merely by virtue of such expiry. This Agreement shall cease to apply to a Person when that Person ceases to be a Shareholder.

2.7 **Shareholding**

Capital of the Company

(a) The entire registered capital of the Company is one billion Patacas (MOP1,000,000,000) divided into 10,000,000 Shares of one hundred Patacas (MOP100) par value each and is represented exclusively by registered nominative shares of which 2,800,000 are Class A Shares and 7,200,000 are Class B Shares. Each Share entitles the holder thereof to identical voting rights in the Company. All of the Shares are duly authorized by the Government of Macau SAR, validly issued, and registered in the name of the Shareholders in the amounts set forth in clause 2.7(d).

Class A Shares

(b) The Class A Shares, in the aggregate, represent twenty eight per cent (28%) of the authorised issued share capital of the Company. The holders of the Class A Shares, as a group, are entitled to an annual dividend in an amount in the aggregate of up to one Macau Pataca (MOP1) (the " **Class A Dividend**") and a preferential distribution in the event of the liquidation of the Company or return of capital to the Class A Shares in an amount in the aggregate of up to one Macau Pataca (MOP1) (the "**Class A Capital Distribution**"), and shall be entitled to no other dividends, distributions, return of capital, liquidation proceeds, return of par value, or other sum of any type from the Company. Class A Shares representing ten per cent (10%) of the authorised issued share capital of the Company will be held by the Managing Director and the Managing Director shall have no obligation to contribute further capital to the Company and in the event that any payment of dividend, distribution, return of capital, liquidation proceeds, par value, or emolument of any type other than the Class A Dividend (or part thereof) or the Class A Capital Distribution (or part thereof) shall ever be received by the Managing Director in respect of the Class A Shares, the Managing Director shall immediately account for and pay such dividend, distribution, capital, liquidation proceeds, par value, or emolument to the holders of the issued and outstanding Class B Shares, in proportion to their ownership thereof.

Class B Shares

(c) The Class B Shares in the aggregate represent (a) seventy two per cent (72%) of the authorized issued share capital of the Company, and (b) one hundred per cent (100%) of the rights to receive dividends and other distributions from, and capital of, the Company, after payment of the Class A Dividend and the Class A Capital Distribution in respect of Class A Shares. The holders of the Class B Shares, in proportion to their ownership thereof, shall be entitled to receive any dividends, distributions, capital, liquidation proceeds, par value, or other emoluments that may at any time be paid to or received by the holders of the Class A Shares, except the Class A Dividend and the Class A Capital Distribution.

Shareholders Proportion

(d) The shareholding structure of the Company is as follows:

Shareholder	Number of Shares	Percentage Holding
Managing Director	1,000,000 Class A Shares	10%
PBLSub	1,800,000 Class B Shares	18%
Melco PBL	7,200,000 Class B Shares	72%

2.8 **Exercise of Powers**

Each Shareholder agrees to take all reasonable steps which are within its power and are necessary to procure that its voting rights as a Shareholder in the Company and where applicable, the voting rights of Directors nominated by it to the Board, are exercised in a manner to ensure that the Company acts in conformity with this Agreement and the Subconcession.

2.9 **Legends on Share Certificates; Safekeeping of Share Certificates**

All certificates representing Shares or other direct or indirect interests in the Company or any Affiliated Company shall be kept under the control of Melco PBL or its designee. Each certificate representing the Shares, now or hereafter held by the Shareholders or their respective permitted transferees and successors shall be stamped with certain legends required by the laws of the Macau SAR and a legend in substantially the following form in Portuguese and English, respectively:

"A transmissão e oneração das acções, e dos direitos inerentes às mesmas, representados por este título estão sujeitas: (a) às restrições legais imperativas aplicáveis, nomeadamente, as decorrentes da Lei n.º 16/2001 da Região Administrativa Especial de Macau e (b) às restrições nos termos do Acordo Parassocial, conforme venha a ser alterado, cuja cópia está arquivada no Escritório de Advogados da Dra. Manuela António. Qualquer transmissão ou oneração das acções, e dos direitos inerentes, representados por este título em violação do supra disposto não produzirá efeitos em relação à Sociedade nem confere ao adquirente ou interessado o direito ao averbamento de tal transmissão no Livro de Registo de Acções, o qual será recusado pela Sociedade."

"The transfer and encumbrance of, and rights in, the shares represented by this certificate are (a) subject to the mandatory legal restrictions including, inter alia, those arising from Law No. 16/2001 of the Macau SAR and (b) restricted under the terms of a Shareholders' Agreement, as amended from time to time, a copy of which is on file at the office of Manuela Antonio, Lawyers in Macau SAR. Any transfer or encumbrance of, and rights in, the shares represented by this certificate in violation of the abovementioned restrictions will be of no effect towards the Company and will not entitle the transferee or the interested party to register such transfer in the share register book of the Company and shall be refused registration by the Company."

3. BOARD OF DIRECTORS

3.1 Number of Directors

The Board of Directors must pursue the general interests of the Company as well as assure the management of its business. The Directors will be an odd number, consisting of the Managing Director (as defined in clause 3.2)(who will be a category "B" director) and a number of other directors (with all directors being elected by the General Meeting and approved by the Government of Macau SAR), with the intention that the Directors (other than the Managing Director) are nominated by Melco PBL.

3.2 Managing Director

To the extent required by the laws of Macau SAR, the Company is required at all times to have at least one (1) Director who is a permanent resident of Macau SAR and who shall be designated as the "managing director" of the Company in accordance with the rules set forth in Article 19 of Law No. 16/2001 and shall hold ten (10) per cent of the issued share capital of the Company. The Managing Director shall have such delegated management authority as the Board shall from time to time resolve subject always to approval from the Macau SAR Government and to Article 466.3 of the Macau Commercial Code, and the Managing Director's authority shall not exceed the authority so delegated.

The Shareholders have designated and the Government of Macau SAR has approved Manuela Antonio to serve as the initial Managing Director and PBLSub and Melco PBL have caused the payment for and the Company has caused the issue to Manuela Antonio of the Class A Shares issued to her. The Managing Director shall serve as Managing Director under the terms of the Engagement Letter.

3.3 Term and Removal of Directors

(a) The Board of Directors are elected by the General Meeting for three years and may be re-elected one or more times.

(b) A Director may be removed by the General Meeting notwithstanding the currency of the Director's three year term.

(c) A Director may resign his or her office on notice to the Board.

(d) A Director shall be removed in the event that the Director becomes under any legal disability or is subject to an adverse determination by the Gaming Authority or by other relevant Regulatory Authority.

3.4 **Chairperson**

(a) The Chairperson will be appointed by the Board. The members of the Board have agreed that Lawrence Ho shall serve as Chairperson.

(b) In the definitive absence of the Chairperson, the Board of Directors shall proceed with his replacement until the next General Meeting, by electing among its members a new Chairperson.

(c) In the definitive absence of any Director, the first substitute director shall replace him.

3.5 **Notice to the Gaming Authority**

The appointment or removal of a person as a Director must be notified to the Gaming Authority and the appointment of a person as a Director shall only take effect on the requisite approval of the Gaming Authority.

3.6 **Quorum for Board meeting**

(a) Subject to clause 3.6(c), the quorum for a meeting of Directors is a simple majority but in case never less than four Directors present or represented (being at least two category "A" Directors and at least two category "B" Directors).

(b) A Board meeting is adjourned to the same time and place on the same day the following week if a quorum is not present at that Board meeting unless otherwise determined by the Board.

(c) If a quorum is not present at the reconvened Board meeting, that meeting is adjourned to the same time and place on the next Business Day. The Directors present or represented at the second reconvened Board meeting make up a quorum save in the case of matters referred to in clause 5.3, resolutions in respect of which remains subject to clause 5.3.

3.7 **Notice of meetings**

(a) Each Director must receive at least five Business Days notice indicating the objective, hour and place of the Board meeting (including notice that the meeting may be adjourned as set out in clause 3.6) unless all Directors agree otherwise. A Board meeting may be held in the Macau SAR.

(b) The Board can only pass a resolution on a matter if notice of the general nature of the matter is included in the notice of meeting, unless all Directors agree in writing otherwise (whether or not all such Directors attend the meeting of the Board which considers the relevant resolution).

4. GENERAL MEETINGS

(a) The Shareholders agree that the President of the General Meeting shall be Lawrence Ho.

(b) Subject to clause 4(c), no business may be transacted at any general meeting, except the election of a Chairperson and the adjournment of the meeting, unless a quorum of members is present when the meeting proceeds to business and remains present throughout the meeting.

(c) The quorum for a General Meeting is one or more Shareholders present or represented holding at least seventy per cent (70%) of the duly authorised and registered share capital of the Company.

5. DECISION MAKING

5.1 Voting by Directors

Each Director has one vote. The Chairperson does not have a casting vote.

5.2 Directors' resolutions

All resolutions at meetings of the Board are valid if at least a simple majority of two category "A" Directors (present or represented) and at least two category "B" Directors (present or represented) vote in favour of the relevant resolution including in relation to those decisions listed in clause 5.3 and clause 5.4.

5.3 Decisions of Directors

A resolution of the board which concerns any of the following matters is only valid if at least two category "A" Directors (present or represented) and at least two category "B" Directors (present or represented) vote in favour of that resolution.

Constitution

(a) **memorandum and articles of association:** the recommendation to the Shareholders to modify or amend the memorandum and articles of the Company or an Affiliated Company;

(b) **Directors**: the appointment or removal of any director of an Affiliated Company;

(c) **committees**: the creation of working committees of the Board;

Major Strategic

(d) **Business Plan**: the adoption of a Business Plan for the Company and/or for any Affiliated Company or the authorisation of any change to, or deviation from, a Business Plan in any material respect;

(e) **Change in Business**: any material change in the nature or scope of the business of the Company, the cessation of the business of any Affiliated Company or the entry into any new business by the Company or any Affiliated Company, except as approved in a Business Plan;

(f) **Merger or amalgamation**: any recommendation to the Shareholders with regard to the terms of any merger or amalgamation of the Company with any other company;

(g) **Joint Venture:** the entry into by the Company, or the amendment, release or termination of, any joint venture, partnership, agency or similar arrangement of any kind with any person;

(h) **Disposals**: the disposal of any assets of the Company or the shares in any Affiliated Company in any Financial Year with a book value or market value of more than MOP8,000,000 (otherwise than in accordance with the Business Plan);

(i) **Listing:** any application to the Gaming Authority for approval for the Company to seek:

(i) admission of the Company or an Affiliated Company to the official list of a Stock Exchange; and

(ii) official quotation of the shares in the Company or an Affiliated Company on that Stock Exchange;

(j) **Subconcession:** any dealings with or matters involving amendments to the terms of the Subconcession or application for or surrender of any Gaming Licence;

Major Financial

(k) **dividends**: proposals to Shareholders in connection with the adoption of or change to any dividend policy or the declaration or payment of any dividend by the Company other than in accordance with any adopted dividend policy, except as approved in the Business Plan and/or Budget;

(l) **distributions:** proposals to Shareholders in connection with the making by the Company of any capital distribution or capitalisation of any profits or the creation of, or transfer to, any reserve account;

(m) **acquisitions of equity**: the acquisition by the Company of any Securities from any third party for a consideration of more than MOP8,000,000, except as approved in a Business Plan and/or Budget;

(n) **expenditure**: the incurring of capital or operating expenditure of more than MOP8,000,000 by the Company in a Financial Year, except as approved in a Business Plan and/or Budget;

(o) **material contracts:** the entry into by the Company of any agreement or arrangements, which alone or together with any other associated agreement or arrangement:

(i) is for a duration of more than 3 years;

(ii) involving the Company in a liability (actual or contingent) for an amount of more than MOP8,000,000; or

(iii) is outside the ordinary course of business, except as approved in the Business Plan and/or Budget.

(p) **auditor**: propose to the Shareholders the appointment or removal of the Auditor;

(q) **accounting policies:** the establishment of or any change in a material respect to the accounting policies or practices or financial reporting system of the Company or any Affiliated Company, subject always to the accounting policies in force in the Macau SAR from time to time;

(r) **new issues**: the issue or offer or agreement to issue any Securities of the Company;

(s) **class rights**: any recommendation to Shareholders to change any rights attaching to any class of Securities of the Company;

(t) **capital reduction**: any buy back, redemption or cancellation of any Securities of the Company, or reduction, split, consolidation or other reconstruction of the share capital of the Company, to the extent that such action is under the control of the Directors and to the extent that such action requires Shareholder consent, any proposal to the Shareholders in relation to obtaining such consent;

(u) **borrowing**: the borrowing, raising or receiving of any financial accommodation (including to or from any Shareholder) by the Company, or the making of any material unscheduled repayments of any financial accommodation, except to the extent approved in a Business Plan and/or Budget;

(v) **provision of financial accommodation**: the provision by the Company of any financial accommodation to any person, other than in the ordinary course of business;

(w) **new business**: the establishment by the Company of any new business;

(x) **security interest**: the grant of a Security Interest over an asset of the Company otherwise than by operation of law;

(y) **guarantees**: the giving by the Company of a guarantee, indemnity or other assurance for a debt or obligation of another person or about the financial condition of that person, or becoming liable under any of those things;

(z) **related party transactions**: Except as contemplated in this Agreement:

(i) the entry into by the Company of any agreement or arrangement with any Shareholder or with any Related Party or Affiliate of any Shareholder or the Company, whether that agreement or arrangement is oral or in writing; or

(ii) the amendment, release or termination of any agreement or arrangement with any Shareholder or with any Related Party or Affiliate of any Shareholder or the Company, whether that agreement or arrangement is oral or in writing;

(aa) **litigation**: the commencement, defence, compromise or settlement by the Company of any litigation, arbitration, remediation or a similar procedure involving a claim of more than MOP100,000 or the waiving or enforcement of any material rights of the Company in respect of such a claim;

(bb) **real property**: the purchase, disposal, lease by the Company of, or any other dealing by the Company in, any real property or any interest therein involving real property with a value or commitment of more than MOP1,000,000;

Budget Process

(cc) **budget**: the adoption of a Budget for the Company or the authorisation of any change to, or deviation from, a Budget in any material respect; and

Management

(dd) **senior management**: the appointment, removal or the making of any material alteration to the terms of employment of the Chief Executive Officer or Chief Financial Officer of the Company provided that such executive shall be removed in the event of an adverse finding against the executive by the Gaming Authority unless otherwise unanimously agreed by the Board and by the Gaming Authority.

5.4 **Amendment of financial limits**

The Board may amend a financial limit in clause 5.3 by resolution passed at a duly convened Board meeting.

5.5 **Shareholders' resolutions**

Notwithstanding anything in this Agreement and Articles, the prior approval of Shareholders representing at least 75% of the issued share capital (whether at a General Meeting or by written resolution) is needed to:

(a) appoint a liquidator to the Company or propose a winding up of the Company;

(b) amend or replace the Articles;

(c) approve a scheme of arrangement to merge or amalgamate the Company with another Company;

(d) change the name of the Company;

(e) effect any capital reduction or buy back of Shares by the Company; or

(f) give effect to any matter set out in clause 5.3 where the approval of Shareholders (rather than Directors) is required by law to give effect to such matter.

5.6 Affiliated Companies

(a) Each Shareholder and the Company agrees, and must use all reasonable endeavours to ensure that subject as otherwise agreed by them in writing the board and operation of each Affiliated Company (other than the Company) complies with at least the rules set out in this clause 5; and

(b) The Board will determine the exercise by the Company of its rights and powers to effect appointments to the board and to change the board composition of each Affiliated Company (other than the Company) and to join in or oppose the appointment or proposed appointment by any third parties as directors to the board of an Affiliated Company under the articles of association of the relevant Affiliated Company or under a shareholders agreement concerning an Affiliated Company which is binding on the Company or the relevant Affiliated Company.

6. BUDGET AND BUSINESS PLAN

6.1 Annual budget

The Company must use reasonable endeavours to ensure that, before the end of any Financial Year, the Directors adopt an annual Budget for the Company in accordance with clause 5.3 for the following Financial Year in a form, and the content of which is, approved by the Directors.

6.2 Business Plan

The Company and each Shareholder must use reasonable endeavours to ensure that, before the end of each Financial Year, the Directors adopt a Business Plan for the Company in accordance with clause 5.3 for the following Financial Year in a form, and the content of which is, approved by the Directors.

7. SHAREHOLDER OBLIGATIONS

7.1 General Obligations

Each Shareholder will:

(a) act in good faith to the other Shareholders in any transaction relating to the Company;

(b) promptly pay into the company bank account all money, cheques and negotiable instruments received by the Shareholder on account of the Company;

(c) promptly advise the other Shareholders of any matter or material information concerning the Company which may come to the Shareholder's notice; and

(d) at all times give to the other Shareholders a full and proper account of any action the Shareholder proposes to take in respect of the Company which has not been authorised by the Shareholders and at the reasonable request of the other Shareholder, furnish a full and accurate explanation of any action the Shareholder takes which affects the Company in any way.

7.2 Managing Director Obligations

In addition to the obligations set out above, the Managing Director shall comply with her obligations as set out in the Engagement Letter.

7.3. PBLSub Obligations

PBLSub agrees that it shall vote its Class A shares in the same manner as Melco PBL votes its Class B Shares in all matters submitted for voting to the Shareholders.

8. MANAGEMENT OF THE COMPANY

8.1 Supervisory Board

(a) The supervision of the Company's activity belongs to the supervisory board which is made up of three members of whom one shall be the Chairman, and another a substitute, all elected by the General Meeting (the **"Supervisory Board"**).

(b) The General Meeting can choose the Sole Supervisor system.

(c) One of the members and the substitute of the Supervisory Board will be auditors or an audit firm.

(d) The Sole Supervisor must be an auditor or an audit firm.

(e) The Supervisory Board shall meet, at least, once every three months.

8.2 **Company Secretary**

(a) The Company Secretary shall have the powers determined by law, the Articles and the Board and also to carry out the relations between the Company and its social bodies.

(b) The Company Secretary, appointed by the Board of Directors, must not be a member of the Board of Directors.

8.3 **Maintenance of records**

The Company must maintain books and records which enable each of the Shareholders to prepare accounts which comply with the Accounting Standards.

9. **CONFIDENTIALITY**

A party may not disclose any Confidential Information to any person, except:

(a) to its officers, employees, professional advisers, auditors or consultants, to the extent that person requires the information for the purposes of performing their respective functions;

(b) to its shareholders subject to first obtaining written confidentiality undertakings from those shareholders in a form agreed by the Company and those parties who are at that time entitled to appoint or remove a Director;

(c) as required by an applicable law, regulatory authority (including gaming regulatory authorities) or applicable Stock Exchange; or

(d) if a party is required to do so in connection with legal proceedings relating to this Agreement, or relating to any agreement to which that person is a party, provided that, except where the legal proceedings are taken by one party against another party, each other party is first consulted, and is given a reasonable opportunity to assert any right and privilege, confidentiality, or any other right which may prevail, over that party's duty of disclosure,

and must use its best endeavours to ensure the Confidential Information (unless disclosed under clauses 9(a)-(d)) is kept confidential.

10. DISPOSAL OF SHARES

10.1 No Disposal of Shares

Except for the Class A Shares which shall not be disposed of save in accordance with the provisions of the Articles and the Engagement Letter (as applicable), each Shareholder must:

(a) not create any Security Interest or agree or offer to create any Security Interest, in its Shares unless approved by Shareholders holding at least 70% of the issued share capital of the Company and the Gaming Authority; and

(b) not Dispose or agree to Dispose of any of its Shares, or do or omit to do any act if the act or omission would have the effect of Disposing of any of its Shares unless approved by Shareholders holding at least 70% of the issued share capital of the Company.

11. DISPUTE RESOLUTION

(a) A party must not commence court proceedings about any dispute unless it first complies with this clause 11.

(b) A party claiming that a dispute has arisen must notify each other party giving details of the dispute.

(c) Each party to the dispute must seek to resolve the dispute within 5 Business Days of receiving notice of the dispute or a longer period agreed by the parties to the dispute.

(d) If the parties do not resolve the dispute under and within the time period referred to in clause 11(c), the chief executive officer of each Shareholder (or a person occupying a similar senior position if such an office is not in existence at the time) must seek to resolve the dispute for a period of up to 15 Business Days after the end of the period referred to in clause 11(c).

(e) Nothing in this clause 11 will prejudice the right of a party to seek urgent injunctive or declaratory relief in respect of a dispute.

12. **WARRANTIES**

12.1 Each party severally warrants to the other parties that:

(a) **Authority**: it has taken all necessary action to authorise the signing, delivery and performance of this Agreement and the documents required under this Agreement in accordance with their respective terms;

(b) **Power to enter into this Agreement**: it has power to enter into this Agreement and perform its obligations under it and can do so without the consent of any other person;

(c) **No breach**: the signing and delivery of this Agreement and the performance by it of its obligations under it complies with:

(i) each applicable law and authorisation;

(ii) its constitution or constituent documents, as applicable; and

(iii) each Security Interest binding on it;

(d) **binding**: this Agreement constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms by appropriate legal remedy; and

(e) **no actions**: there are no actions, claims, proceedings or investigations pending or to the best of its knowledge threatened against it or by it which may have a material adverse effect on its ability to perform its obligations under this Agreement.

12.2 The Managing Director warrants and represents that:

(a) The Managing Director is a permanent resident of the Macau SAR.

(b) No Person other than the Managing Director will have any direct or indirect interest in the Class A Shares held by the Managing Director and the Managing Director will not make any promises or other obligations to any Person regarding any right to or interest in the Class A Shares held by the Managing Director.

13. **GENERAL**

13.1 **Notices**

(a) Any notice or other communication given under this Agreement including, but not limited to, a request, demand, consent or approval, to or by a party to this Agreement:

(i) must be in legible writing and in English;

(ii) must be addressed to the addressee at the address or facsimile number set out below or to any other address or facsimile number a party notifies the other under this clause 13:

A. if to PBLSub:

Address:	Walker House, Mary Street, PO Box 908GT, George Town Grand Cayman CAYMAN ISLANDS
Attention:	The Directors
Facsimile:	+ 345 945 4757

B. if to Melco PBL:

Address:	Walker House Mary Street PO Box 908GT George Town Grand Cayman CAYMAN ISLANDS
Attention:	The Directors
Facsimile:	+ 365 945 4757

C. if to the Company:

Address:	Avenida Dr. Mário Soares No 25 Edificio Montepio 1o, Comp. 13, Macau SAR
Attention:	The Directors
Facsimile:	+853 345 678

D. if to Managing Director:

Address: Avenida Dr. Mário Soares No 25 Edificio Montepio 1°, Comp. 13, Macau SAR

Facsimile: +853 345 678

(iii) must be signed by an authorised signatory or under the common seal of a sender which is a body corporate; and

(iv) is deemed to be received by the addressee in accordance with clause 13.1(b).

(b) Without limiting any other means by which a party may be able to prove that a notice has been received by another party, a notice is deemed to be received.

(i) if sent by hand, when delivered to the addressee;

(ii) if by post, 5 Business Days from and including the date of postage; or

(iii) if by facsimile transmission, on receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent confirming that the facsimile has been successfully transmitted,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00 am on the following Business Day.

(c) A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after transmission is received or regarded as received under clause 13.1(b)(iii) and informs the sender that it is not legible.

(d) In this clause a reference to an addressee includes a reference to an addressee's officers, agents or employees or a person reasonably believed by the sender to be an officer, agent or employee of the addressee.

13.2 **Governing law**

The Agreement shall be governed, construed and interpreted in accordance with the laws of Macau SAR. The parties hereby submit to the exclusive jurisdiction of the courts of Macau SAR.

13.3 **Invalidity**

(a) If a provision of this Agreement, or a right or remedy of a party under this Agreement is invalid or unenforceable in a particular jurisdiction:

(i) it is to be read down or severed in that jurisdiction only to the extent of the invalidity or unenforceability; and

(ii) the validity or enforceability of that provision in another jurisdiction or the remaining provisions in any jurisdiction shall not be affected.

(b) This clause 13.3 is not limited by any other provision of this Agreement in relation to severability, invalidity or unenforceability.

13.4 **Amendments and Waivers**

(a) Amendment to this Agreement is subject to the approval of the Macau Government and may be made only by a written document signed by the parties provided that there is no obligation to seek a party's agreement to an amendment when that party is no longer a Shareholder.

(b) A waiver of a provision of this Agreement or a right or remedy arising under this Agreement, including this clause 13.4, must be in writing and signed by the party granting the waiver.

(c) A single or partial exercise of a right does not preclude a further exercise of that right or the exercise of another right.

(d) Failure by a party to exercise a right or delay in exercising that right does not prevent its exercise or operate as a waiver.

(e) A waiver is only effective in the specific instance and for the specific purpose for which it is given.

13.5 **Cumulative rights**

The rights and remedies of a party under this Agreement do not exclude any other right or remedy provided by law.

13.6 **Further assurances**

Each party must do all lawful things within its power that are necessary to give full effect to this Agreement and the transactions contemplated by this Agreement.

13.7 **Entire agreement**

This Agreement supersedes all previous agreements about its subject matter and embodies the entire agreement between the parties.

13.8 **Third party rights**

Only the parties to this Agreement have or are intended to have a right or remedy under this Agreement or obtain a benefit under it.

13.9 **Legal Advice**

Each party acknowledges that it has received legal advice about this Agreement or has had the opportunity of receiving legal advice about this Agreement.

13.10 **No Assignment**

A party may not assign this Agreement or otherwise transfer the benefit of this Agreement or a right or remedy under it.

SIGNED by **PBL ASIA LIMITED** by:

/s/	/s/
Director	Director/Secretary
Geoff Kleemann	Anthony Klok
Name of Director (print)	Name of Director/Secretary (print)

SIGNED by **MELCO PBL INVESTMENTS LIMITED** by:

/s/	/s/
Director	Director/Secretary
Geoff Kleemann	Ho, Lawrence Yau Lung
Name of Director (print)	Name of Director/Secretary (print)

SIGNED by **MELCO PBL GAMING (MACAU) LIMITED** by:

/s/	/s/
Director	Director
Geoff Kleemann	Ho, Lawrence Yau Lung
Name of Director (print)	Name of Director (print)

SIGNED by **MANUELA ANTONIO**:

/s/

Signature

Mannela António

Name (print)

ATTACHMENT A

DICTIONARY

Part 1 – Definitions

In this Agreement:

Accounting Standards means generally accepted and consistently applied principles and practices in Macau SAR.

Affiliate means in respect of any Person that is directly or indirectly Controlled by the first Person;

Affiliated Company means the Company and any subsidiary of the Company.

Articles means the Articles of Association of the Company in force from time to time.

Auditor means the auditor of the Company from time to time.

Board means the Board of Directors of the Company from time to time.

Budget means, in respect of the Company, the budget for carrying on the business of the Company during a Financial Year.

Business Day means a day on which banks are open for business in Macau SAR and Hong Kong, excluding a Saturday, Sunday or public holiday.

Business Plan means, in respect of the Company, a detailed Business Plan for carrying on the business of the Company during a Financial Year.

Chairperson means the chairperson of the Board from time to time appointed under clause 3.4.

Chief Executive Officer means the chief executive officer of the Company from time to time.

Chief Financial Officer means the chief financial officer of the Company from time to time.

Class A Shares means the Class A shares of MOP100 each in the capital of the Company.

Class B Shares means the Class B shares of MOP100 each in the capital of the Company.

Class A Capital Distribution has the meaning set out in clause 2.7(b).

Class A Dividend has the meaning set out in clause 2.7(b).

Confidential Information means any information arising out of or in relation to the provisions of this Agreement or information about the business of the Company or an Affiliated Company, or about the Company or a party to this Agreement in connection with this Agreement, but excluding any information which is in the public domain otherwise than as a result of the wrongful disclosure by any party.

Control (including the terms **controlled by** and **under common control with**) means, in relation to any Person, the ability of any other Person or group of Persons, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether through the ownership of more than fifty per cent (50%) of the outstanding voting securities of such Person, as trustee or executor, by contract or credit arrangement or otherwise.

Director means a director of the Company from time to time.

Dispose means to sell, transfer, assign, declare oneself a trustee of or part with the benefit of or otherwise dispose of any Share (or any property risk or other interest in it or any part of it including the granting of voting rights or other social right derived from any Shares to a person other than the holder) including, without limitation, to enter into a transaction in relation to the Share (or any interest in the Share) which results in a person other than the registered holder of the Share:

(a) acquiring or having any property or right in the Share, including, without limitation, a right arising under a declaration of trust, an agreement for sale and purchase or an option agreement or an agreement creating a charge or other Security Interest over the Share; or

(b) acquiring or having any right to receive directly or indirectly any dividends or other distribution or proceeds of disposal payable in respect of the Share or any right to receive an amount calculated by reference to any of them; or

(c) acquiring or having any rights of pre-emption, first refusal or other direct or indirect control over the disposal of the Share; or

(d) acquiring or having any rights of direct or indirect control over the exercise of any social rights or voting rights of appointment attaching to the Share; or

(e) otherwise acquiring or having property or other rights against the registered holder of the Share (or against a person who directly or indirectly controls the affairs of the registered holder of the Shares) which have the effect of placing the other person in substantially the same position as if the person had acquired the property or other rights or interest in the Share itself;

but excludes a transfer permitted by this Agreement and excludes the creation of a Security Interest authorised by the Gaming Authority or otherwise permitted under applicable laws of Macau SAR and "**Disposal**" shall be construed accordingly.

Engagement Letter means the letter agreement among PBLSub, the Company and the Managing Director dated 18 th August 2006.

Gaming Authority means the Macau SAR Gambling Inspection and Coordination Bureau and the Macau SAR Gaming Commission, and other governmental, regulatory, and administrative authorities, agencies, boards, and officials responsible for or involved in the regulation of gaming or gaming activities or the interpretation or enforcement of Gaming Laws in Macau SAR.

Gaming Authorizations means the Subconcession and any licences, permits, approvals, authorities issued by any Gaming Authority necesssary for the conduct of any activities under the Gaming Laws.

Gaming Laws means the Gaming Concessions Legal Regime for the exploitation of games of chance and other games in casino in the Macau SAR comprising Law no. 16/2001, Regulation no.26/2001 and all other complementary applicable laws and regulations and other Gaming Authorizations from the Gaming Authority and other applicable laws of Macau SAR.

Government Authority means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether of Macau SAR or foreign, federal, state, territorial or local.

General Meeting means a meeting of the Shareholders.

Macau S.A.R. means the Macau Special Administrative Region of The People's Republic of China.

Patacas or **MOP** means units of the lawful currency of Macau SAR.

Person means any general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, governmental agency, co-operative, association, individual or other entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such a person as the context may require.

Regulatory Authority means a gaming regulatory authority including, without limitation, gaming regulatory authorities in Victoria (Australia), Western Australia (Australia), a gaming regulatory authority of the Macau S.A.R. and any gaming regulatory authority.

Related Party means, in relation to any Person, any other Person who is a connected person of that Person within the meaning of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

Securities means shares, units, debentures, convertible notes, options and other equity or debt securities.

Security Interest means a right, interest, power or arrangement in relation to an asset which provides security for the payment or satisfaction of a debt, obligation or liability including under a bill of sale, mortgage, charge, lien, pledge, trust, encumbrance, power, deposit, hypothecation or arrangement for retention of title, and includes an agreement to grant or create any of those things.

Shares means the Class A Shares and the Class B Shares.

Shareholder means a holder from time to time of Shares.

Stock Exchange means any public securities market in any country.

Subconcession means the binding trilateral agreement entered into by and between the Macau SAR, Wynn Resorts (Macau) Limited (as concessionaire for the operation of casino games of chance and other casino games in the Macau SAR, under the terms of the 24 th June, 2002 concession contract by and between the Macau SAR and Wynn Resorts (Macau) Limited) and the Company, comprising a set of instruments from which shall flow an integrated web of rights, duties and obligations by and for all and each of the Macau SAR, Wynn Resorts (Macau) Limited and the Company (the nominative administrative contract known as the subconcession contract for the operation of casino games of chance and other casino games in the Macau SAR, executed by Wynn Resorts (Macau) Limited and the Company, to be the most significant instrument thereof), pursuant to the terms of which the Company is to exploit casino games of chance and other casino games in the Macau SAR as an autonomous subconcessionaire in relation to Wynn Resorts (Macau) Limited.

Part 2 - Interpretation

(a) In this Agreement unless the context otherwise requires:

(i) words importing the singular include the plural and vice versa;

(ii) words which are gender neutral or gender specific include each gender;

(iii) other parts of speech and grammatical forms of a word or phrase defined in this Agreement have a corresponding meaning;

(iv) an expression importing a natural person includes a company, partnership, joint venture, association, corporation or other body corporate and a Government Agency;

(v) a reference to a thing (including, but not limited to, a chose-in-action or other right) includes a part of that thing;

(vi) a reference to a clause, party, schedule or attachment is a reference to a clause of this Agreement, and a party, schedule or attachment to, this Agreement and a reference to this Agreement includes a schedule and attachment to this Agreement;

(vii) a reference to a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law judgment, rule of common law or equity or a rule of an applicable stock exchange and is a reference to that law as amended, consolidated or replaced;

(viii) a reference to a document includes all amendments or supplements to that document, or replacements or novations of it;

(ix) a reference to a party to a document includes that party's successors and permitted assigns;

(x) an agreement on the part of two or more persons binds them jointly and severally;

(xi) a reference to include, includes, including and like terms is to be construed without limitation; and

(xii) a reference to an agreement, other than this Agreement, includes an undertaking, agreement, agreement or legally enforceable arrangement or understanding, whether or not in writing.

(b) Where the day on or by which something must be done is not a Business Day, that thing must be done on or by the next Business Day.

(c) Headings are for convenience only and do not affect the interpretation of this Agreement.

(d) This Agreement may not be construed adversely to a party just because that party prepared the Agreement.

(e) A term or expression starting with a capital letter which is defined in this Dictionary has the meaning given to it in this Dictionary.

Exhibit 10.23

MELCO PBL ENTERTAINMENT (MACAU) LIMITED
SHARE INCENTIVE PLAN

ARTICLE 1
PURPOSE

The purpose of the Melco PBL Entertainment (Macau) Limited Share Incentive Plan (the " Plan") is to promote the success and enhance the value of Melco PBL Entertainment (Macau) Limited, an exempted company formed under the laws of the Cayman Islands (the " Company"), by linking the personal interests of the members of the Board, Employees, and Consultants to those of Company shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2
DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable Share exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.2 "Award" means an Option, a Restricted Share award, a Share Appreciation Right award, a Dividend Equivalents award, a Share Payment award, a Deferred Share award, or a Restricted Share Unit award granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Change in Control" means a change in ownership or control of the Company effected through either of the following transactions:

(a) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which a majority of the Incumbent Board (as defined below) who are not affiliates or associates of the offeror under Rule 12b-2 promulgated under the Exchange Act do not recommend such shareholders accept, or

(b) the individuals who, as of the Effective Date, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least fifty percent (50%) of the Board; provided that if the election, or nomination for election by the Company's shareholders, of any new member of the Board is approved by a vote of at least fifty percent (50%) of the Incumbent Board, such new member of the Board shall be considered as a member of the Incumbent Board.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means the committee of the Board described in Article 11.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction" means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Ordinary Shares outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "Deferred Share" means a right to receive a specified number of Shares during specified time periods pursuant to Article 8.

2.11 "Director" means a director of the Board.

2.12 "Disability" means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.13 "Dividend Equivalents" means a right granted to a Participant pursuant to Article 8 to receive the equivalent value (in cash or Share) of dividends paid on Share.

2.14 "Effective Date" shall have the meaning set forth in Section 12.1.

2.15 "Employee" means any person, including an officer or member of the Board of the Company, any Parent or Subsidiary of the Company, who is in the employ of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.16 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.17 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established Share exchanges or national market systems, including without limitation, The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Share Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of an Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Committee in good faith by reference to the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement.

2.18 "Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

2.19 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.20 "Macau" means the Macau Special Administrative Region of the PRC.

2.21 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.22 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.23 "Participant" means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.24 "Parent" means: (i) a parent corporation under Section 424(e) of the Code; (ii) Melco International Development Limited or any Subsidiary thereof, or (iii) Publishing and Broadcasting Limited or any Subsidiary thereof.

2.25 "Plan" means this Melco PBL Entertainment (Macau) Limited. Share Incentive Award Plan, as it may be amended from time to time.

2.26 "PRC" means the People's Republic of China, other than Hong Kong, Macau and Taiwan.

2.27 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.28 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.29 "Restricted Share Unit" means an Award granted pursuant to Section 8.4.

2.30 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.31 "Service Recipient" means the Company, any Parent or Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, Consultant or as a Director.

2.32 "Share" means the ordinary share capital of the Company, par value $0.01 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 10.

2.33 "Share Appreciation Right" or "SAR" means a right granted pursuant to Article 7 to receive a payment equal to the excess of the Fair Market Value of a specified number of Shares on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award Agreement.

2.34 "Share Payment" means (a) a payment in the form of Shares, or (b) an option or other right to purchase Shares, as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any portion of the compensation, granted pursuant to Article 8.

2.35 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

2.36 "Trading Date" means the first day on which Shares are publicly traded on an exchange or national market system or other quotation system.

ARTICLE 3
SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 10 and Section 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Share Options) is 100,000,000 Shares. No more than 50,000,000 of the Shares authorized to be issued under this Article 3.1(a) may be issued within five years from the date the Plan becomes effective.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Law or any exchange rule, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Parent or Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a), If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive stock option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depository Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4
ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided, however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed or variable price related to the Fair Market Value of the Shares.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; *provided* that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 12.2. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, Hong Kong Dollars, or any other local currency as approved by the Committee, (ii) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (iii) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, and the methods by which Shares shall be delivered or deemed to be delivered to Participants, (iv) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (v) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options shall be granted only to Employees of the Company, a Parent or Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Expiration of Option. An Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee; and

(iii) One year after the date of the Participant's termination of employment or service on account of Disability or death. Upon the Participant's Disability or death, any Incentive Share Options exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Share Option or dies intestate, by the person or persons entitled to receive the Incentive Share Option pursuant to the applicable laws of descent and distribution.

(b) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(c) Ten Percent Owners. An Incentive Share Option shall be granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(e) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(f) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

5.3 Substitution of Share Appreciation Rights. The Committee may provide in the Award Agreement evidencing the grant of an Option that the Committee, in its sole discretion, shall have the right to substitute a Share Appreciation Right for such Option at any time prior to or upon exercise of such Option, provided that such Share Appreciation Right shall be exercisable for the same number of shares of Share as such substituted Option would have been exercisable for.

ARTICLE 6
RESTRICTED SHARES

6.1 Grant of Restricted Shares. The Committee is authorized to make Awards of Restricted Shares to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

6.2 Issuance and Restrictions. Subject to Section 9.4, Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 Forfeiture. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited; *provided, however*, that, except as otherwise provided by Section 9.4, the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Shares.

6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

ARTICLE 7

SHARE APPRECIATION RIGHTS

7.1 Grant of Share Appreciation Rights.

(a) A Share Appreciation Right may be granted to any Participant selected by the Committee. A Share Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement.

(b) A Share Appreciation Right shall entitle the Participant (or other person entitled to exercise the Share Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Share Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Share Appreciation Right from the Fair Market Value of a Share on the date of exercise of the Share Appreciation Right by the number of Shares with respect to which the Share Appreciation Right shall have been exercised, subject to any limitations the Committee may impose.

7.2 Payment and Limitations on Exercise.

(a) Payment of the amounts determined under Section 7.1(b) above shall be in cash, in Shares (based on its Fair Market Value as of the date the Share Appreciation Right is exercised) or a combination of both, as determined by the Committee in the Award Agreement.

(b) To the extent any payment under Section 7.1(b) is effected in Shares it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

ARTICLE 8

OTHER TYPES OF AWARDS

8.1 Dividend Equivalents. Any Participant selected by the Committee may be granted Dividend Equivalents based on the dividends declared on the Shares that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Committee.

8.2 Share Payments. Any Participant selected by the Committee may receive Share Payments in the manner determined from time to time by the Committee; *provided*, that unless otherwise determined by the Committee such Share Payments shall be made in lieu of base salary, bonus, or other cash compensation otherwise payable to such Participant. The number of shares shall be determined by the Committee and may be based upon the such performance criteria or other specific criteria determined appropriate by the Committee, determined on the date such Share Payment is made or on any date thereafter.

8.3 Deferred Shares. Any Participant selected by the Committee may be granted an award of Deferred Shares in the manner determined from time to time by the Committee. The number of shares of Deferred Shares shall be determined by the Committee and may be linked to such specific criteria determined to be appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Shares underlying a Deferred Share award will not be issued until the Deferred Share award has vested, pursuant to a vesting schedule or criteria set by the Committee. Unless otherwise provided by the Committee, a Participant awarded Deferred Shares shall have no rights as a Company shareholder with respect to such Deferred Shares until such time as the Deferred Share Award has vested and the Shares underlying the Deferred Share Award has been issued.

8.4 Restricted Share Units. The Committee is authorized to make Awards of Restricted Share Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Share Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall transfer to the Participant one unrestricted, fully transferable Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited. The Committee shall specify the purchase price, if any, to be paid by the grantee to the Company for such Shares.

8.5 Term. Except as otherwise provided herein, the term of any Award of Dividend Equivalents, Share Payments, Deferred Share, or Restricted Share Units shall be set by the Committee in its discretion.

8.6 Exercise or Purchase Price. The Committee may establish the exercise or purchase price, if any, of any Award of Deferred Share, Share Payments or Restricted Share Units; provided, however, that such price shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

8.7 Exercise Upon Termination of Employment or Service. An Award of Dividend Equivalents, Deferred Share, Share Payments, and Restricted Share Units shall only be exercisable or payable while the Participant is an Employee, Consultant or a member of the Board, as applicable; *provided, however*, that the Committee in its sole and absolute discretion may provide that an Award of Dividend Equivalents, Share Payments, Deferred Share, or Restricted Share Units may be exercised or paid subsequent to a termination of employment or service, as applicable, or following a Change of Control of the Company, or because of the Participant's retirement, death or Disability, or otherwise.

8.8 Form of Payment. Payments with respect to any Awards granted under this Article 8 shall be made in cash, in Shares or a combination of both, as determined by the Committee.

8.9 Award Agreement. All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by an Award Agreement.

ARTICLE 9
PROVISIONS APPLICABLE TO AWARDS

9.1 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

9.2 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

9.3 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Share Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities.

9.4 Beneficiaries. Notwithstanding Section 9.3, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property jurisdiction, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

9.5 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Share pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Share. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

9.6 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

9.7 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations.

ARTICLE 10
CHANGES IN CAPITAL STRUCTURE

10.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the shares of Shares or the share price of a Share, the Committee shall make proportionate and equitable adjustments to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan. Any such adjustments shall be made in such manner as the Committee may determine in its discretion.

10.2 Acceleration upon a Change of Control. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change of Control occurs and a Participant's Options or Restricted Shares are not converted, assumed, or replaced by a successor, such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change of Control, the Committee may in its sole discretion provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise such Awards during a period of time as the Committee shall determine, (ii) either the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion the assumption of or substitution of such Award by the successor or surviving corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices.

10.3 Outstanding Awards – Corporate Transactions. In the event of a Corporate Transaction, each Award will terminate upon the consummation of the Corporate Transaction, unless the Award is assumed by the successor entity or Parent thereof in connection with the Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and:

(a) the Award either is (x) assumed by the successor entity or Parent thereof or replaced with a comparable Award (as determined by the Committee) with respect to shares of the capital stock of the successor entity or Parent thereof or (y) replaced with a cash incentive program of the successor entity which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award, then such Award (if assumed), the replacement Award (if replaced), or the cash incentive program automatically shall become fully vested, exercisable and payable and be released from any restrictions on transfer (other than transfer restrictions applicable to Options) and repurchase or forfeiture rights, immediately upon termination of the Participant's employment or service with all Service Recipient within twelve (12) months of the Corporate Transaction without cause; and

(b) For each Award that is neither assumed nor replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the Participant remains an Employee, Consultant or Director on the effective date of the Corporate Transaction.

10.4 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 10, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

10.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 11
ADMINISTRATION

11.1 Committee. The Plan shall be administered by the Compensation Committee of the Board. Reference to the Committee shall refer to the Board if the Compensation Committee does not yet exist or ceases to exist and the Board does not appoint a successor Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office shall conduct the general administration of the Plan if required by Applicable Law, and with respect to Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

11.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

11.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 12
EFFECTIVE AND EXPIRATION DATE

12.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's shareholders (the " Effective Date"). The Plan will be deemed to be approved by the shareholders if it receives the affirmative vote of the holders of a majority of the share capital of the Company present or represented and entitled to vote at a meeting duly held in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association.

12.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 13

AMENDMENT, MODIFICATION, AND TERMINATION

13.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 10), (ii) permits the Committee to grant Options with an exercise price that is below Fair Market Value on the date of grant, (iii) permits the Committee to extend the exercise period for an Option beyond ten years from the date of grant, or (iv) results in a material increase in benefits or a change in eligibility requirements.

13.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 13.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 14

GENERAL PROVISIONS

14.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

14.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

14.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws, including without limitation the Macau, Hong Kong or PRC tax laws, rules, regulations and government orders or the U.S. Federal, state or local tax laws, as applicable. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's payroll tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

14.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of any Service Recipient.

14.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

14.6 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

14.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

14.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

14.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

14.10 Fractional Shares. No fractional shares of Share shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

14.11 Government and Other Regulations. The obligation of the Company to make payment of awards in Share or otherwise shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Actor other Applicable Laws the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

14.12 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

Exhibit 10.24

Trade Mark Licence

Crown Limited
ACN 006 973 262

Melco PBL Entertainment (Macau) Limited

Level 39
101 Collins Street
MELBOURNE VIC 3000
Telephone: 9679 3000
Fax: 9679 3111

Ref: PJC JML 03 1386 9885

CONTENTS

TRADE MARK LICENCE

DATE 30th November 2006

PARTIES

Crown Limited ACN 006 973 262, a company incorporated in Victoria, Australia, of 8 Whiteman Street, Southbank, Victoria, 3006, AUSTRALIA (**Crown**)

Melco PBL Entertainment (Macau) Limited , a company incorporated in the Cayman Islands, having its registered office at Walker House, 87 Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands and with a correspondence address at Level 38, The Centrium, 60 Wyndham Street, Central, Hong Kong (**Licensee**)

RECITALS

A. Crown is the owner of the Trade Marks in the Territory.

B. Crown's parent company, PBL, and Melco have entered into the Joint Venture.

C. The Licensee is a wholly owned subsidiary of the Joint Venture.

D. The Licensee wishes to obtain a licence to use the Trade Marks in Macau for use in gaming, casino/hotel and related developments undertaken by the Licensee or its wholly owned subsidiaries.

E. Crown has agreed to grant to the Licensee a licence to use the Trade Marks in the Territory on the terms and subject to the conditions set out in this document.

In consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, THE PARTIES AGREE AND DECLARE AS FOLLOWS

1. INTERPRETATION

1.1 **Definitions**

In this document, unless the context otherwise requires:

Business Day means a day that is not a Saturday, Sunday or public holiday in Melbourne, Australia and the Macau SAR.

Claim means any actual, suspected or threatened claim by a third party, concerning the use of the Trade Marks or any substantially identical or deceptively similar marks.

Change of Control means, for a corporation, a change in:

(a) Control of the composition of the board of directors of the corporation;

(b) Control of more than half the voting rights attaching to shares in the corporation; or

(c) Control of more than half the issued shares of the corporation (not counting any share which carries no right to participate beyond a specified amount in the distribution of either profit or capital).

Commencement Date means the date indicated on the first page of this document.

Control means a power or control that is direct or indirect or that is, or can be, exercised as a result of, by means of or by the revocation or breach of a trust, an agreement, a practice, or any combination of them, whether or not they are enforceable. It does not matter whether the power or control is express or implied, formal or informal, exercisable alone or jointly with someone else.

Confidential Information means all information and know-how held by either Crown or the Licensee whether recorded in material form or not, which is disclosed to or learnt by another party to this document and includes any facts, legal advice, financial, commercial or competitive information, technical knowledge, concepts, ideas, decisions, programs, processes, procedures, innovations, inventions, market intelligence and database information of or about the relevant party, and also includes any other information that:

(a) is by its nature confidential;

(b) is marked or designated or confirmed by a party as confidential or proprietary at the time of its disclosure; or

(c) the other party knows or ought to know is confidential,

but does not include information that:

(d) is in or enters the public domain through no fault of the receiving party;

(e) is or was made available to the receiving party by a person (other than the disclosing party) who is or was not under any obligation of confidence to the disclosing party in relation to that information; or

(f) is or was developed by the receiving party independently of the disclosing party and any of its officers, employees, agents or contractors.

Infringement means any actual, suspected or threatened infringement or unauthorised use of the Trade Marks by a third party.

Joint Venture means the joint venture between PBL and Melco pursuant to which each party owns shares in the Licensee and each company has executed the Joint Venture Agreement.

Joint Venture Agreement means the Shareholders' Deed dated 8 March 2005 (as amended and restated from time to time) between Melco, Melco Leisure and Entertainment Group Limited, PBL, PBL Asia Investments Limited and the Licensee.

Macau SAR means Macau, the Special Administrative Region of the People's Republic of China.

Melco means Melco International Development Limited of Level 38, The Centrium, 60 Wyndham Street, Central, Hong Kong.

PBL means Publishing and Broadcasting Limited (ABN 52 009 071 167) of Level 2, 54 Park Street, Sydney, NSW 2000, Australia.

Purpose means for use in gaming, casino/hotel and related developments undertaken by the Licensee or its wholly owned subsidiaries.

Term means the term of this document defined by reference to clause 2.4.

Territory means Macau, SAR.

Trade Marks means the trade marks set out in Schedule 1, and any other trade marks owned by Crown which Crown agrees in writing to include as a Trade Mark under this document from time to time.

1.2 **Rules for interpreting this document**

In this document, unless the context otherwise requires:

(a) headings are for convenience only and do not affect interpretation;

(b) the singular includes the plural and vice versa;

(c) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing;

(d) a reference to:

(i) any statutory enactment or law shall mean and be construed as reference to that enactment or law as amended or modified or re-enacted from time to time, and includes any ordinances, by-laws, regulations and other statutory enactments issued under such statutory enactment or law, and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;

(ii) an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government and vice versa;

(iii) a clause or schedule is to a clause or schedule of or to this document and forms part of this document;

(iv) a document or agreement is to that document or agreement (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time; and

(v) any party to this document or to any other document or agreement includes that party's executors, administrators, substitutes, successors and permitted assigns.

2. LICENCE

2.1 Grant of Licence

On the terms and subject to the conditions of this document, Crown grants to the Licensee, and the Licensee accepts, an exclusive, non-transferable licence to use the Trade Marks solely for the Purpose in the Territory for the Term.

2.2 No right to sub-licence

The Licensee must not sub-license any right granted to it under this document without the prior written consent of Crown (such consent shall not be unreasonably withheld) provided however that the Licensee may, without Crown's consent but on giving written notice to Crown, grant sub-licenses to its wholly owned subsidiaries which are undertaking the Purpose in the Macau SAR. Any such sub-licenses must be consistent with and incorporate the terms of this Agreement.

2.3 Record of interest

Where a Trade Mark is or becomes registered in the Territory, the Licensee must record its interest as a licensee or registered or authorised user of the Trade Mark. Crown must, at the request and at the expense of the Licensee, perform such acts and execute such documents as may be reasonably necessary to enable the Licensee to do so.

2.4 Term

The permission granted to the Licensee to use the Trade Marks commences on the Commencement Date and continues until the earlier of:

(a) the Joint Venture Agreement is terminated; and

(b) this Agreement is terminated in accordance with clause 8.

2.5 Licence Fee

The Licensor and the Licensee hereby agree that no licence fee shall be payable by the Licensee for the use of the Trade Marks hereunder.

3. TITLE

3.1 Ownership of Trade Marks

The Licensee acknowledges that:

(a) Crown is the owner of the Trade Marks;

(b) this document does not adversely affect the rights of Crown in the Trade Marks;

(c) nothing in this document shall be construed as conferring upon the Licensee any interest or right in the Trade Marks, other than as licensee; and

(d) all use of the Trade Marks or any substantially identical or deceptively similar marks by the Licensee inures to the benefit of Crown and all goodwill and reputation in the Trade Marks by reason of use of the Trade Marks by the Licensee vests in, and is assigned to, Crown.

3.2 **Prohibited acts**

The Licensee must not take, or assist any other person directly or indirectly to take action which may invalidate, prejudice or impair any of the rights of Crown in the Trade Marks or contest, challenge or oppose registration or support any application to expunge or require any disclaimer concerning the Trade Marks.

4. USE OF TRADE MARKS

4.1 **Licensee's obligations**

The Licensee must:

(a) comply with all of Crown's reasonable instructions, requirements, directions and specifications, within a reasonable period of time after the Licensee's receipt thereof, about the use and manner of using the Trade Marks which Crown may give to the Licensee in writing from time to time;

(b) not use the Trade Marks in any other form than:

(i) if the Trade Marks are registered, in the form in which they are registered;

(ii) if the Trade Marks are not registered, in such form as indicated in Schedule 1; or

(iii) in either case, in such form as may be approved by Crown in writing from time to time;

(c) not use a Trade Mark in connection with any services or products other than the services or products for which the particular Trade Mark is registered in the Territory;

(d) not use the Trade Marks in any way likely to deceive or cause confusion or prejudice the distinctiveness or value of the Trade Marks or Crown's goodwill or reputation;

(e) accompany each use of the Trade Marks with a notice to the effect that the Trade Mark is used under licence from Crown, unless Crown confirms in writing that a notice is not required;

(f) not use the Trade Marks in conjunction with any other trade mark or brand name, without the prior written consent of Crown (such consent shall not be unreasonably withheld);

(g) not alter, deface, make additions to, remove, erase or obliterate, wholly or partly the Trade Marks;

(h) at Crown's request promptly give Crown any information as to the Licensee's use of the Trade Marks which Crown may reasonably require; and

(i) provide all reasonable assistance requested by Crown in relation to any legal proceedings arising from the use of the Trade Marks by the Licensee.

5. QUALITY CONTROL

5.1 Approval

(a) Subject to clause (b), Crown and the Licensee will jointly approve all materials to which the Trade Marks are applied or used in respect of, including, without limitation, press releases, advertising, promotional and publicity materials, sales literature, catalogues, signs, films, television, video, radio and internet advertising, print medium material and material of a similar nature.

(b) The Licensee must:

(i) notify Crown and obtain Crown's prior written approval of each service and product in relation to which the Licensee wishes to use the Trade Marks;

(ii) at Crown's request, promptly give Crown any information that Crown may reasonably require concerning the Licensee's services and products in relation to which the Licensee wishes to use the Trade Marks;

(iii) allow Crown and any duly authorised representative of Crown access to the Licensee's premises, at all reasonable times with prior appointment, to enable Crown to:

(A) assess the nature, standard, quality and character of any services and products in relation to which the Licensee wishes to use the Trade Marks; and

(B) ensure that the Licensee is complying with its obligations under this document.

(c) Crown may in its absolute discretion notify the Licensee that any Trade Mark is not to be associated with any service or product of the Licensee in any way that will adversely affect the goodwill associated with the Trade Mark or Crown's reputation. Crown may exercise this right from time to time and from such period or periods as are notified in writing by Crown. The Licensee must within thirty (30) days after receipt of the written notice from Licensor comply with the terms of any notice given by Crown under this clause. However, subject to the Licensee complying with its obligations under this Agreement, nothing in this clause shall give Crown the right to request the Licensee to cease, (i) the use of the name "CROWN MACAU" for Licensee's premier luxurious casino-hotel at the development known as Crown Macau on Taipa in Macau SAR and, (ii) the use of the name "CROWN TOWERS" for Licensee's premier luxurious casino-hotel at the development known as City of Dreams at Cotai in Macau SAR. The giving of notice under this clause does not operate as a termination or repudiation of this document.

5.2 **Licensee's services and products**

The Licensee must:

(a) ensure that its services and products meet Crown's standards and requirements of quality as notified by Crown to the Licensee in writing from time to time;

(b) ensure that the Licensee's services and products comply with all applicable standards, regulations and government guidelines and rules in the Territory; and

(c) participate in or implement any promotions, marketing activities, advertisements or merchandising methods or displays in relation to its services and products, as requested, and in the form required, by Crown,

provided that the Licensee shall be given a reasonably period of time to comply with any of Crown's request pursuant to the above.

6. REPRESENTATIONS, WARRANTIES AND INDEMNITIES

6.1 **No warranty with regard to Trade Marks**

The parties acknowledge that Crown does not provide any warranty or indemnity in respect of any infringement of third party rights by the use of the Trade Marks or any substantially identical or deceptively similar marks. However, Crown warrants that, subject to any written disclosure to the Licensee to the contrary, it is not aware that the grant of the licence herein or the use of the Trade Marks will infringe the rights of any third party.

Notwithstanding anything contrary to this Agreement, if during the term of this Agreement any trademark action, proceeding or claim, based on the use of the Trade Mark(s) (the "**Trademark Claim**") pursuant to the terms of this Agreement, is instituted against Licensee, Licensor hereby agrees to indemnify, defend, and hold free and harmless Licensee, its employees, representatives, directors, officers, permitted successors and assigns from and against the Trademark Claim and reasonable out-of-pocket expenses, including, without limitation, interest, penalties, attorney and third party fees which may be suffered, incurred or paid by such persons to be indemnified.

6.2 **Licensee's warranty**

The Licensee warrants and undertakes on behalf of itself, its directors, officers and agents and on behalf of companies related to the Licensee and their directors, officers and agents that:

(a) it will co-operate and take all reasonable steps to preserve the existing rights of Crown in the Trade Marks and will not interfere with the continued exploitation of the Trade Marks by Crown;

(b) its services comply with any statutory or other industry standards; and

(c) its services comply with all relevant legislative, regulatory and other governmental requirements in the Territory.

6.3 **Crown's warranty**

Crown warrants with the Licensee that :

(a) it has all rights and authority necessary to perform its obligations under this Agreement;

(b) it will use the Trade Marks only for the Purpose, and not for any other purpose;

(c) it is the proprietor of the Trade Marks and subject to any written disclosure to the Licensee to the contrary, its proprietary rights and the validity of the Trade Marks have never been called into question or challenged;

(d) Crown shall not, during the Term, use or grant to other third parties rights or licenses to use the Trade Marks in the Territory; and

(e) it will comply with all relevant legal requirements to maintain and renew all registrations of the Trade marks in the Territory.

6.4 **Licensee's indemnity**

The Licensee indemnifies Crown, must keep Crown indemnified and must hold Crown harmless from and against any and all:

(a) liabilities, actions, proceedings, claims or demands against Crown; and

(b) losses, damages, costs or expenses of Crown,

of any kind, which arise out of or in relation to:

(c) the use of the Trade Marks or any substantially identical or deceptively similar marks by the Licensee or any sub-licensee of the Licensee;

(d) the negligent or wilful act or omission by the Licensee (by itself, its directors, employees, agents or subcontractors) in supplying its services; or

(e) any failure or alleged failure by the Licensee to comply with the terms and conditions of this document.

6.5 **Crown's indemnity**

Crown indemnifies the Licensee, must keep the Licensee indemnified and must hold the Licensee harmless from and against any and all:

(a) liabilities, actions, proceedings, claims or demands against the Licensee; and

(b) losses, damages, costs or expenses of the Licensee

of any kind, which arise out of or in relation to any failure by Crown to comply with the terms and conditions of this document.

7. INFRINGEMENTS AND CLAIMS

7.1 Notification

The Licensee must promptly notify Crown in writing giving full particulars, of any Infringement or Claim of which the Licensee becomes aware.

7.2 Assistance

The Licensee must, at its own expense, provide such assistance, perform such acts and execute such documents as may be reasonably necessary to enable Crown to take action in relation to any Infringement or to defend any Claim. The Licensee must not take any action in relation to any Infringement nor to defend any Claim without Crown's prior written consent.

7.3 Crown to take action

Crown, in its sole discretion, shall determine whether or not any action will be taken in respect of any Infringement or any Claim.

8. TERMINATION

8.1 Termination by Crown

Crown may terminate this document (including all licences granted under it) by written notice effective immediately or effective from any later date Crown may nominate in writing, if:

(a) the Licensee breaches any of its obligations under this document and the breach is not rectified, if it can be rectified, within 14 days;

(b) an order is made or resolution passed for the administration, liquidation, receivership or other winding up or dissolution without winding up of the Licensee (other than for the purposes of amalgamation or reconstruction);

(c) the Licensee is affected by a Change of Control;

(d) the direct and indirect shareholding of:

  (i) PBL and Melco together in the Licensee is less than 50%; or

  (ii) PBL in the Licensee is less than 25%; or

(e) without limiting the other provisions of this clause 8, the Licensee engages in any conduct or practice that is reasonably likely, in Crown's reasonable opinion, to adversely affect:

  (i) the Trade Marks;

  (ii) the goodwill associated with the Trade Marks;

  (iii) Crown's rights in the Trade Marks; or

(iv) Crown's goodwill and reputation.

8.2 **Licensee to cease use**

Where this document is terminated, the Licensee must:

(a) immediately, or from any later date Crown may nominate in writing, cease all use of the Trade Marks on any material, including without limitation, signage, stationery and invoices;

(b) as applicable, immediately apply to remove its recorded interest as Licensee of the Trade Mark;

(c) immediately cease to associate itself with the Trade Marks or Crown and not do anything which suggests a connection with the Trade Marks or Crown;

(d) not use or register or authorise or assist anyone else to use or register a trade mark which is deceptively similar to any Trade Mark; and

(e) not take, or assist any other person directly or indirectly to take action which may invalidate, prejudice or impair any of the rights of Crown in the Trade Marks or contest, challenge or oppose registration or support any application to expunge or require any disclaimer concerning any of the Trade Marks.

8.3 **Accrued rights**

The termination or expiry of this document will be without prejudice to the accrued rights of the parties, and any provision of this licence which relates to or governs the acts of the parties subsequent to such expiry or termination will remain in full force and effect.

9. CONFIDENTIAL INFORMATION

9.1 **Obligation of confidence**

(a) Each party acknowledges that it may acquire Confidential Information during the Term.

(b) Each party agrees to treat all Confidential Information as confidential and will not use or disclose Confidential Information to any person, except its employees, agents, consultants, or sub-contractors:

(i) on a "need to know" basis or to the extent required to enable that party to exercise the rights granted to it under this document or comply with the provisions of this document;

(ii) only where such agents, consultants, or sub-contractors have provided an undertaking to keep the Confidential Information confidential.

(c) Each party will use the Confidential Information only for the purposes for which it has been provided.

10. NOTICES

10.1 **Effective Notice**

A notice under this document is only effective if it is:

(a) in writing, signed by or on behalf of the person giving it;

(b) addressed to the person to whom it is to be given; and

(c) either:

(i) delivered or sent by pre-paid mail to that person's address; or

(ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that says that it was sent in full.

10.2 **Delivery of notices**

A notice given to a party in accordance with this clause is treated as having been given and received:

(a) if delivered to a party's address, on the day of delivery if a Business Day, otherwise on the next Business Day;

(b) if sent by pre-paid airmail, on the third Business Day after posting; and

(c) if delivered by fax:

(i) by 5.00pm (local time at the place of receipt) on a Business Day – on that day; or

(ii) after 5.00pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day.

10.3 For the purpose of this clause the address of a party is the address set out below or another address of which that party may from time to time give notice to each other party:

Crown:

Attention:	General Counsel
Address:	8 Whiteman Street Southbank Victoria 3006 Australia
Facsimile:	613 9292 7295

The Licensee:

Attention:	General Counsel
Address:	38th Floor, The Centrium 60 Wyndham Street, Central, Hong Kong
Facsimile:	852 3162 3579

11. AMENDMENT AND ASSIGNMENT

11.1 Amendment in writing

This document may only be amended, supplemented, replaced or novated by another document signed by Crown and the Licensee.

11.2 Licensee cannot assign

The rights granted by Crown to the Licensee are personal to the Licensee and may not be assigned without the prior written consent of Crown.

12. GENERAL

12.1 Governing law

This document is governed by the law in force in Victoria, Australia and the parties submit to the non-exclusive jurisdiction of the courts in Victoria, Australia.

12.2 Relationship of the parties

Nothing in this document will constitute or be deemed to constitute a partnership between the parties or to constitute or be deemed to constitute an agency or employment relationship between the parties for any purpose, and no party has the authority to bind the others or to contract in the name of the others in any way or for any purpose.

12.3 Giving effect to this document

Each party must do, sign, execute and deliver and must procure that each of its employees and agents does, signs, executes and delivers, all deeds, documents, instruments and acts reasonably required of it or them by notice from another party to carry out and give full effect to this document and the rights and obligations of the parties under it. Specifically, the parties agree to do such things as may be desirable for protecting Crown's rights in the Trade Marks.

12.4 Waiver

The non-exercise of or delay in exercising any power or right of a party does not operate as a waiver of that power or right, nor does any single exercise of a power or right preclude any other or further exercise of it or the exercise of any other power or right. A power or right may only be waived in writing, signed by the party to be bound by the waiver.

12.5 Severability

Any provision in this document which is invalid or unenforceable in any jurisdiction is, if possible, to be read down for the purposes of that jurisdiction so as to be valid and enforceable, and is otherwise capable of being severed to the extent of the invalidity or unenforceability, without affecting the remaining provisions of this document or affecting the validity or enforceability of that provision in any other jurisdiction.

12.6 **Counterparts**

This document may be executed in any number of counterparts and all of those counterparts taken together constitute one and the same instrument.

12.7 **Entire agreement**

This document supersedes all previous agreements, whether verbal or in writing, in respect of its subject matter and embodies the entire agreement between the parties.

EXECUTED as an agreement

SIGNED for CROWN LIMITED (ACN 006 973 262), by its duly authorised officer, in the presence of:

/s/
Signature of officer

/s/
Signature of witness

Rowen Craigie
Name

Jocinta Chalmers
Name

SIGNED for **MELCO PBL ENTERTAINMENT (MACAU) LIMITED** by its duly authorised officer, in the presence of:

/s/
Signature of officer

Signature of witness

Name Lawrence Ho, CEO

Name

SCHEDULE 1

TRADE MARKS

The Trade Marks are as specified in the **attached** document entitled "Macau Trade Marks – Status as of 14 September 2006".

Macau Trade Marks

Status as of 14 September 2006

Notes in relation to trade mark filing and oppositions in Macau:

1. BDW's agents have advised that in Macau a trade mark application is published for opposition purposes *before* it is examined by the Registrar (unlike Australia where substantive examination is taken *prior* to publication for opposition proceedings). Accordingly, "Accepted" in Macau means that the opposition period has elapsed and the trade marks are to be examined by the Macau Trade Marks Registry.
2. Where the applications have been opposed, if Crown is successful in the opposition proceedings, the applications will then be examined by the Registrar.
3. Where the opposition periods have expired, any objections that may be raised during examination are likely to be minor and should not impede registration.
4. "Tin Fat" means **Tin Fat Gestao E Investimentos, Limitada**. Tin Fat is the applicant for **GOLDEN CROWN CHINA HOTEL MACAU** in English, Chinese and Portuguese in class 42 (accommodation).

Note for September 2006 Update – the Macau courts have only recently returned from the summer break hence the delay in the provision of information from Macau.

Trade Mark	TM Number	Date Lodged	Class (Summary only - refer to Macau Trade Marks Register)	Status	Other Matters
A. EXISTING MARKS – NOT CHALLENGED					
CROWN	N/000106	07/02/1996	39 - Travel arrangements	Registered	Nil.
CROWN	N/000107	07/02/1996	41 - Gambling and casino services, entertainment services	Registered	Nil.
	N/000101	07/02/1996	39 - Travel arrangements	Registered	Nil.
	N/000102	07/02/1996	41 - Gambling and casino services, entertainment services	Registered	Nil.

Trade Mark	TM Number	Date Lodged	Class (Summary only - refer to Macau Trade Marks Register)	Status	Other Matters
	N/000103	07/02/1996	42 - Hospitality and accommodation services	Registered	Nil.
CROWN TOWERS	N/000109	07/02/1996	39 - Travel arrangements	Registered	Nil.
CROWN TOWERS	N/000110	07/02/1996	41 - Gambling and casino services, entertainment services	Registered	Nil.
B. EXISTING MARKS WHICH TIN FAT IS SEEKING TO CANCEL					
CROWN	N/000108	07/02/1996	42 - Hospitality and accommodation services	Registered Tin Fat has issued High Court challenge to Tribunal's decision in favour of Crown.	Tribunal issued decision refusing Tin Fat's cancellation application. Awaiting advice from Macau lawyers as to date for High Court hearing date. **NOTE:** We are awaiting advice from the Macau lawyers as to whether there are any restrictions on using mark before the matter is finalised in court.
CROWN TOWERS	N/000111	07/02/1996	42 - Hospitality and accommodation services	Registered Tin Fat has issued High Court challenge to Tribunal's decision in favour of Crown.	Tribunal issued decision refusing Tin Fat's cancellation application. Awaiting advice from Macau lawyers as to date of High Court hearing date. **NOTE:** We are awaiting advice from the Macau lawyers as to whether there are any restrictions on using mark before the matter is finalised in court.
C. NEW MARKS – NOT OPPOSED					
CROWN MACAU	N/017829	11/07/2005	39 - Travel arrangements	Registered.	Registered.
CROWN TOWERS MACAU	N/017832	11/07/2005	39 - Travel arrangements	Registered.	Registered.
CROWN CASINO AND HOTEL MACAU	N/017838	11/07/2005	39 - Travel arrangements	Opposition period expired	Awaiting confirmation of acceptance before substantive examination.

Trade Mark	TM Number	Date Lodged	Class (Summary only - refer to Macau Trade Marks Register)	Status	Other Matters
CROWN CASINO AND HOTEL MACAU	N/017839	11/07/2005	41 - Gambling and casino services, entertainment services	Opposition period expired	Awaiting confirmation of acceptance before substantive examination.
CROWN CASINO MACAU	N/017835	11/07/2005	39 - Travel arrangements	Opposition period expired	Awaiting confirmation of acceptance before substantive examination.
CROWN CASINO MACAU	N/017836	11/07/2005	41 - Gambling and casino services, entertainment services	Opposition period expired	Awaiting confirmation of acceptance before substantive examination.
CROWN MACAU	N/017830	11/07/2005	41 - Gambling and casino services, entertainment services	Opposition period expired	Awaiting confirmation of acceptance before substantive examination.
 **“Crown Macau”**	N/018553	05/09/2005	39 - Travel arrangements	Opposition period expired	Awaiting confirmation of acceptance before substantive examination.
 **“Crown Macau”**	N/018554	05/09/2005	41 - Gambling and casino services, entertainment services	Accepted for registration.	Awaiting confirmation of registration.
 **“Crown Macau”**	N/018555	05/09/2005	42 - Hospitality and accommodation services	Accepted for registration.	Awaiting confirmation of registration.
CROWN TOWERS MACAU	N/017833	11/07/2005	41 - Gambling and casino services, entertainment services	Opposition period expired	Awaiting confirmation of acceptance before substantive examination.

Trade Mark	TM Number	Date Lodged	Class (Summary only - refer to Macau Trade Marks Register)	Status	Other Matters
D. NEW MARKS THAT TIN FAT IS OPPOSING					
CROWN CASINO AND HOTEL MACAU	N/017840	11/07/2005	42 - Hospitality and accommodation services	Opposition proceedings commenced by Tin Fat	Evidence in defence filed by Crown. Response filed by Tin Fat. Tribunal will decide matter. Awaiting update from Macau lawyers as to indicative dates for examination. Matter will be decided without a hearing.
CROWN CASINO MACAU	N/017837	11/07/2005	42 - Hospitality and accommodation services	Opposition proceedings commenced by Tin Fat	Evidence in defence filed by Crown. Response filed by Tin Fat. Tribunal will decide matter. Awaiting update from Macau lawyers as to indicative dates for examination. Matter will be decided without a hearing.
CROWN MACAU	N/017831	11/07/2005	42 - Hospitality and accommodation services	Opposition proceedings commenced by Tin Fat	Evidence in defence filed by Crown. Response filed by Tin Fat. Tribunal will decide matter. Awaiting update from Macau lawyers as to indicative dates for examination. Matter will be decided without a hearing.
CROWN TOWERS MACAU	N/l017834	11/07/2005	42 - Hospitality and accommodation services	Opposition proceedings commenced by Tin Fat	Evidence in defence filed by Crown. Response filed by Tin Fat. Tribunal will decide matter. Awaiting update from Macau lawyers as to indicative dates for examination. Matter will be decided without a hearing.
E. OTHER APPLICATIONS					
CROWN CLUB	N/022591	2/06/2006	35 – customer loyalty schemes and advertising, marketing and promotion	Filed.	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).

Trade Mark	TM Number	Date Lodged	Class (Summary only - refer to Macau Trade Marks Register)	Status	Other Matters
CROWN CLUB	N/022592	2/06/2006	41 – gambling and entertainment services	Filed	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).
CROWN CLUB	N/022593	2/06/2006	43 – hospitality and accommodation services	Filed	Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).
CROWN CLUB and LOGO	N/022594	2/06/2006	35 – customer loyalty schemes and advertising, marketing and promotion	Filed	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).
CROWN CLUB and LOGO	N/022595	2/06/2006	41– gambling and entertainment services	Filed	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).
CROWN CLUB and LOGO	N/022596	2/06/2006	43 – hospitality and accommodation services	Filed	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).
CROWN CLUB MACAU	N/022597	2/06/2006	35 – customer loyalty schemes and advertising, marketing and promotion	Filed	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).
CROWN CLUB MACAU	N/022598	2/06/2006	41– gambling and entertainment services	Filed	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).
CROWN CLUB MACAU	N/022599	2/06/2006	43 – hospitality and accommodation services	Filed	Opposition period. Examination will take place some time after the 2 month opposition period has expired (i.e. after 2 October 2006).

Addendum to 14 September Document

(B) Crown has now filed the necessary court documents; (E) Tin Fat has now issued notices of opposition for the above **CROWN CLUB** based marks in classes 35 and 43.

OTHER MATTERS

1. Opposition by Crown Limited

Crown has opposed the trade mark applications by Tin Fat for **GOLDEN CROWN CHINA HOTEL MACAU** in English, Chinese and Portuguese in class 42. Evidence in defence filed by Tin Fat. Tribunal will probably decide matter without a hearing.

The original estimated date for consideration by the Tribunal was late June/July. It does not appear that this has taken place – we are awaiting confirmation from the Macau lawyers.

2. CROWN CLUB and Best Western International's applications for GOLD CROWN CLUB – Trade Mark Co-existence Agreement

Crown and Best Western International have now executed a **Trade Mark Co-existence Agreement** that applies to Macau, Hong Kong and Australia. Under this agreement:

- Crown will not challenge Best Western's trade mark applications for **GOLD CROWN CLUB** in Hong Kong and Macau. Crown has withdrawn its opposition in Hong Kong.
- Best Western International will not challenge Crown's applications for **CROWN CLUB** in Hong Kong and Macau.
- Certain restrictions apply to the parties in Australia.

Tin Fat has opposed Best Western's application for **GOLD CROWN CLUB** in Macau. It may oppose Crown's recently filed applications.

3. Secondary Macau Trade Marks

The process of searching and registering any new secondary marks (i.e. **YING**) is being managed by Melco. However, any secondary marks incorporating Crown Limited's marks (such as **CROWN**) will be managed by Crown Limited.

Crown to consider the registration of **CROWN SPA** in Macau.

Note: Any questions regarding this table can be directed to Scott Cutler of Crown.

Exhibit 21.1

List of Subsidiaries

1. Melco PBL Holdings Limited, incorporated in Cayman Islands
2. Melco PBL International Limited, incorporated in Cayman Islands
3. Melco PBL Gaming (Macau) Limited, incorporated in Macau Special Administrative Region of the People's Republic of China
4. Melco PBL Investments Limited, incorporated in Cayman Islands
5. Great Wonders, Investments, Limited, incorporated in Macau Special Administrative Region of the People's Republic of China
6. Melco Hotels and Resorts (Macau) Limited, incorporated in Macau Special Administrative Region of the People's Republic of China
7. Melco PBL (Macau Peninsula) Limited, incorporated in British Virgin Islands
8. Melco PBL Entertainment (Greater China) Limited, incorporated in Cayman Islands
9. Mocha Slot Group Limited, incorporated in British Virgin Islands
10. Mocha Slot Management Limited, incorporated in Macau Special Administrative Region of the People's Republic of China
11. Mocha Slot Café Limited, incorporated in Macau Special Administrative Region of the People's Republic of China

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in the Registration Statement of Melco PBL Entertainment (Macau) Limited on Form F-1 of our report dated July 21, 2006 (November 14, 2006 as to Note 18 and December 1, 2006 as to Note 19) relating to the consolidated financial statements of Melco PBL Entertainment (Macau) Limited, appearing in the Prospectus, which is part of such Registration Statement, and to the reference to us under the heading "Experts" in such Prospectus.

/s/ Deloitte Touche Tohmatsu
Deloitte Touche Tohmatsu
Hong Kong
December 1, 2006

Exhibit 23.3

41st Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong
Tel: (852) 2522-7886 Fax: (852) 2522-7006
www.lw.com

LATHAM & WATKINS LLP
International Law Firm
瑞生國際律師事務所 (有限責任合夥)

LATHAM & WATKINS LLP

December 1,2006

Melco PBL Entertainment (Macau) Limited
The Penthouse, 38th Floor
The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

We hereby consent to the use of our name under the caption "Taxation" and "Legal Matters" in the prospectus included in the registration statement on Form F-1, originally filed by Melco PBL Entertainment (Macau) Limited on December 1, 2006, with the Securities and Exchange Commission under the Securities Act of 1933, as amended. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Sincerely yours,

/s/
Latham & Watkins LLP

Exhibit 23.4

[LETTERHEAD OF MANUELA ANTÓNIO LAW OFFICE]

December 1, 2006

Melco PBL Entertainment (Macau) Limited
The Penthouse, 38th Floor
The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

We hereby consent to the use of our name under the captions "Prospectus Summary," "Enforceability of Civil Liabilities," "Principal Shareholders" and "Legal Matters" in the prospectus included in the registration statement on Form F-1, originally filed by Melco PBL Entertainment (Macau) Limited on December 1, 2006, with the Securities and Exchange Commission under the Securities Act of 1933, as amended. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Sincerely yours,

/s/
Manuela António
Manuela António Law Office

Exhibit 23.5

December 1, 2006

Melco PBL Entertainment (Macau) Limited
The Penthouse, 38th Floor, The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the reference of my name as a director of Melco PBL Entertainment (Macau) Limited. (the "Company"), effective immediately upon the effectiveness of the Company's registration statement on Form F-1 originally filed by the Company on December 1, 2006 with the Securities and Exchange Commission.

Sincerely yours,

/s/

Name: Thomas Jefferson Wu

Exhibit 23.6

December 1, 2006

Melco PBL Entertainment (Macau) Limited
The Penthouse, 38th Floor, The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the reference of my name as a director of Melco PBL Entertainment (Macau) Limited. (the "Company"), effective immediately upon the effectiveness of the Company's registration statement on Form F-1 originally filed by the Company on December 1, 2006 with the Securities and Exchange Commission.

Sincerely yours,

/s/

Name: Alec Tsui

Exhibit 23.7

December 1, 2006

Melco PBL Entertainment (Macau) Limited
The Penthouse, 38th Floor, The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the reference of my name as a director of Melco PBL Entertainment (Macau) Limited. (the "Company"), effective immediately upon the effectiveness of the Company's registration statement on Form F-1 originally filed by the Company on December 1, 2006 with the Securities and Exchange Commission.

Sincerely yours,

/s/

Name: David E. Elmslie

Exhibit 23.8

December 1, 2006

Melco PBL Entertainment (Macau) Limited
The Penthouse, 38th Floor, The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the reference of my name as a director of Melco PBL Entertainment (Macau) Limited. (the "Company"), effective immediately upon the effectiveness of the Company's registration statement on Form F-1 originally filed by the Company on December 1, 2006 with the Securities and Exchange Commission.

Sincerely yours,

/s/

Name: Robert Mactier

Exhibit 99.1

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

Purpose

This Code of Business Conduct and Ethics (the "Code") contains general guidelines for conducting the business of Melco PBL Entertainment (Macau) Limited (the "Company") consistent with the highest standards of business ethics. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code applies to all of the directors, officers and employees of the Company and its subsidiaries (which, unless the context otherwise requires, are collectively referred to as the "Company" in this Code). We refer to all persons covered by this Code as "Company employees" or simply "employees." We also refer to our Chief Executive Officer, our Chief Financial Officer and our Financial Controller as our "principal financial officers."

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company's ethical standards, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Compliance Officer of the Company, who shall be a person appointed by the Board of Directors of the Company (the "Board"). Stephanie Cheung, General Counsel of the Company, has initially been appointed by the Board as the Compliance Officer for the Company. She can be reached at 852-3151-3773 and scheung@melco-pbl.com. The Company will notify you if the Board appoints a different Compliance Officer.

Reporting Violations of the Code

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company. If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Compliance Officer, who will work with you and your supervisor to investigate your concern. If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Compliance Officer directly. All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Compliance Officer and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern.

It is Company policy that any employee who violates this Code will be subject to appropriate discipline, which may include termination of employment. This determination will be based upon the facts and circumstances of each particular situation. An employee accused of violating this Code will be given an opportunity to present his or her version of the events at issue prior to any determination of appropriate discipline. Employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and many incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Policy Against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

Waivers of the Code

Waivers of this Code for employees may be made only by an executive officer of the Company. Any waiver of this Code for our directors, executive officers or other principal financial officers may be made only by the Board and will be disclosed to the public as required by law or the rules of the Nasdaq Global Market.

CONFLICTS OF INTEREST

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole. You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- Outside Employment. No employee should be employed by, serve as a director of, or provide any services to a company that is a material customer, supplier or competitor of the Company.
- Improper Personal Benefits. No employee should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- Financial Interests. No employee should have a financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company, except when the interest has been fully disclosed to and approved by the Company. However, it is not typically considered a conflict of interest (and therefore, prior approval is not required) to have an interest of less than 1 percent of the outstanding shares of a publicly traded company. If you are uncertain whether a particular interest in outstanding shares of a publicly traded company may give rise to a conflict of interest, please contact the Compliance Officer for assistance.
- Loans or Other Financial Transactions. No employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions.
- Service on Boards and Committees. No employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee's objectivity in making decisions on behalf of the Company. For purposes of this Code, "family members" include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption. Please see "Family Members Working in the Industry" below for additional guidelines in this area.

For purposes of this Code, a company is a "material" customer if the company has made payments to the Company in the past year in excess of US$200,000 or 5% of the customer's gross revenues, whichever is greater. A company is a "material" supplier if the company has received payments from the Company in the past year in excess of $200,000 or 5% of the supplier's gross revenues, whichever is greater. A company is a "material" competitor if the company competes in the Company's line of business and has annual gross revenues from such line of business in excess of US$10,000,000. For purposes of this Code, Melco International Development Limited and its subsidiaries ("Melco"), Publishing and Broadcasting Limited and its subsidiaries ("PBL"), and any other joint venture entities of Melco and PBL are not considered to be "material" competitors, suppliers or customers. If you are uncertain whether a particular company is a material customer, supplier or competitor, please contact the Compliance Officer for assistance.

Disclosure of Conflicts of Interest

The Company requires that employees disclose any situations that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it to your supervisor or the Compliance Officer. Your supervisor and the Compliance Officer will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in "Waivers of the Code" above.

Family Members Working in the Industry

You may find yourself in a situation where your Family Member is a competitor, supplier, guest, patron, visitor or tenant of the Company or is employed by one. Such situations are not prohibited, but they call for extra sensitivity to security, confidentiality and potential conflicts of interest.

There are several factors to consider in assessing such a situation. Among them: the relationship between the Company and the other company; the nature of your responsibilities as a Company employee and those of the other person; and the access each of you has to your respective employer's confidential information. Such a situation, however harmless it may appear to you, could arouse suspicions among your colleagues that might affect your working relationships. The very appearance of a conflict of interest can create problems, regardless of the propriety of your behavior.

To remove any such doubts or suspicions, you must disclose your specific situation to your supervisor or the Compliance Officer to assess the nature and extent of any concern and how it can be resolved. In some instances, any risk to the Company's interests is sufficiently remote that the supervisor or Compliance Officer may only remind you to guard against inadvertently disclosing Company confidential information and not to be involved in decisions on behalf of the Company that involve the other company.

GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should not compromise, or appear to compromise, your ability to make objective and fair business decisions.

When you are providing a gift, entertainment or other accommodation in connection with Company business, you must do so in a manner that is in good taste and without excessive expense. Except for complimentary goods and services customarily provided to customers in the ordinary course of the Company's business, you may not furnish or offer to furnish any gift that is of more than token value or that goes beyond the common courtesies associated with accepted business practices. You should follow the below guidelines for receiving gifts, in determining when it is appropriate to give gifts and when prior written approval from your supervisor or the Compliance Officer is required.

Our suppliers and tenants likely have gift and entertainment policies of their own. You must be careful never to provide a gift or entertainment that you know violates the other company's gift and entertainment policy.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:
  - The items are of reasonable value;
  - The purpose of the meeting or attendance at the event is business related; and
  - The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.

  Entertainment of reasonable value may include food and tickets for sporting and cultural events if they are generally offered to other customers, suppliers or vendors.
- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.
- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.

- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

This guideline does not prohibit authorized employees in designated job categories from accepting traditional customer gratuities ("tips").

You must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. See "Compliance with Laws and Regulations—The Foreign Corrupt Practices Act" for additional discussion of our policies regarding giving or receiving gifts related to business transactions.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Compliance Officer, which may require you to donate the gift to an appropriate community organization. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or the Compliance Officer for additional guidance.

COMPANY RECORDS

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and guide our business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited. You are responsible for understanding and complying with our record keeping policy. Ask your supervisor if you have any questions.

ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

As a public company we are subject to various securities laws, regulations and reporting obligations. These laws, regulations and obligations and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

The Company's principal financial officers and other employees working in the Accounting Department have a special responsibility to ensure that all of our financial disclosures are full, fair, accurate, timely and understandable. These employees must understand and strictly comply with generally accepted accounting principles and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

In addition, U.S. federal securities law requires the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The Securities and Exchange Commission ("SEC") has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading, or incomplete statement to an accountant in connection with an audit or any filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors, and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

COMPLIANCE WITH LAWS AND REGULATIONS

Each employee has an obligation to comply with all laws, rules and regulations applicable to the Company operates. These include laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Compliance Officer.

The Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the "FCPA") prohibits the Company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickback or other inducements to foreign (i.e., non-U.S.) officials. This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Certain small facilitation or "grease" payments to foreign officials may be permissible under the FCPA if customary in the country or locality and intended to secure routine governmental action. Governmental action is "routine" if it is ordinarily and commonly performed by a foreign official and does not involve the exercise of discretion. For instance, "routine" functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments must receive prior written approval from the Compliance Officer and must be clearly and accurately reported as a business expense.

CONCLUSION

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Compliance Officer. We expect all Company employees, to adhere to these standards.

This Code of Business Conduct and Ethics, as applied to the Company's principal financial officers, shall be our "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder .

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. We reserve the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.