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As filed with the Securities and Exchange Commission on December 11, 2006

Registration No. 333-139088

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

AMENDMENT NO. 1
TO
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:

John A. Otoshi, Esq. **Latham & Watkins LLP** **41st Floor, One Exchange Square** **8 Connaught Place, Central** **Hong Kong** **(852) 2522-7886**	**Jonathan B. Stone, Esq.** **Skadden, Arps, Slate, Meagher & Flom** **42nd Floor, Edinburgh Tower, The Landmark** **15 Queen's Road Central** **Hong Kong** **(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.333-139159). 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 , 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 US$16.00 and US$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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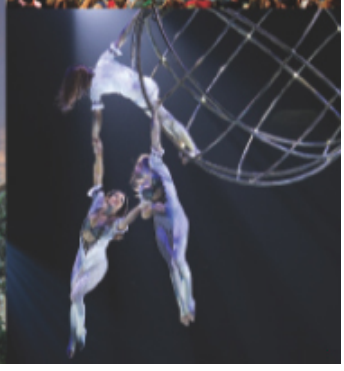
Melco PBL Entertainment
新濠博亞娛樂

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



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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 a total of approximately 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.

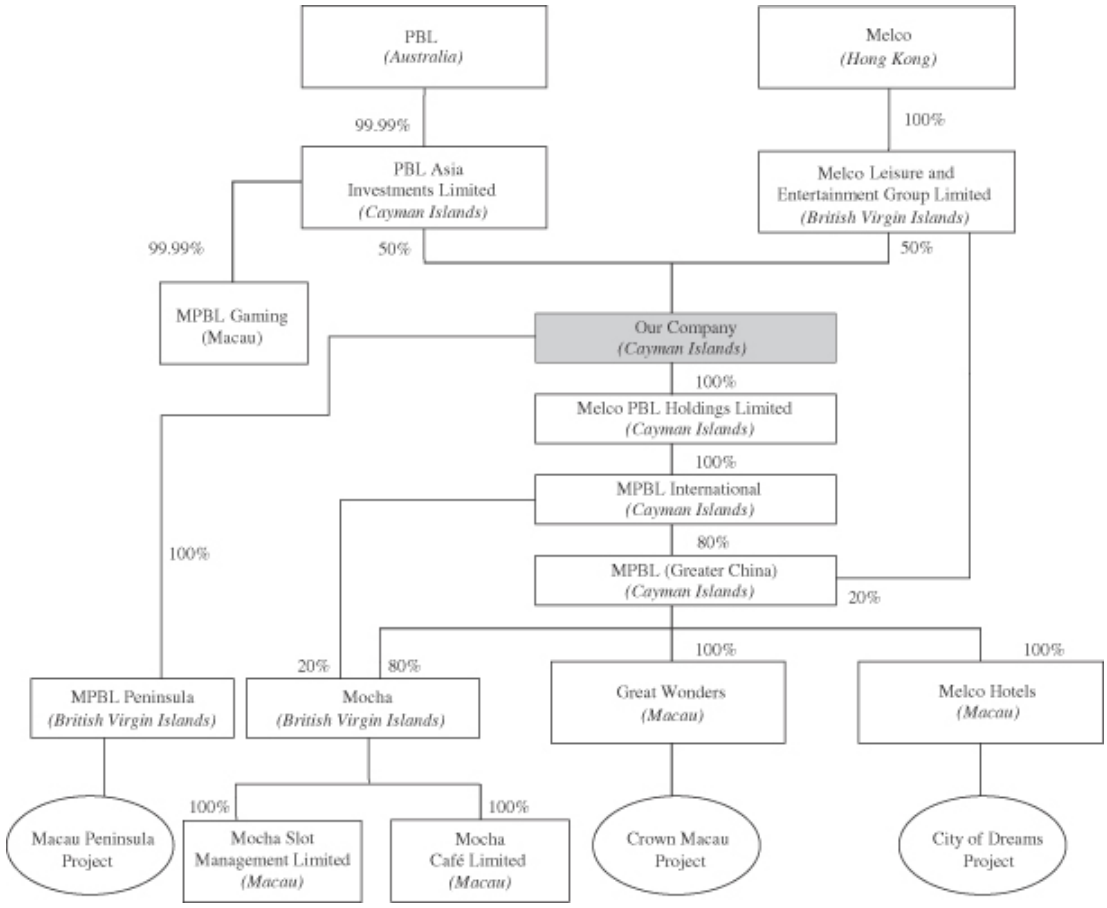
CORPORATE STRUCTURE

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).

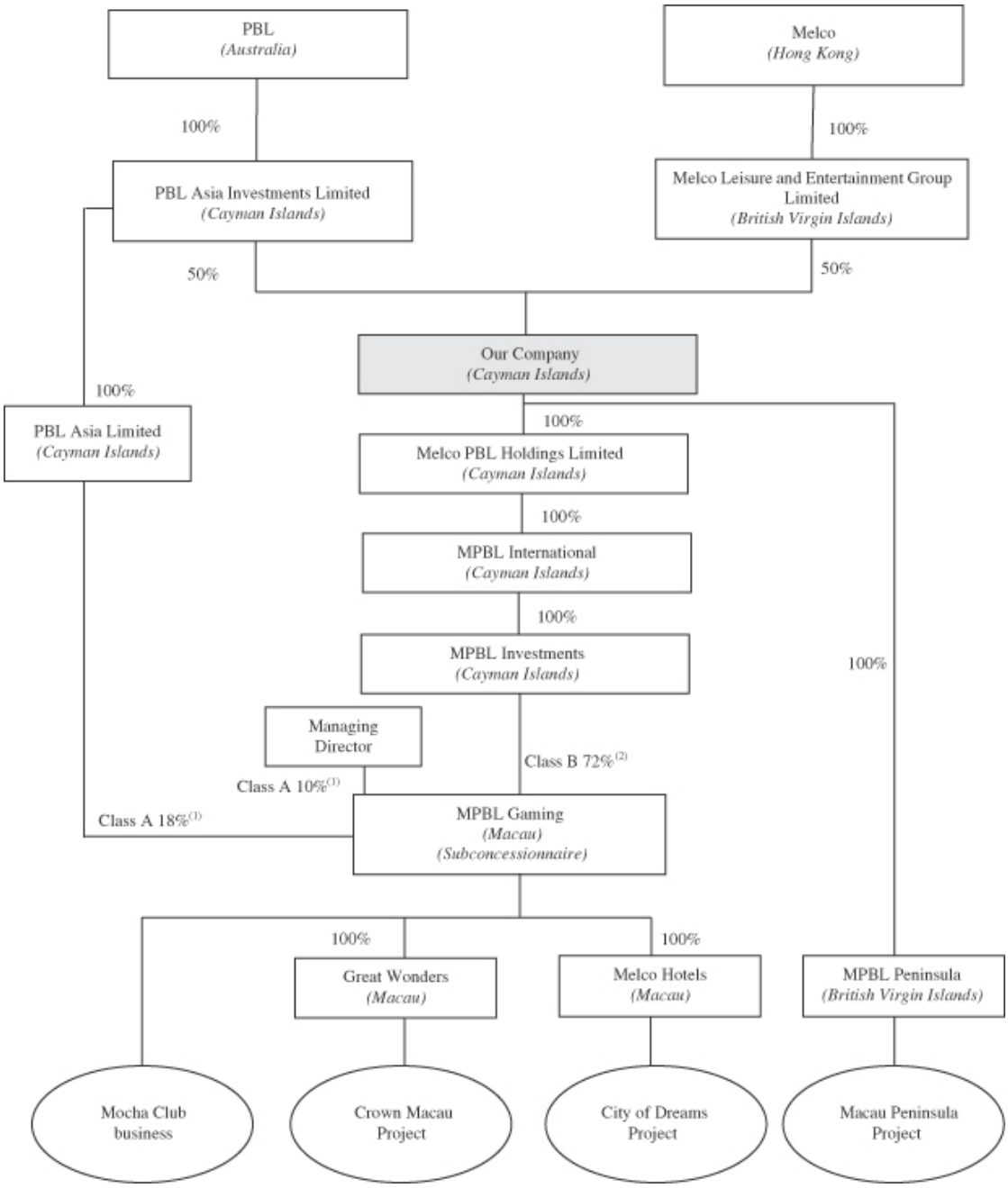
Our subsidiary MPBL Gaming, a Macau company, is the holder of a Macau gaming subconcession and is also the direct operator of the Mocha Clubs. Our other principal operating subsidiaries are (1) Great Wonders, Investments, Limited, or Great Wonders, a Macau company, (2) Melco Hotels and Resorts (Macau) 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, (1) Melco PBL Holdings Limited, (2) Melco PBL International Limited, or MPBL International, and (3) 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.

We currently intend to incorporate a direct wholly owned subsidiary in Hong Kong for the purpose of entering into various administrative contracts, including leases for administrative office space, in Hong Kong.

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 Rules Governing The Listing of Securities on the Stock Exchange on Hong Kong Ltd., 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 (approximately US$3.5 million), calculated based on an initial offering price of US$17 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, 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: (1) 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; and (2) does not include the ordinary shares (including ordinary shares with restricted voting and dividend rights) reserved for grants under our 2006 share incentive plan, including the restricted shares with restricted voting and dividend rights that have been approved for granting as of the date of listing of the ADSs.

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 and a second casino license to Genting International Bhd. 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 antimoney laundering policies in compliance with all applicable antimoney 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.

The Secretary for Transport and Public Works of Macau, Mr. Ao Man-Long, was recently arrested by Macau's Commission against Corruption on charges involving bribery and irregular financial activities according to the Macau Government Official Statement. In accordance with a statement made by the Macau's Commission against Corruption, those detained together with Mr. Ao are related to local companies to whom several major public works contracts were awarded. The investigation is ongoing. After the arrest, Mr. Ao was removed from his post as Secretary for Transport and Public Works of Macau, which gave him jurisdiction over all land grants and public works and infrastructure projects in Macau. The Chief Executive of Macau has personally assumed such role until the nomination of a new Secretary for Transport and Public Works. We cannot predict at this time whether Mr. Ao's arrest and removal, and any further investigations or prosecutions, will adversely affect the functioning of the Macau Land, Public Works and Transports Bureau and delay approvals and land concession grants that are pending before it, or give rise to additional scrutiny of any projects or land concessions, including the Crown Macau and the City of Dreams, that are or were in the past pending before this Bureau and the Secretary for Transport and Public Works of Macau.

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) participated in a consortium that recently submitted a bid for one of two licenses to operate casinos in Singapore. Although the consortium did not win such bid, Melco and PBL may seek other gaming projects in Asia through joint venture entities (in which we will not have any interest). We could face competition from these other gaming projects, including 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 ADS is substantially in excess of the book value per ADS 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$17.00 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$ 17.00
Net tangible book value per ADS as of September 30, 2006	US$ 0.900
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		Average Price Per ADS	Average price per Ordinary Share
	Number	Percent	Amount (in thousand of US$)	Percent		
Existing shareholders	1,000,000,000	86.3%	US$ 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.

Period	Noon Buying Rate			
	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	7.7875	7.7751
December (through December 8, 2006)	7.7736	7.7713	7.7748	7.7665

(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 630 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	US$ 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 had 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. Our subsidiary MPBL Gaming, is 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	US$ 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 To has 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 and a second casino license to Genting International Bhd. in December 2006. 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. For example, another joint venture entity of Melco and PBL (in which we do not have any interest) participated in a consortium that recently submitted a bid for one of the two licenses to operate casinos in Singapore. Although the consortium did not win such bid, Melco and PBL may seek other gaming projects in Asia through joint venture entities (in which we will not have any interest). We could face competition from these other gaming projects, including competition for management time and resources. 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

(1) 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 Pty Limited and its predecessor firms in Australia. 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.

Composition of Board of Directors

Upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part, our board of directors will consist of 10 directors, including six directors nominated three each by Melco and PBL and four independent directors. Nasdaq Marketplace Rule 4350(c) generally requires that a majority of an issuer's board of directors must consist of independent directors, but provides for certain phase-in periods under Nasdaq Marketplace Rule 4350(a)(5). However, we do not currently intend to have a majority of independent directors at the end of the phase-in period. Nasdaq Marketplace Rule 4350(a)(1) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. Prior to the completion of this offering, Walkers, our Cayman Islands counsel, will provide a letter to Nasdaq certifying that under Cayman Islands law, we are not required to have a majority of independent directors serving on our board of directors. At the end of the phase-in period, we intend to rely either on this "home country practice" exception or, if available, to rely on a "controlled company exception" as set forth under Nasdaq Marketplace Rule 4350(c)(5). In either case, we do not currently intend to have a majority of independent directors serving on our board of directors.

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 ordinary 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, as approved by its shareholders on December 8, 2006, Shun Tak Shipping Company, Limited has resolved 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 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Ltd., 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 (approximately 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 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 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

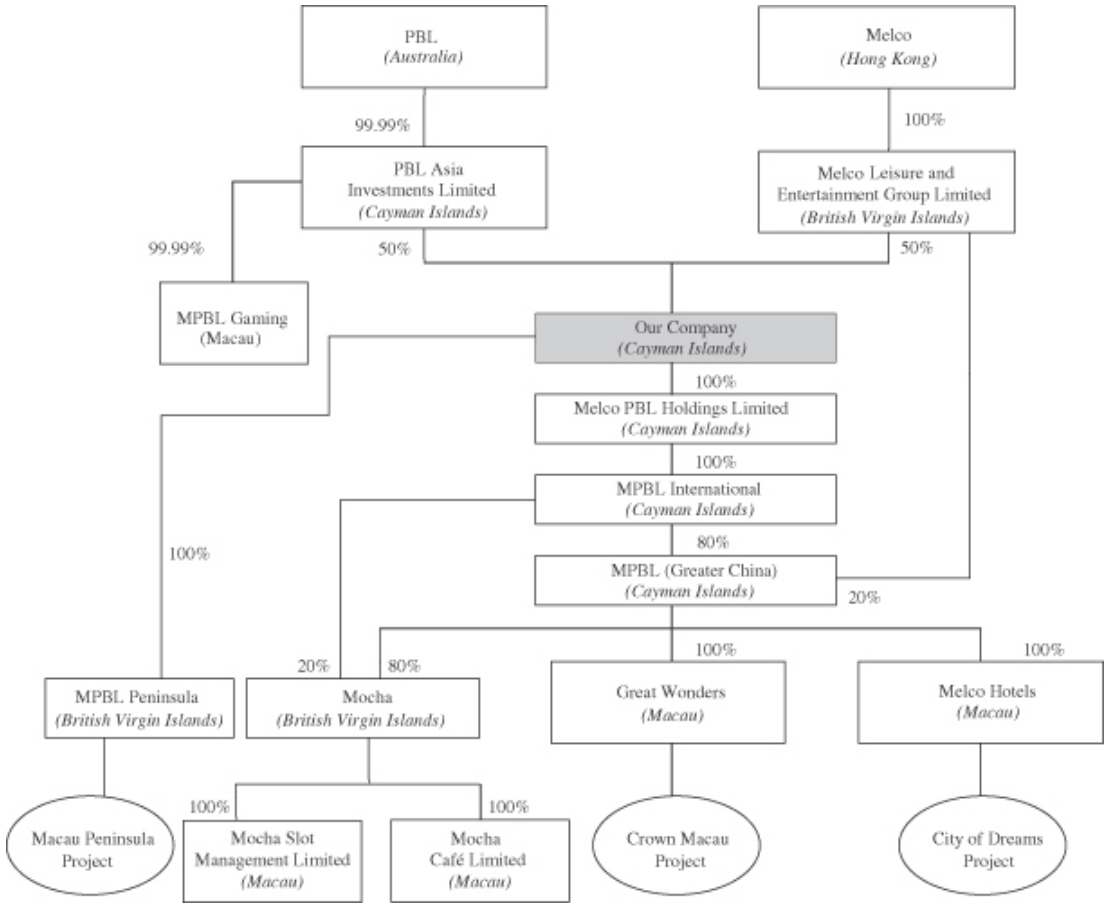
Under the original shareholders' deed, projects and activities of the joint venture in Greater China were to be undertaken by MPBL (Greater China), which is effectively owned 60% by Melco and 40% by PBL, with projects in the Territory outside Greater China to be undertaken by one or more other of our 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 the 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, which will become effective upon the completion of 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 two 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 of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.
Shareholders' suits	
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 (1) such notice and (2) 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 (1) fees and charges of, and the expenses incurred by, the depositary and (2) 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 Office, 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. Credit Suisse Securities (USA) LLC is not entitled to any compensation in its capacity as the qualified independent underwriter. 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 fourth business day following the date of pricing of the ADSs (this settlement cycle being referred to as "T + 4"). 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 + 4, 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 (1) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (2) 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.

United Kingdom. The underwriters have not made and will not make an offer of ADSs to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended), or the FSMA, except to legal entities which are authorized or regulated to operate in the financial markets or whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not

require the publication by us of a prospectus as required by the Prospectus Rules of the Financial Services Authority. The underwriters have only communicated and will only communicate an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us, and the underwriters have complied with and will comply with all applicable provisions of FSMA with respect to anything done by them in relation to the ADSs in, from or otherwise involving the United Kingdom.

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)	December 31, 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 the 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 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)

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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)	December 31, 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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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.

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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 (Successor)	2005 (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.

* * * * * * *

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 MOP 1,000 each	84%	100%
Mocha Café Limited(2)	Macau	Provision of catering services in Macau	2 quota shares of MOP 24,000 and MOP 1,000 each	84%	100%
Melco Hotels(2)	Macau	Integrated entertainment resort development in Macau	2 quota shares of MOP 24,000 and MOP 1,000 each	80%	100%
Melco PBL Hotel (Crown Macau) Limited(2)	Macau	Hotel related businesses	2 quota shares of MOP 24,000 and MOP 1,000 each	80%	100%
Great Wonders(2)	Macau	Casino and hotel development in Macau	10,000 ordinary shares of MOP 100 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.

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
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(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.

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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

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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.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED (SUCCESSOR)

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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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
(In thousands of U.S. dollars, except share and per share data)

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—continued
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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.

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)

(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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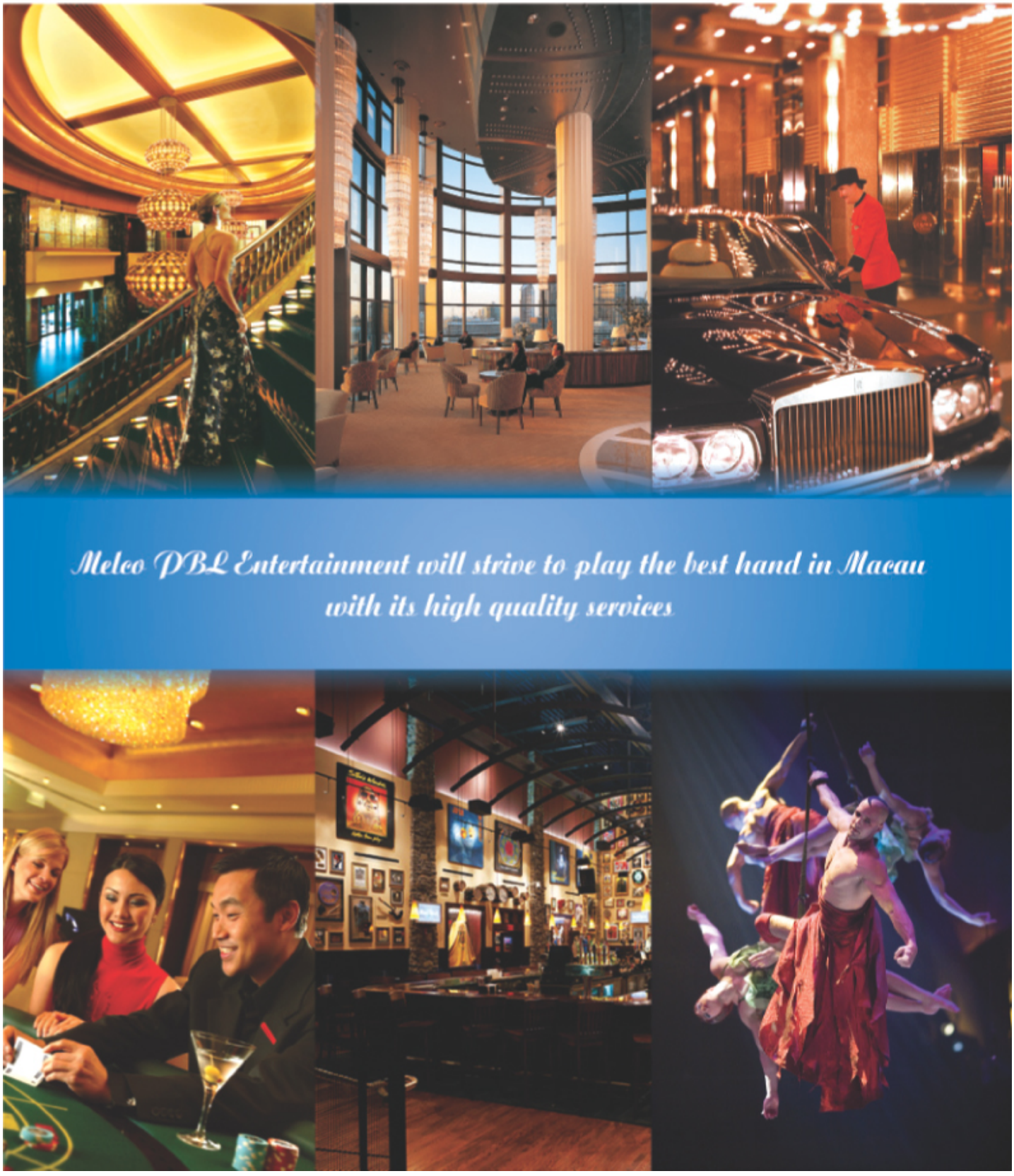


Melco PBL Entertainment
新濠博亞娛樂

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 ordinary shares		N/A
PBL Asia Investments Limited	December 1, 2006	499,999,800 ordinary shares		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-5.

(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 11, 2006.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

By: /s/ Lawrence Ho
Name: Lawrence Ho
Title: Co-Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on December 11, 2006.

Signature	Title
/s/ Lawrence (Yau Lung) Ho **Name: Lawrence (Yau Lung) Ho**	Co-Chairman/Chief Executive Officer (principal executive officer)
/s/ * **Name: James D. Packer**	Co-Chairman
/s/ * **Name: Simon Dewhurst**	Chief Financial Officer (principal financial and accounting officer)
/s/ * **Name: John Wang**	Director
/s/ * **Name: Clarence (Yuk Man) Chung**	Director
/s/ * **Name: John H. Alexander**	Director
/s/ * **Name: Rowen B. Craigie**	Director
/s/ * **Name: Managing Director** **Title: Puglisi & Associates**	Authorized U.S. Representative

* By /s/ Lawrence (Yau Lung) Ho
Lawrence (Yau Lung) Ho
Attorney-in-Fact

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 December 1, 2006 among the Registrant, Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL
4.9*	Form of Post-IPO Shareholders' Agreement among the Registrant, Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL
4.10*	Form of Registration Rights Agreement 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
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 previously.
* Filed herewith.

Exhibit 1.1

[·]

Melco PBL Entertainment (Macau) Limited

American Depositary Shares

UNDERWRITING AGREEMENT

December [ ], 2006

CREDIT SUISSE SECURITIES (USA) LLC,
CITIGROUP GLOBAL MARKETS INC.
UBS SECURITIES LLC
As Representatives of the Several Underwriters
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue,
New York, N.Y. 10010-3629

Dear Sirs:

1. *Introductory*. Melco PBL Entertainment (Macau) Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands ("**Company**"), agrees with the several underwriters named in Schedule A hereto ("**Underwriters**") to issue and sell to the several Underwriters 53,000,000 American Depositary Shares ("**ADSs**"), each ADS representing three ordinary shares of the Company at par value US$0.01 per share ("**Ordinary Shares**") (the ADSs being sold by the Company being hereinafter referred to as the "**Firm Securities**"), and also proposes to issue and sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than 7,950,000 additional American Depositary Shares ("**Optional Securities**") as set forth below. The Firm Securities and the Optional Securities are herein collectively called the "**Offered Securities**". It is understood that, subject to the conditions hereinafter stated: (a) certain Offered Securities will be sold to the Underwriters in connection with the offering and sale of such Offered Securities in the United States and Canada (the "**U.S. Offering**") and (b) certain Offered Securities will be sold to the Underwriters in connection with the offering and sale of such Offered Securities outside the United States and Canada (the "**International Offering**" and together with the U.S. Offering, the "**Offering**") to persons other than United States and Canada persons in compliance with Regulation S of the United States Securities Act of 1933 (the "**Act**"). In addition, immediately following the offering contemplated by this Agreement but in no event later than [ ], 2006, the Company intends to sell to Melco International Development Limited ("**Melco**"), directly and not through the Underwriters, up to 615,000 Ordinary Shares for its free distribution as a stock dividend in the form of ADSs to certain of its shareholders outside the United States (the "**Assured Entitlement ADSs**").

The Offered Securities purchased by the Underwriters will be evidenced by American Depositary Receipts ("**ADRs**") to be issued pursuant to a Deposit Agreement to be entered into on or before [ ], 2006 (the "**Deposit Agreement**"), among the Company, Deutsche Bank Trust Company Americas, as depositary (the "**Depositary**"), and all holders from time to time of the ADRs. Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and UBS Securities LLC shall act as the representatives (the "**Representatives**") of the Underwriters.

The Company hereby agrees with the Underwriters as follows:

2. *Representations and Warranties of the Company*. The Company represents and warrants to, and agrees with, the several Underwriters that:

(a) *Filing and Effectiveness of Registration Statement; Certain Defined Terms*. The Company has filed with the Commission a registration statement on Form F-1 (No. 333- 139088) covering the registration of the Offered Securities under the Act, including a related preliminary prospectus or prospectuses. At any particular time, this initial registration statement, in the form then on file with the Commission, including all information contained in the registration statement (if any) pursuant to Rule 462(b) and then deemed to be a part of the initial registration statement, and all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the "**Initial Registration Statement**". The Company may also have filed, or may file with the Commission, a Rule 462(b) registration statement covering the registration of Offered Securities. At any particular time, this Rule 462(b) registration statement, in the form then on file with the Commission, including the contents of the Initial Registration Statement incorporated by reference therein and including all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the "**Additional Registration Statement**".

As of the time of execution and delivery of this Agreement, the Initial Registration Statement has been declared effective under the Act and is not proposed to be amended. Any Additional Registration Statement has or will become effective upon filing with the Commission pursuant to Rule 462(b) and is not proposed to be amended. The Offered Securities all have been or will be duly registered under the Act pursuant to the Initial Registration Statement and, if applicable, the Additional Registration Statement.

For purposes of this Agreement:

"**430A Information**", with respect to any registration statement, means information included in a prospectus and retroactively deemed to be a part of such registration statement pursuant to Rule 430A(b).

"**430C Information**", with respect to any registration statement, means information included in a prospectus then deemed to be a part of such registration statement pursuant to Rule 430C.

"**Act**" means the Securities Act of 1933, as amended.

"**Applicable Time**" means :00 [a/p]m (Eastern time) on the date of this Agreement.

"**Closing Date"** has the meaning defined in Section 3 hereof.

"**Commission**" means the Securities and Exchange Commission.

"**Effective Date**" with respect to the Initial Registration Statement or the Additional Registration Statement (if any) means the date of the Effective Time thereof.

"**Effective Time**" with respect to the Initial Registration Statement or, if filed prior to the execution and delivery of this Agreement, the Additional Registration Statement means the date and time as of which such Registration Statement was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c). If an Additional Registration Statement has not been filed prior to the execution and delivery of this Agreement but the Company has advised the Representative[s] that it proposes to file one, "**Effective Time**" with respect to such Additional Registration Statement means the date and time as of which such Registration Statement is filed and becomes effective pursuant to Rule 462(b).

"**Exchange Act**" means the Securities Exchange Act of 1934.

"**Final Prospectus**" means the Statutory Prospectus that discloses the public offering price, other 430A Information and other final terms of the Offered Securities and otherwise satisfies Section 10(a) of the Act.

"**Gaming License**" means a license for operating games of chance and other casino games in Macau, pursuant to a valid subconcession contract.

"**General Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being so specified in Schedule B to this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433, relating to the Offered Securities in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Limited Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus.

"**Material Contracts**" means each of (i) the Subconcession Contract dated September 2006 between Wynn Resorts (Macau), S.A. and Melco PBL Gaming (Macau) Limited, previously known as PBL Entertainment (Macau) Limited, a Macau company ("MPBL Macau") ; (ii) the Facility Agreement dated February 13, 2006 relating to the HK$1.28 billion term loan facility between Great Wonders Investments Limited (as borrower), Melco PBL Entertainment (Greater China) Limited (as guarantor), Bank of China Limited, Macau Branch, and Banco Bacional Ultramarino, S.A. (as coordinating lead arrangers), Banco Comercial De Macau, S.A. and the Industrial and Commercial Bank of China (Asia) Limited (as senior managers), Banco Espiroti Santo De Oriente, S.A. and Liu Chong Hing Bank Limited, Macau Branch (as managers) and the Bank of China Limited, Macau Branch (as facility and security agent), and all security and other documents in relation thereto; (iii) the Facility Agreement dated September 4, 2006 relating to the US$500 million term loan facility (the "**Subconcession Facility**") dated September 4, 2006 between PBL Entertainment (Macau) Limited (as borrower), the 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), ANZ Fiduciary Services Pty Limited (as security trustee), the Bank of America N.A., Hong Kong Branch (as account bank) and the certain financial institutions listed in the agreement as original lenders, and all security and other documents in relation thereto; (iv) the Commitment Letter dated September 4, 2006 issued by ANZ Investment Bank, Bank of America, Barclays Capital, Deutsche Bank AG, Hong Kong Branch with respect to a US$1.6 billion term loan facility to be provided to PBL Entertainment (Macau) Limited and Melco Hotels and Resorts (Macau) Limited; (v) the Promissory Agreement dated May 17, 2006 with respect to the acquisition of Sociedade de Fomento Predial Omar, Limitada, (vi) the Amended and Restated Shareholder's Agreement dated [date] between Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and Publishing and Broadcasting Limited; (vii) the Order of the Secretary for Public Works and Transportation No. 20/2006 with respect to the grant by the Macau government of a lease for the Crown Macau property; (viii) the Contract dated November 24, 2004 between Great Wonders Investments Limited and Paul Y. Construction Company Limited with respect to the design and construction of the Crown Macau; (ix) Construction Contract – City of Dreams; (x) the Management Agreements dated June 18, 2006 between Melco Hotels and Resorts (Macau) Limited and Hyatt of Macau Ltd; (xi) the Trademark Licence dated November 30, 2006 between Crown Limited and the Company, and (xii) all other agreements filed or required to be filed as exhibits to the Registration Statement.

The Initial Registration Statement and the Additional Registration Statement are referred to collectively as the "**Registration Statements**" and individually as a "**Registration Statement**". A "**Registration Statement**" with reference to a particular time means the Initial Registration Statement and any Additional Registration Statement as of such time. A "**Registration Statement**" without reference to a time means such Registration Statement as of its Effective Time. For purposes of the foregoing definitions, 430A Information with respect to a Registration Statement shall be considered to be included in such Registration Statement as of the time specified in Rule 430A.

"**Rules and Regulations**" means the rules and regulations of the Commission.

"**Securities Laws**" means, collectively, the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**"), the Act, the Exchange Act, the Rules and Regulations, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange and the NASDAQ ("**Exchange Rules**").

"**Statutory Prospectus**" with reference to a particular time means the prospectus included in a Registration Statement immediately prior to that time, including any document incorporated by reference therein and any 430A Information or 430C Information with respect to such Registration Statement. For purposes of the foregoing definition, 430A Information shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) or Rule 462(c) and not retroactively.

Unless otherwise specified, a reference to a "rule" is to the indicated rule under the Act.

(b) *Compliance with Securities Act Requirements*. (i) (A) On their respective Effective Dates, (B) on the date of this Agreement and (C) on each Closing Date, each of the Initial Registration Statement and the Additional Registration Statement (if any) conformed and will conform in all material respects to the requirements of the Act and the Rules and Regulations and did not and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) on its date, at the time of filing of the Final Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Date of the Additional Registration Statement in which the Final Prospectus is included, and on each Closing Date, the Final Prospectus will conform in all material respects to the requirements of the Act and the Rules and Regulations and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The preceding sentence does not apply to statements in or omissions from any such document based upon written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(b) hereof.

(c) *Ineligible Issuer Status*. (i) At the time of the initial filing of the Initial Registration Statement and (ii) at the date of this Agreement, the Company was not and is not an "ineligible issuer," as defined in Rule 405, including (x) the Company or any subsidiary in the preceding three years not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (y) the Company in the preceding three years not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Act and not being the subject of a proceeding under Section 8A of the Act in connection with the offering of the Offered Securities, all as described in Rule 405.

(d) *General Disclosure Package*. As of (A) the Applicable Time and (B) any time of sale of the ADSs by the Underwriters to occur prior to the earlier of (1) such date when all Offered Securities (including Option Securities) have been sold and (2) the expiration of the option granted to the Underwriters pursuant to Section 3(c) of this Agreement, neither (i) the General Use Issuer Free Writing Prospectus(es) issued at or prior to the Applicable Time or any such time of sale, and the preliminary prospectus, dated [ ], 2006 (which is the most recent Statutory Prospectus distributed to investors generally) and the other information, if any, stated in Schedule B to this Agreement to be included in the General Disclosure Package all considered together (collectively, the "**General Disclosure Package**"), nor (ii) any individual Limited Use Issuer Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus or any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(b) hereof.

(e) *Issuer Free Writing Prospectuses*. Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Securities or until any earlier date that the Company notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or as a result of which such Issuer Free Writing Prospectus, if republished immediately following such event or development, would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (i) the Company has promptly notified or will promptly notify the Representatives and (ii) the Company has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(f) *ADS Registration Statement.* A registration statement on Form F-6 (No. 333-139159) relating to the Offered Securities has been filed with the Commission (such registration statement, including all exhibits thereto, as amended at the time such registration statement becomes effective, being hereinafter called the "**ADS Registration Statement**"); unless the context otherwise requires, any reference herein to the "Registration Statement" shall also include the ADS Registration Statement. The ADS Registration Statement has been declared effective under the Act and as of its effective date, complied or will comply, and each amendment or supplement thereto, when it is filed with the Commission or becomes effective, as the case may be, will comply, in all respects, with the requirements of the Act and the Rules and Regulations, and did not and will not, as of its effective date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(g) *Exchange Act Registration Statement.* A registration statement on Form 8-A relating to the Offered Securities has been filed with the Commission (such registration statement, including all exhibits thereto, as amended at the time such registration statement becomes effective, being hereinafter called the "8-A Registration Statement"). The 8-A Registration Statement has been declared effective by the Commission and as of its effective date, complied or will comply, and each amendment or supplement thereto, when it is filed with the Commission or becomes effective, as the case may be, will comply, in all respects, with the requirements of the Exchange Act, and did not and will not, as of its effective date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(h) *Existence*. Each of the Company and MPBL Macau, has been duly incorporated and is existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package and the Final Prospectus, and is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, and is and will be subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction.

(i) *Subsidiaries.* Each subsidiary of the Company has been duly incorporated and is existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package and the Final Prospectus; and each subsidiary of the Company is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is and will be subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; all of the issued and outstanding capital stock of each subsidiary of the Company has been duly authorized and validly issued and is fully paid and non-assessable; and the capital stock of each subsidiary owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects. The statements and the diagrams set forth in the Registration Statement under the section "Corporate Structure" insofar as they purport to describe the ownership interests of the Company and its subsidiaries are accurate and fair in all material respects.

(j) *Share Capital*. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, including the Assured Entitlement ADSs); the Offered Securities and all other outstanding shares of capital stock of the Company have been duly authorized; all outstanding shares of capital stock of the Company are, and, when the Offered Securities have been issued and delivered and paid for in accordance with this Agreement on each Closing Date (as defined below), such Offered Securities will have been, validly issued, fully paid and non-assessable, will be consistent with the information in the General Disclosure Package and will conform to the description thereof contained in the Prospectus; and the stockholders of the Company have no preemptive rights with respect to the Ordinary Shares.

(k) *Deposit Agreement*. The Deposit Agreement has been duly authorized by the Company, and when executed and delivered by the Company and, assuming due authorization, execution and delivery by the Depositary, will constitute a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity; upon due issuance by the Depositary of ADRs evidencing the Offered Securities against the deposit of Ordinary Shares in respect thereof in accordance with the provisions of the Deposit Agreement, the holders of Offered Securities will be entitled subject to the terms and provisions of the Deposit Agreement to all the rights specified in the ADRs and in the Deposit Agreement; and the Deposit Agreement and the ADRs conform in all material respects to the descriptions thereof contained in the Prospectus.

(l) *No Finder's Fee*. There are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this Offering.

(m) *Registration Rights.* Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (collectively, "**registration rights**"), and any person to whom the Company has granted registration rights has agreed not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5 hereof.

(n) *Listing.* The Offered Securities have been approved for listing on The NASDAQ Stock Market LLC ("**NASDAQ**"), subject to notice of issuance.

(o) *Absence of Further Requirements.* No consent, approval, authorization, or order of, clearance by, or filing or registration with, any person (including any governmental agency or body or any court or any stock exchange) is required to be obtained or made by the Company or any of its subsidiaries for the consummation of the transactions contemplated by the Deposit Agreement or this Agreement in connection with the offering, issuance and sale of the Offered Securities by the Company, including the deposit of any Ordinary Shares represented by the ADSs and the listing of the Offered Securities on the NASDAQ, except such consents, approval, authorizations, orders, clearances, registrations or filings, as have been obtained and made and are in full force and effect under the Act and such as may be required under state securities laws, blue sky laws in the United States.

(p) *Title to Property*. Except as disclosed in the General Disclosure Package, the Company and its subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them as are necessary to the conduct of their business in the manner described in the General Disclosure Package and the Final Prospectus, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them and the Company and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them and except for such liens, encumbrances, charges, defects, claims, options or restrictions which, individually or in the aggregate, would not have a material adverse effect on the condition (financial or other), business, properties, business prospects or results of operations of the Company and its subsidiaries taken as a whole ("**Material Adverse Effect**").

(q) *Compliance.* Neither the Company nor any of its subsidiaries is (A) in violation of its respective constitutional documents, (B) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed or trust, loan or credit agreement, note, license, lease or other agreement or instrument, including, without limitation, each Material Contract (as defined herein) to which the Company or any of its subsidiaries is a party or by which it may be bound, or to which any of the properties or assets of the Company or any of its subsidiaries may be subject (and no event has occurred which, with the giving of notices or lapse of time or both, would constitute such default) or (C) in violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or such subsidiary or any of its properties, as applicable, except, in the case of (B) and (C) only, any defaults or violations which, individually and collectively, would not have a Material Adverse Effect.

(r) *Absence of Defaults and Conflicts Resulting from Transaction*. The execution, delivery and performance of this Agreement and the Deposit Agreement and the consummation of the transactions contemplated herein and therein and the issuance and sale of the Offered Securities, including the deposit of any Ordinary Shares represented by the ADSs with the Depositary and the issuance of the ADRs evidencing the ADSs and the listing of the Offered Securities on the NASDAQ and the application of the proceeds from the sale of the Offered Securities, as described in the General Disclosure Package and the Final Prospectus, do not and will not result in (A) a violation of the respective constitutional documents of the Company or any of its subsidiaries, (B) violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (C) a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, the constitutional documents of the Company or any of its subsidiaries, any statute, rule, regulation or order of any governmental agency or body or any court, arbitrator or other authority, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties, or any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties of the Company or any of its subsidiaries is subject; except in the case of (C) above where any such violation, contravention or default would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. A "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries, or that would prevent the satisfaction of, or defeat any condition to drawdown or other requirement under any Material Contract related to indebtedness or otherwise adversely affect the availability to the Company or any of its subsidiaries of financing contemplated thereby.

(s) *Authorization of Agreement*. This Agreement has been duly authorized, executed and delivered by the Company.

(t) *Authorization of Material Contracts.* Each Material Contract has been duly authorized, executed and delivered by the Company or any of its subsidiaries and assuming due authorization, execution and delivery by the other parties thereto and constitutes a legal, valid and binding agreement of such parties, enforceable against the Company and its subsidiaries, as the case may be, in accordance with its terms, in each case, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(u) *Licenses.* Except as disclosed in the General Disclosure Package, the Company and its subsidiaries possess, and are in compliance with the terms of, all adequate licenses, certificates, authorizations, franchises and permits, including, without limitation, a Gaming License (collectively, "**Licenses**") issued by appropriate governmental agencies or bodies necessary or material to the conduct of the business now operated by them or proposed in the General Disclosure Package and the Final Prospectus to be conducted by them and have not received any notice of proceedings relating to the revocation or modification of any License that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect. Without limiting the foregoing MPBL Macau holds a valid and subsisting Gaming License which is and remains in full force and effect and which validly authorizes MPBL Macau to carry on the gaming business as is and is proposed to be conducted by them and on the terms and conditions, in each case as described in the General Disclosure Package and the Final Prospectus, and no notice of any proceeding or claim or action for the invalidation, revocation, cancellation or imposition of any further condition or requirement of or in connection with the Gaming License has occurred or is threatened. The capital structure of MPBL Macau, including the rights of holders of Class A shares and Class B shares is accurately and fairly described in all material respects in the General Disclosure Package and the Final Prospectus.

(v) *Absence of Labor Dispute*. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, that, in any such case, could have a Material Adverse Effect.

(w) *Possession of Intellectual Property*. Except as disclosed in the General Disclosure Package, the Company and its subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "**intellectual property rights**") necessary to conduct the business now operated or proposed to be operated by them or presently employed or proposed to be employed by them, and if such business is described in the General Disclosure Package and the Final Prospectus, as described in the General Disclosure Package and the Final Prospectus. The Company has not received any notice or communication of infringement of or conflict with asserted rights of others with respect to any intellectual property rights of others that, if determined adversely to the Company or any of its subsidiaries would, individually or in the aggregate, have a Material Adverse Effect.

(x) There is no franchise, contract or other document of a character required to be described in the Registration Statements or Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required (and the Preliminary Prospectus contains in all material respects the same description of the foregoing matters contained in the Prospectus);

(y) *Registration Statements.* The statements set forth in the Registration Statements (i) under the sections headed "Prospectus Summary — This Offering", "Capitalization", "Dilution", "Dividend Policy", "Description of Share Capital", "Description of the American Depositary Shares" and "Shares Eligible for Future Sale", insofar as they purport to constitute a summary of the terms of the Offered Securities, and (ii) under the sections headed "Management", "Risk Factors", "Business", "Taxation", "Underwriting", "Prospectus Summary — This Offering", "Description of Share Capital", "Gaming Regulations", "Melco/PBL Joint Venture", "Related Party Transactions" and "Enforceability of Civil Liabilities", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and fair in all material respects.

(z) *Environmental Laws*. Neither the Company nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances or relating to the safety of employees in the workplace (collectively, "**environmental laws**"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate have a Material Adverse Effect; and the Company is not aware of any pending investigation which might lead to such a claim.

(aa) *Insurance*. The Company and its subsidiaries maintain insurance in such amounts and covering such risks as the Company reasonably considers adequate for the conduct of its business and as is customary for companies engaged in similar businesses in similar industries and in similar locations, all of which insurance is in full force and effect. There are no material claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. The Company has no reason to believe that it will not be able to renew its existing insurance as and when such coverage expires or will not be able to obtain replacement insurance adequate for the conduct of the business and the value of its properties at a cost that would not reasonably be expected to have a Material Adverse Effect.

(bb) *Statistical and Market-Related Data*. Any third-party statistical and market-related data included in a Registration Statement, a Statutory Prospectus, the Final Prospectus or the General Disclosure Package are based on or derived from sources that the Company believes to be reliable and accurate.

(cc) *Internal Controls and Compliance with the Sarbanes-Oxley Act*. Except as set forth in the General Disclosure Package, the Company, its subsidiaries and the Company's Board of Directors (the "**Board**") are in compliance with Sarbanes-Oxley and all applicable Exchange Rules. The Company maintains a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, an internal audit function and legal *and* regulatory compliance controls (collectively, "**Internal Controls**") that comply with the Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. General Accepted Accounting Principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are, or upon consummation of the offering of the Offered Securities will be, overseen by the Audit Committee (the "**Audit Committee**") of the Board in accordance with Exchange Rules. The Company has not publicly disclosed or reported to the Audit Committee or the Board, and within the next 135 days the Company does not reasonably expect to publicly disclose or report to the Audit Committee or the Board, a significant deficiency, material weakness, adverse change in Internal Controls or fraud involving management or other employees who have a significant role in Internal Controls (each, an "**Internal Control Event**"), any violation of, or failure to comply with, the Securities Laws, or any matter which, if determined adversely, would have a Material Adverse Effect.

(dd) *Absence of Accounting Issues*. A member of the Board has confirmed to the Chief Executive Officer, Chief Financial Officer or General Counsel that the Board is not reviewing or investigating, and neither the Company's independent auditors nor its internal auditors have recommended that the Board review or investigate, (i) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies; (ii) any matter which could result in a restatement of the Company's financial statements for any annual or interim period during the current or prior three fiscal years; or (iii) any Internal Control Event.

(ee) *Taxes*. No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Underwriters to Hong Kong, Macau or the Cayman Islands or any political subdivision or taxing authority thereof or therein in connection with (i) the issuance of the Offered Securities by the Company, (ii) the deposit by the Company of any Ordinary Shares represented by the ADSs with the Depositary and the issuance of the ADRs evidencing the ADSs, (iii) the sale and delivery of the Offered Securities by the Underwriters as part of the Underwriters' distribution of the Offered Securities as contemplated hereunder, and (iv) the consummation by the Company of any other transaction contemplated in this Agreement or the Deposit Agreement or the performance by the Company of its obligations under this Agreement or the Deposit Agreement.

(ff) *Filing of Tax Returns*. Each of the Company and its subsidiaries has filed on a timely basis all necessary tax returns, reports and filings, and all such returns, reports or filings are true, correct and complete in all material aspects, and are not the subject of any disputes with revenue or other authorities and to the Company's knowledge there are no circumstances giving rise to, or which could give rise to, such disputes. None of the Company or its subsidiaries is delinquent in the payment of any taxes due thereunder or has any knowledge of any tax deficiency which might be assessed against any of them, which, if so assessed, would have a Material Adverse Effect.

(gg) *Litigation.* There are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Company, any of its subsidiaries or any of their respective properties that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect, or would materially or adversely affect the ability of the Company to perform its obligations under this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and to the Company's knowledge, no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened, contemplated.

(hh) *Auditors.* Deloitte Touche Tohmatsu Certified Public Accountants, Ltd., who certified the financial statements and the supporting schedules ("**Reporting Accountants**") included in the Registration Statements, the General Disclosure Package and the Final Prospectus are independent public accountants as required by the Act and the Rules and Regulations.

(ii) *Financial Statements.* The financial statements included in each Registration Statement, the General Disclosure Package and the Final Prospectus present fairly the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis, the selected financial data set forth under the caption "Selected Financial Information" in each Registration Statement, the General Disclosure Package and the Final Prospectus fairly present, on the basis stated in the Preliminary Prospectus, the Prospectus and the Registration Statement, the information included therein, the schedules included in each Registration Statement present fairly the information required to be stated therein and the assumptions used in preparing the pro forma financial statements included in each Registration Statement, the General Disclosure Package and the Final Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical financial statement amounts. The pro forma financial statements included in each Registration Statement, the General Disclosure Package and the Final Prospectus comply as to form in all material respects with the applicable accounting requirements of Regulation S-X under the Act and the pro forma adjustments have been properly applied to the historical amounts in the compilation of those statements.

(jj) *No Material Adverse Change in Business.* Except as disclosed in the General Disclosure Package, since the date of the period covered by the latest financial statements included in the General Disclosure Package, neither the Company nor its subsidiaries has (i) entered into or assumed any material contract, (ii) incurred, assumed or acquired any material liability (including contingent liability) or other obligation, (iii) received notice of any cancellation, termination, breach, violation or revocation of, or imposition or inclusion of additional conditions or requirements with respect to, MPBL Macau's Gaming License, or received notice of any cancellation, termination, breach, violation or revocation of any Material Contract, or of any Debt Repayment Triggering Event (iv) acquired or disposed of or agreed to acquire or dispose of any business or any other asset material to the Company and its subsidiaries taken as a whole, (v) entered into a letter of intent or memorandum of understanding (or announced an intention to do so) relating to any matter identified in clauses (i) through (iv) above, or (vi) sustained any material loss or interference with its business from fire, explosion or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, and since the respective dates as of which information is given in the Registration Statement and the General Disclosure Package, there has been no change, nor any development or event involving a prospective change in the condition (financial or otherwise), business, properties, business prospects or results of operations of the Company and its subsidiaries taken as a whole that is material and adverse. Except as disclosed in or contemplated by the General Disclosure Package, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock and there has been no material adverse change in the capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company and its subsidiaries.

(kk) *Management's Discussion and Analysis of Financial Condition and Results of Operation.* The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation—Critical Accounting Policies" in each Registration Statement, the General Disclosure Package and the Final Prospectus accurately and fully describes (A) accounting policies which the Company believes are the most important in the portrayal of the financial condition and results of operations of the Company and its consolidated subsidiaries and which require management's most difficult, subjective or complex judgments ("**critical accounting policies**"); (B) judgments and uncertainties affecting the application of critical accounting policies; and (C) explanation of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. The Company's board of directors and senior management have reviewed and agreed with the selection, application and disclosure of critical accounting policies. The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in each Registration Statement, the General Disclosure Package and the Final Prospectus accurately and fully describes (A) all material trends, demands, commitments, events, uncertainties and risks that the Company believes would materially affect liquidity and are reasonably likely to occur; and (B) all off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources of the Company and its subsidiaries taken as a whole. Except as otherwise disclosed in the Registration Statements and the General Disclosure Package, there are no outstanding guarantees or other contingent obligations of the Company or any subsidiary that could reasonably be expected to have a Material Adverse Effect.

(ll) Except as described in the General Disclosure Package, no subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company.

(mm) *Investment Company Act.* The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package, will not be an "investment company" as defined in the Investment Company Act of 1940.

(nn) *Passive Foreign Investment Company.* The Company does not expect to be a passive foreign investment company ("**PFIC**") within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended, for the tax year ending December 31, 2006. The Company has no plan or intention to operate in such a manner so as to become a PFIC in the future.

(oo) *No Undisclosed Relationships.* No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders, customers, suppliers or other affiliates of the Company or any of its subsidiaries, on the other hand, that is required to be described in the Registration Statement, the General Disclosure Package and the Final Prospectus that is not so described.

(pp) *Stabilization Activities.* Neither the Company nor any of its subsidiaries has taken, nor has any of their respective officers, directors or affiliates (within the meaning of the Act and the Rules and Regulations) taken, nor will any of them take, directly or indirectly, any action which constitutes or is designed to cause or result in, or which could reasonably be expected to constitute, cause or result in, under the Exchange Act and regulations thereunder, the stabilization or manipulation of the price of any security of the Company or its subsidiaries to facilitate the sale or resale of the Offered Securities.

(qq) *Choice of Law.* The agreement of the Company to the choice of law provisions set forth in Section 15 of this Agreement and Section [ ] of the Deposit Agreement will be recognized by the courts of the Cayman Islands and Macau and are legal, valid and binding; the Company and its subsidiaries can sue and be sued in its own name under the laws of the Cayman Islands and Macau; the irrevocable submission by the Company to the jurisdiction of a New York Court and the appointment of Corporation Service Company, 1133 Avenue of the Americas, Suite 3100, New York, NY 10036, as its authorized agent for the purpose described in Section 15 of this Agreement and Section [ ] of the Deposit Agreement is legal, valid and binding; service of process effected in the manner set forth in Section 15 of this Agreement and Section [ ] of the Deposit Agreement will be effective to confer valid personal jurisdiction over the Company; and a judgment obtained in a New York court arising out of or in relation to the obligations of the Company under this Agreement and the Deposit Agreement would be enforceable against the Company in the courts of the Cayman Islands and Macau, in each case, without further review of the merits.

(rr) *Compliance with certain laws and regulations.* Each of the Company, its subsidiaries, its affiliates and any of their respective officers, directors, supervisors, managers, agents, or employees, has not violated, and will not violate and the Company operates and intends to operate its business in compliance with all applicable: (a) anti-bribery laws, including but not limited to, any applicable law, rule, or regulation of any locality, including but not limited to any law, rule, or regulation promulgated to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed December 17, 1997, including the U.S. Foreign Corrupt Practices Act of 1977 or any other law, rule or regulation of similar purpose and scope, (b) anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code section 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (c) laws and regulations imposing U.S. economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the United Nations Participation Act, and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended, or any orders or licenses issued thereunder.

(ss) *Certificates.* Any certificate signed by any officer of the Company and delivered to any of the Representatives or counsel for the Underwriters as required or contemplated by this Agreement shall constitute a representation and warranty hereunder by the Company, as to matters covered thereby, to each Underwriter.

3. *Purchase, Sale and Delivery of Offered Securities*.

(a) On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company agrees to sell to the several Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of US$[·] per ADS the respective number of Firm Securities set forth opposite the names of the Underwriters in Schedule A hereto.

(b) The Company will deliver the Firm Securities to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price by the Underwriters in Federal (same day) funds by official bank check or checks or wire transfer to an account of the Company at a bank acceptable to the Representatives drawn to the order of the Company for itself at the office of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036, at A.M., New York time, on , or at such other time not later than seven full business days thereafter as the Representatives and the Company determine, such time being herein referred to as the "**First Closing Date**". For purposes of Rule 15c6-1 under the Exchange Act, the First Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering. The Firm Securities so to be delivered or evidence of their issuance will be made available for checking at the office of the Depositary or any other location agreed to by the Depositary at least 24 hours prior to the First Closing Date.

(c) In addition, upon written notice from the Representatives given to the Company from time to time not more than 30 days subsequent to the date of the Final Prospectus, the Underwriters may purchase all or less than all of the Optional Securities at the purchase price per ADS to be paid for the Firm Securities. The Company agrees to sell to the Underwriters the number of Optional Securities specified in such notice and the Underwriters agree, severally and not jointly, to purchase such Optional Securities. Such Optional Securities shall be purchased for the account of each Underwriter in the same proportion as the number of Firm Securities set forth opposite such Underwriter's name bears to the total number of Firm Securities (subject to adjustment by the Representatives to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the Firm Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time during the 30 days subsequent to the date of the Final Prospectus and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Representatives to the Company. It is understood that the Representatives are authorized to make payment for and accept delivery of such Optional Securities on behalf of the Underwriters pursuant to the terms of the Representatives' instructions to the Company.

(d) Each time for the delivery of and payment for the Optional Securities, being herein referred to as an "**Optional Closing Date**", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "**Closing Date**"), shall be determined by the Representatives but shall be not later than five full business days after written notice of election to purchase Optional Securities is given. The Company will deliver the Optional Securities being purchased on each Optional Closing Date to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price therefor in Federal (same day) funds by official bank check or checks or wire transfer to an account of the Company at a bank acceptable to the Representatives drawn to the order of the Company, at the above office of Skadden, Arps, Slate, Meagher & Flom LLP. The Optional Securities being purchased on each Optional Closing Date or evidence of their issuance will be made available for checking at the office of the Depositary or any other location agreed to by the Depositary at a reasonable time in advance of such Optional Closing Date.

4. *Offering by Underwriters*. It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the Final Prospectus.

5. *Certain Agreements of the Company*. The Company agrees with the several Underwriters that:

(a) *Additional Filings*. Unless filed pursuant to Rule 462(c) as part of the Additional Registration Statement in accordance with the next sentence, the Company will file the Final Prospectus, in a form approved by the Representatives, with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by the Representatives, subparagraph (4)) of Rule 424(b) not later than the earlier of (i) the second business day following the execution and delivery of this Agreement or (ii) the fifteenth business day after the Effective Date of the Initial Registration Statement. The Company will advise the Representatives promptly of any such filing pursuant to Rule 424(b) and provide satisfactory evidence to the Representatives of such timely filing. If an Additional Registration Statement is necessary to register a portion of the Offered Securities under the Act but the Effective Time thereof has not occurred as of the execution and delivery of this Agreement, the Company will file the additional registration statement or, if filed, will file a post-effective amendment thereto with the Commission pursuant to and in accordance with Rule 462(b) on or prior to 10:00 P.M., New York time, on the date of this Agreement or, if earlier, on or prior to the time the Final Prospectus is finalized and distributed to any Underwriter, or will make such filing at such later date as shall have been consented to by the Representatives.

(b) *Filing of Amendment; Response to Commission Requests.* The Company will advise the Representatives promptly of any proposal to amend or supplement at any time the Initial Registration Statement, any Additional Registration Statement or any Statutory Prospectus and will not effect such amendment or supplementation without the Representatives' consent; and the Company will also advise the Representatives promptly of (i) the effectiveness of any Additional Registration Statement (if its Effective Time is subsequent to the execution and delivery of this Agreement), (ii) any amendment or supplementation of a Registration Statement or any Statutory Prospectus, (iii) any request by the Commission or its staff for any amendment to any Registration Statement, for any supplement to any Statutory Prospectus or for any additional information, (iv) the institution by the Commission of any stop order proceedings in respect of a Registration Statement or the threatening of any proceeding for that purpose, and (v) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Securities in any jurisdiction or the institution or threatening of any proceedings for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof. If, at any time prior to the filing of the Final Prospectus pursuant to Rule 424(b), any event occurs as a result of which the General Disclosure Package would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made at such time not misleading, the Company will (i) notify promptly the Representatives so that any use of the General Disclosure Package may cease until it is amended or supplemented; (ii) amend or supplement the General Disclosure Package to correct such statement or omission; and (iii) supply any amendment or supplement to the Representatives in such quantities as they may reasonably request.

(c) *Continued Compliance with Securities Laws.* If, at any time when a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be required to be) delivered under the Act by any Underwriter or dealer, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Registration Statement or supplement the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and file with the Commission and furnish, at its own expense, to the Underwriters and the dealers and any other dealers upon request of the Representatives an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7 hereof.

(d) *Rule 158.* As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its security holders an earnings statement covering a period of at least 12 months beginning after the Effective Date of the Initial Registration Statement (or, if later, the Effective Date of the Additional Registration Statement) which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act. For the purpose of the preceding sentence, "**Availability Date**" means the 45th day after the end of the fourth fiscal quarter following the fiscal quarter that includes such Effective Date, except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "**Availability Date**" means the 90th day after the end of such fourth fiscal quarter.

(e) *Rule 463*. The Company will include in its first annual report on Form 20-F such information as may be required by Rule 463 under the Act.

(f) *Furnishing of Prospectuses.* The Company will furnish to the Representatives copies of each Registration Statement (four of which will be signed and will include all exhibits), each related Statutory Prospectus, and, so long as a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act in connection with sales by any Underwriter or dealer, the Final Prospectus and all amendments and supplements to such documents, and each General User Issuer Free Writing Prospectus, in each case in such quantities as the Representatives request. The Final Prospectus shall be so furnished on or prior to 3:00 P.M., New York time, on the business day following the execution and delivery of this Agreement. All other documents shall be so furnished as soon as available. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(g) *Blue Sky Qualifications*. The Company will arrange for the qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives designate and will continue such qualifications in effect so long as required for the distribution.

(h) *Reporting Requirements*. During the period of five years hereafter, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and the Company will furnish to the Representatives (i) as soon as available, a copy of each report of the Company filed with or furnished to the Commission under the Exchange Act or mailed to stockholders, and (ii) from time to time, such other information concerning the Company as the Representatives may reasonably request. However, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system, it is not required to furnish such reports or statements to the Underwriters.

(i) *Payment of Expenses*. The Company will pay all expenses incident to the performance of its obligations under this Agreement and the Deposit Agreement (including all fees owed to the Depositary), for any filing fees and other expenses (including fees and disbursements of counsel to the Company) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives designate and the preparation and printing of memoranda relating thereto, costs and expenses related to the review by the National Association of Securities Dealers, Inc. of the Offered Securities (including filing fees and the fees and expenses of counsel for the Underwriters relating to such review), costs and expenses relating to investor presentations or any "road show" in connection with the offering and sale of the Offered Securities including, without limitation, any travel expenses of the Company's officers and employees and any other expenses of the Company including the chartering of airplanes, fees and expenses incident to listing the Offered Securities on NASDAQ and other national and foreign exchanges, fees and expenses in connection with the registration of the Offered Securities under the Exchange Act, and expenses incurred in distributing preliminary prospectuses and the Final Prospectus (including any amendments and supplements thereto) to the Underwriters and for expenses incurred for preparing, printing and distributing any Issuer Free Writing Prospectuses to investors or prospective investors, *provided*, *however*, that the Underwriters shall pay for their respective travel, accommodation and communication expenses as well as the fees and disbursements of counsel to the Underwriters).

(j) *Use of Proceeds*. The Company will use the net proceeds received in connection with this offering in the manner described in the "Use of Proceeds" section of the General Disclosure Package and the Company does not intend to use any of the proceeds from the sale of the Offered Securities hereunder to repay any outstanding debt owed to any affiliate of any Underwriter.

(k) *Absence of Manipulation*. The Company will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Offered Securities.

(l) *Taxes*. The Company will indemnify and hold harmless the Underwriters against any documentary, stamp or similar issue tax, including any interest and penalties, on the creation, issue and sale of the Offered Securities and on the execution and delivery of this Agreement and the Deposit Agreement. All payments to be made by the Company hereunder shall be made without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever unless the Company is compelled by law to deduct or withhold such taxes, duties or charges. In that event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made.

(m) *Disclosure of Information.* The Company shall use its best efforts to ensure that in connection with the listing of the Offered Securities on NASDAQ, the Company will furnish from time to time any and all documents, instruments, information and undertakings and publish all advertisements or other material that may be necessary in order to effect and maintain such quotation.

(n) *General Transfer Restrictions.* Except as provided in sub-section (o) of this Section, the Company shall at all times maintain transfer restrictions (including the inclusion of legends in share certificates, as may be required) with respect to the Company's Ordinary Shares which are subject to transfer restrictions pursuant to this Agreement, the Shareholders Agreement and the lock up agreements signed by all registered shareholders of the Company substantially in the form attached hereto as Annex F.

(o) *Restriction on Sale of Securities.* For the period specified below (the "**Lock-Up Period**"), the Company will not, directly or indirectly, take any of the following actions with respect to its Ordinary Shares, additional shares or any securities convertible into or exchangeable or exercisable for any of its shares or Ordinary Shares, including ADSs (collectively, "**Lock-Up Securities**"): (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of Lock-Up Securities, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (v) file with the Commission a registration statement under the Act relating to Lock-Up Securities, or publicly disclose the intention to take any such action, without the prior written consent of the Representatives, except grants of employee stock options, restricted shares or other equity incentives pursuant to the terms of a plan in effect on the date hereof and disclosed in the Preliminary Prospectus and issuances of Lock-Up Securities pursuant to the exercise of such options. The initial Lock-Up Period will commence on the date hereof and continue for 180 days after the date of the Final Prospectus; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or material news or a material event relating to the Company occurs or (2) prior to the expiration of the initial Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the materials news or material event, as applicable, unless the Representatives waive, in writing, such extension. The Company will provide the Representatives with notice of any announcement described in clause (2) of the preceding sentence that gives rise to an extension of the Lock-Up Period. Notwithstanding the above, the provisions of this Section 5(o) will not preclude the issuance and sale by the Company to Melco, immediately following this offering of up to 615,000 Ordinary Shares and the distribution of these Ordinary Shares in the form of ADSs by Melco to certain of its stockholders, outside the United States, as a free stock dividend, as described in the General Disclosure Package and the Final Prospectus.

(p) *Deposit Agreement.* The Company will comply with the terms of the Deposit Agreement so that the ADRs evidencing the ADSs will be executed by the Depositary and delivered to the Underwriters, pursuant to this Agreement at the applicable Closing Date.

6. *Free Writing Prospectuses*. The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission; provided that the prior written consent of the parties hereto shall be deemed to have been given with respect to the Issuer Free Writing Prospectus attached hereto as Exhibit [ ]. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a "**Permitted Free Writing Prospectus**." The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. The Company represents that is has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

7. *Conditions of the Obligations of the Underwriters*. The obligations of the several Underwriters to purchase and pay for the Firm Securities on the First Closing Date and the Optional Securities to be purchased on each Optional Closing Date will be subject to the accuracy of the representations and warranties on the part of the Company herein (as though made on such Closing Date), to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) *Accountants' Comfort Letter*. The Representatives shall have received letters, dated, respectively, the date hereof and each Closing Date, of Deloitte Touche Tohmatsu Certified Public Accountants, Ltd., confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and substantially in the form of Schedule C hereto (except that, in any letter dated a Closing Date, the specified date referred to in Schedule C hereto shall be a date no more than three days prior to such Closing Date).

(b) *Effectiveness of Registration Statement*. If the Effective Time of the Additional Registration Statement (if any) is not prior to the execution and delivery of this Agreement, such Effective Time shall have occurred not later than 10:00 P.M., New York time, on the date of this Agreement or, if earlier, the time the Final Prospectus is finalized and distributed to any Underwriter, or shall have occurred at such later time as shall have been consented to by the Representatives. The Final Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) hereof. Prior to such Closing Date, no stop order suspending the effectiveness of a Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission.

(c) *No Material Adverse Change.* Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries taken as a whole which, in the judgment of the Representatives, is material and adverse and makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities; (ii) any downgrading in the rating of any debt securities of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in U.S., Hong Kong, Cayman Islands, Macau or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representatives, impractical to market or enforce contracts for the sale of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any material suspension or material limitation of trading in securities generally on the New York Stock Exchange, NASDAQ, the Hong Kong Stock Exchange or the London Stock Exchange or any setting of minimum or maximum prices for trading on such exchanges; (v) or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S. Federal, Hong Kong, Cayman Islands or Macau authorities; (vii) any major disruption of settlements of securities, payment or clearance services in the United States, Hong Kong, Cayman Islands or Macau or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, Hong Kong or Macau, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of the Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it impractical or inadvisable to market the Offered Securities or to enforce contracts for the sale of the Offered Securities.

(d) *Opinion of Counsel to the Company.* The Representatives shall have received an opinion, dated such Closing Date, of Latham & Watkins LLP, counsel to the Company on United States law, addressed to the Underwriters, substantially in the form attached hereto as Annex A.

(e) *Opinion of Counsel to the Company on Cayman Islands law.* The Representatives shall have received an opinion, dated such Closing Date, of Walkers, counsel to the Company on Cayman Islands law, addressed to the Underwriters, substantially in the form attached hereto as Annex B.

(f) *Opinion of Counsel to the Company on British Virgin Islands law.* The Representatives shall have received an opinion, dated such Closing Date, of Walkers, counsel to the Company on British Virgin Islands law, addressed to the Underwriters, substantially in the form attached hereto as Annex C.

(g) *Opinion of Counsel to the Company on Hong Kong law.* The Representatives shall have received an opinion, dated such Closing Date, of Richards Butler, counsel to the Company on Hong Kong law, addressed to the Underwriters, substantially in the form attached hereto as Annex D.

(h) *Opinion of Counsel to the Company on Macau law.* The Representatives shall have received an opinion, dated such Closing Date, of Manuela Antonio Law Offices, counsel to the Company on Macau law, addressed to the Underwriters, substantially in the form attached hereto as Annex E.

(i) *Opinion of Counsel to the Representatives on United States law.* The Representatives shall have received from Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Underwriters, such opinion or opinions, dated such Closing Date, with respect to the validity of the Offered Securities delivered on such Closing Date, the Registration Statements, the Prospectus and other related matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion, Skadden, Arps, Slate, Meagher & Flom LLP may rely as to the incorporation of the Company and all other matters governed by Cayman Islands law upon the opinion of Walkers referred to above and as to matters governed by Macau laws, upon the opinion of Henrique Saldanha referred to below.

(j) *Opinion of Counsel to the Representatives on Macau law.* The Representatives shall have received from Henrique Saldanha, Macau counsel to the Underwriters, such opinion or opinions, dated such Closing Date, with respect to such matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(k) *Depositary Certificate*. The Depositary shall have furnished or caused to be furnished to the Underwriters a certificate satisfactory to the Representatives of one of its authorized officers with respect to the deposit with it of the Ordinary Shares represented by the ADSs against issuance of the ADRs evidencing the ADSs, the execution, issuance, countersignature and delivery of the ADRs evidencing the ADSs pursuant to the Deposit Agreement and such other matters related thereto as the Representative may reasonably request.

(l) *Deposit Agreement.* The Company and the Depositary shall have executed and delivered the Deposit Agreement and the Deposit Agreement shall be in full force and effect and the Company and the Depositary shall have taken all action necessary to permit the deposit of the Ordinary Shares and the issuance of the ADSs in accordance with the Deposit Agreement.

(m) *Officer's Certificate.* The Representatives shall have received a certificate, dated such Closing Date, of an executive officer of the Company and a principal financial or accounting officer of the Company in which such officers shall state that: the representations and warranties of the Company in this Agreement are true and correct; the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was timely filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 111(a) or (b) of Regulation S-T of the Commission; and, subsequent to the date of the most recent financial statements in the General Disclosure Package, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operation, business, properties or prospects of the Company and its subsidiaries taken as a whole except as set forth in the General Disclosure Package or as described in such certificate.

(n) *Lock-Up Agreements.* On or prior to the date hereof, the Representatives shall have received lockup letters from each of Melco Leisure and Entertainment Group Limited, PBL Asia Investment Limited, Melco International Development Limited and Publishing & Broadcasting Limited, and each of ***[name officers and directors]*** in each case substantially in the form attached hereto as Annex F.

(o) *Listing Approval.* The ADSs shall have been approved to be listed on NASDAQ.

(p) *Settlement Eligibility.* On or prior to the First Closing Date, the Offered Securities shall be eligible for clearance and settlement through the facilities of DTC.

(q) The Company will furnish the Representatives with conformed copies of such opinions, certificates, letters and documents and such further information as the Representatives reasonably request. The Representatives may in their sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of an Optional Closing Date or otherwise.

8. *Indemnification and Contribution*.

(a) *Indemnification of Underwriters.* The Company will indemnify and hold harmless each Underwriter, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "**Indemnified Party**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus or the General Disclosure Package as of any time, the Final Prospectus or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; *provided, however*, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below.

(b) *Indemnification of Company.* Each Underwriter will severally and not jointly indemnify and hold harmless the Company, each of its directors and each of its officers who signs a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "**Underwriter Indemnified Party**"), against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Underwriter Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Final Prospectus furnished on behalf of each Underwriter: their respective names, the concession and reallowance figures appearing in the paragraph under the caption "Underwriting".

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section or Section 10 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above or Section 10 hereafter, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above or Section 10 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above or Section 10. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section or Section 10, as the case may be, for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Contribution.* If the indemnification provided for in this Section or in Section 10 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above or Section 10 hereafter , then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above or Section 10 hereafter (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the ADSs or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the ADSs underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(d).

(e) *Control Persons*. The obligations of the Company under this Section or Section 10 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter, or the QIU (as hereafter defined) within the meaning of the Act; and the obligations of the Underwriters under this Section shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each director of the Company, to each officer of the Company who has signed a Registration Statement and to each person, if any, who controls the Company within the meaning of the Act.

9. *Default of Underwriters*. If any Underwriter or Underwriters default in their obligations to purchase Offered Securities hereunder on either the First or any Optional Closing Date and the aggregate number of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of Offered Securities that the Underwriters are obligated to purchase on such Closing Date, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total number of Offered Securities that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to the Representatives and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 11 (provided that if such default occurs with respect to Optional Securities after the First Closing Date, this Agreement will not terminate as to the Firm Securities or any Optional Securities purchased prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

10. *Qualified Independent Underwriter.* The Company intends to use more than ten per cent. of the net proceeds from the Offering to repay indebtedness owed to Deutsche Bank AG, Hong Kong branch, an affiliate of one of the Underwriters and a lender under the Subconcession Facility provided to MPBL Macau, a subsidiary of the company. Accordingly and in compliance with Rule 2710(h) of the National Association of Securities Dealers, Inc. Conduct Rules, the Company hereby confirms that at its request Credit Suisse has without compensation acted as "qualified independent underwriter" (in such capacity, the "**QIU**") within the meaning of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. in connection with the offering of the Offered Securities. The Company will indemnify and hold harmless the QIU against any losses, claims, damages or liabilities, joint or several, to which the QIU may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon the QIU's acting (or alleged failing to act) as such "qualified independent underwriter" and will reimburse the QIU for any legal or other expenses reasonably incurred by the QIU in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred.

11. *Survival of Certain Representations and Obligations*. The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 9 hereof, the Company will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities, and the respective obligations of the Company and the Underwriters pursuant to Section 8 hereof and the obligations of the Company pursuant to Section 10 shall remain in effect. In addition, if any Offered Securities have been purchased hereunder, the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect.

12. *Notices*. All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to the Representatives c/o Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, N.Y. 10010-3629 Attention: [ ], or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central Hong Kong, Attention: Stephanie Cheung, General Counsel; *provided*, *however*, that any notice to an Underwriter pursuant to Section 8 will be mailed, delivered or telegraphed and confirmed to such Underwriter.

13. *Successors*. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8, and no other person will have any right or obligation hereunder.

14. *Representation of Underwriters*. The Representatives will act for the several Underwriters in connection with this financing, and any action under this Agreement taken by the Representatives jointly will be binding upon all the Underwriters.

15. *Counterparts*. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

16. *Absence of Fiduciary Relationship.* The Company acknowledges and agrees that:

(a) *No Other Relationship. T*he Representatives have been retained solely to act as underwriters in connection with the sale of Offered Securities and that no fiduciary, advisory or agency relationship between the Company and the Representatives has been created in respect of any of the transactions contemplated by this Agreement or the Final Prospectus, irrespective of whether the Representatives have advised or is advising the Company on other matters;

(b) *Arms' Length Negotiations.* The price of the Offered Securities set forth in this Agreement was established by the Company following discussions and arms-length negotiations with the Representatives and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose.* The Company has been advised that the Representatives and their affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that the Representatives have no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver.* The Company waives, to the fullest extent permitted by law, any claims it may have against the Representatives for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Representatives shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

17. *Applicable Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to principles of conflicts of laws.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in The City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. The Company irrevocably appoints CT Corporation System as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Company by the person serving the same to the address provided in Section 12, shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of seven years from the date of this Agreement.

The obligation of the Company pursuant to this Agreement in respect of any sum due to any Underwriter shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day, following receipt by such Underwriter of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Underwriter may in accordance with normal banking procedures purchase United States dollars with such other currency; if the United States dollars so purchased are less than the sum originally due to such Underwriter hereunder, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Underwriter against such loss. If the United States dollars so purchased are greater than the sum originally due to such Underwriter hereunder, such Underwriter agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to such Underwriter hereunder.

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement between the Company and the several Underwriters in accordance with its terms.

Very truly yours,

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

By _____
Name: Lawrence Ho
Title: Co-Chairman and CEO

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

Acting on behalf of themselves and as the Representatives of the several Underwriters

CREDIT SUISSE SECURITIES (USA) LLC

By _____
Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

By _____
Name:
Title:

UBS SECURITIES LLC

By _____
Name:
Title:

SCHEDULE A

Underwriter	Number of Firm Securities
Credit Suisse Securities (USA) LLC	
Citigroup Global Markets Inc.	
UBS Securities LLC	
CIBC World Markets Corp.	
J. P. Morgan Securities Inc.	
CLSA Limited	
Deutsche Bank Securities Inc.	
Total	

SCHEDULE B

1. General Use Free Writing Prospectuses (included in the General Disclosure Package)

"General Use Issuer Free Writing Prospectus" includes each of the following documents:

None

2. Other Information Included in the General Disclosure Package

The following information is also included in the General Disclosure Package:

[None]

ANNEX A
[FORM OF OPINION OF US COUNSEL TO THE COMPANY]

ANNEX B

[FORM OF OPINION OF CAYMAN ISLANDS COUNSEL TO THE COMPANY]

ANNEX C

[FORM OF OPINION OF BRITISH VIRGIN ISLANDS COUNSEL TO THE COMPANY]

ANNEX D
[FORM OF OPINION OF HONG KONG COUNSEL TO THE COMPANY]

ANNEX E
[FORM OF OPINION OF MACAU COUNSEL TO THE COMPANY]

ANNEX F

FORM OF LOCK-UP LETTER

[*Insert date*]

Melco PBL Entertainment (Macau) Limited
Penthouse, 38th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong

Credit Suisse Securities (USA) LLC,
Citigroup Global Markets Inc.,
UBS Securities LLC
As Representatives of the Several Underwriters
c/o [Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010-3629]

Dear Sirs:

As an inducement to the Underwriters to execute the Underwriting Agreement, pursuant to which an offering will be made that is intended to result in the establishment of a public market for the American Depositary Shares (the "**Securities**") of Melco PBL Entertainment (Macau) Limited, and any successor (by merger or otherwise) thereto, (the "**Company**"), the undersigned hereby agrees that during the period specified in the following paragraph (the "**Lock-Up Period**"), the undersigned will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any ordinary shares of the Company or securities convertible into or exchangeable or exercisable for any such shares, including American Depositary Shares (collectively, "Lock-up Securities"), enter into a transaction which 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 Lock-up Securities, whether any such aforementioned transaction is to be settled by delivery of Lock-up Securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and UBS Securities LLC (collectively, the "**Representatives**"). In addition, the undersigned agrees that, without the prior written consent of the Representatives, it will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Lock-up Securities. Notwithstanding the above, the restriction contained in this letter will not preclude the sale by the Company to Melco International Development Limited, immediately following the offering contemplated by the Underwriting Agreement of up to 615,000 Ordinary Shares and the distribution of these Ordinary Shares by Melco International Development Limited to certain of its stockholders, outside the United States, as a free stock dividend, as described in the General Disclosure Package and the Final Prospectus and the Representatives shall be deemed to have consented to such sale and distribution.

The initial Lock-Up Period will commence on the date of this Lock-Up Agreement and continue and include the date 180 days after date of the Final Prospectus; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or material news or a material event relating to the Company occurs or (2) prior to the expiration of the initial Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the material news or material event, as applicable, unless the Representatives waive, in writing, such extension.

The undersigned hereby acknowledges and agrees that written notice of any extension of the Lock-Up Period pursuant to the previous paragraph will be delivered by Credit Suisse Securities (USA) LLC (after consultation with the other Representatives) to the Company (in accordance with Section [11] of the Underwriting Agreement) and that any such notice properly delivered will be deemed to have given to, and received by, the undersigned. The undersigned further agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this Lock-Up Agreement during the period from the date of this Lock-Up Agreement to and including the 34th day following the expiration of the initial Lock-Up Period, it will give notice thereof to the Company and will not consummate such transaction or take any such action unless it has received written confirmation from the Company that the Lock-Up Period (as may have been extended pursuant to the previous paragraph) has expired.

Any Lock-up Securities acquired by the undersigned in the open market will not be subject to this Lock-Up Agreement. A transfer of Lock-up Securities to a family member or trust may be made, provided the transferee agrees to be bound in writing by the terms of this Lock-Up Agreement prior to such transfer and no filing by any party (donor, donee, transferor or transferee) under the Securities Exchange Act of 1934 shall be required or shall be voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the Lock-Up Period).

In furtherance of the foregoing, the Company and its transfer agent and registrar are hereby authorized to decline to make any transfer of Lock-up Securities if such transfer would constitute a violation or breach of this Lock-Up Agreement.

This Lock-Up Agreement shall be binding on the undersigned and the successors, heirs, representatives and assigns of the undersigned. This Lock-Up Agreement shall lapse and become null and void if the Public Offering Date shall not have occurred on or before [January 30, 2007]. **This Lock-Up Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.**

Very truly yours,

_____

[Name of shareholder/director/officer]

SCHEDULE C

The Representative[s] shall have received letters, dated, respectively, the date hereof and the First Closing Date, of Deloitte Touche Tohmatsu Certified Public Accountants, Ltd, confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws to the effect that:

(i) in their opinion the audited consolidated financial statements and schedules examined by them and included in the Registration Statements and the General Disclosure Package comply as to form in all material respects with the applicable accounting requirements of the Securities Laws;

(ii) with respect to the period(s) covered by the unaudited quarterly consolidated financial statements included in the Registration Statements and the General Disclosure Package, they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in AU 722, Interim Financial Information, on the unaudited quarterly consolidated financial statements (including the noted thereto) of the Company and its consolidated subsidiaries included in the Registration Statements and the General Disclosure Package, and have made inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its consolidated subsidiaries as to whether such unaudited quarterly consolidated financial statements comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the related published rules and regulations; they have read the latest unaudited monthly consolidated financial statements (including the notes thereto) and the supplementary summary unaudited financial information of the Company and its consolidated subsidiaries made available by the Company and the minutes of the meetings of the stockholders, Board of Directors and committees of the Board of Directors of the Company; and have made inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its consolidated subsidiaries as to whether the unaudited monthly financial statements are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the Registration Statement and General Disclosure Package; and on the basis thereof, nothing came to their attention which caused them to believe that:

(A) the unaudited financial statements included in the Registration Statements or the General Disclosure Package do not comply as to form in all material respects with the applicable accounting requirements of the Securities Laws, or that any material modifications should be made to the unaudited quarterly consolidated financial statements for them to be in conformity with generally accepted accounting principles;

(B) with respect to the period subsequent to the date of the most recent unaudited quarterly consolidated financial statements included in the General Disclosure Package, at a specified date at the end of the most recent month, there were any increases in the short-term debt or long-term debt of the Company and its consolidated subsidiaries, or any change in stockholders' equity or the consolidated capital stock of the Company and its consolidated subsidiaries or any decreases in the net current assets or net assets of the Company and its consolidated subsidiaries, as compared with the amounts shown on the latest balance sheet included in the General Disclosure Package; or for the period from the day after the date of the most recent unaudited quarterly consolidated financial statements for such entities included in the General Disclosure Package to such specified date, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated net sales, net operating income, or in the total or per share amounts of consolidated income before extraordinary items or net income of the Company and its consolidated subsidiaries, except for such changes, increases or decreases set forth in such letter which the General Disclosure Package discloses have occurred or may occur;

(iii) With respect to any period as to which officials of the Company have advised that no consolidated financial statements as of any date or for any period subsequent to the specified date referred to in (ii)(B) above are available, they have made inquiries of certain officials of the Company who have responsibility for the financial and accounting matters of the Company and its consolidated subsidiaries as to whether, at a specified date not more than three business days prior to the date of such letter, there were any increases in the short-term debt or long-term debt of the Company and its consolidated subsidiaries, or any change in stockholders' equity or the consolidated capital stock of the Company and its consolidated subsidiaries or any decreases in the net current assets or net assets of the Company and its consolidated subsidiaries, as compared with the amounts shown on the most recent balance sheet for such entities included in the General Disclosure Package; or for the period from the day after the date of the most recent unaudited quarterly financial statements for such entities included in the General Disclosure Package to such specified date, there were any decreases, as compared with the corresponding period in the preceding year, in net sales, net operating income, or in the total or per share amounts of consolidated income before extraordinary items or net income of the Company and its consolidated subsidiaries and, on the basis of such inquiries and the review of the minutes described in paragraph (ii) above, nothing came to their attention which caused them to believe that there was any such change, increase, or decrease, except for such changes, increases or decreases set forth in such letter which the General Disclosure Package discloses have occurred or may occur; and

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial and statistical information contained in the Registration Statements, each Issuer Free Writing Prospectus (other than any Issuer Free Writing Prospectus that is an "electronic road show," as defined in Rule 433(h)) and the General Disclosure Package (in each case to the extent that such dollar amounts, percentages and other financial and statistical information are derived from the general accounting records of the Company and its subsidiaries or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial and statistical information to be in agreement with such results.

For purposes of this Schedule, if the Effective Time of the Additional Registration Statement is subsequent to the execution and delivery of this Agreement, "**Registration Statements**" shall mean the Initial Registration Statement and the Additional Registration Statement as proposed to be filed shortly prior to its Effective Time. All financial statements and schedules included in material incorporated by reference into the Registration Statements or the General Disclosure Package shall be deemed included in the Registration Statements or the General Disclosure Package for purposes of this Schedule.

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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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 3 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 4.3

DEPOSIT AGREEMENT

by and among

MELCO PBL ENTERTAINMENT (MACAU) LIMITED as Issuer

AND

DEUTSCHE BANK TRUST COMPANY AMERICAS

as Depositary,

AND

**THE HOLDERS AND BENEFICIAL OWNERS
OF AMERICAN DEPOSITARY SHARES EVIDENCED BY
AMERICAN DEPOSITARY RECEIPTS ISSUED HEREUNDER**

Dated as of [DATE], 2006

WHITE & CASE
5 Old Broad Street
London EC2N 1DW

DEPOSIT AGREEMENT

DEPOSIT AGREEMENT, dated as of [DATE], 2006, by and among (i) Melco PBL Entertainment (Macau) Limited, a company incorporated under the laws of the Cayman Islands, and its successors (the "**Company**"), (ii) Deutsche Bank Trust Company Americas, an indirect wholly owned subsidiary of Deutsche Bank A.G., acting in its capacity as depositary, and any successor depositary hereunder (the "**Depositary**"), and (iii) all Holders and Beneficial Owners of American Depositary Shares evidenced by American Depositary Receipts issued hereunder (all such capitalized terms as hereinafter defined).

W I T N E S S E T H T H A T:

WHEREAS, the Company desires to establish an ADR facility with the Depositary to provide for the deposit of the Shares and the creation of American Depositary Shares representing the Shares so deposited; and

WHEREAS, the Depositary is willing to act as the Depositary for such ADR facility upon the terms set forth in this Deposit Agreement; and

WHEREAS, the American Depositary Receipts evidencing the American Depositary Shares issued pursuant to the terms of this Deposit Agreement are to be substantially in the form of Exhibit A annexed hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement; and

WHEREAS, the American Depositary Shares to be issued pursuant to the terms of this Deposit Agreement are accepted for trading on the National Association of Securities Dealers Automated Quotation; and

WHEREAS, the Board of Directors of the Company (or an authorized committee thereof) has duly approved the establishment of an ADR facility upon the terms set forth in this Deposit Agreement, the execution and delivery of this Deposit Agreement on behalf of the Company, and the actions of the Company and the transactions contemplated herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

All capitalized terms used, but not otherwise defined, herein shall have the meanings set forth below, unless otherwise clearly indicated:

SECTION 1.1 "Affiliate" shall have the meaning assigned to such term by the Commission under Regulation C promulgated under the Securities Act.

SECTION 1.2 "Agent" shall mean such entity or entities as the Depositary may appoint under Section 7.8, including the Custodian or any successor or addition thereto.

SECTION 1.3 "American Depositary Share(s)" and "ADS(s)" American Depositary Share(s) shall mean the securities representing the rights and interests in the Deposited Securities granted to the Holders and Beneficial Owners pursuant to the terms and conditions of this Deposit Agreement and evidenced by the American Depositary Receipts issued hereunder. Each American Depositary Share shall represent the right to receive three Shares, until there shall occur a distribution upon Deposited Securities referred to in Section 4.2 or a change in Deposited Securities referred to in Section 4.9 with respect to which additional American Depositary Receipts are not executed and delivered, and thereafter each American Depositary Share shall represent the Shares or Deposited Securities specified in such Sections.

SECTION 1.4 "ADS Record Date" shall have the meaning given to such term in Section 4.7.

SECTION 1.5 "Beneficial Owner" shall mean as to any ADS, any person or entity having a beneficial interest in any ADSs. A Beneficial Owner need not be the Holder of the ADR evidencing such ADSs. A Beneficial Owner may exercise any rights or receive any benefits hereunder solely through the Holder of the ADR(s) evidencing the ADSs in which such Beneficial Owner has an interest.

SECTION 1.6 "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not (a) a day on which banking institutions in the Borough of Manhattan, The City of New York are authorized or obligated by law or executive order to close and (b) a day on which the market(s) in which Receipts are traded are closed.

SECTION 1.7 "Commission" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

SECTION 1.8 "Company" shall mean Melco PBL Entertainment (Macau) Limited, a company incorporated and existing under the laws of the Cayman Islands, and its successors.

SECTION 1.9 "Corporate Trust Office" when used with respect to the Depositary, shall mean the corporate trust office of the Depositary at which at any particular time its depositary receipts business shall be administered, which, at the date of this Deposit Agreement, is located at 60 Wall Street, New York, New York 10005, U.S.A.

SECTION 1.10 "Custodian" shall mean, as of the date hereof, Deutsche Bank AG, Hong Kong Branch, having its principal office at 52/F Cheung Kong Centre, 2 Queen's Road, Central, Hong Kong, as the custodian for the purposes of this Deposit Agreement, and any other firm or corporation which may hereinafter be appointed by the Depositary pursuant to the terms of Section 5.5 as a successor or an additional custodian or custodians hereunder, as the context shall require. The term "Custodian" shall mean all custodians, collectively.

SECTION 1.11 "Deliver" and "Delivery" shall mean, when used in respect of American Depositary Shares, Receipts, Deposited Securities and Shares, the physical delivery of the certificate representing such security, or the electronic delivery of such security by means of book-entry transfer, as appropriate, including, without limitation, through DRS/Profile. With respect to DRS/Profile ADRs, the terms "execute", "issue", "register", "surrender", "transfer" or "cancel" refer to applicable entries or movements to or within DRS/Profile.

SECTION 1.12 "Deposit Agreement" shall mean this Deposit Agreement and all exhibits hereto, as the same may from time to time be amended and supplemented in accordance with the terms hereof.

SECTION 1.13 "Depositary" shall mean Deutsche Bank Trust Company Americas, an indirect wholly owned subsidiary of Deutsche Bank A.G., in its capacity as depositary under the terms of this Deposit Agreement, and any successor depositary hereunder.

SECTION 1.14 "Deposited Securities" as of any time shall mean Shares at such time deposited or deemed to be deposited under this Deposit Agreement and any and all other securities, property and cash received or deemed to be received by the Depositary or the Custodian in respect thereof and held hereunder, subject, in the case of cash, to the provisions of Section 4.6. The collateral delivered in connection with Pre-Release Transactions described in Section 2.10 hereof shall not constitute Deposited Securities.

SECTION 1.15 "Dollars" and "$" shall refer to the lawful currency of the United States.

SECTION 1.16 "DRS/Profile" shall mean the system for the uncertificated registration of ownership of securities pursuant to which ownership of ADSs is maintained on the books of the Depositary without the issuance of a physical certificate and transfer instructions may be given to allow for the automated transfer of ownership between the books of DTC and the Depositary. Ownership of ADSs held in DRS/Profile are evidenced by periodic statements issued by the Depositary to the Holders entitled thereto.

SECTION 1.17 "DTC" shall mean The Depository Trust and Clearing Corporation, the central book-entry clearinghouse and settlement system for securities traded in the United States, and any successor thereto.

SECTION 1.18 "Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as from time to time amended.

SECTION 1.19 "Foreign Currency" shall mean any currency other than Dollars.

SECTION 1.20 "Foreign Registrar" shall mean the entity, if any, that carries out the duties of registrar for the Shares or any successor as registrar for the Shares and any other appointed agent of the Company for the transfer and registration of Shares[, which shall initially be Butterfield Fund Services (Cayman) Limited].

SECTION 1.21 "Holder" shall mean the person in whose name a Receipt is registered on the books of the Depositary (or the Registrar, if any) maintained for such purpose. A Holder may or may not be a Beneficial Owner. A Holder shall be deemed to have all requisite authority to act on behalf of those Beneficial Owners of the ADRs registered in such Holder's name.

SECTION 1.22 "Indemnified Person" and "Indemnifying Person" shall have the meaning set forth in Section 5.8. hereof.

SECTION 1.23 "Pre-Release" shall have the meaning set forth in Section 2.10 hereof.

SECTION 1.24 "Receipt(s)"; "American Depositary Receipt(s)"; and "ADR(s)" shall mean the certificate(s) or DRS/Profile statements issued by the Depositary evidencing the American Depositary Shares issued under the terms of this Deposit Agreement, as such Receipts may be amended from time to time in accordance with the provisions of this Deposit Agreement. References to Receipts shall include physical certificated Receipts as well as ADSs issued through DRS/Profile, unless the context otherwise requires.

SECTION 1.25 "Registrar" shall mean the Depositary or any bank or trust company having an office in the Borough of Manhattan, The City of New York, which shall be appointed by the Depositary to register ownership of Receipts and transfer of Receipts as herein provided, shall include any co-registrar appointed by the Depositary for such purposes. Registrars (other than the Depositary) may be removed and substitutes appointed by the Depositary.

SECTION 1.26 "Restricted ADRs"; "Restricted ADSs"; and "Restricted Shares" shall have the respective meanings set forth in Section 2.11.

SECTION 1.27 "Restricted Securities" shall mean Shares, or American Depositary Shares representing such Shares, which (i) have been acquired directly or indirectly from the Company or any of its Affiliates in a transaction or chain of transactions not involving any public offering and subject to resale limitations under the Securities Act or the rules issued thereunder, or (ii) are held by an officer or director (or persons performing similar functions) or other Affiliate of the Company, or (iii) are subject to other restrictions on sale or deposit under the laws of the United States, the Cayman Islands, or under a shareholders' agreement, shareholders' lock-up agreement or the Company's Memorandum and Articles of Association or under the regulations of an applicable securities exchange unless, in each case, such Shares are being sold to persons other than an Affiliate of the Company in a transaction (x) covered by an effective resale registration statement or (y) exempt from the registration requirements of the Securities Act (as hereinafter defined), and the Shares are not, when held by such person, Restricted Securities.

SECTION 1.28 "Securities Act" shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.29 "Shares" shall mean ordinary shares in registered form of the Company, par value U.S. 0.01 each, heretofore validly issued and outstanding and fully paid or hereafter validly issued and outstanding and fully paid. References to Shares shall include evidence of rights to receive Shares, whether or not stated in the particular instance; *provided*, *however*, that in no event shall Shares include evidence of rights to receive Shares with respect to which the full purchase price has not been paid or Shares as to which pre-emptive rights have theretofore not been validly waived or exercised; *provided further, however*, that, if there shall occur any change in par value, split-up, consolidation, reclassification, conversion or any other event described in Section 4.9, in respect of the Shares of the Company, the term "Shares" shall thereafter, to the extent permitted by law, represent the successor securities resulting from such change in par value, split-up, consolidation, exchange, conversion, reclassification or event.

SECTION 1.30 "United States" or "U.S." shall mean the United States of America.

ARTICLE II.

APPOINTMENT OF DEPOSITARY; FORM OF RECEIPTS; DEPOSIT OF SHARES; EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF RECEIPTS

SECTION 2.1 Appointment of Depositary. The Company hereby appoints the Depositary as exclusive depositary for the Deposited Securities and hereby authorizes and directs the Depositary to act in accordance with the terms set forth in this Deposit Agreement. Each Holder and each Beneficial Owner, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms of this Deposit Agreement, shall be deemed for all purposes to (a) be a party to and bound by the terms of this Deposit Agreement and (b) appoint the Depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in this Deposit Agreement, to adopt any and all procedures necessary to comply with applicable law and to take such action as the Depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of this Deposit Agreement (the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof).

SECTION 2.2 Form and Transferability of Receipts.

(a) Definitive Receipts shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. Receipts may be issued in denominations of any number of American Depositary Shares. No definitive Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless such Receipt shall have been executed by the Depositary by the manual or facsimile signature of a duly authorized signatory of the Depositary. The Depositary shall maintain books on which each Receipt so executed and delivered, in the case of definitive Receipts, and each Receipt issued through the DRS/Profile, in either case as hereinafter provided and the transfer of each such Receipt shall be registered. Receipts in certificated form bearing the manual or facsimile signature of a duly authorized signatory of the Depositary who was at any time a proper signatory of the Depositary shall bind the Depositary, notwithstanding that such signatory has ceased to hold such office prior to the execution and delivery of such Receipts by the Registrar or did not hold such office on the date of issuance of such Receipts.

Notwithstanding anything in this Deposit Agreement or in the form of Receipt to the contrary, the Depositary may, in its discretion, issue ADRs (including Restricted ADRs) in physical certificated form and Holders of ADRs (other than any Holders of Restricted ADRs who shall be required to hold ADRs in physical certificated form) shall only be entitled to receive definitive Receipts, except and to the extent the Depositary has made physical certificated ADRs available at the expense of the Company (i) in its sole discretion or (ii) (a) during a continuous period lasting at least 14 days during which DTC ceases to operate as a book-entry clearing house and settlement system (other than by reason of holidays, statutory or otherwise) or (b) DTC announces an intention permanently to cease and subsequently ceases business as a book-entry clearing house and settlement system and no alternative book-entry clearing house and settlement system satisfactory to the Depositary is available within 45 days. Holders and Beneficial Owners shall be bound by the terms and conditions of this Deposit Agreement and of the form of Receipt, regardless of whether their Receipts are certificated or issued through book-entry registration.

(b) Legends. The ADRs may be endorsed with, or have incorporated in the text thereof, such legends or recitals not inconsistent with the provisions of the Deposit Agreement as may be (i) necessary to enable the Depositary and the Company to perform their respective obligations hereunder, (ii) required to comply with any applicable laws or regulations, or with the rules and regulations of any securities exchange or market upon which ADSs may be traded, listed or quoted, or to conform with any usage with respect thereto, (iii) necessary to indicate any special limitations or restrictions to which any particular ADRs or ADSs are subject by reason of the date of issuance of the Deposited Securities or otherwise, or (iv) required by any book-entry system in which the ADSs are held. Holders and Beneficial Owners shall be deemed, for all purposes, to have notice of, and to be bound by, the terms and conditions of the legends set forth, in the case of Holders, on the ADR registered in the name of the applicable Holders or, in the case of Beneficial Owners, on the ADR representing the ADSs owned by such Beneficial Owners.

(c) Subject to the limitations contained herein and in the form of Receipt, title to a Receipt (and to the ADSs evidenced thereby), when properly endorsed (in the case of certificated Receipts) or upon delivery to the Depositary of proper instruments of transfer, shall be transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of the State of New York; provided, however, that the Depositary, notwithstanding any notice to the contrary, may treat the Holder thereof as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes and neither the Depositary nor the Company will have any obligation or be subject to any liability under the Deposit Agreement to any holder of a Receipt, unless such holder is the Holder thereof.

SECTION 2.3 Deposits (a) Subject to the terms and conditions of this Deposit Agreement and applicable law, Shares or evidence of rights to receive Shares (included Restricted Securities provided that any such Restricted Securities shall be held fully segregated from Shares otherwise deposited hereunder) may be deposited by any person (including the Depositary in its individual capacity but subject, however, in the case of the Company or any Affiliate of the Company, to Section 5.7 hereof) at any time beginning on the 181st day after the date of the prospectus contained in the registration statement on Form F-1 under which the ADSs are first sold, whether or not the transfer books of the Company or the Foreign Registrar, if any, are closed, by Delivery of the Shares to the Custodian. No deposits shall be accepted under this Deposit Agreement prior to such date. Every deposit of Shares shall be accompanied by the following: (A)(i) in the case of Shares issued in registered form, appropriate instruments of transfer or endorsement, in a form satisfactory to the Custodian, (ii) in the case of Shares issued in bearer form, such Shares or the certificates representing such Shares and (iii) in the case of Shares delivered by book-entry transfer, confirmation of such book-entry transfer to the Custodian or that irrevocable instructions have been given to cause such Shares to be so transferred, (B) such certifications and payments (including, without limitation, the Depositary's fees and related charges) and evidence of such payments (including, without limitation, stamping or otherwise marking such Shares by way of receipt) as may be required by the Depositary or the Custodian in accordance with the provisions of this Deposit Agreement, (C) if the Depositary so requires, a written order directing the Depositary to execute and deliver to, or upon the written order of, the person or persons stated in such order a Receipt or Receipts for the number of American Depositary Shares representing the Shares so deposited, (D) evidence satisfactory to the Depositary (which may include an opinion of counsel reasonably satisfactory to the Depositary provided at the cost of the person seeking to deposit Shares) that all conditions to such deposit have been met and all necessary approvals have been granted by, and there has been compliance with the rules and regulations of, any applicable governmental agency in the Cayman Islands, and (E) if the Depositary so requires, (i) an agreement, assignment or instrument satisfactory to the Depositary or the Custodian which provides for the prompt transfer by any person in whose name the Shares are or have been recorded to the Custodian of any distribution, or right to subscribe for additional Shares or to receive other property in respect of any such deposited Shares or, in lieu thereof, such indemnity or other agreement as shall be satisfactory to the Depositary or the Custodian and (ii) if the Shares are registered in the name of the person on whose behalf they are presented for deposit, a proxy or proxies entitling the Custodian to exercise voting rights in respect of the Shares for any and all purposes until the Shares so deposited are registered in the name of the Depositary, the Custodian or any nominee. No Share shall be accepted for deposit unless accompanied by confirmation or such additional evidence, if any is required by the Depositary, that is reasonably satisfactory to the Depositary or the Custodian that all conditions to such deposit have been satisfied by the person depositing such Shares under the laws and regulations of the Cayman Islands and any necessary approval has been granted by any governmental body in the Cayman Islands, if any, which is then performing the function of the regulator of currency exchange. The Depositary may issue Receipts against evidence of rights to receive Shares from the Company, any agent of the Company or any custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under this Deposit Agreement any Shares or other Deposited Securities required to be registered under the provisions of the Securities Act, unless a registration statement is in effect as to such Shares or other Deposited Securities, or any Shares or other Deposited Securities the deposit of which would violate any provisions of the Memorandum and Articles of Association of the Company. The Depositary shall use commercially reasonable efforts to comply with reasonable written instructions of the Company that the Depositary shall not accept for deposit hereunder any Shares specifically identified in such instructions at such times and under such circumstances as may reasonably be specified in such instructions in order to facilitate the Company's compliance with the securities laws in the United States.

(b) As soon as practicable after receipt of any permitted deposit hereunder and compliance with the provisions of this Deposit Agreement, the Custodian shall present the Shares so deposited, together with the appropriate instrument or instruments of transfer or endorsement, duly stamped, to the Foreign Registrar for transfer and registration of the Shares (as soon as transfer and registration can be accomplished and at the expense of the person for whom the deposit is made) in the name of the Depositary, the Custodian or a nominee of either. Deposited Securities shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary or a nominee, in each case for the account of the Holders and Beneficial Owners, at such place or places as the Depositary or the Custodian shall determine.

(c) In the event any Shares are deposited which entitle the holders thereof to receive a per-share distribution or other entitlement in an amount different from the Shares then on deposit, the Depositary is authorized to take any and all actions as may be necessary (including, without limitation, making the necessary notations on Receipts) to give effect to the issuance of such ADSs and to ensure that such ADSs are not fungible with other ADSs issued hereunder until such time as the entitlement of the Shares represented by such non-fungible ADSs equals that of the Shares represented by ADSs prior to the original such deposit. The Company agrees to give timely written notice to the Depositary if any Shares issued or to be issued contain rights different from those of any other Shares theretofore issued and shall assist the Depositary with the establishment of procedures enabling the identification of such non-fungible Shares upon Delivery to the Custodian.

SECTION 2.4 Execution and Delivery of Receipts. After the deposit of any Shares pursuant to Section 2.3, the Custodian shall notify the Depositary of such deposit and the person or persons to whom or upon whose written order a Receipt or Receipts are deliverable in respect thereof and the number of American Depositary Shares to be evidenced thereby. Such notification shall be made by letter, first class airmail postage prepaid, or, at the request, risk and expense of the person making the deposit, by cable, telex, SWIFT, facsimile or electronic transmission. After receiving such notice from the Custodian, the Depositary, subject to this Deposit Agreement (including, without limitation, the payment of the fees, expenses, taxes and other charges owing hereunder), shall issue the ADSs representing the Shares so deposited to or upon the order of the person or persons named in the notice delivered to the Depositary and shall execute and deliver a Receipt registered in the name or names requested by such person or persons evidencing in the aggregate the number of American Depositary Shares to which such person or persons are entitled. Nothing herein shall prohibit any Pre-Release Transaction upon the terms set forth in this Deposit Agreement.

SECTION 2.5 Transfer of Receipts; Combination and Split-up of Receipts.

(a) Transfer. The Depositary, or, if a Registrar (other than the Depositary) for the Receipts shall have been appointed, the Registrar, subject to the terms and conditions of this Deposit Agreement, shall register transfers of Receipts on its books, upon surrender at the Corporate Trust Office of the Depositary of a Receipt by the Holder thereof in person or by duly authorized attorney, properly endorsed in the case of a certificated Receipt or accompanied by, or in the case of DRS/Profile Receipts receipt by the Depositary of, proper instruments of transfer (including signature guarantees in accordance with standard industry practice) and duly stamped as may be required by the laws of the State of New York and of the United States and any other applicable law. Subject to the terms and conditions of this Deposit Agreement, including payment of the applicable fees and charges of the Depositary set forth in Section 5.9 and Article (9) of the Form of Receipt attached hereto as Exhibit A, the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto evidencing the same aggregate number of American Depositary Shares as those evidenced by the Receipts surrendered.

(b) Combination and Split Up. The Depositary, subject to the terms and conditions of this Deposit Agreement shall, upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts and upon payment to the Depositary of the applicable fees and charges set forth in Section 5.9 and Article (9) of the Form of Receipt attached hereto as Exhibit A, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

(c) Co-Transfer Agents. The Depositary may appoint one or more co-transfer agents for the purpose of effecting transfers, combinations and split-ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Holders or persons entitled to such Receipts and will be entitled to protection and indemnity, in each case to the same extent as the Depositary. Such co-transfer agents may be removed and substitutes appointed by the Depositary. Each co-transfer agent appointed under this Section 2.5 (other than the Depositary) shall give notice in writing to the Depositary accepting such appointment and agreeing to be bound by the applicable terms of this Deposit Agreement.

(d) At the request of a Holder, the Depositary shall, for the purpose of substituting a certificated Receipt with a Receipt issued through DRS/Profile, or vice versa, execute and deliver a certificated Receipt or DRS/Profile statement, as the case may be, for any authorized number of ADSs requested, evidencing the same aggregate number of ADSs as those evidenced by the certificated Receipt or DRS/Profile statement, as the case may be, substituted.

SECTION 2.6 Surrender of Receipts and Withdrawal of Deposited Securities. Upon surrender, at the Corporate Trust Office of the Depositary, of American Depositary Shares for the purpose of withdrawal of the Deposited Securities represented thereby, and upon payment of (i) the fees and charges of the Depositary for the making of withdrawals of Deposited Securities and cancellation of Receipts (as set forth in Section 5.9 and Article (9) of the Form of Receipt attached hereto as Exhibit A) and (ii) all applicable taxes and governmental charges payable in connection with such surrender and withdrawal, and subject to the terms and conditions of this Deposit Agreement, the Company's Memorandum and Articles of Association, Section 7.10 hereof and any other provisions of or governing the Deposited Securities and other applicable laws, the Holder of such American Depositary Shares shall be entitled to Delivery, to him or upon his order, of the Deposited Securities at the time represented by the American Depositary Shares so surrendered. American Depositary Shares may be surrendered for the purpose of withdrawing Deposited Securities by delivery of a Receipt evidencing such American Depositary Shares (if held in certificated form) or by book-entry delivery of such American Depositary Shares to the Depositary.

A Receipt surrendered for such purposes shall, if so required by the Depositary, be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the Holder thereof shall execute and deliver to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be Delivered to or upon the written order of a person or persons designated in such order. Thereupon, the Depositary shall direct the Custodian to Deliver (without unreasonable delay) at the designated office of the Custodian or through a book-entry delivery of the Shares (in either case, subject to Sections 2.7, 3.1, 3.2, 5.9, and to the other terms and conditions of this Deposit Agreement, to the Company's Memorandum and Articles of Association, to the provisions of or governing the Deposited Securities and to applicable laws, now or hereafter in effect) to or upon the written order of the person or persons designated in the order delivered to the Depositary as provided above, the Deposited Securities represented by such American Depositary Shares, together with any certificate or other proper documents of or relating to title of the Deposited Securities as may be legally required, as the case may be, to or for the account of such person.

The Depositary may, in its discretion, refuse to accept for surrender a number of American Depositary Shares representing a number other than a whole number of Shares. In the case of surrender of a Receipt evidencing a number of American Depositary Shares representing other than a whole number of Shares, the Depositary shall cause ownership of the appropriate whole number of Shares to be Delivered in accordance with the terms hereof, and shall, at the discretion of the Depositary, either (i) issue and deliver to the person surrendering such Receipt a new Receipt evidencing American Depositary Shares representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Shares represented by the Receipt surrendered and remit the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the person surrendering the Receipt.

At the request, risk and expense of any Holder so surrendering a Receipt, and for the account of such Holder, the Depositary shall direct the Custodian to forward (to the extent permitted by law) any cash or other property (other than securities) held in respect of, and any certificate or certificates and other proper documents of or relating to title to, the Deposited Securities represented by such Receipt to the Depositary for delivery at the Corporate Trust Office of the Depositary, and for further delivery to such Holder. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission. Upon receipt by the Depositary, the Depositary may make delivery to such person or persons entitled thereto at the Corporate Trust Office of the Depositary of any dividends or cash distributions with respect to the Deposited Securities represented by such American Depositary Shares, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

SECTION 2.7 Limitations on Execution and Delivery, Transfer, etc. of Receipts; Suspension of Delivery, Transfer, etc.

(a) Additional Requirements. As a condition precedent to the execution and delivery, registration, registration of transfer, split-up, combination or surrender of any Receipt, the delivery of any distribution thereon or withdrawal of any Deposited Securities, the Depositary or the Custodian may require (i) payment from the depositor of Shares or presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in Section 5.9 and Article (9) of the Form of Receipt attached hereto as Exhibit A, (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature or any other matter contemplated by Section 3.1 hereof and (iii) compliance with (A) any laws or governmental regulations relating to the execution and delivery of Receipts or American Depositary Shares or to the withdrawal or delivery of Deposited Securities and (B) such reasonable regulations as the Depositary may establish consistent with the provisions of this Deposit Agreement and applicable law.

(b) Additional Limitations. The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the issuance of ADSs against the deposit of particular Shares may be withheld, or the registration of transfer of Receipts in particular instances may be refused, or the registration of transfers of Receipts generally may be suspended, 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 the Company, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the Receipts or Shares are listed, or under any provision of this Deposit Agreement or provisions of, or governing, the Deposited Securities, or any meeting of shareholders of the Company or for any other reason, subject, in all cases, to Section 7.10 hereof.

SECTION 2.8 Lost Receipts, etc. To the extent the Depositary has issued Receipts in physical certificated form, in case any Receipt shall be mutilated, destroyed, lost or stolen, unless the Depositary has notice that such ADR has been acquired by a bona fide purchaser, subject to Section 5.9 hereof, the Depositary shall execute and deliver a new Receipt (which, in the discretion of the Depositary may be issued through DRS/Profile unless specifically requested otherwise) in exchange and substitution for such mutilated Receipt upon cancellation thereof, or in lieu of and in substitution for such destroyed, lost or stolen Receipt. Before the Depositary shall execute and deliver a new Receipt in substitution for a destroyed, lost or stolen Receipt, the Holder thereof shall have (a) filed with the Depositary (i) a request for such execution and delivery before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond in form and amount acceptable to the Depositary and (b) satisfied any other reasonable requirements imposed by the Depositary.

SECTION 2.9 Cancellation and Destruction of Surrendered Receipts; Maintenance of Records. All Receipts surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy Receipts so cancelled in accordance with its customary practices. Cancelled Receipts shall not be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose.

SECTION 2.10 Pre-Release. Subject to the further terms and provisions of this Section 2.10, the Depositary, its Affiliates and their agents, on their own behalf, may own and deal in any class of securities of the Company and its Affiliates and in ADSs. In its capacity as Depositary, the Depositary may (i) issue ADSs prior to the receipt of Shares (each such transaction a "Pre-Release Transaction") as provided below and (ii) deliver Shares upon the receipt and cancellation of ADSs that were issued in a Pre-Release Transaction, but for which Shares may not yet have been received. The Depositary may receive ADSs in lieu of Shares under (i) above and receive shares in lieu of ADSs under (ii) above. Each such Pre-Release Transaction will be (a) subject to a written agreement whereby the person or entity (the "Applicant") to whom ADSs or Shares are to be delivered (1) represents that at the time of the Pre-Release Transaction the Applicant or its customer owns the Shares or ADSs that are to be delivered by the Applicant under such Pre-Release Transaction, (2) agrees to indicate the Depositary as owner of such Shares or ADSs in its records and to hold such Shares or ADSs in trust for the Depositary until such Shares or ADSs are delivered to the Depositary or the Custodian, (3) unconditionally guarantees to deliver to the Depositary or the Custodian, as applicable, such Shares or ADSs, and (4) agrees to any additional restrictions or requirements that the Depositary deems appropriate, (b) at all times fully collateralized with cash, United States government securities or such other collateral as the Depositary deems appropriate, (c) terminable by the Depositary on not more than five (5) business days' notice (save for a prescribed termination event in which case any such Pre-Release Transaction may be immediately terminable by the Depositary) and (d) subject to such further indemnities and credit regulations as the Depositary 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 will normally limit the number of ADSs involved in such Pre-Release Transactions at any one time to thirty percent (30%) of the ADSs outstanding (without giving effect to ADSs outstanding pursuant to any Pre-Release Transaction), provided, however, that the Depositary reserves the right to disregard such limit from time to time as it deems appropriate. The Depositary may also set limits with respect to the number of ADSs involved in Pre-Release Transactions with any one person on a case by case basis as it deems appropriate.

The Depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided pursuant to (b) above, but not the earnings thereon, shall be held for the benefit of the Holders (other than the Applicant).

SECTION 2.11 Restricted ADSs. The Depositary shall, at the request and expense of the Company, establish procedures enabling the deposit hereunder of Shares that are Restricted Securities in order to enable the holder of such Shares to hold its ownership interests in such restricted Shares in the form of ADSs issued under the terms hereof (such Shares, "**Restricted Shares**"). Restricted ADSs shall only be issued in physical form, registered in the name of the Holder of Restricted ADSs. Upon receipt of a written request from the Company to accept Restricted Shares for deposit hereunder, the Depositary agrees to establish procedures permitting the deposit of such Restricted Shares and the issuance of ADSs representing such deposited Restricted Shares (such ADSs, the "**Restricted ADSs**," and the ADRs evidencing such Restricted ADSs, the "**Restricted ADRs**"). The Company shall assist the Depositary in the establishment of such procedures and agrees that it shall take all steps necessary and reasonably satisfactory to the Depositary to insure that the establishment of such procedures does not violate the provisions of the Securities Act or any other applicable laws. The depositors of such Restricted Shares and the holders of the Restricted ADSs may be required prior to the deposit of such Restricted Shares, the transfer of the Restricted ADRs and the Restricted ADSs evidenced thereby or the withdrawal of the Restricted Shares represented by Restricted ADSs to provide such written certifications or agreements as the Depositary or the Company may require. The Company shall provide to the Depositary in writing the legend(s) to be affixed to the Restricted ADRs, which legends shall (i) be in a form reasonably satisfactory to the Depositary and (ii) contain the specific circumstances under which the Restricted ADRs and the Restricted ADSs represented thereby may be transferred or the Restricted Shares withdrawn. The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depositary and the Restricted Shares so deposited shall be held separate and distinct from the other Deposited Securities held hereunder. The Restricted Shares and the Restricted ADSs shall not be eligible for Pre-Release Transactions. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, DTC, and shall not in any way be fungible with the ADSs issued under the terms hereof that are not Restricted ADSs. The Restricted ADRs and the Restricted ADSs evidenced thereby shall be transferable only by the Holder thereof upon delivery to the Depositary of (i) all documentation otherwise contemplated by this Deposit Agreement and (ii) an opinion of counsel reasonably satisfactory to the Depositary setting forth, *inter alia*, the conditions upon which the Restricted ADR presented is, and the Restricted ADSs evidenced thereby are, transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend set forth on the Restricted ADR presented for transfer. Except as set forth in this Section 2.11 and except as required by applicable law, the Restricted ADRs and the Restricted ADSs evidenced thereby shall be treated as ADRs and ADSs issued and outstanding under the terms of the Deposit Agreement. In the event that, in determining the rights and obligations of parties hereto with respect to any Restricted ADSs, any conflict arises between (a) the terms of this Deposit Agreement (other than this Section 2.11) and (b) the terms of (i) this Section 2.11 or (ii) the applicable Restricted ADR, the terms and conditions set forth in this Section 2.11 and of the Restricted ADR shall be controlling and shall govern the rights and obligations of the parties to this Deposit Agreement pertaining to the deposited Restricted Shares, the Restricted ADSs and Restricted ADRs.

If any of the Restricted ADRs, the Restricted ADSs and the Restricted Shares are no longer Restricted Securities, the Depositary, upon receipt of (x) an opinion of counsel reasonably satisfactory to the Depositary setting forth, inter alia, that such Restricted ADRs, Restricted ADSs and Restricted Shares are not as of such time Restricted Securities, and (y) instructions from the Company to remove the restrictions applicable to such Restricted ADRs, Restricted ADSs and the Restricted Shares, shall (i) eliminate the distinctions and separations between such Restricted Shares held on deposit under this Section 2.11 and the other Shares held on deposit under the terms of the Deposit Agreement that are not Restricted Shares, (ii) treat such newly unrestricted ADRs and ADSs on the same terms as, and fully fungible with, the other ADRs and ADSs issued and outstanding under the terms of the Deposit Agreement that are not Restricted ADRs or Restricted ADSs, (iii) take all actions necessary to remove any distinctions, limitations and restrictions previously existing under this Section 2.11 between such Restricted ADRs and Restricted ADSs, respectively, on the one hand, and the other ADRs and ADSs that are not Restricted ADRs or Restricted ADSs, respectively, on the other hand, including, without limitation, by making the newly unrestricted ADSs eligible for Pre-Release Transactions and for inclusion in the applicable book-entry settlement systems.

ARTICLE III.
CERTAIN OBLIGATIONS OF HOLDERS AND BENEFICIAL OWNERS OF RECEIPTS

SECTION 3.1 Proofs, Certificates and Other Information. Any person presenting Shares for deposit, any Holder and any Beneficial Owner may be required, and every Holder and Beneficial Owner agrees, from time to time to provide to the Depositary or the Custodian such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Securities, compliance with applicable laws and the terms of this Deposit Agreement and the provisions of, or governing, the Deposited Securities or other information; to execute such certifications and to make such representations and warranties, and to provide such other information and documentation as the Depositary may deem necessary or proper or as the Company may reasonably require by written request to the Depositary consistent with its obligations hereunder. The Depositary and the Registrar, as applicable, may withhold the execution or delivery or registration of transfer of any Receipt or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof, or to the extent not limited by the terms of Section 7.10 hereof, the delivery of any Deposited Securities, until such proof or other information is filed or such certifications are executed, or such representations and warranties are made, or such other documentation or information provided, in each case to the Depositary's and the Company's satisfaction. The Depositary shall from time to time on the written request advise the Company of the availability of any such proofs, certificates or other information and shall, at the Company's sole expense, provide or otherwise make available copies thereof to the Company upon written request thereof by the Company, unless such disclosure is prohibited by law. Each Holder and Beneficial Owner agrees to provide any information requested by the Company or the Depositary pursuant to this paragraph. Nothing herein shall obligate the Depositary to (i) obtain any information for the Company if not provided by the Holders or Beneficial Owners or (ii) verify or vouch for the accuracy of the information so provided by the Holders or Beneficial Owners.

SECTION 3.2 Liability for Taxes and Other Charges. If any present or future tax or other governmental charge shall become payable by the Depositary or the Custodian with respect to any ADR or any Deposited Securities or American Depositary Shares, such tax or other governmental charge shall be payable by the Holders and Beneficial Owners to the Depositary and such Holders and Beneficial Owners shall be deemed liable therefor. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Securities and may sell for the account of a Holder and/or Beneficial Owner any or all of the Deposited Securities and apply such distributions and sale proceeds in payment of such taxes (including applicable interest and penalties) or charges, with the Holder and the Beneficial Owner remaining fully liable for any deficiency. In addition to any other remedies available to it, the Depositary and the Custodian may refuse the deposit of Shares, and the Depositary may refuse to issue ADSs, to deliver ADRs, register the transfer, split-up or combination of ADRs and (subject to Section 7.10) the withdrawal of Deposited Securities, until payment in full of such tax, charge, penalty or interest is received. Every Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian, and each of their respective agents, officers, directors, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such Holder and/or Beneficial Owner. The obligations of Holders and Beneficial Owners of Receipts under this Section 3.2 shall survive any transfer of Receipts, any surrender of Receipts and withdrawal of Deposited Securities, or the termination of this Deposit Agreement.

SECTION 3.3 Representations and Warranties on Deposit of Shares. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares and the certificates therefor are duly authorized, validly issued, fully paid, non-assessable and were legally obtained by such person, (ii) all preemptive (and similar) rights, if any, with respect to such Shares have been validly waived or exercised, (iii) the person making such deposit is duly authorized so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the American Depositary Shares issuable upon such deposit will not be, Restricted Securities (except as contemplated by Section 2.11), (v) the Shares presented for deposit have not been stripped of any rights or entitlements and (vi) the Shares are not subject to any lock-up agreement with the Company or other party. Such representations and warranties shall survive the deposit and withdrawal of Shares, the issuance and cancellation of American Depositary Shares in respect thereof and the transfer of such American Depositary Shares**.** If any such representations or warranties are false in any way, the Company and the Depositary shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

SECTION 3.4 Compliance with Information Requests. Notwithstanding any other provision of this Deposit Agreement, the Memorandum and Articles of Association of the Company and applicable law, each Holder and Beneficial Owner agrees to (a) provide such information as the Company or the Depositary may request pursuant to law (including, without limitation, relevant Cayman Islands law, any applicable law of the United States, the Memorandum and Articles of Association of the Company, any resolutions of the Company's Board of Directors adopted pursuant to such Memorandum and Articles of Association, the requirements of any markets or exchanges upon which the Shares, ADSs or Receipts are listed or traded, or to any requirements of any electronic book-entry system by which the ADSs or Receipts may be transferred, and (b) be bound by and subject to applicable provisions of the laws of the Cayman Islands, the Memorandum and Articles of Association of the Company and the requirements of any markets or exchanges upon which the ADSs, Receipts or Shares are listed or traded, or pursuant to any requirements of any electronic book-entry system by which the ADSs, Receipts or Shares may be transferred, to the same extent as if such Holder and Beneficial Owner held Shares directly, in each case irrespective of whether or not they are Holders or Beneficial Owners at the time such request is made. The Depositary agrees to use its reasonable efforts to forward upon the request of the Company, and at the Company's expense, any such request from the Company to the Holders and to forward to the Company any such responses to such requests received by the Depositary.

ARTICLE IV.

THE DEPOSITED SECURITIES

SECTION 4.1 Cash Distributions. Whenever the Depositary receives confirmation from the Custodian of receipt of any cash dividend or other cash distribution on any Deposited Securities, or receives proceeds from the sale of any Shares, rights, securities or other entitlements under the terms hereof, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary (pursuant to Section 4.6 hereof) be converted on a practicable basis into Dollars transferable to the United States, promptly convert or cause to be converted such cash dividend, distribution or proceeds into Dollars (on the terms described in Section 4.6) and will distribute promptly the amount thus received (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the Holders of record as of the ADS Record Date in proportion to the number of American Depositary Shares held by such Holders respectively as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Holders entitled thereto. Holders and Beneficial Owners understand that in converting Foreign Currency, amounts received on conversion are calculated at a rate which exceeds three or four decimal places (the number of decimal places used by the Depositary to report distribution rates). The excess amount may be retained by the Depositary as an additional cost of conversion, irrespective of any other fees and expenses payable or owing hereunder and shall not be subject to escheatment. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the American Depositary Shares representing such Deposited Securities shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary upon request. The Depositary shall forward to the Company or its agent such information from its records as the Company may reasonably request to enable the Company or its agent to file necessary reports with governmental agencies, such reports necessary to obtain benefits under the applicable tax treaties for the Holders and Beneficial Owners of Receipts.

SECTION 4.2 Distribution in Shares. If any distribution upon any Deposited Securities consists of a dividend in, or free distribution of, Shares, the Company shall cause such Shares to be deposited with the Custodian and registered, as the case may be, in the name of the Depositary, the Custodian or any of their nominees. Upon receipt of confirmation of such deposit from the Custodian, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.7 and shall, subject to Section 5.9 hereof, either (i) distribute to the Holders as of the ADS Record Date in proportion to the number of American Depositary Shares held as of the ADS Record Date, additional American Depositary Shares, which represent in the aggregate the number of Shares received as such dividend, or free distribution, subject to the other terms of this Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes), or (ii) if additional American Depositary Shares are not so distributed, each American Depositary Share issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional Shares distributed upon the Deposited Securities represented thereby (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes). In lieu of delivering fractional American Depositary Shares, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the proceeds upon the terms described in Section 4.1. The Depositary may withhold any such distribution of Receipts if it has not received satisfactory assurances from the Company (including an opinion of counsel to the Company furnished at the expense of the Company) that such distribution does not require registration under the Securities Act or is exempt from registration under the provisions of the Securities Act. To the extent such distribution may be withheld, the Depositary may dispose of all or a portion of such distribution in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale (after deduction of applicable (a) taxes and (b) fees and charges of, and expenses incurred by, the Depositary) to Holders entitled thereto upon the terms described in Section 4.1.

SECTION 4.3 Elective Distributions in Cash or Shares. Whenever the Company intends to distribute a dividend payable at the election of the holders of Shares in cash or in additional Shares, the Company shall give notice thereof to the Depositary at least 30 days prior to the proposed distribution stating whether or not it wishes such elective distribution to be made available to Holders of ADSs. Upon receipt of notice indicating that the Company wishes such elective distribution to be made available to Holders of ADSs, the Depositary shall consult with the Company to determine, and the Company shall assist the Depositary in its determination, whether it is lawful and reasonably practicable to make such elective distribution available to the Holders of ADSs. The Depositary shall make such elective distribution available to Holders only if (i) the Company shall have timely requested that the elective distribution is available to Holders of ADRs, (ii) the Depositary shall have determined that such distribution is reasonably practicable and (iii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7. If the above conditions are not satisfied, the Depositary shall, to the extent permitted by law, distribute to the Holders, on the basis of the same determination as is made in the local market in respect of the Shares for which no election is made, either (x) cash upon the terms described in Section 4.1 or (y) additional ADSs representing such additional Shares upon the terms described in Section 4.2. If the above conditions are satisfied, the Depositary shall establish an ADS Record Date (on the terms described in Section 4.7) and establish procedures to enable Holders to elect the receipt of the proposed dividend in cash or in additional ADSs. The Company shall assist the Depositary in establishing such procedures to the extent necessary. Subject to Section 5.9 hereof, if a Holder elects to receive the proposed dividend (x) in cash, the dividend shall be distributed upon the terms described in Section 4.1, or (y) in ADSs, the dividend shall be distributed upon the terms described in Section 4.2. Nothing herein shall obligate the Depositary to make available to Holders a method to receive the elective dividend in Shares (rather than ADSs). There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares.

SECTION 4.4 Distribution of Rights to Purchase Shares.

(a) Distribution to ADS Holders. Whenever the Company intends to distribute to the holders of the Deposited Securities rights to subscribe for additional Shares, the Company shall give notice thereof to the Depositary at least 45 days prior to the proposed distribution stating whether or not it wishes such rights to be made available to Holders of ADSs. Upon receipt of a notice indicating that the Company wishes such rights to be made available to Holders of ADSs, the Depositary shall consult with the Company to determine, and the Depositary shall determine, whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to Holders only if (i) the Company shall have timely requested that such rights be made available to Holders, (ii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7, and (iii) the Depositary shall have determined that such distribution of rights is lawful and reasonably practicable. In the event any of the conditions set forth above are not satisfied, the Depositary shall proceed with the sale of the rights as contemplated in Section 4.4(b) below or, if timing or market conditions may not permit, do nothing thereby allowing such rights to lapse. In the event all conditions set forth above are satisfied, the Depositary shall establish an ADS Record Date (upon the terms described in Section 4.7) and establish procedures (x) to distribute such rights (by means of warrants or otherwise) and (y) to enable the Holders to exercise the rights (upon payment of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes and other governmental charges). Nothing herein shall obligate the Depositary to make available to the Holders a method to exercise such rights to subscribe for Shares (rather than ADSs).

(b) Sale of Rights. If (i) the Company does not timely request the Depositary to make the rights available to Holders or requests that the rights not be made available to Holders, (ii) the Depositary fails to receive satisfactory documentation within the terms of Section 5.7 or determines it is not lawful or reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity or otherwise, at such place and upon such terms (including public or private sale) as it may deem proper. The Company shall assist the Depositary to the extent necessary to determine such legality and practicability. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) upon the terms set forth in Section 4.1.

(c) Lapse of Rights. If the Depositary is unable to make any rights available to Holders upon the terms described in Section 4.4(a) or to arrange for the sale of the rights upon the terms described in Section 4.4(b), the Depositary shall allow such rights to lapse.

The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or practicable to make such rights available to Holders in general or any Holders in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

Notwithstanding anything to the contrary in this Section 4.4, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act covering such offering is in effect or (ii) unless the Company furnishes at its expense the Depositary with opinion(s) of counsel for the Company in the United States and counsel to the Company in any other applicable country in which rights would be distributed, in each case satisfactory to the Depositary, to the effect that the offering and sale of such securities to Holders and Beneficial Owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders shall be reduced accordingly. In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to exercise rights on the same terms and conditions as the holders of Shares or be able to exercise such rights. Nothing herein shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

SECTION 4.5 Distributions Other Than Cash, Shares or Rights to Purchase Shares.

(a) Whenever the Company intends to distribute to the holders of Deposited Securities property other than cash, Shares or rights to purchase additional Shares, the Company shall give notice thereof to the Depositary at least 30 days prior to the proposed distribution and shall indicate whether or not it wishes such distribution to be made to Holders of ADSs. Upon receipt of a notice indicating that the Company wishes such distribution be made to Holders of ADSs, the Depositary shall determine whether such distribution to Holders is lawful and practicable. The Depositary shall not make such distribution unless (i) the Company shall have timely requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7, and (iii) the Depositary shall have determined that such distribution is reasonably practicable.

(b) Upon receipt of satisfactory documentation and the request of the Company to distribute property to Holders of ADSs and after making the requisite determinations set forth in (a) above, the Depositary may distribute the property so received to the Holders of record as of the ADS Record Date, in proportion to the number of ADSs held by such Holders respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes and other governmental charges withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

(c) If (i) the Company does not request the Depositary to make such distribution to Holders or requests not to make such distribution to Holders, (ii) the Depositary does not receive satisfactory documentation within the terms of Section 5.7, or (iii) the Depositary determines that all or a portion of such distribution is not reasonably practicable or feasible, the Depositary shall endeavor to sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem proper and shall distribute the net proceeds, if any, of such sale received by the Depositary (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders as of the ADS Record Date upon the terms of Section 4.1. If the Depositary is unable to sell such property, the Depositary may dispose of such property in any way it deems reasonably practicable under the circumstances for nominal or no consideration and Holders and Beneficial Owners shall have no rights thereto or arising therefrom.

SECTION 4.6 Conversion of Foreign Currency. Whenever the Depositary or the Custodian shall receive Foreign Currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and in the judgment of the Depositary such Foreign Currency can at such time be converted on a practicable basis (by sale or in any other manner that it may determine in accordance with applicable law) into Dollars transferable to the United States and distributable to the Holders entitled thereto, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may determine, such Foreign Currency into Dollars, and shall distribute such Dollars (net of any fees, expenses, taxes or other governmental charges incurred in the process of such conversion) in accordance with the terms of the applicable sections of this Deposit Agreement. If the Depositary shall have distributed warrants or other instruments that entitle the holders thereof to such Dollars, the Depositary shall distribute such Dollars to the holders of such warrants and/or instruments upon surrender thereof for cancellation, in either case without liability for interest thereon. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of exchange restrictions, the date of delivery of any Receipt or otherwise.

Holders understand that in converting Foreign Currency, amounts received on conversion are calculated at a rate which may exceed the number of decimal places used by the Depositary to report distribution rates (which in any case will not be less than two decimal places). Any excess amount may be retained by the Depositary as an additional cost of conversion, irrespective of any other fees and expenses payable or owing hereunder and shall not be subject to escheatment.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary may file such application for approval or license, if any, as it may deem necessary, practicable and at nominal cost and expense. Nothing herein shall obligate the Depositary to file or cause to be filed, or to seek effectiveness of any such application or license.

If at any time the Depositary shall determine that in its judgment the conversion of any Foreign Currency and the transfer and distribution of proceeds of such conversion received by the Depositary is not practical or lawful, or if any approval or license of any governmental authority or agency thereof that is required for such conversion, transfer and distribution is denied, or not obtainable at a reasonable cost, within a reasonable period or otherwise sought, the Depositary shall, in its sole discretion but subject to applicable laws and regulations, either (i) distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to the Holders entitled to receive such foreign currency, or (ii) hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of the Holders entitled to receive the same.

SECTION 4.7 Fixing of Record Date. Whenever necessary in connection with any distribution (whether in cash, Shares, rights, or other distribution), or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall receive notice of any meeting of or solicitation of holders of Shares or other Deposited Securities, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (the “ADS Record Date”), as close as practicable to the record date fixed by the Company with respect to the Shares, for the determination of the Holders who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each American Depositary Share. Subject to applicable law and the provisions of Sections 4.1 through 4.6 and to the other terms and conditions of this Deposit Agreement, only the Holders of record at the close of business in New York on such ADS Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

SECTION 4.8 Voting of Deposited Securities. Subject to the next sentence, as soon as practicable after receipt of notice of any meeting at which the holders of Shares are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of consent or proxy. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been received by the Depositary at least 21 Business Days prior to the date of such vote or meeting) and at the Company's expense unless otherwise agreed in writing by the Company and the Depositary and provided no U.S. legal prohibitions exist, mail by regular, ordinary mail delivery (or by electronic mail or as otherwise may be agreed between the Company and the Depositary in writing from time to time) or otherwise distribute to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxy; (b) a statement that the Holders at the close of business on the ADS Record Date will be entitled, subject to any applicable law, the Company's Memorandum and Articles of Association and the provisions of or governing the Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Securities represented by such Holder's American Depositary Shares; and (c) a brief statement as to the manner in which such instructions may be given. Voting instructions may be given only in respect of a number of American Depositary Shares representing an integral number of Shares or other Deposited Securities. Upon the timely receipt of written instructions of a Holder of American Depositary Shares on the ADS Record Date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of this Deposit Agreement, the Company's Memorandum and Articles of Association and the provisions of or governing the Deposited Securities, to vote or cause the Custodian to vote the Shares and/or other Deposited Securities (in person or by proxy) represented by American Depositary Shares evidenced by such Receipt in accordance with such voting instructions.

Neither the Depositary nor the Custodian shall, under any circumstances exercise any discretion as to voting, and neither the Depositary nor the Custodian shall vote, or attempt to exercise the right to vote, or in any way make use of for purposes of establishing a quorum or otherwise, the Shares or other Deposited Securities represented by ADSs except pursuant to and in accordance with such written instructions from Holders.

Notwithstanding the above, save for applicable provisions of Cayman Islands law, and in accordance with the terms of Section 5.3, the Depositary shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities or the manner in which such vote is cast or the effect of any such vote.

SECTION 4.9 Changes Affecting Deposited Securities. Upon any change in par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it is otherwise a party, any securities which shall be received by the Depositary or the Custodian in exchange for, or in conversion of or replacement or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Securities under this Deposit Agreement, and the Receipts shall, subject to the provisions of this Deposit Agreement and applicable law, evidence American Depositary Shares representing the right to receive such additional securities. Alternatively, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement and receipt of an opinion of counsel to the Company furnished at the Company's expense satisfactory to the Depositary that such distributions are not in violation of any applicable laws or regulations, execute and deliver additional Receipts as in the case of a stock dividend on the Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts, in either case, as well as in the event of newly deposited Shares, with necessary modifications to the form of Receipt contained in Exhibit A hereto, specifically describing such new Deposited Securities and/or corporate change. The Company agrees to, jointly with the Depositary, amend the Registration Statement on Form F-6 as filed with the Commission to permit the issuance of such new form of Receipts. Notwithstanding the foregoing, in the event that any security so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall, if the Company requests, subject to receipt of an opinion of the Company's counsel furnished at the Company's expense satisfactory to the Depositary that such action is not in violation of any applicable laws or regulations, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) for the account of the Holders otherwise entitled to such securities upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Section 4.1. The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or feasible to make such securities available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such securities.

SECTION 4.10 Available Information. The Company is subject to the periodic reporting requirements of the Exchange Act applicable to foreign private issuers (as defined in Rule 405 under the Securities Act) and accordingly files certain information with the Commission. These reports and documents can be inspected and copied at the public reference facilities maintained by the Commission located at 100 F Street, N.E., Washington D.C. 20549, U.S.A.

SECTION 4.11 Reports. The Depositary shall make available during normal business hour on any Business Day for inspection by Holders at its Corporate Trust Office any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Company agrees to provide to the Depositary, at the Company's expense unless otherwise agreed in writing by the Company and the Depositary, all documents that it provides to the Custodian. The Depositary shall, at the expense of the Company unless otherwise agreed in writing by the Company and the Depositary, in accordance with Section 5.6, also mail by regular, ordinary mail delivery or by electronic transmission (if agreed by the Company and the Depositary) and unless otherwise agreed in writing by the Company and the Depositary, to Holders copies of such reports when furnished by the Company pursuant to Section 5.6.

SECTION 4.12 List of Holders. Promptly upon written request by the Company, the Depositary shall furnish to it a list, as of a recent date, of the names, addresses and holdings of American Depositary Shares by all persons in whose names Receipts are registered on the books of the Depositary.

SECTION 4.13 Taxation; Withholding. The Depositary will, and will instruct the Custodian to, forward to the Company or its agents such information from its records as the Company may reasonably request to enable the Company or its agents to file necessary tax reports with governmental authorities or agencies. The Depositary, the Custodian or the Company and its agents may, but shall not be obligated to, file such reports as are necessary to reduce or eliminate applicable taxes on dividends and on other distributions in respect of Deposited Securities under applicable tax treaties or laws for the Holders and Beneficial Owners. Holders and Beneficial Owners of American Depositary Shares may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or the Custodian may deem necessary or proper to fulfill the Depositary's or the Custodian's obligations under applicable law. The Holders and Beneficial Owners shall indemnify the Depositary, the Company, the Custodian and any of their respective directors, employees, agents and Affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

The Company shall remit to the appropriate governmental authority or agency any amounts required to be withheld by the Company and owing to such governmental authority or agency. Upon any such withholding, the Company shall remit to the Depositary information about such taxes or governmental charges withheld or paid, and, if so requested, the tax receipt (or other proof of payment to the applicable governmental authority) therefor, in each case, in a form satisfactory to the Depositary. The Depositary shall, to the extent required by U.S. law, report to Holders: (i) any taxes withheld by it; (ii) any taxes withheld by the Custodian, subject to information being provided to the Depositary by the Custodian; and (iii) any taxes withheld by the Company, subject to information being provided to the Depositary by the Company. The Depositary and the Custodian shall not be required to provide the Holders with any evidence of the remittance by the Company (or its agents) of any taxes withheld, or of the payment of taxes by the Company, except to the extent the evidence is provided by the Company to the Depositary. Neither the Depositary, the Custodian nor the Company shall be liable for the failure by any Holder or Beneficial Owner to obtain the benefits of credits on the basis of non-U.S. tax paid against such Holder's or Beneficial Owner's income tax liability.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary shall withhold the amount required to be withheld and may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Holders entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

The Depositary is under no obligation to provide the Holders and Beneficial Owners with any information about the tax status of the Company. The Depositary shall not incur any liability for any tax consequences that may be incurred by Holders and Beneficial Owners on account of their ownership of the American Depositary Shares.

SECTION 4.14 Redemption. If the Company intends to exercise any right of redemption in respect of any of the Deposited Securities in accordance with the Company's Memorandum and Articles of Association, the Company shall give notice thereof to the Depositary as soon as practicable prior to the intended date of redemption which notice shall set forth the particulars of the proposed redemption. Upon receipt of (i) such notice and (ii) satisfactory documentation given by the Company to the Depositary, the Depositary shall mail to each Holder subject to the redemption a notice setting forth the intended exercise by the Company of the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Securities in respect of which redemption rights are being exercised against payment of the applicable redemption price as set forth in the Company's 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 Deposited Securities subject to redemption shall return their ADSs to the Depositary and the Depositary shall 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 by Holders thereof. The redemption price per ADS shall be the per share amount received by the Depositary upon the redemption of the Deposited Securities represented by ADSs (subject to the terms of Section 4.6 hereof and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Securities represented by each ADS redeemed.

ARTICLE V.

THE DEPOSITARY, THE CUSTODIAN AND THE COMPANY

SECTION 5.1 Maintenance of Office and Transfer Books by the Registrar. Until termination of this Deposit Agreement in accordance with its terms, the Depositary or if a Registrar for the Receipts shall have been appointed, the Registrar shall maintain in the Borough of Manhattan, the City of New York, an office and facilities for the execution and delivery, registration, registration of transfers, combination and split-up of Receipts, the surrender of Receipts and the delivery and withdrawal of Deposited Securities in accordance with the provisions of this Deposit Agreement.

The Depositary or the Registrar as applicable, shall keep books for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Company and by the Holders of such Receipts, provided that such inspection shall not be, to the Depositary's or the Registrar's knowledge, for the purpose of communicating with Holders of such Receipts in the interest of a business or object other than the business of the Company or other than a matter related to this Deposit Agreement or the Receipts.

The Depositary or the Registrar, as applicable, may close the transfer books with respect to the Receipts, at any time or from time to time, when deemed necessary or advisable by it in connection with the performance of its duties hereunder, or at the written request of the Company.

If any Receipts or the American Depositary Shares evidenced thereby are listed on one or more stock exchanges or automated quotation systems in the United States, the Depositary shall act as Registrar or appoint a Registrar or one or more co-registrars for registration of Receipts and transfers, combinations and split-ups, and to countersign such Receipts in accordance with any requirements of such exchanges or systems. Such Registrar or co-registrars may be removed and a substitute or substitutes appointed by the Depositary.

If any Receipts or the American Depositary Shares evidenced thereby are listed on one or more securities exchanges, markets or automated quotation systems, (i) the Depositary shall be entitled to, and shall, take or refrain from taking such action(s) as it may deem necessary or appropriate to comply with the requirements of such securities exchange(s), market(s) or automated quotation system(s) applicable to it, notwithstanding any other provision of this Deposit Agreement; and (ii) upon the reasonable request of the Depositary, the Company shall provide the Depositary such information and assistance as may be reasonably necessary for the Depositary to comply with such requirements, to the extent that the Company may lawfully do so.

SECTION 5.2 Exoneration. Neither the Depositary, the Custodian or the Company shall be obligated to do or perform any act which is inconsistent with the provisions of this Deposit Agreement or shall incur any liability (i) if the Depositary, the Custodian or the Company or their respective controlling persons or agents shall be prevented or forbidden from, or delayed in, doing or performing any act or thing required by the terms of this Deposit Agreement, by reason of any provision of any present or future law or regulation of the United States or any state thereof, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of the possible criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Company's Memorandum and Articles of Association or any provision of or governing any Deposited Securities, or by reason of any act of God or war or other circumstances beyond its control (including, without limitation, nationalization, expropriation, currency restrictions, work stoppage, strikes, civil unrest, revolutions, rebellions, explosions and computer failure), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement or in the Company's Memorandum and Articles of Association or provisions of or governing Deposited Securities, (iii) for any action or inaction of the Depositary, the Custodian or the Company or their respective controlling persons or agents in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of this Deposit Agreement, made available to Holders of American Depositary Shares or (v) for any special, consequential, indirect or punitive damages for any breach of the terms of this Deposit Agreement or otherwise.

The Depositary, its controlling persons, its agents, the Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

No disclaimer of liability under the Securities Act is intended by any provision of this Deposit Agreement.

SECTION 5.3 Standard of Care. The Company and the Depositary and their respective agents assume no obligation and shall not be subject to any liability under this Deposit Agreement or any Receipts to any Holder(s) or Beneficial Owner(s) or other persons, except in accordance with Section 5.8 hereof, provided, that the Company and the Depositary and their respective agents agree to perform their respective obligations specifically set forth in this Deposit Agreement or the applicable ADRs without gross negligence or willful misconduct.

Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons, or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expenses (including fees and disbursements of counsel) and liabilities be furnished as often as may be required (and no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).

The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effects of any vote. The Depositary shall not incur any liability for any failure to determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Securities, for the validity or worth of the Deposited Securities or for any tax consequences that may result from the ownership of ADSs, Shares or Deposited Securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of this Deposit Agreement or for the failure or timeliness of any notice from the Company, or for any action or non action by it in reliance upon the opinion, advice of or information from legal counsel, accountants, any person representing Shares for deposit, any Holder or any other person believed by it in good faith to be competent to give such advice or information. The Depositary and its agents shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without gross negligence or willful misconduct while it acted as Depositary.

SECTION 5.4 Resignation and Removal of the Depositary; Appointment of Successor Depositary. Subject to any other agreements otherwise agreed in writing between the Company and the Depositary from time to time relating to the resignation and removal of the Depositary, the Depositary may at any time resign as Depositary hereunder by written notice of resignation delivered to the Company, such resignation to be effective on the earlier of (i) the 90th day after delivery thereof to the Company (whereupon the Depositary shall, in the event no successor depositary has been appointed by the Company, be entitled to take the actions contemplated in Section 6.2 hereof), or (ii) upon the appointment by the Company of a successor depositary and its acceptance of such appointment as hereinafter provided, save that, any amounts, fees, costs or expenses owed to the Depositary hereunder or in accordance with any other agreements otherwise agreed in writing between the Company and the Depositary from time to time shall be paid to the Depositary prior to such resignation.

The Company shall use reasonable efforts to appoint such successor depositary, and give notice to the Depositary of such appointment, not more than 90 days after delivery by the Depositary of written notice of resignation as provided in this paragraph. In the event that notice of the appointment of a successor depositary is not provided by the Company in accordance with the preceding sentence, the Depositary shall be entitled to take the actions contemplated in Section 6.2 hereof.

Subject to any other agreements otherwise agreed in writing between the Company and the Depositary from time to time relating to the resignation and removal of the Depositary, the Depositary may at any time be removed by the Company by written notice of such removal, which removal shall be effective on the later of (i) the 90th day after delivery thereof to the Depositary (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2 hereof), or (ii) upon the appointment by the Company of a successor depositary and its acceptance of such appointment as hereinafter provided, save that, any amounts, fees, costs or expenses owed to the Depositary hereunder or in accordance with any other agreements otherwise agreed in writing between the Company and the Depositary from time to time shall be paid to the Depositary prior to such removal.

In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, the City of New York. Every successor depositary shall be required by the Company to execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed (except as required by applicable law), shall become fully vested with all the rights, powers, duties and obligations of its predecessor. The predecessor depositary, upon payment of all sums due to it and on the written request of the Company, shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than as contemplated in Sections 5.8 and 5.9), (ii) duly assign, transfer and deliver all right, title and interest to the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding Receipts and such other information relating to Receipts and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly mail notice of its appointment to such Holders.

Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.5 The Custodian. The Custodian or its successors in acting hereunder shall be subject at all times and in all respects to the direction of the Depositary for the Deposited Securities for which the Custodian acts as custodian and shall be responsible solely to it. If any Custodian resigns or is discharged from its duties hereunder with respect to any Deposited Securities and no other Custodian has previously been appointed hereunder, the Depositary shall promptly appoint a substitute custodian. The Depositary shall require such resigning or discharged Custodian to deliver the Deposited Securities held by it, together with all such records maintained by it as Custodian with respect to such Deposited Securities as the Depositary may request, to the Custodian designated by the Depositary. Whenever the Depositary determines, in its discretion, that it is appropriate to do so, it may appoint an additional entity to act as Custodian with respect to any Deposited Securities, or discharge the Custodian with respect to any Deposited Securities and appoint a substitute custodian, which shall thereafter be Custodian hereunder with respect to the Deposited Securities. After any such change, the Depositary shall give notice thereof in writing to all Holders.

Upon the appointment of any successor depositary, any Custodian then acting hereunder shall, unless otherwise instructed by the Depositary, continue to be the Custodian of the Deposited Securities without any further act or writing and shall be subject to the direction of the successor depositary. The successor depositary so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority to act on the direction of such successor depositary.

SECTION 5.6 Notices and Reports. On or before the first date on which the Company gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action by such holders other than at a meeting, or of the taking of any action in respect of any cash or other distributions or the offering of any rights in respect of Deposited Securities, the Company shall transmit to the Depositary and the Custodian a copy of the notice thereof in English but otherwise in the form given or to be given to holders of Shares or other Deposited Securities. The Company shall also furnish to the Custodian and the Depositary a summary, in English, of any applicable provisions or proposed provisions of the Company's Memorandum and Articles of Association that may be relevant or pertain to such notice of meeting or be the subject of a vote thereat.

The Company will also transmit to the Depositary (a) English language versions of the other notices, reports and communications which are made generally available by the Company to holders of its Shares or other Deposited Securities and (b) English language versions of the Company's annual and other reports prepared in accordance with the applicable requirements of the Commission. The Depositary shall arrange, at the request of the Company and at the Company's expense, unless otherwise agreed in writing by the Company and the Depositary, for the mailing of copies thereof to all Holders, or by any other means as agreed between the Company and the Depositary (at the Company's expense, unless otherwise agreed in writing by the Company and the Depositary) or make such notices, reports and other communications available for inspection by all Holders, provided, that, the Depositary shall have received evidence sufficiently satisfactory to it, including in the form of an opinion of local and/or U.S. counsel or counsel of other applicable jurisdiction, furnished at the expense of the Company, as the Depositary reasonably requests, that the distribution of such notices, reports and any such other communications to Holders from time to time is valid and does not or will not infringe any local, U.S. or other applicable jurisdiction regulatory restrictions or requirements if so distributed and made available to Holders. The Company will timely provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect such mailings. The Company has delivered to the Depositary and the Custodian a copy of the Company's Memorandum and Articles of Association along with the provisions of or governing the Shares and any other Deposited Securities issued by the Company or any Affiliate of the Company, in connection with the Shares, and promptly upon any amendment thereto or change therein, the Company shall deliver to the Depositary and the Custodian a copy of such amendment thereto or change therein. The Depositary may rely upon such copy for all purposes of this Deposit Agreement.

The Depositary will make available a copy of any such notices, reports or communications issued by the Company and delivered to the Depositary for inspection by the Holders of the Receipts evidencing the American Depositary Shares representing such Shares governed by such provisions at the Depositary's Corporate Trust Office, at the office of the Custodian and at any other designated transfer office.

SECTION 5.7 Issuance of Additional Shares, ADSs etc. The Company agrees that in the event it or any of its Affiliates proposes (i) an issuance, sale or distribution of additional Shares, (ii) an offering of rights to subscribe for Shares or other Deposited Securities, (iii) an issuance of securities convertible into or exchangeable for Shares, (iv) an issuance of rights to subscribe for securities convertible into or exchangeable for Shares, (v) an elective dividend of cash or Shares, (vi) a redemption of Deposited Securities, (vii) a meeting of holders of Deposited Securities, or solicitation of consents or proxies, relating to any reclassification of securities, merger or consolidation or transfer of assets or (viii) any reclassification, recapitalization, reorganization, merger, consolidation or sale of assets which affects the Deposited Securities, it will obtain U.S. legal advice and take all steps necessary to ensure that the application of the proposed transaction to Holders and Beneficial Owners does not violate the registration provisions of the Securities Act, or any other applicable laws (including, without limitation, the Investment Company Act of 1940, as amended, the Exchange Act or the securities laws of the states of the United States). In support of the foregoing, at the request of the Depositary, the Company will furnish to the Depositary, at its own expense, (a) a written opinion of U.S. counsel (reasonably satisfactory to the Depositary) stating whether or not application of such transaction to Holders and Beneficial Owners (1) requires a registration statement under the Securities Act to be in effect or (2) is exempt from the registration requirements of the Securities Act and (b) an opinion of Cayman Islands counsel (reasonably satisfactory to the Depositary) stating that (1) making the transaction available to Holders and Beneficial Owners does not violate the laws or regulations of the Cayman Islands and (2) all requisite regulatory consents and approvals have been obtained in the Cayman Islands. If the filing of a registration statement is required, the Depositary shall not have any obligation to proceed with the transaction unless it shall have received evidence reasonably satisfactory to it that such registration statement has been declared effective and that such distribution is in accordance with all applicable laws or regulations. If, being advised by counsel, the Company determines that a transaction is required to be registered under the Securities Act, the Company will either (i) register such transaction to the extent necessary, (ii) alter the terms of the transaction to avoid the registration requirements of the Securities Act or (iii) direct the Depositary to take specific measures, in each case as contemplated in this Deposit Agreement, to prevent such transaction from violating the registration requirements of the Securities Act.

The Company agrees with the Depositary that neither the Company nor any of its Affiliates will at any time (i) deposit any Shares or other Deposited Securities, either upon original issuance or upon a sale of Shares or other Deposited Securities previously issued and reacquired by the Company or by any such Affiliate, or (ii) issue additional Shares, rights to subscribe for such Shares, securities convertible into or exchangeable for Shares or rights to subscribe for such securities, unless such transaction and the securities issuable in such transaction are exempt from registration under the Securities Act or have been registered under the Securities Act (and such registration statement has been declared effective).

Notwithstanding anything else contained in this Deposit Agreement, nothing in this Deposit Agreement shall be deemed to obligate the Company to file any registration statement in respect of any proposed transaction.

SECTION 5.8 Indemnification. The Company agrees to indemnify the Depositary, any Custodian and each of their respective directors, officers, employees, agents and Affiliates against, and hold each of them harmless from, any direct losses, liabilities, taxes, costs, demands and any charges or expenses of any kind whatsoever (including, but not limited to, reasonable attorney's fees and expenses and, in each case, fees and expenses of counsel, in each case, irrevocable value added tax and any similar tax charged or otherwise imposed in respect thereof) (collectively referred to as "**Losses**") which the Depositary or any agent thereof may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement or that may arise (a) out of or in connection with any offer, issuance, sale, resale, transfer, deposit or withdrawal of Receipts, American Depositary Shares, the Shares, or other Deposited Securities, as the case may be, (b) out of or in connection with any offering documents in respect thereof or (c) out of or in connection with acts performed or omitted, including, but not limited to, any delivery by the Depositary on behalf of the Company of information regarding the Company in connection with this Deposit Agreement, the Receipts, the American Depositary Shares, the Shares, or any Deposited Securities, in any such case (i) by the Depositary, the Custodian or any of their respective directors, officers, employees, agents and Affiliates, except to the extent any such Losses are due to the negligence or bad faith of any of them, or (ii) by the Company or any of its directors, officers, employees, agents and Affiliates. Notwithstanding the above, in no event shall the Depositary or any of its directors, officers, employees, agents and/or Affiliates be liable for any indirect, special, punitive or consequential damages to the Company, Holders, Beneficial Owners or any other person. The indemnities contained in this paragraph shall not extend to any loss that arises out of information (or omissions from such information) relating to the Indemnified Persons, furnished in writing to the Company by such Indemnified Person expressly for use in any registration statement, prospectus or proxy statement under the Securities Act. The Depositary agrees to indemnify the Company and any of its respective directors, officers, employees, agents and Affiliates against and hold each of them harmless from any direct Losses which may arise out of acts performed or omitted to be performed by the Depositary due to the negligence or bad faith of the Depositary or any of their respective directors, officers or employees, agents and/or Affiliates.

Any person seeking indemnification hereunder (an "**Indemnified Person**") shall notify the person from whom it is seeking indemnification (the "**Indemnifying Person**") of the commencement of any indemnifiable action or claim promptly after such Indemnified Person becomes aware of such commencement (provided that the failure to make such notification shall not affect such Indemnified Person's rights to indemnification except to the extent the Indemnifying Person is materially prejudiced by such failure) and shall consult in good faith with the Indemnifying Person as to the conduct of the defense of such action or claim that may give rise to an indemnity hereunder, which defense shall be reasonable under the circumstances. No Indemnified Person shall compromise or settle any action or claim that may give rise to an indemnity hereunder without the consent of the Indemnifying Person, which consent shall not be unreasonably withheld.

The obligations set forth in this Section shall survive the termination of this Deposit Agreement and the succession or substitution of any party hereto.

SECTION 5.9 Fees and Charges of Depositary. The Company, the Holders, the Beneficial Owners, and persons depositing Shares or surrendering ADSs for cancellation and withdrawal of Deposited Securities shall be required to pay to the Depositary the Depositary's fees and related charges identified as payable by them respectively as provided for under Article (9) of the Form of Receipt attached hereto as Exhibit A. All fees and charges so payable may, at any time and from time to time, be changed by agreement between the Depositary and the Company, but, in the case of fees and charges payable by Holders and Beneficial Owners, only in the manner contemplated in Section 6.1. The Depositary shall provide, without charge, a copy of its latest fee schedule to anyone upon request.

The Depositary and the Company may reach separate agreement in relation to the payment of any additional remuneration to the Depositary in respect of any exceptional duties which the Depositary finds necessary or desirable and agreed by both parties in the performance of its obligations hereunder and in respect of the actual costs and expenses of the Depositary in respect of any notices required to be given to the Holders in accordance with Article (21).

In connection with any payment by the Company to the Depositary:

(i) all fees, taxes, duties, charges, costs and expenses which are payable by the Company shall be paid or be procured to be paid by the Company (and any such amounts which are paid by the Depositary shall be reimbursed to the Depositary by the Company upon demand therefor);

(ii) such payment shall be subject to all necessary applicable exchange control and other consents and approvals having been obtained. The Company undertakes to use its reasonable endeavours to obtain all necessary approvals that are required to be obtained by it in this connection; and

(iii) the Depositary may request, in its sole but reasonable discretion after reasonable consultation with the Company, an opinion of counsel regarding U.S. law, the laws of the Cayman Islands or of any other relevant jurisdiction, to be furnished at the expense of the Company, if at any time it deems it necessary to seek such an opinion of counsel regarding the validity of any action to be taken or instructed to be taken under this Agreement.

The Company agrees to promptly pay to the Depositary such other fees, charges and expenses and to reimburse the Depositary for such properly documented out-of-pocket expenses as the Depositary and the Company may agree to in writing from time to time. Responsibility for payment of such charges may at any time and from time to time be changed by agreement between the Company and the Depositary. The Depositary shall present its statement for such expenses and fees or charges to the Company upon request but in any event not more than once every three months.

All payments by the Company to the Depositary under this Clause 5.9 shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed by the Cayman Islands or by any department, agency or other political subdivision or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto.

The right of the Depositary to receive payment of fees, charges and expenses as provided above shall survive the termination of this Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary as described in Section 5.4 hereof, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

SECTION 5.10 Restricted Securities Owners/Ownership Restrictions. From time to time or upon the reasonable request of the Depositary, the Company shall provide to the Depositary a list setting forth, to the actual knowledge of the Company, those persons or entities who beneficially own Restricted Securities and the Company shall update that list on a regular basis. The Depositary may rely on such a list or update but shall not be liable for any action or omission made in reliance thereon. The Company agrees to advise in writing each of the persons or entities who, to the knowledge of the Company, holds Restricted Securities that such Restricted Securities are ineligible for deposit hereunder (except under the circumstances contemplated in Section 2.11) and, to the extent practicable, shall require each of such persons to represent in writing that such person will not deposit Restricted Securities hereunder (except under the circumstances contemplated in Section 2.11). The Company shall, in accordance with Article (25) of the Form of Receipt attached hereto as Exhibit A, inform Owners and Beneficial Owners and the Depositary of any other limitations on ownership of Shares that the Owners and Beneficial Owners may be subject to by reason of the number of American Depositary Shares held under the Articles of Association of the Company or applicable Cayman Islands law, as such restrictions may be in force from time to time.

ARTICLE VI.

AMENDMENT AND TERMINATION

SECTION 6.1 Amendment/Supplement. Subject to the terms and conditions of this Section 6.1 and applicable law, the Receipts outstanding at any time, the provisions of this Deposit Agreement and the form of Receipt attached hereto and to be issued under the terms hereof may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable and not materially prejudicial to the Holders without the consent of the Holders or Beneficial Owners. Any amendment or supplement which shall impose or increase any fees or charges (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders or Beneficial Owners, shall not, however, become effective as to outstanding Receipts until 30 days after notice of such amendment or supplement shall have been given to the Holders of outstanding Receipts. The parties hereto agree that any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the American Depositary Shares to be registered on Form F-6 under the Securities Act or (b) the American Depositary Shares or the Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to materially prejudice any substantial rights of Holders or Beneficial Owners. Every Holder and Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such American Depositary Share or Shares, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement as amended and supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the Receipt at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, rules or regulations.

SECTION 6.2 Termination. The Depositary shall, at any time at the written direction of the Company, terminate this Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 90 days prior to the date fixed in such notice for such termination, provided that, the Depositary shall be reimbursed for any amounts, fees, costs or expenses owed to it in accordance with the terms of this Deposit Agreement and in accordance with any other agreements as otherwise agreed in writing between the Company and the Depositary from time to time, prior to such termination shall take effect. If 90 days shall have expired after (i) the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and in either case a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4, the Depositary may terminate this Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed for such termination. On and after the date of termination of this Deposit Agreement, the Holder will, upon surrender of such Receipt at the Corporate Trust Office of the Depositary, upon the payment of the charges of the Depositary for the surrender of Receipts referred to in Section 2.6 and subject to the conditions and restrictions therein set forth, and upon payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by such Receipt. If any Receipts shall remain outstanding after the date of termination of this Deposit Agreement, the Registrar thereafter shall discontinue the registration of transfers of Receipts, and the Depositary shall suspend the distribution of dividends to the Holders thereof, and shall not give any further notices or perform any further acts under this Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights or other property as provided in this Deposit Agreement, and shall continue to deliver Deposited Securities, subject to the conditions and restrictions set forth in Section 2.6, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, or charging, as the case may be, in each case, the charges of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of this Deposit Agreement and any applicable taxes or governmental charges or assessments). At any time after the expiration of one year from the date of termination of this Deposit Agreement, the Depositary may sell the Deposited Securities then held hereunder and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, in an unsegregated account, without liability for interest for the pro rata benefit of the Holders of Receipts whose Receipts have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement with respect to the Receipts and the Shares, Deposited Securities and American Depositary Shares, except to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case, the charges of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of this Deposit Agreement and any applicable taxes or governmental charges or assessments). Upon the termination of this Deposit Agreement, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary hereunder.

ARTICLE VII.

MISCELLANEOUS

SECTION 7.1 Counterparts. This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same agreement. Copies of this Deposit Agreement shall be maintained with the Depositary and shall be open to inspection by any Holder during business hours.

SECTION 7.2 No Third-Party Beneficiaries. This Deposit Agreement is for the exclusive benefit of the parties hereto (and their successors) and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person, except to the extent specifically set forth in this Deposit Agreement. Nothing in this Deposit Agreement shall be deemed to give rise to a partnership or joint venture among the parties hereto nor establish a fiduciary or similar relationship among the parties. The parties hereto acknowledge and agree that (i) the Depositary and its Affiliates may at any time have multiple banking relationships with the Company and its Affiliates, (ii) the Depositary and its Affiliates may be engaged at any time in transactions in which parties adverse to the Company or the Holders or Beneficial Owners may have interests and (iii) nothing contained in this Agreement shall (a) preclude the Depositary or any of its Affiliates from engaging in such transactions or establishing or maintaining such relationships, or (b) obligate the Depositary or any of its Affiliates to disclose such transactions or relationships or to account for any profit made or payment received in such transactions or relationships.

SECTION 7.3 Severability. In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.4 Holders and Beneficial Owners as Parties; Binding Effect. The Holders and Beneficial Owners from time to time of American Depositary Shares shall be parties to the Deposit Agreement and shall be bound by all of the terms and conditions hereof and of any Receipt by acceptance hereof or any beneficial interest therein.

SECTION 7.5 Notices. Any and all notices to be given to the Company shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex, facsimile transmission or electronic transmission, confirmed by letter, addressed to Melco PBL Entertainment (Macau) Limited, Penthouse, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, Attention: General Counsel, or to any other address which the Company may specify in writing to the Depositary.

Any and all notices to be given to the Depositary shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex, facsimile transmission or by electronic transmission (if agreed by the Company and the Depositary), at the Company's expense, unless otherwise agreed in writing between the Company and the Depositary, confirmed by letter, addressed to Deutsche Bank Trust Company Americas, 60 Wall Street, New York, New York 10005, USA, Attention: ADR Department, telephone: +1 212 250-9100, facsimile:+ 1 212 797 0327 or to any other address which the Depositary may specify in writing to the Company.

Any and all notices to be given to any Holder shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex, facsimile transmission or by electronic transmission (if agreed by the Company and the Depositary), at the Company's expense, unless otherwise agreed in writing between the Company and the Depositary, addressed to such Holder at the address of such Holder as it appears on the transfer books for Receipts of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request. Notice to Holders shall be deemed to be notice to Beneficial Owners for all purposes of this Deposit Agreement.

Delivery of a notice sent by mail, air courier or cable, telex, facsimile or electronic transmission shall be deemed to be effective at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex, facsimile or electronic transmission) is deposited, postage prepaid, in a post-office letter box or delivered to an air courier service. The Depositary or the Company may, however, act upon any cable, telex, facsimile or electronic transmission received by it from the other or from any Holder, notwithstanding that such cable, telex, facsimile or electronic transmission shall not subsequently be confirmed by letter as aforesaid, as the case may be.

SECTION 7.6 Governing Law and Jurisdiction. This Deposit Agreement and the Receipts shall be interpreted in accordance with, and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, the laws of the State of New York without reference to the principles of choice of law thereof. Except as set forth in the following paragraph of this Section 7.6, the Company and the Depositary agree that the federal or state courts in the City of New York shall have non-exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute between them that may arise out of or in connection with this Deposit Agreement and, for such purposes, each irrevocably submits to the non-exclusive jurisdiction of such courts. The Company hereby irrevocably designates, appoints and empowers CT Corporation System (the "**Process Agent**"), now at 111 Eighth Avenue, New York, New York 10011, United States of America, as its authorized agent to receive and accept for and on its behalf, and on behalf of its properties, assets and revenues, service by mail of any and all legal process, summons, notices and documents that may be served in any suit, action or proceeding brought against the Company in any federal or state court as described in the preceding sentence or in the next paragraph of this Section 7.6. If for any reason the Process Agent shall cease to be available to act as such, the Company agrees to designate a new agent in The City of New York on the terms and for the purposes of this Section 7.6 reasonably satisfactory to the Depositary. The Company further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any suit, action or proceeding against the Company, by service by mail of a copy thereof upon the Process Agent (whether or not the appointment of such Process Agent shall for any reason prove to be ineffective or such Process Agent shall fail to accept or acknowledge such service), with a copy mailed to the Company by registered or certified air mail, postage prepaid, to its address provided in Section 7.5 hereof. The Company agrees that the failure of the Process Agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon.

Notwithstanding the foregoing, the Depositary and the Company unconditionally agree that in the event that a Holder or Beneficial Owner brings a suit, action or proceeding against (a) the Company, (b) the Depositary in its capacity as Depositary under this Deposit Agreement or (c) against both the Company and the Depositary, in any state or federal court of the United States, and the Depositary or the Company have any claim, for indemnification or otherwise, against each other arising out of the subject matter of such suit, action or proceeding, then the Company and the Depositary may pursue such claim against each other in the state or federal court in the United States in which such suit, action, or proceeding is pending, and for such purposes, the Company and the Depositary irrevocably submit to the non-exclusive jurisdiction of such courts. The Company agrees that service of process upon the Process Agent in the manner set forth in the preceding paragraph shall be effective service upon it for any suit, action or proceeding brought against it as described in this paragraph.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any actions, suits or proceedings brought in any court as provided in this Section 7.6, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

The Company and the Depositary agree that, notwithstanding the foregoing, with regard to any claim or dispute or difference of whatever nature between the parties hereto arising directly or indirectly from the relationship created by this Deposit Agreement, the Depositary, in its sole discretion, shall be entitled to refer such dispute or difference for final settlement by arbitration ("**Arbitration**") in accordance with the applicable rules of the American Arbitration Association (the "**Rules**") then in force, by a sole arbitrator appointed in accordance with the Rules. The seat and place of any reference to Arbitration shall be New York, New York State. The procedural law of any Arbitration shall be New York law and the language to be used in the Arbitration shall be English. The fees of the arbitrator and other costs incurred by the parties in connection with such Arbitration shall be paid by the party that is unsuccessful in such Arbitration.

The provisions of this Section 7.6 shall survive any termination of this Deposit Agreement, in whole or in part.

SECTION 7.7 Assignment. Subject to the provisions of Section 5.4 hereof, this Deposit Agreement may not be assigned by either the Company or the Depositary.

SECTION 7.8 Agents. The Depositary shall be entitled, in its sole but reasonable discretion, to appoint one or more agents (the "**Agents**") of which it shall have control for the purpose, *inter alia*, of making distributions to the Holders or otherwise carrying out its obligations under this Agreement.

SECTION 7.9 Exclusivity. The Company agrees not to appoint any other depositary for the issuance or administration of depositary receipts evidencing any class of stock of the Company so long as Deutsche Bank Trust Company Americas is acting as Depositary hereunder.

SECTION 7.10 Compliance with U.S. Securities Laws. Notwithstanding anything in this Deposit Agreement to the contrary, the withdrawal or delivery of Deposited Securities will not be suspended by the Company or the Depositary except as would be permitted by Instruction I.A.(1) of the General Instructions to Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

SECTION 7.11 Titles. All references in this Deposit Agreement to exhibits, articles, sections, subsections, and other subdivisions refer to the exhibits, articles, sections, subsections and other subdivisions of this Deposit Agreement unless expressly provided otherwise. The words "**this Deposit Agreement**", "**herein**", "**hereof**", "**hereby**", "**hereunder**", and words of similar import refer to the Deposit Agreement as a whole as in effect between the Company, the Depositary and the Holders and Beneficial Owners of ADSs and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine and neuter gender shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa unless the context otherwise requires. Titles to sections of this Deposit Agreement are included for convenience only and shall be disregarded in construing the language contained in this Deposit Agreement.

IN WITNESS WHEREOF, MELCO PBL ENTERTAINMENT (MACAU) LIMITED and DEUTSCHE BANK TRUST COMPANY AMERICAS have duly executed this Deposit Agreement as of the day and year first above set forth and all Holders and Beneficial Owners shall become parties hereto upon acceptance by them of American Depositary Shares evidenced by Receipts issued in accordance with the terms hereof.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

Number CUSIP

American Depositary Shares (Each
American Depositary Share
representing three Fully Paid Ordinary Shares)

[FORM OF FACE OF RECEIPT]

AMERICAN DEPOSITARY RECEIPT

for

AMERICAN DEPOSITARY SHARES

representing

DEPOSITED ORDINARY SHARES

of

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

(Incorporated under the laws of the Cayman Islands)

DEUTSCHE BANK TRUST COMPANY AMERICAS, as depositary (herein called the "**Depositary**"), hereby certifies that _____is the owner of _____ American Depositary Shares (hereinafter "**ADS**"), representing deposited common shares, each of par value of U.S. 0.01 including evidence of rights to receive such ordinary shares (the "**Shares**") of Melco PBL Entertainment (Macau) Limited, a company incorporated under the laws of the Cayman Islands (the "**Company**"). As of the date of the Deposit Agreement (hereinafter referred to), each ADS represents three Shares deposited under the Deposit Agreement with the Custodian which at the date of execution of the Deposit Agreement is Deutsche Bank AG, Hong Kong Branch (the "**Custodian**"). The ratio of Depositary Shares to shares of stock is subject to subsequent amendment as provided in Article IV of the Deposit Agreement. The Depositary's Corporate Trust Office is located at 60 Wall Street, New York, New York 10005, U.S.A.

(1) The Deposit Agreement. This American Depositary Receipt is one of an issue of American Depositary Receipts ("**Receipts**"), all issued and to be issued upon the terms and conditions set forth in the Deposit Agreement, dated as of [DATE], 2006 (as amended from time to time, the "**Deposit Agreement**"), by and among the Company, the Depositary, and all Holders and Beneficial Owners from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and becomes bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights and obligations of Holders and Beneficial Owners of Receipts and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time, received in respect of such Shares and held thereunder (such Shares, other securities, property and cash are herein called "**Deposited Securities**"). Copies of the Deposit Agreement are on file at the Corporate Trust Office of the Depositary and the Custodian.

Each owner and each Beneficial Owner, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement, shall be deemed for all purposes to (a) be a party to and bound by the terms of the Deposit Agreement and applicable ADR(s), and (b) appoint the Depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the Deposit Agreement and the applicable ADR(s), to adopt any and all procedures necessary to comply with applicable law and to take such action as the Depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the Deposit Agreement and the applicable ADR(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and the Company's Memorandum and Articles of Association (as in effect on the date of the Deposit Agreement) and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. All capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed thereto in the Deposit Agreement. The Depositary makes no representation or warranty as to the validity or worth of the Deposited Securities. The Depositary has made arrangements for the acceptance of the American Depositary Shares into DTC. Each Beneficial Owner of American Depositary Shares held through DTC must rely on the procedures of DTC and the DTC Participants to exercise and be entitled to any rights attributable to such American Depositary Shares. The Receipt evidencing the American Depositary Shares held through DTC will be registered in the name of a nominee of DTC. So long as the American Depositary Shares are held through DTC or unless otherwise required by law, ownership of beneficial interests in the Receipt registered in the name of DTC (or its nominee) will be shown on, and transfers of such ownership will be effected only through, records maintained by (i) DTC (or its nominee), or (ii) DTC Participants (or their nominees).

(2) Surrender of Receipts and Withdrawal of Deposited Securities. Upon surrender, at the Corporate Trust Office of the Depositary, of ADSs evidenced by this Receipt for the purpose of withdrawal of the Deposited Securities represented thereby, and upon payment of (i) the charges of the Depositary for the making of withdrawals and cancellation of Receipts (as set forth in Section 5.9 of the Deposit Agreement and Article (9) hereto) and (ii) all fees, taxes and governmental charges payable in connection with such surrender and withdrawal, and, subject to the terms and conditions of the Deposit Agreement, the Company's Memorandum Articles of Association, Section 7.10 of the Deposit Agreement, Article (23) of this Receipt and the provisions of or governing the Deposited Securities and other applicable laws, the Holder of the American Depositary Shares evidenced hereby is entitled to delivery, to him or upon his order, of the Deposited Securities represented by the ADS so surrendered. Subject to the last sentence of this paragraph, such Deposited Securities may be delivered in certificated form or by electronic delivery. ADS may be surrendered for the purpose of withdrawing Deposited Securities by delivery of a Receipt evidencing such ADS (if held in registered form) or by book-entry delivery of such ADS to the Depositary.

A Receipt surrendered for such purposes shall, if so required by the Depositary, be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the Holder thereof shall execute and deliver to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon, the Depositary shall direct the Custodian to Deliver (without unreasonable delay) at the designated office of the Custodian (subject to the terms and conditions of the Deposit Agreement, to the Company's Memorandum and Articles of Association, and to the provisions of or governing the Deposited Securities and applicable laws, now or hereafter in effect), to or upon the written order of the person or persons designated in the order delivered to the Depositary as provided above, the Deposited Securities represented by such ADSs, together with any certificate or other proper documents of or relating to title for the Deposited Securities or evidence of the electronic transfer thereof (if available) as the case may be to or for the account of such person. The Depositary may make delivery to such person or persons at the Corporate Trust Office of the Depositary of any dividends or distributions with respect to the Deposited Securities represented by such Receipt, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

The Depositary may, in its discretion, refuse to accept for surrender a number of American Depositary Shares representing a number of Shares other than a whole number of Shares. In the case of surrender of a Receipt evidencing a number of ADSs representing other than a whole number of Shares, the Depositary shall cause ownership of the appropriate whole number of Shares to be delivered in accordance with the terms hereof, and shall, at the discretion of the Depositary, either (i) issue and deliver to the person surrendering such Receipt a new Receipt evidencing American Depositary Shares representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Shares represented by the Receipt so surrendered and remit the proceeds thereof (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the person surrendering the Receipt. At the request, risk and expense of any Holder so surrendering a Receipt, and for the account of such Holder, the Depositary shall direct the Custodian to forward (to the extent permitted by law) any cash or other property (other than securities) held in respect of, and any certificate or certificates and other proper documents of or relating to title to, the Deposited Securities represented by such Receipt to the Depositary for delivery at the Corporate Trust Office of the Depositary, and for further delivery to such Holder. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

(3) Transfers, Split-Ups and Combinations of Receipts. Subject to the terms and conditions of the Deposit Agreement, the Registrar shall register transfers of Receipts on its books, upon surrender at the Corporate Trust Office of the Depositary of a Receipt by the Holder thereof in person or by duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer (including signature guarantees in accordance with standard industry practice) and duly stamped as may be required by the laws of the State of New York and of the United States of America, of the Cayman Islands and of any other applicable jurisdiction. Subject to the terms and conditions of the Deposit Agreement, including payment of the applicable fees and expenses incurred by, and charges of, the Depositary, the Depositary shall execute and deliver a new Receipt(s) (and if necessary, cause the Registrar to countersign such Receipt(s)) and deliver same to or upon the order of the person entitled to such Receipts evidencing the same aggregate number of ADSs as those evidenced by the Receipts surrendered. Upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts upon payment of the applicable fees and charges of the Depositary, and subject to the terms and conditions of the Deposit Agreement, the Depositary shall execute and deliver a new Receipt or Receipts for any authorized number of ADSs requested, evidencing the same aggregate number of ADSs as the Receipt or Receipts surrendered.

(4) Pre-Conditions to Registration, Transfer, Etc. As a condition precedent to the execution and delivery, registration of transfer, split-up, combination or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary or the Custodian may require (i) payment from the depositor of Shares or presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in the Deposit Agreement and in this Receipt, (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature or any other matters and (iii) compliance with (A) any laws or governmental regulations relating to the execution and delivery of Receipts and ADSs or to the withdrawal of Deposited Securities and (B) such reasonable regulations of the Depositary or the Company consistent with the Deposit Agreement and applicable law.

The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the issuance of ADSs against the deposit of particular Shares may be withheld, or the registration of transfer of Receipts in particular instances may be refused, or the registration of transfer of Receipts generally may be suspended, 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 the Company, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange upon which the Receipts or Share are listed, or under any provision of the Deposit Agreement or provisions of, or governing, the Deposited Securities or any meeting of shareholders of the Company or for any other reason, subject in all cases to Article (23) hereof. Notwithstanding any provision of the Deposit Agreement or this Receipt to the contrary, the Holders of Receipts are entitled to surrender outstanding ADSs to withdraw the Deposited Securities at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities, and (iv) other circumstances specifically contemplated by Section I.A.(l) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time). Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares or other Deposited Securities required to be registered under the provisions of the Securities Act, unless a registration statement is in effect as to such Shares.

(5) Compliance With Information Requests. Notwithstanding any other provision of the Deposit Agreement or this Receipt, each Holder and Beneficial Owner of the ADSs represented hereby agrees to comply with requests from the Company pursuant to the laws of the Cayman Islands, the rules and requirements of National Association of Securities Dealers and any other stock exchange on which the Shares are, or will be registered, traded or listed**,** the Company's Memorandum and Articles of Association, which are made to provide information as to the capacity in which such Holder or Beneficial Owner owns ADSs and regarding the identity of any other person interested in such ADSs and the nature of such interest and various other matters whether or not they are Holders and/or Beneficial Owner at the time of such request. The Depositary agrees to use reasonable efforts to forward any such requests to the Holders and to forward to the Company any such responses to such requests received by the Depositary.

(6) Liability of Holder for Taxes, Duties and Other Charges. If any tax or other governmental charge shall become payable by the Depositary or the Custodian with respect to any Receipt or any Deposited Securities or ADSs, such tax, or other governmental charge shall be payable by the Holders and Beneficial Owners to the Depositary. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Securities and may sell for the account of the Holder and/or Beneficial Owner any or all of the Deposited Securities and apply such distributions and sale proceeds in payment of such taxes (including applicable interest and penalties) or charges, with the Holder and the Beneficial Owner hereof remaining fully liable for any deficiency. The Custodian may refuse the deposit of Shares, and the Depositary may refuse to issue ADSs, to deliver Receipts, register the transfer, split-up or combination of ADRs and (subject to Article (23) hereof) the withdrawal of Deposited Securities, until payment in full of such tax, charge, penalty or interest is received. Every Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian and each of their respective agents, officers, directors, employees and Affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such Holder and/or Beneficial Owner.

Holders understand that in converting Foreign Currency, amounts received on conversion are calculated at a rate which may exceed the number of decimal places used by the Depositary to report distribution rates (which in any case will not be less than two decimal places). Any excess amount may be retained by the Depositary as an additional cost of conversion, irrespective of any other fees and expenses payable or owing hereunder and shall not be subject to escheatment.

(7) Representations and Warranties of Depositors. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares (and the certificates therefor) are duly authorized, validly issued, fully paid, non-assessable and were legally obtained by such person, (ii) all preemptive (and similar) rights, if any, with respect to such Shares, have been validly waived or exercised, (iii) the person making such deposit is duly authorized so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the American Depositary Shares issuable upon such deposit will not be, Restricted Securities (except as contemplated by Section 2.11), (v) the Shares presented for deposit have not been stripped of any rights or entitlements and (vi) the Shares are not subject to any lock-up agreement with the Company or other party. Such representations and warranties shall survive the deposit and withdrawal of Shares and the issuance, cancellation and transfer of ADSs. If any such representations or warranties are false in any way, the Company and Depositary shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

(8) Filing Proofs, Certificates and Other Information. Any person presenting Shares for deposit, any Holder and any Beneficial Owner may be required, and every Holder and Beneficial Owner agrees, from time to time to provide to the Depositary such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Securities, compliance with applicable laws and the terms of the Deposit Agreement and the provisions of, or governing, the Deposited Securities or other information as the Depositary deem necessary or proper or as the Company may reasonably require by written request to the Depositary consistent with its obligations under the Deposit Agreement. Subject to Article (23) hereof and the terms of the Deposit Agreement, the Depositary and the Registrar, as applicable, may withhold the delivery or registration of transfer of any Receipt or the distribution or sale of any dividend or other distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed, or such certifications are executed, or such representations and warranties made, or such information and documentation are provided.

(9) Charges of Depositary. The Depositary shall charge the following fees for the services performed under the terms of the Deposit Agreement, unless otherwise agreed in writing by the Company and the Depositary; provided, however, that no fees shall be payable upon distrbution of cash dividends so long as the charging of such fee is prohibited by the exchange, if any, upon with the ADSs are listed:

(i) to any person to whom ADSs are issued or to any person to whom a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash), a fee not in excess of U.S. $ 5.00 per 100 ADSs (or fraction thereof) so issued under the terms of the Deposit Agreement to be determined by the Depositary;

(ii) to any person surrendering ADSs for cancellation and withdrawal of Deposited Securities including, *inter alia*, cash distributions made pursuant to a cancellation or withdrawal, a fee not in excess of U.S. $ 5.00 per 100 ADSs (or fraction thereof) so surrendered;

(iii) to any Holder of ADSs, a fee not in excess of U.S. $ 2.00 per 100 ADS held for the distribution of cash proceeds, including cash dividends or sale of rights and other entitlements, not made pursuant to a cancellation or withdrawal;

(iv) to any holder of ADSs, a fee not in excess of U.S. $ 5.00 per 100 ADSs (or portion thereof) issued upon the exercise of rights;

(v) for the operation and maintenance costs in administering the ADSs an annual fee of U.S.$0.02 or less per ADS; and

(vi) in connection with inspections of the relevant share register maintained by the local registrar, if applicable undertaken by the Depositary, the Custodian or their respective agents: an annual fee of U.S.$0.01 or less per ADS (such fee to be assessed against Holders of record as of the date or dates set by the Depositary as it sees fit and collected at the sole discretion of the Depositary by billing such Holders for such fee or by deducting such fee from one or more cash dividends or other cash distributions).

In addition, Holders, Beneficial Owners, persons delivering Shares for deposit and persons surrendering ADSs for cancellation and withdrawal of Deposited Securities will be required to pay the following charges:

(i) taxes (including applicable interest and penalties) and other governmental charges;

(ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities with the Foreign Registrar and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;

(iii) such cable, telex, facsimile and electronic transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing or withdrawing Shares or Holders and Beneficial Owners of ADSs;

(iv) the expenses and charges incurred by the Depositary in the conversion of foreign currency;

(v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, Deposited Securities, ADSs and ADRs;

(vi) the fees and expenses incurred by the Depositary in connection with the delivery of Deposited Securities, including any fees of a central depository for securities in the local market, where applicable; and

(vii) any additional fees, charges, costs or expenses that may be incurred by the Depositary from time to time.

Any other charges and expenses of the Depositary under the Deposit Agreement will be paid by the Company upon agreement between the Depositary and the Company. All fees and charges may, at any time and from time to time, be changed by agreement between the Depositary and Company but, in the case of fees and charges payable by Holders or Beneficial Owners, only in the manner contemplated by Article (21) of this Receipt.

(10) Title to Receipts. It is a condition of this Receipt, and every successive Holder of this Receipt by accepting or holding the same consents and agrees, that title to this Receipt (and to each ADS evidenced hereby) is transferable by delivery of the Receipt, provided it has been properly endorsed or accompanied by proper instruments of transfer, such Receipt being a certificated security under the laws of the State of New York. Notwithstanding any notice to the contrary, the Depositary may deem and treat the Holder of this Receipt (that is, the person in whose name this Receipt is registered on the books of the Depositary) as the absolute owner hereof for all purposes. The Depositary shall have no obligation or be subject to any liability under the Deposit Agreement or this Receipt to any holder of this Receipt or any Beneficial Owner unless such holder is the Holder of this Receipt registered on the books of the Depositary or, in the case of a Beneficial Owner, such Beneficial Owner or the Beneficial Owner's representative is the Holder registered on the books of the Depositary.

(11) Validity of Receipt. This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose, unless this Receipt has been (i) dated, (ii) signed by the manual or facsimile signature of a duly authorized signatory of the Depositary, (iii) if a Registrar for the Receipts shall have been appointed, countersigned by the manual or facsimile signature of a duly authorized signatory of the Registrar and (iv) registered in the books maintained by the Depositary or the Registrar, as applicable, for the issuance and transfer of Receipts. Receipts bearing the facsimile signature of a duly-authorized signatory of the Depositary or the Registrar, who at the time of signature was a duly-authorized signatory of the Depositary or the Registrar, as the case may be, shall bind the Depositary, notwithstanding the fact that such signatory has ceased to be so authorized prior to the execution and delivery of such Receipt by the Depositary or did not hold such office on the date of issuance of such Receipts.

(12) Available Information; Reports; Inspection of Transfer Books. The Company is subject to the periodic reporting requirements of the Exchange Act applicable to foreign private issuers (as defined in Rule 405 under the Securities Act) and accordingly files certain information with the Commission. These reports and documents can be inspected and copied at the public reference facilities maintained by the Commission located at 100 F Street, N.E., Washington D.C. 20549, U.S.A. The Depositary shall make available during normal business hours on any Business Day for inspection by Holders at its Corporate Trust Office any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company.

The Depositary or the Registrar, as applicable, shall keep books for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Company and by the Holders of such Receipts, provided that such inspection shall not be, to the Depositary's or the Registrar's knowledge, for the purpose of communicating with Holders of such Receipts in the interest of a business or object other than the business of the Company or other than a matter related to the Deposit Agreement or the Receipts.

The Depositary or the Registrar, as applicable, may close the transfer books with respect to the Receipts, at any time or from time to time, when deemed necessary or advisable by it in good faith in connection with the performance of its duties hereunder, or at the reasonable written request of the Company subject, in all cases, to Article (23) hereof.

Dated:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Depositary

By: _____

By: _____

The address of the Corporate Trust Office of the Depositary is 60 Wall Street, New York, New York 10005, U.S.A.

(13) Dividends and Distributions in Cash, Shares, etc. Whenever the Depositary receives confirmation from the Custodian of receipt of any cash dividend or other cash distribution on any Deposited Securities, or receives proceeds from the sale of any Shares, rights securities or other entitlements under the Deposit Agreement, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can, in the judgment of the Depositary (upon the terms of the Deposit Agreement), be converted on a practicable basis, into Dollars transferable to the United States, promptly convert or cause to be converted such dividend, distribution or proceeds into Dollars and will distribute promptly the amount thus received (net of applicable fees and charges of, and expenses incurred by, the Depositary and taxes withheld) to the Holders of record as of the ADS Record Date in proportion to the number of ADS representing such Deposited Securities held by such Holders respectively as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Holders entitled thereto. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the ADSs representing such Deposited Securities shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Any foreign currency received by the Depositary shall be converted upon the terms and conditions set forth in the Deposit Agreement.

If any distribution upon any Deposited Securities consists of a dividend in, or free distribution of, Shares, the Company shall or cause such Shares to be deposited with the Custodian and registered, as the case may be, in the name of the Depositary, the Custodian or their nominees. Upon receipt of confirmation of such deposit, the Depositary shall, subject to and in accordance with the Deposit Agreement, establish the ADS Record Date and either (i) distribute to the Holders as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date, additional ADSs, which represent in aggregate the number of Shares received as such dividend, or free distribution, subject to the terms of the Deposit Agreement (including, without limitation, the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes), or (ii) if additional ADSs are not so distributed, each ADS issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interest in the additional Shares distributed upon the Deposited Securities represented thereby (net of the applicable fees and charges of, and the expenses incurred by, the Depositary, and taxes). In lieu of delivering fractional ADSs, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the proceeds upon the terms set forth in the Deposit Agreement.

In the event that (x) the Depositary determines that any distribution in property (including Shares) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or, (y) if the Company, in the fulfillment of its obligations under the Deposit Agreement, has either (a) furnished an opinion of U.S. counsel determining that Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), or (b) fails to timely deliver the documentation contemplated in the Deposit Agreement, the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale (after deduction of taxes and fees and charges of, and expenses incurred by, the Depositary) to Holders entitled thereto upon the terms of the Deposit Agreement. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement.

Upon timely receipt of a notice indicating that the Company wishes an elective distribution to be made available to Holders upon the terms described in the Deposit Agreement, the Depositary shall, upon provision of all documentation required under the Deposit Agreement, (including, without limitation, any legal opinions of counsel the Depositary may request under the Deposit Agreement) determine whether such distribution is lawful and reasonably practicable. If so, the Depositary shall, subject to the terms and conditions of the Deposit Agreement, establish an ADS Record Date according to Article (14) hereof and establish procedures to enable the Holder hereof to elect to receive the proposed distribution in cash or in additional ADSs. If a Holder elects to receive the distribution in cash, the dividend shall be distributed as in the case of a distribution in cash. If the Holder hereof elects to receive the distribution in additional ADSs, the distribution shall be distributed as in the case of a distribution in Shares upon the terms described in the Deposit Agreement. If such elective distribution is not lawful or reasonably practicable or if the Depositary did not receive satisfactory documentation set forth in the Deposit Agreement, the Depositary shall, to the extent permitted by law, distribute to Holders, on the basis of the same determination as is made in the Cayman Islands, in respect of the Shares for which no election is made, either (x) cash or (y) additional ADSs representing such additional Shares, in each case, upon the terms described in the Deposit Agreement. Nothing herein shall obligate the Depositary to make available to the Holder hereof a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that the Holder hereof will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares.

Upon receipt by the Depositary of a notice indicating that the Company wishes rights to subscribe for additional Shares to be made available to Holders of ADSs, the Depositary shall determine whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to any Holders only if the Company shall have timely requested that such rights be made available to Holders, the Depositary shall have received the documentation required by the Deposit Agreement, and the Depositary shall have determined that such distribution of rights is lawful and reasonably practicable. If such conditions are not satisfied, the Depositary shall sell the rights as described below. In the event all conditions set forth above are satisfied, the Depositary shall establish an ADS Record Date and establish procedures (x) to distribute such rights (by means of warrants or otherwise) and (y) to enable the Holders to exercise the rights (upon payment of the applicable fees and charges of, and expenses incurred by, the Depositary and taxes). Nothing herein or in the Deposit Agreement shall obligate the Depositary to make available to the Holders a method to exercise such rights to subscribe for Shares (rather than ADSs). If (i) the Company does not timely request the Depositary to make the rights available to Holders or if the Company requests that the rights not be made available to Holders, (ii) the Depositary fails to receive the documentation required by the Deposit Agreement or determines it is not lawful or reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity or otherwise, at such place and upon such terms (including public and private sale) as it may deem proper. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable fees and charges of, and expenses incurred by, the Depositary and taxes) upon the terms hereof and in the Deposit Agreement. If the Depositary is unable to make any rights available to Holders or to arrange for the sale of the rights upon the terms described above, the Depositary shall allow such rights to lapse. The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or feasible to make such rights available to Holders in general or any Holders in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

Notwithstanding anything herein to the contrary, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act covering such offering is in effect or (ii) unless the Company furnishes to the Depositary opinion(s) of counsel for the Company in the United States and counsel to the Company in any other applicable country in which rights would be distributed, in each case satisfactorily to the Depositary, to the effect that the offering and sale of such securities to Holders and Beneficial Owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders shall be reduced accordingly. In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to exercise rights on the same terms and conditions as the holders of Shares or to exercise such rights. Nothing herein shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

Upon receipt of a notice regarding property other than cash, Shares or rights to purchase additional Shares, to be made to Holders of ADSs, the Depositary shall determine, upon consultation with the Company, whether such distribution to Holders is lawful and reasonably practicable. The Depositary shall not make such distribution unless (i) the Company shall have timely requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received the documentation required by the Deposit Agreement, and (iii) the Depositary shall have determined that such distribution is lawful and reasonably practicable. Upon satisfaction of such conditions, the Depositary shall distribute the property so received to the Holders of record as of the ADS Record Date, in proportion to the number of ADSs held by such Holders respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

If the conditions above are not satisfied, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem proper and shall distribute the proceeds of such sale received by the Depositary (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders upon the terms hereof and of the Deposit Agreement. If the Depositary is unable to sell such property, the Depositary may dispose of such property in any way it deems reasonably practicable under the circumstances.

(14) Fixing of Record Date. Whenever necessary in connection with any distribution (whether in cash, shares, rights or other distribution), or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, or whenever the Depositary shall receive notice of any meeting of or solicitation of holders of Shares or other Deposited Securities, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date ("ADS Record Date"), as close as practicable to the record date fixed by the Company with respect to the Shares, for the determination of the Holders who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each ADS. Subject to applicable law and the terms and conditions of this Receipt and the Deposit Agreement, only the Holders of record at the close of business in New York on such ADS Record Date shall be entitled to receive such distributions, to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

(15) Voting of Deposited Securities. As soon as practicable after receipt of notice of any meeting at which the holders of Shares are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of such consent or proxy. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been received by the Depositary at least 21 Business Days prior to the date of such vote or meeting), at the Company's expense unless otherwise agreed in writing by the Company and the Depositary and provided no U.S. legal prohibitions exist, mail by ordinary, regular mail delivery or by electronic transmission (if agreed by the Company and the Depositary), unless otherwise agreed in writing by the Company and the Depositary, to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxies; (b) a statement that the Holders as of the ADS Record Date will be entitled, subject to (i) any applicable law, the provisions of the Deposit Agreement, the Company's Memorandum and Articles of Association and the provisions of or governing Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Securities represented by such Holder's American Depositary Shares; and (c) a brief statement as to the manner in which such instructions may be given. Voting instructions may be given only in respect of a number of American Depositary Shares representing an integral number of Shares or other Deposited Securities. Upon the timely receipt of written instructions of a Holder of American Depositary Shares on the ADS Record Date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the Deposit Agreement, the Company's Memorandum and Articles of Association and the provisions of or governing the Deposited Securities, to vote or cause the Custodian to vote the Shares and/or other Deposited Securities (in person or by proxy) represented by American Depositary Shares evidenced by such Receipt in accordance with such voting instructions.

Neither the Depositary nor the Custodian shall, under any circumstances exercise any discretion as to voting, and neither the Depositary nor the Custodian shall vote, or attempt to exercise the right to vote, or in any way make use of for purposes of establishing a quorum or otherwise, the Shares or other Deposited Securities represented by ADSs except pursuant to and in accordance with such written instructions from Holders.

Notwithstanding the above, save for applicable provisions of the law of the Cayman Islands, and in accordance with the terms of Section 5.3 of the Deposit Agreement, the Depositary shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities or for the manner in which such vote is cast or the effect of any such vote.

(16) Changes Affecting Deposited Securities. Upon any change in par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it otherwise is a party, any securities which shall be received by the Depositary or a Custodian in exchange for, or in conversion of or replacement or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Securities under the Deposit Agreement, and the Receipts shall, subject to the provisions of the Deposit Agreement and applicable law, evidence ADSs representing the right to receive such additional securities. Alternatively, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement and receipt of satisfactory documentation contemplated by the Deposit Agreement, execute and deliver additional Receipts as in the case of a stock dividend on the Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts, in either case, as well as in the event of newly deposited Shares, with necessary modifications to this form of Receipt specifically describing such new Deposited Securities and/or corporate change. Notwithstanding the foregoing, in the event that any security so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall if the Company requests, subject to receipt of satisfactory legal documentation contemplated in the Deposit Agreement, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of fees and charges of, and expenses incurred by, the Depositary and taxes) for the account of the Holders otherwise entitled to such securities and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to the Deposit Agreement. The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or feasible to make such securities available to Holders in general or any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such securities.

(17) Redemption. If the Company intends to exercise any right of redemption in respect of any of the Deposited Securities in accordance with the Company's Memorandum and Articles of Association, the Company shall give notice thereof to the Depositary as soon as practicable prior to the intended date of redemption which notice shall set forth the particulars of the proposed redemption. Upon receipt of (i) such notice and (ii) satisfactory documentation given by the Company to the Depositary, the Depositary shall mail to each Holder subject to the redemption a notice setting forth the intended exercise by the Company of the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Securities in respect of which redemption rights are being exercised against payment of the applicable redemption price as set forth in the Company's 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 Deposited Securities subject to redemption shall return their ADSs to the Depositary and the Depositary shall 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 by Holders thereof. The redemption price per ADS shall be the per share amount received by the Depositary upon the redemption of the Deposited Securities represented by ADSs (subject to the terms of Section 4.6 hereof and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Securities represented by each ADS redeemed.

(18) Exoneration. Neither the Depositary, the Custodian or the Company shall be obligated to do or perform any act which is inconsistent with the provisions of the Deposit Agreement or shall incur any liability (i) if the Depositary, the Custodian or the Company or their respective controlling persons or agents shall be prevented or forbidden from, or subjected to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the Deposit Agreement and this Receipt, by reason of any provision of any present or future law or regulation of the United States**,** the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or by reason of any provision, present or future of the Company's Memorandum and Articles of Association or any provision of or governing any Deposited Securities, or by reason of any act of God or war or other circumstances beyond its control, (including, without limitation, nationalization, expropriation, currency restrictions, work stoppage, strikes, civil unrest, revolutions, rebellions, explosions and computer failure), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in the Company's Memorandum and Articles of Association or provisions of or governing Deposited Securities, (iii) for any action or inaction of the Depositary, the Custodian or the Company or their respective controlling persons or agents in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for any inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Holders of ADS or (v) for any consequential or punitive damages for any breach of the terms of the Deposit Agreement. The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.

(19) Standard of Care. The Company and the Depositary and their respective agents assume no obligation and shall not be subject to any liability under the Deposit Agreement or the Receipts to Holders or Beneficial Owners or other persons, except in accordance with Section 5.8 of the Deposit Agreement, provided, that the Company and the Depositary and their respective agents agree to perform their respective obligations specifically set forth in the Deposit Agreement without gross negligence or willful misconduct. The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effect of any vote, provided that any such action or omission is in good faith and in accordance with the terms of the Deposit Agreement. The Depositary shall not incur any liability for any failure to determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Securities, for the validity or worth of the Deposited Securities or for any tax consequences that may result from the ownership of ADSs, Shares or Deposited Securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement or for the failure or timeliness of any notice from the Company. In no event shall the Depositary or any of its Agents be liable for any indirect, special, punitive or consequential damage.

(20) Resignation and Removal of the Depositary; Appointment of Successor Depositary. The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of resignation delivered to the Company, such resignation to be effective on the earlier of (i) the 90th day after delivery thereof to the Company, or (ii) upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement, save that, any amounts, fees, costs or expenses owed to the Depositary under the Deposit Agreement or in accordance with any other agreements otherwise agreed in writing between the Company and the Depositary from time to time shall be paid to the Depositary prior to such resignation. The Company shall use reasonable efforts to appoint such successor depositary, and give notice to the Depositary of such appointment, not more than 90 days after delivery by the Depositary of written notice of resignation as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by written notice of such removal which notice shall be effective on the later of (i) the 90th day after delivery thereof to the Depositary, or (ii) upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement save that, any amounts, fees, costs or expenses owed to the Depositary under the Deposit Agreement or in accordance with any other agreements otherwise agreed in writing between the Company and the Depositary from time to time shall be paid to the Depositary prior to such removal. In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depositary which shall be a bank or trust company having an office in the Borough of Manhattan, the City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor. The predecessor depositary, upon payment of all sums due it and on the written request of the Company, shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than as contemplated in the Deposit Agreement), (ii) duly assign, transfer and deliver all right, title and interest to the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding Receipts and such other information relating to Receipts and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly mail notice of its appointment to such Holders. Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

(21) Amendment/Supplement. Subject to the terms and conditions of this Article (21), and applicable law, this Receipt and any provisions of the Deposit Agreement may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable without the consent of the Holders or Beneficial Owners. Any amendment or supplement which shall impose or increase any fees or charges (other than the charges of the Depositary in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders or Beneficial Owners, shall not, however, become effective as to outstanding Receipts until 30 days after notice of such amendment or supplement shall have been given to the Holders of outstanding Receipts. The parties hereto agree that any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act or (b) the ADSs or Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders or Beneficial Owners. Every Holder and Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such ADS, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement as amended or supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the Receipt at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, or rules or regulations.

(22) Termination. The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 90 days prior to the date fixed in such notice for such termination provided that, the Depositary shall be reimbursed for any amounts, fees, costs or expenses owed to it in accordance with the terms of the Deposit Agreement and in accordance with any other agreements as otherwise agreed in writing between the Company and the Depositary from time to time, prior to such termination shall take effect. If 90 days shall have expired after (i) the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and in either case a successor depositary shall not have been appointed and accepted its appointment as provided herein and in the Deposit Agreement, the Depositary may terminate the Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed for such termination. On and after the date of termination of the Deposit Agreement, the Holder will, upon surrender of such Holder's Receipt at the Corporate Trust Office of the Depositary, upon the payment of the charges of the Depositary for the surrender of Receipts referred to in Article (2) hereof and in the Deposit Agreement and subject to the conditions and restrictions therein set forth, and upon payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by such Receipt. If any Receipts shall remain outstanding after the date of termination of the Deposit Agreement, the Registrar thereafter shall discontinue the registration of transfers of Receipts, and the Depositary shall suspend the distribution of dividends to the Holders thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, subject to the conditions and restrictions set forth in the Deposit Agreement, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, or charging, as the case may be, in each case the charges of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges or assessments). At any time after the expiration of one year from the date of termination of the Deposit Agreement, the Depositary may sell the Deposited Securities then held hereunder and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, in an unsegregated account, without liability for interest for the pro rata benefit of the Holders of Receipts whose Receipts have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement with respect to the Receipts and the Shares, Deposited Securities and ADSs, except to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case the charges of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges or assessments). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except as set forth in the Deposit Agreement.

(23) Compliance with U.S. Securities Laws; Regulatory Compliance. Notwithstanding any provisions in this Receipt or the Deposit Agreement to the contrary, the withdrawal or delivery of Deposited Securities will not be suspended by the Company or the Depositary except as would be permitted by Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

(24) Certain Rights of the Depositary; Limitations. Subject to the further terms and provisions of this Article (24), the Depositary, its Affiliates and their agents, on their own behalf, may own and deal in any class of securities of the Company and its affiliates and in ADSs. In its capacity as Depositary, the Depositary may (i) issue ADSs prior to the receipt of Shares (each such transaction a "Pre-Release Transaction") as provided below and (ii) deliver Shares upon the receipt and cancellation of ADSs that were issued in a Pre-Release Transaction, but for which Shares may not yet have been received. The Depositary may receive ADSs in lieu of Shares under (i) above and receive shares in lieu of ADSs under (ii) above. Each such Pre-Release Transaction will be (a) subject to a written agreement whereby the person or entity (the "Applicant") to whom ADSs or Shares are to be delivered (1) represents that at the time of the Pre-Release Transaction the Applicant or its customer owns the Shares or ADSs that are to be delivered by the Applicant under such Pre-Release Transaction, (2) agrees to indicate the Depositary as owner of such Shares or ADSs in its records and to hold such Shares or ADSs in trust for the Depositary until such Shares or ADSs are delivered to the Depositary or the Custodian, (3) unconditionally guarantees to deliver to the Depositary or the Custodian, as applicable, such Shares or ADSs, and (4) agrees to any additional restrictions or requirements that the Depositary deems appropriate, (b) at all times fully collateralized with cash, United States government securities or such other collateral as the Depositary deems appropriate, (c) terminable by the Depositary on not more than five (5) business days' notice (save for a prescribed termination event in which case any such Pre-Release Transaction may be immediately terminable by the Depositary) and (d) subject to such further indemnities and credit regulations as the Depositary 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 will normally limit the number of ADSs involved in such Pre-Release Transactions at any one time to thirty percent (30%) of the ADSs outstanding (without giving effect to ADSs outstanding pursuant to any Pre-Release Transaction), provided, however, that the Depositary reserves the right to disregard such limit from time to time as it deems appropriate. The Depositary may also set limits with respect to the number of ADSs involved in Pre-Release Transactions with any one person on a case by case basis as it deems appropriate.

The Depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral provided pursuant to (b) above, but not the earnings thereon, shall be held for the benefit of the Holders (other than the Applicant).

(25) Ownership Restrictions. Owners and Beneficial Owners shall comply with any limitations on ownership of Shares under the Memorandum and Articles of Association of the Company or applicable Cayman Islands law as if they held the number of Shares their American Depositary Shares represent. The Company shall inform the Owners, Beneficial Owners and the Depositary of any such ownership restrictions in place from time to time.

(ASSIGNMENT AND TRANSFER SIGNATURE LINES)

FOR VALUE RECEIVED, the undersigned Holder hereby sell(s), assign(s) and transfer(s) unto _____ whose taxpayer identification number is _____ and whose address including postal zip code is _____, the within Receipt and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney-in-fact to transfer said Receipt on the books of the Depositary with full power of substitution in the premises.

Dated:

Name: _____
By:
Title:

NOTICE: The signature of the Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

If the endorsement be executed by an attorney, executor, administrator, trustee or guardian, the person executing the endorsement must give his/her full title in such capacity and proper evidence of authority to act in such capacity, if not on file with the Depositary, must be forwarded with this Receipt.

SIGNATURE GUARANTEED

_____

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PUBLISHING AND BROADCASTING LIMITED

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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DATE: December 1, 2006

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 38th 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 ENTERTAINMENT (MACAU) 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.

(B) Melco, PBL, MelcoSub and PBLSub have formed a joint venture through the Company to develop gaming ventures in the Territory together (the **Gaming Ventures**), in furtherance of which PBLSub invested in and became a 50% shareholder of the Company, pursuant to the Subscription Agreement.

(C) Melco, PBL, MelcoSub and PBLSub and the Company entered into the original shareholders deed dated 8 March 2005.

(D) Melco and PBL entered into a Memorandum of Agreement dated 5 March 2006 and a Supplemental Agreement dated 26 May 2006 in relation to the opportunity for PBL to acquire through Melco PBL Gaming a grant of a subconcession of Wynn Resorts (Macau) Limited's concession (with the approval of the Government of Macau S.A.R.) to operate casino games of chance and other casino games in Macau S.A.R. and for Melco or a Melco Group Company to participate therein on the terms of the Memorandum of Agreement and the Supplemental Agreement.

(E) The Memorandum of Agreement recorded the parties' intention to vary the terms of the joint venture and the original shareholders deed in the light of the proposed subconcession so that, among other matters, Melco and PBL will each own an effective interest of 50% in all Gaming Ventures in the Territory and shall negotiate and agree on the most efficient structure to give effect to this principle in the Group's businesses in Macau S.A.R., in the light of regulatory requirements.

(F) On 8 September 2006, Melco PBL Gaming and Wynn Resorts (Macau) Limited entered into the Subconcession as approved by the Government of Macau S.A.R., pursuant to which Melco PBL Gaming is entitled, subject to the laws of Macau S.A.R., to engage in the exploitation of casino games of chance and other casino games in Macau S.A.R.

(G) The parties have agreed variations to the terms of the original shareholders deed to give effect to the Memorandum of Agreement and in the light of the entry into of the Subconcession and to restate the original shareholders deed entered into on 8 March 2005 in the manner and on the terms of this Restated and Amended Deed (this **Deed**) with effect from 18 October 2006.

(H) In the light of the entry into the Subconcession, the parties have made further capital contributions to the Company and agreed to effect a restructuring of the Group's businesses in Macau, in the light of regulatory requirements.

(I) At the date hereof the Company has an authorised capital of US$50,000 divided into 2,500,000 Class A shares of US$0.01 each of which 200 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 200 Class B shares are issued, fully paid and are legally and beneficially owned by PBLSub.

(J) Melco PBL Gaming is a company limited by shares incorporated in Macau, S.A.R. At the date hereof, Melco PBL Gaming has registered capital of one billion Patacas (MOP 1,000,000,000) divided and represented by 2,800,000 class A shares of one hundred Patacas each, which class A shares of Melco PBL Gaming enjoy only nominal rights to distributions and on a return of capital and 7,200,000 class B shares of Melco PBL Gaming of one hundred Patacas each enjoy unlimited rights to distributions and on a return of capital, all of which class A shares and class B shares are issued and fully paid. 1,800,000 class A shares of Melco PBL Gaming are registered in the name of PBL Asia Limited and 1,000,000 class A shares of Melco PBL Gaming are registered in the name of the Managing Director. All 7,200,000 class B shares of Melco PBL Gaming are registered in the name of Melco PBL Investments Limited.

(K) The parties have caused the Melco PBL Gaming shareholders and Melco PBL Gaming to enter into the Melco PBL Gaming Shareholders Agreement.

(L) Pursuant to the restructuring of the Group, Melco PBL Gaming has acquired the Mocha Business and effectively all of the issued share capital of Great Wonders, Crown Macau Hotel and Melco Hotels.

(M) In consequence of the further capital contributions and restructurings, each of MelcoSub and PBLSub have a 50 per cent. interest in the Macau Gaming Business and all the Macau Gaming Business is carried on by Melco PBL Gaming pursuant to the Subconcession.

(N) 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.

(O) 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 Holdings Limited;

(b) holding an indirect interest of 72 per cent of the registered capital of Melco PBL Gaming and effectively 100 per cent of economic interest in Melco PBL Gaming through Melco PBL Investments Limited;

(c) holding an indirect interest in the Mocha Business through Melco PBL Gaming;

(d) holding an indirect interest in the Crown Macau Hotel/Casino Business through Melco PBL Gaming;

(e) holding an indirect interest in Melco Hotels through Melco PBL Gaming;

(f) holding interests in other Gaming Ventures in the Territory as agreed under this Deed; and

(g) 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 Entertainment (Macau) 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 **[intentionally omitted]**

2.6 **Shareholding in the Company**

As at the date of this Deed the shareholdings in the Company and operating companies in the Group are as set out in the diagram in Attachment B. In particular:

(a) the shareholding structure of the Company is as follows:

Shareholder	Number of Shares	Percentage Holding
MelcoSub	200 class A shares	50%
PBLSub	200 class B shares	50%

(b) the shareholding structure of Melco PBL Gaming is as follows:

Shareholder	Number of Shares	Percentage Holding
Managing Director	1,000,000 A shares	10%
PBL Asia Limited	1,800,000 A shares	18%
Melco PBL Investments	7,200,000 B shares	72%

(c) the parties contemplate that, given the transfer of the Macau Gaming Business to Melco PBL Gaming and its subsidiaries, Melco PBL Entertainment and its subsidiaries may be dissolved.

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; and

(b) the voting rights of each Director 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**

Subject to clause 12.4(e), each of MelcoSub and PBLSub may, in its absolute discretion, appoint and, subject to clause 3.3(a), remove and replace, up to four Directors each.

3.3 **Removal of Directors**

(a) A Director shall be removed in the event that the Director is subject to an adverse finding by a Regulatory Authority unless all other Directors agree that such adverse finding and that person continuing to serve as a Director of the Company is not likely to adversely affect the reputation or business of the Company.

(b) Subject to clause 3.3(a), only MelcoSub may remove a MelcoSub Director.

(c) Subject to clause 3.3(a), only PBLSub may remove a PBLSub Director.

3.4 **Chairperson**

(a) The initial Chairperson was appointed by the MelcoSub Directors on 8 March 2005 to hold office for a period of 12 months. 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 clause 3.7(c) and to clause 12.10(d), 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 or on behalf of 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. For this purpose, MelcoSub and PBLSub may each nominate by notice to the other under this clause 3.9(d) from time to time one Director (and/or his alternate) who may sign written resolutions and/or give consent to short notice on behalf of all other MelcoSub Directors or all other PBLSub Directors, as the case may be.

(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 clauses 4(d) and 4(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 clause 4(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 clauses 3.9(d), 5.6 and to 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 of the Company:

(a) the MelcoSub 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 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 PBLSub 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 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 (including the Investment Plan of Melco PBL Gaming) 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 Macau 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 or a Group Company to the official list of a Stock Exchange; and

(ii) official quotation of the shares in the Company or a Group 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 Gaming Ventures;

(y) **place of business**: the establishment by the Company of any new place of 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 provided that such executive shall be removed in the event of an adverse finding against the executive by a Regulatory Authority unless otherwise unanimously agreed by the Board.

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 clauses 5.8(b) and (c) 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 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 officer, 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 (and, in the case of Melco PBL Gaming, in accordance with Melco PBL Gaming Shareholders Agreement). The Board will exercise its powers with regard to such appointments with the intent that:

(i) an equivalent number of nominee directors appointed by each Shareholder to the Company are appointed to the board of the relevant Group Company; 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) Melco PBL Investments Limited and other members of Melco PBL Gaming have entered into the Melco PBL Gaming Shareholders Agreement under the laws of Macau S.A.R. in relation to the affairs of Melco PBL Gaming which gives effect to the principles in this clause 5 in the light of the requirements of the relevant Regulatory Authority. Subject to the laws of Macau S.A.R., to applicable requirements of the relevant Regulatory Authority and to the terms of the Subconcession, the board of Melco PBL Gaming shall comprise 9 directors and the Company shall cause Melco PBL Investments Limited to exercise its powers and rights in relation to Melco PBL Gaming so that 4 suitably qualified persons nominated by each Shareholder be appointed as its representatives to the board of Melco PBL Gaming (subject to such persons obtaining necessary consents of the relevant Regulatory Authority) and the parties shall cooperate to cause such nominated persons be appointed directors of Melco PBL Gaming and shall cause Melco PBL Investments Limited to exercise its powers as shareholder of Melco PBL Gaming accordingly. The Shareholders shall also agree, subject to Macau Government approval, on the appointment of the Managing Director and such person shall also hold office as a director of Melco PBL Gaming. Clause 3.3(a) shall apply to persons appointed as directors of Melco PBL Gaming and a Shareholder's right to have its representative appointed a director shall also include the right to have the relevant person removed and replaced. In relation to all matters reserved to the board of Melco PBL Gaming under clauses 5.3 and 5.8 and/or the Melco PBL Gaming Shareholders Agreement, the Shareholders shall consult with one another in advance of such matters and each Shareholder shall use all reasonable efforts to procure that their representative directors vote and act unanimously in relation thereto. Decisions of the board of Melco PBL Gaming on such reserved matters shall require the affirmative approval of at least four directors of Melco PBL Gaming or their alternates in accordance with the Melco PBL Gaming Shareholders Agreement.

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.

5.10 **Dividends and Distribution**

Subject to adoption of a change to this dividend policy pursuant to clause 5.3(k), and to any contrary provision in an approved Business Plan or Budget for any Financial Year, the Directors shall cause to be declared and the Shareholders agree to approve dividends or otherwise to cause a distribution by the Company of not less than 75 per cent of the consolidated profits of the Company and its Group available for distribution in a Financial Year, to be made after 30 March and prior to 30 June, following such Financial Year, save that no dividends shall be declared prior to 30 March 2007.

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 in accordance with clause 5.3 a Business Plan for the Company 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) dividends;

(vii) profit targets; and

(viii) 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 as 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 Macau Gaming Business as determined by the Board or such other new 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.

7.4 **Certificate of funding from Company**

Immediately after the Company has received funds from a Shareholder, the Company will issue such Shareholder a certificate (with a copy to the other Shareholder) stating the amount that the Shareholder has paid to the Company (i) in such additional funding (ii) in aggregate. Unless a Shareholder objects by a notice of objection in writing to the Company and the other Shareholder within 10 Business Days of receipt of such certificate that such certificate (as it relates to such additional funding) is inaccurate, such certificate shall be deemed to be agreed by each Shareholder and the Company. In the event that a Shareholder serves a notice of objection in relation to a certificate then such objection shall be treated as a Dispute.

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.

(e) in the light of their respective interests in the share capital of Melco PBL Gaming, use all reasonable efforts to ensure and maintain their suitability in accordance with applicable laws and regulations of Macau S.A.R. and the terms of the Subconcession.

9. MANAGEMENT OF THE COMPANY

9.1 Senior Management

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 resolved upon by the Board from time to time (which delegated authorities will be sufficient for the Chief Executive Officer to have responsibility for the day to day conduct of 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 including, without limitation, its indirect shareholding interest in Melco PBL Gaming;

(d) **corporate existence:** maintain its corporate existence;

(e) **Budget and Business Plan**: conduct its business in accordance with its current Budget and Business Plan and the Investment 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 or Regulatory Authority information required by that Government Agency or Regulatory Authority 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 party may not disclose any Confidential Information to any person, except:

(a) as a media announcement in the form agreed between the parties;

(b) 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;

(c) 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;

(d) 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

(e) 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 clauses 11(a)-(e)) is kept confidential.

12. DISPOSAL OF SHARES

12.1 No Disposal of Shares

(a) Except for a transfer to a Permitted Transferee in accordance with clauses 12.1(b) and (c) below or a transfer in accordance with the provisions of clause 13 or clause 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 Disposing of any of its Shares,

except in the manner allowed by the further provisions of this clause 12.

(b) Subject to clause 12.1(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) It is a condition of a transfer to a Permitted Transferee (which condition shall be set out in the Deed Poll entered into by the Permitted Transferee pursuant to clause 12.8) that if the Permitted Transferee ceases to be a Wholly-Owned Subsidiary of the transferring Shareholder, PBL or Melco (as the case may be) it must transfer the Shares the subject of the transfer under clause 12.1(b) and all other Shares of such Permitted Transferee to the transferring Shareholder or another of the transferring Shareholder's Permitted Transferees within 5 Business Days of the date of the Permitted Transferee ceasing to be a Wholly-Owned Subsidiary of the transferring Shareholder, PBL or Melco with the intent that if a Permitted Transferee ceases to be a Permitted Transferee, it is required to transfer all of its Shares. The failure of the Permitted Transferee to comply fully with this clause 12.1(c) is an Event of Default.

(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**

Except in the case of transfer in accordance with the provisions of clauses 5.9, 12.1(b) and (c), 13 or 18, a Shareholder must not Dispose of any of their Shares during the period commencing on 8 March 2005 (the **Original Execution Date**) and ending on the date which is 5 years from the Original Execution Date.

12.3 **Notice of Sale**

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 (c) or clauses 13 or 18), must do so only by a transfer of all the legal and beneficial interest in such Shares and shall serve a Notice of Sale on the Other Shareholder (which Notice of Sale, when served, is irrevocable, save with the consent of the Other Shareholder) specifying:

(i) **number**: the number of Sale Shares;

(ii) **price**: the sale price in cash per Sale Share in US dollars;

(iii) **terms**: any other financial terms which deal with the payment of money in relation to the proposed transfer; and

(iv) **option**: that the Other Shareholder has an option to buy from the Seller that number of Sale Shares, on the terms set out in the Notice of Sale, if that Other Shareholder complies with clause 12.4.

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 written notice to the Company and the Seller, exercise its option to buy from the Seller on the terms set out 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 Seller otherwise agrees in writing.

(b) If the Accepting Shareholder serves notice on the Seller under clause 12.4(a):

(i) the Seller must sell to the Accepting Shareholder the relevant Sale Shares free of any Security Interest; and

(ii) the Accepting Shareholder must buy the relevant Sale Shares,

on the terms set out in the Notice of Sale served under clause 12.3.

(c) On service of a notice by the Accepting Shareholder under clause 12.4(a) the sale and purchase of the Sale Shares shall take place on the day which is 30 days after the date of service of the Notice of Sale (or, if that day is not a Business Day, on or before the next Business Day) when:

(i) the Accepting Shareholder must pay the aggregate purchase price for the relevant Sale Shares in Immediately Available Funds and do all other things necessary to complete the purchase of the Sale Shares; and

(ii) against payment of the aggregate purchase price the Seller must give the Accepting Shareholder an instrument of transfer of the relevant number of Sale Shares (free of any Security Interests) signed by the Seller together with the share certificates for the Sale Shares (or a suitable indemnity in lieu of delivery of such share certificates).

(d) Subject to clause 12.9, the Company shall register the instrument of transfer referred to in clause 12.4(c) above.

(e) If the Sale Shares are all the Seller's holding of Shares, then 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 and without any claim on the Company or Group Company for loss of office. If the Sale Shares are not all the Seller's holding of Shares, then the parties shall negotiate in good faith such amendments to this Deed and to the Articles of Association as are, in the circumstances, fair and appropriate taking into account the Shareholders' respective Shareholding Proportions following the sale and on the principles that a selling (or purchasing) Shareholder should enjoy rights to appoint a Director or Directors to the Board commensurate to its Shareholding Proportion from time to time and that the Board shall have responsibility and authority for the direction of the affairs of the Company subject to limitations reasonably necessary to protect the interests of all Shareholders in their respective Shareholding Proportions from time to time.

(f) The Seller appoints the Accepting Shareholder as its attorney in accordance with clause 21 on default by the Seller of performance of any of its obligations under this clause 12.4 and the Accepting Shareholder appoints the Seller as its attorney in accordance with clause 21 on default by it of performance of any of the Accepting Shareholder's obligations under this clause 12.4, in each case with full power to execute, complete and deliver in the name of the Seller or Accepting Shareholder, as the case may be, all things necessary to complete the sale and purchase of Shares including, without limitation, to execute and deliver an instrument of transfer for the relevant Sale Shares and to receive and give good discharge for the aggregate purchase price for the relevant Sale Shares.

12.5 **Sale Shares not purchased by Other Shareholder**

(a) If a notice of exercise of its option is not received from the Other Shareholder under clause 12.4(a) to purchase all the Sale Shares, then subject to clauses 12.5(b), 12.5(c), 12.5(e) and 12.6, the Seller may offer to sell (and actually sell) the Sale Shares to any third party buyer subject to 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 financial terms, than set out in the Notice of Sale.

(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 to a third party buyer within 90 days of service of the Notice of Sale it may not sell those Sale Shares without first giving a further Notice of Sale to the other Shareholder pursuant to clause 12.3 and complying again with the further provisions of this clause 12.

(f) If the Accepting Shareholder defaults in paying for the relevant Sale Shares in accordance with clause 12.4(c) or is in other material default of its obligations under clause 12.4, then without prejudice to any other rights of the Seller or claims of the Seller against the Accepting Shareholder (including the Seller's right to treat such default as an Event of Default under clause 13.1) in connection with such default, the Seller may offer to sell and actually sell the Sale Shares to any third party buyer but is not bound to do so to mitigate its loss. The provisions of clauses 12.5(b), (c), (d), (e) and clause 12.6 shall not apply to a sale pursuant to this clause 12.5(f).

12.6 **Tag Along**

(a) If either (i) the Other Shareholder elects not to exercise its option to purchase the Sales Shares under clause 12.4(a) or (ii) the Acceptance Period expires without the Other Shareholder exercising its option 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 a third party buyer of the Sale Shares 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 the Sale Shares to a third party 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 and the purchase of Shares from the Other Shareholder is on the same terms and conditions as the third party buyer purchases any of the Sale Shares from the Seller and is on no less favourable terms as to price and other financial conditions as the terms of the relevant Notice of Sale.

(c) For the avoidance of doubt, if the Other Shareholder gives a Tag Along Notice and a third party buyer does not purchase Shares of the Other Shareholder in accordance with clause 12.6(b) the Seller may not sell any of the Sale Shares to the proposed third party 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 to this Deed 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). At the expiry of such period if any required consent has not been obtained then, the transfer shall not be completed unless:

(a) the Seller shall elect to complete the sale by a written notice delivered to the Company and transferee on or before the expiry of such period and shall deliver to each of the Company and to the Other Shareholder (including an Accepting Shareholder) a full indemnity reasonably acceptable to the Company and the Other Shareholder for any claim, loss or liability which the Company and such Other Shareholder may suffer or incur in relation to the failure to obtain a required consent for the transfer of Shares; or

(b) the Accepting Shareholder shall elect to complete the purchase by a written notice delivered to the Company and Seller not later than the next Business Day following the expiry of such period and shall deliver to each of the Company, the Seller and any Other Shareholder, a full indemnity reasonably acceptable to the Company and the Seller for any claim, loss or liability which the Company, the Seller or such Shareholder may suffer or incur as a result of the failure to obtain a required consent for the transfer of Shares;

Provided in each case no transfer shall be effected if such transfer of Shares would result in a breach of any law by the transferee or the Company, a breach of the Subconcession, or a transferee who is not suitable with regard to applicable laws and regulations of Macau S.A.R. and the terms of the Subconcession to hold an interest in the share capital of Melco PBL Gaming or result in any adverse circumstance occurring under law affecting the Company.

12.8 **New Shareholders to be bound**

A Shareholder who transfers Shares under this clause 12 must ensure that, prior to completion of any transfer, the proposed transferee executes a deed poll in the form set out in Attachment D agreeing to be bound by this Deed as if named as a party and a Shareholder.

12.9 **Refusal to register a transfer**

(a) 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.

(b) The Company shall register the transfer of any Shares made in compliance with the applicable provisions of clause 12, clauses 13 or 18 as the case may be and there shall be no requirement for the Board to approve such transfer.

12.10 **Disposal of class A shares of Melco PBL Gaming**

(a) PBLSub agrees that it shall not Dispose of its direct interest in PBL Asia Limited or its indirect interest in the class A shares of Melco PBL Gaming ("**Melco PBL Gaming Restricted Interest**") unless such Disposal is effected by an instrument of transfer to the Company or its Group Company or a transfer which has the prior written agreement of the Company or a transfer contemplated under the Financing Arrangements or a transfer pursuant to the further provisions of this clause 12.10, subject to the approval of the Macau Government.

(b) In the event that PBLSub effects a transfer of Shares (pursuant to clauses 12, 13 or 18) then, subject to applicable regulatory requirements and approvals (including Macau Government approval), PBLSub shall, if required to do so by the other Shareholder cause a sale of all of its Melco PBL Gaming Restricted Interest to the Company in the same manner as a Notice of Sale pursuant to clause 12.3 as if the sale of the Melco PBL Gaming Restricted Interest was a sale of Shares except the offer shall specify the sale price for all the Melco PBL Gaming Restricted Interest as the nominal price of HK$10 (ten Hong Kong Dollars) only unless otherwise agreed in writing by the Shareholders.

(c) The provisions of clauses 12.4, 12.5 and clauses 12.7, 12.8 and 12.9 shall apply to such sale as nearly as may be as if the sale of Melco PBL Gaming Restricted Interest was a sale of Shares and with such modification as necessary to give effect to the intent of this clause. As used in this clause 12.l0, the term "Disposal" shall have the meaning set out in Attachment A, modified so that references in such definition to "Shares" shall be read as references to "class A shares of Melco PBL Gaming".

(d) A transferring Shareholder shall not vote on resolutions of the Company and the transferring Shareholder's appointed Directors shall not vote nor shall they be required to be counted in the quorum on any matter for a decision of the Board concerning the exercise of the Company of its rights under this clause 12.10.

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 Shareholder (other than the Company) gives written notice of the breach to the party 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) **Permitted Transferee**: a Permitted Transferee fails to comply with its obligations under clause 12.1(c);

(e) **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;

(f) **Failure to maintain suitability**: a Shareholder shall fail to maintain its suitability pursuant to the laws and regulations of Macau to own an interest in the share capital of Melco PBL Gaming; or

(g) **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 Event of Default**

(a) If an Event of Default occurs, 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 C).

(d) If the Shareholders cannot agree on the identity of the Independent Expert within the time period referred to in clause 13.2(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 (or an appropriate indemnity in lieu of delivery of such 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 under this clause 13 (not arising from the status or circumstances of the transferor), then each party must use its best endeavours 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). At the expiry of such period if any required consent has not been obtained then the transfer shall not be completed unless the Non-Defaulting Shareholder shall elect to complete the sale or, as the case may be, the purchase, by a written notice delivered to the Company and the Defaulting Shareholder not later than the next Business Day following the expiry of such period and shall deliver to each of the Company and the Defaulting Shareholder, a full indemnity reasonably satisfactory to the Company and Defaulting Shareholder for any claim, loss or liability which the Company and the Defaulting Shareholder may suffer or incur as a result of the failure to obtain a required consent for the transfer of Shares Provided that no transfer shall be effected if such transfer of Shares would result in a breach of any law by the transferee or the Company, a breach of the Subconcession or a transferee who is not suitable with regard to applicable laws and regulations of Macau S.A.R. and the terms of the Subconcession, to hold an interest in the share capital of Melco PBL Gaming or result in any material adverse circumstance occurring under law affecting the Company.

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 Affiliates) 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 and its Permitted Transferees is no longer a Shareholder, that party (and its parent company guarantor) have no further rights or obligations under this Deed except under:

(a) clause 11 (Confidentiality);

(b) clause 23.2 (Costs and expenses); and

(c) a right of action or claim of or against that party which arose while the party was a Shareholder (or guarantor (as the case may be)).

For the avoidance of doubt, the terms of this clause 13.7 apply to this Deed as a whole and not only to clause 13.

14. EXCLUSIVITY

14.1 **Exclusivity**

Subject to clauses 14.2 and 15 and the Memorandum of Agreement, 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; and

(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 IN THE TERRITORY

15.1 Melco PBL Gaming

The parties agree that any Gaming Venture established in Macau S.A.R. shall be carried on by or through Melco PBL Gaming pursuant to the terms of the Subconcession.

16. MELCO GUARANTEE, INDEMNITY AND UNDERTAKING

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 clause 16.5(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, INDEMNITY AND UNDERTAKING

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 clause 17.5(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 this 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 Affiliates or Related Parties of a Melco Group Company; or

  (ii) any Group Company; or

  (iii) 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 Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to PBL, PBLSub or any other PBL Group Company, which would have, or which (in the reasonable opinion of PBL) would be likely to 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,

(both, a **PBL Regulatory Notice**)

then, notwithstanding clause 12.2, PBLSub may serve a Notice of Sale on the Other Shareholder. The Notice of Sale shall be in respect of all but not some only of its Shares unless the relevant Regulatory Authority requires a disposal of some only of its Shares to satisfy the Regulatory Authority or, as the case may be, to avoid a possible material adverse effect, directly or indirectly, from the PBL Regulatory Notice. Where the Regulatory Authority requires the sale of some only of the Shares, PBLSub may, at its discretion, serve a Notice of Sale in respect of all of its Shares or some only of its Shares in accordance with the requirements of the Regulatory Authority. Clause 12 shall apply to a Notice of Sale permitted under this clause 18.1 and the sale by PBLSub of its Shares in the Company, and clause 12.2, clause 12.5(b) and clause 12.6 shall not apply to such sale.

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 Affiliates or Related Parties of a PBL Group Company; or

(ii) any other Group Company; or

(iii) 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 Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to Melco, MelcoSub or any other Melco Group Company, which would have, or which (in the reasonable opinion of Melco) would be likely to 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,

(both, a **Melco Regulatory Notice**)

then, notwithstanding clause 12.2, MelcoSub may serve a Notice of Sale on the Other Shareholder. The Notice of Sale shall be in respect of all but not some only of MelcoSub's Shares unless the relevant Regulatory Authority requires a disposal of some only of its Shares to satisfy the Regulatory Authority or, as the case may be, to avoid a possible material adverse effect, directly or indirectly, from the Melco Regulatory Notice. Where the Regulatory Authority requires the sale of some only of the Shares, MelcoSub may, at its discretion, serve a Notice of Sale in respect of all of its Shares, or some only of its Shares in accordance with the requirements of the Regulatory Authority. Clause 12 shall apply to a Notice of Sale permitted under this clause 18.2 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.

18.3 **Appointment as Attorney**

MelcoSub and PBLSub respectively irrevocably appoint the other as its attorney in accordance with the provision of clause 21 on default by it of the performance of any of its obligations under this clause 18 and such appointment shall be deemed secured by a proprietary interest.

18.4 **Adverse Regulatory Finding**

Each party agrees that to the extent that any director or executive of such party or, as relevant, any director or executive of a Melco Group Company or of a PBL Group Company or a shareholder of such a party or such company, is subject to an adverse finding of a Regulatory Authority then the relevant party will use their best endeavours to cause the removal of such director or executive from their position or, as the case may be, to cause the disposal by such shareholder of its interests in such party or company.

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 clause 19(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 19(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), 13.2(j) or 18.3 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 and on its behalf necessary to give effect to any of the transactions contemplated by clauses 12, 13 or 18 (as necessary), such appointment being given to secure a proprietary interest of the Donee;

(b) the Appointer agrees to ratify and confirm whatever the Donee lawfully does, or causes to be done, under the appointment;

(c) the Appointer agrees to indemnify the Donee 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 Donee’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, 13 or 18.

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 clause 24.1(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 24.1(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.

24.2 **Governing law**

The laws of Hong Kong govern this Deed.

24.3 **Jurisdiction**

Each party irrevocably and unconditionally:

(a) submits to the exclusive jurisdiction of the courts of, or exercising jurisdiction in, Hong Kong; and

(b) waives any:

(i) claim or objection based on absence of jurisdiction or inconvenient forum in respect of the jurisdiction of the Hong Kong courts; and

(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 original shareholders deed dated 8 March 2005 between the parties which is cancelled and superseded by this Deed as at the date hereof, the Memorandum of Agreement and the Supplemental Deed.

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.

24.15 **Effective Date**

This Deed shall be deemed to take effect on 18 October 2006.

SIGNED AS A DEED
by **MELCO LEISURE AND**
ENTERTAINMENT GROUP LIMITED
by:

/s/	/s/
Signature of Director	Signature of Director/Secretary
Ho, Lawrence Yau Lung	Tsui Che Yin, Frank
Name of Director (print)	Name of Director/Secretary (print)

SEALED with the Common Seal of
MELCO INTERNATIONAL
DEVELOPMENT LIMITED and
SIGNED by:

[Company Seal]

/s/	/s/
Signature of Director	Signature of Director/Secretary
Ho, Lawrence Yau Lung	Tsui Che Yin, Frank
Name of Director (print)	Name of Director/Secretary (print)

SIGNED AS A DEED
by **PBL ASIA INVESTMENTS LIMITED** by:

/s/	/s/
Signature of Director	Signature of Director
Geoff Kleemann	Anthony Klok
Name of Director (print)	Name of Director (print)

SIGNED AS A DEED
PUBLISHING AND BROADCASTING LIMITED by:

/s/	/s/
Signature of Director	Signature of Company Secretary
John Alexander	Guy Jalland
Name of Director (print)	Name of Company Secretary (print)

SIGNED AS A DEED
by **MELCO PBL ENTERTAINMENT (MACAU) LIMITED** by:

/s/	/s/
Signature of Attorney	Signature of Witness
Ho, Lawrence Yau Lung	Kwok Ching Kau
Name of Attorney (print)	Name of Witness (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 Group, the budget for carrying on the business of the Company and Group Companies 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 Group, a detailed business plan for carrying on the business of the Company and Group Companies 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 Group 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.

Crown Macau Hotel means Melco PBL Hotel (Crown Macau) Limited.

Crown Macau Hotel/Casino Business means the business of building, owning and operating a five star hotel in Macau to be carried on by Great Wonders and Crown Macau Hotel with a casino and an electronic gaming lounge to be named "Crown Macau" to be operated by Melco PBL Gaming.

Deed means, this shareholders deed as restated and amended entered into between the parties as of 2006.

Default Notice has the meaning set out in clause 13.2.

Defaulting Shareholder means a Shareholder who is in default under clause 13.1 or, if the party in default is PBL, then PBLSub and if the party is default is Melco, then MelcoSub.

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 means to sell, transfer, assign, declare oneself a trustee of or part with the benefit of or otherwise dispose of any Share (or any beneficial or other interest in it or any part of it) 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 equitable or beneficial interest in the Share, including, without limitation, an equitable interest 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 voting rights or rights to appoint Directors attaching to the Share; or

(e) otherwise acquiring or having legal or equitable 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 a legal or equitable interest in the Share itself;

but excludes a transfer permitted by this Deed and excludes the creation of a Security Interest 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.

Event of Default has the meaning set out in clause 13.1.

Exclusive Business means a business of owning, operating or managing:

(a) a casino; or

(b) a gaming slots business; or

(c) a hotel with a casino.

Fair Market Value means the value determined for the purposes of clause 13.

Financial Year means:

(a) the period from 8 March 2005 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.

Financing Arrangements means the documentation for the financing of the Gaming Venture "City of Dreams" and other Gaming Ventures of the Group.

Gaming Ventures has the meaning set out in Recital B.

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.

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 from time to time. The Group Companies at the date of this Deed which are operating companies are:

(a) Melco PBL Holdings Limited;

(b) Melco PBL International;

(c) Melco PBL Entertainment;

(d) Great Wonders;

(e) Mocha Cafe;

(f) Melco Hotels;

(g) Always Prosper Investments Limited;

(h) Melco PBL (Macau Peninsula) Limited;

(i) Melco PBL Investments Limited;

(j) Melco PBL Hotel (Crown Macau) Limited;

(k) Melco PBL Gaming;

(l) Mocha Slot Management;

(m) Mocha Slot Group; and

(n) further companies incorporated from time to time as Subsidiaries of Melco PBL Entertainment (Macau) 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 of a bank licensed in Hong Kong 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.

Investment Plan means the investment plan set out in the Annex to the Subconcession.

Listing Rules means the listing rules of a Stock Exchange.

Macau Gaming Business means the Mocha Business, the Crown Macau Hotel / Casino Business and the business of Melco Hotels and such other gaming business carried on by the Group in Macau S.A.R..

Macau S.A.R. means the Macau Special Administrative Region of The People's Republic of China.

Major Shareholders means:

(a) in the case of PBL, James Packer, CPH and any Person James Packer and/or CPH Controls; and

(b) in the case of Melco, Lawrence Yau Lung Ho and any Person he Controls.

Managing Director means the individual for the time being appointed with the approval of the Macau Government as managing director and holding, by way of qualification 10% of the issued shares of Melco PBL Gaming.

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 PBL Entertainment means Melco PBL Entertainment (Greater China) Limited a company incorporated in the Cayman Islands of Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.

Melco Group Company means Melco and any entity Controlled by Melco.

Melco Hotels means Melco Hotels and Resorts (Macau) Limited (a company incorporated in Macau) of Avenida Xian Xing Hai, Edificio Zhu Kuan, 19° andar, I-J em Macau.

Melco PBL Gaming, means "Melco PBL Gaming (Macau), Limited" in English, a company incorporated under the laws of Macau to enter into the Subconcession as referred to in Recital D.

Melco PBL Gaming Restricted Interest means the registered interest of PBL Asia Limited in 1,800,000 class A shares of Melco PBL Gaming.

Melco PBL Gaming Shareholders Agreement means the Shareholders Agreement dated as of 22 November 2006 and entered into between the Managing Director, PBL Asia Limited, Melco PBL Investments Limited and Melco PBL Gaming in relation to the affairs of Melco PBL Gaming (as the same may be amended and supplemented from time to time in accordance with the terms thereof).

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.

Melco Regulatory Notice has the meaning set out in clause 18.2.

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 from time to time.

Memorandum of Agreement means the memorandum of agreement dated 5 March 2006 as amended or supplemented from time to time and made between PBL and Melco.

Mocha Business means the electronic gaming machine lounge business in Macau carried on under the name "Mocha Slot Lounge".

Mocha Cafe means Mocha Cafe Limited (a company incorporated under the laws of Macau) of Avenida Xian Xing Hai, Edificio Zhu Kuan, 19° andar, I-J em Macau (a company wholly owned by Mocha Slot Group).

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.

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).

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.

Original Execution Date has the meaning set out in clause 12.2.

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.

PBL Group Company means PBL and any entity Controlled by PBL.

PBL Regulatory Notice has the meaning set out in clause 18.1.

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 held by that Shareholder at that time bears to the total number of Shares in 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 any gaming regulatory authority, whether or not in the Territory.

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, 2nd 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.

Subconcession means the binding trilateral agreement entered into by and between the Macau S.A.R., Wynn Resorts (Macau) Limited (as concessionaire for the operation of casino games of chance and other casino games in the Macau S.A.R., under the terms of the 24th June 2002 concession contract by and between the Macau S.A.R. 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 S.A.R., 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 S.A.R., 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 S.A.R. as an autonomous subconcessionnaire in relation to Wynn Resorts (Macau) Limited.

Subscription Agreement means the subscription agreement among the Company, Melco, PBL and PBLSub, dated 23 December 2004.

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.

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 shareholders of such a governing body.

Wholly-Owned Subsidiary means, in respect of a body corporate, a body corporate:

(a) in which at least 99.99% of the shares and 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

(d) 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.

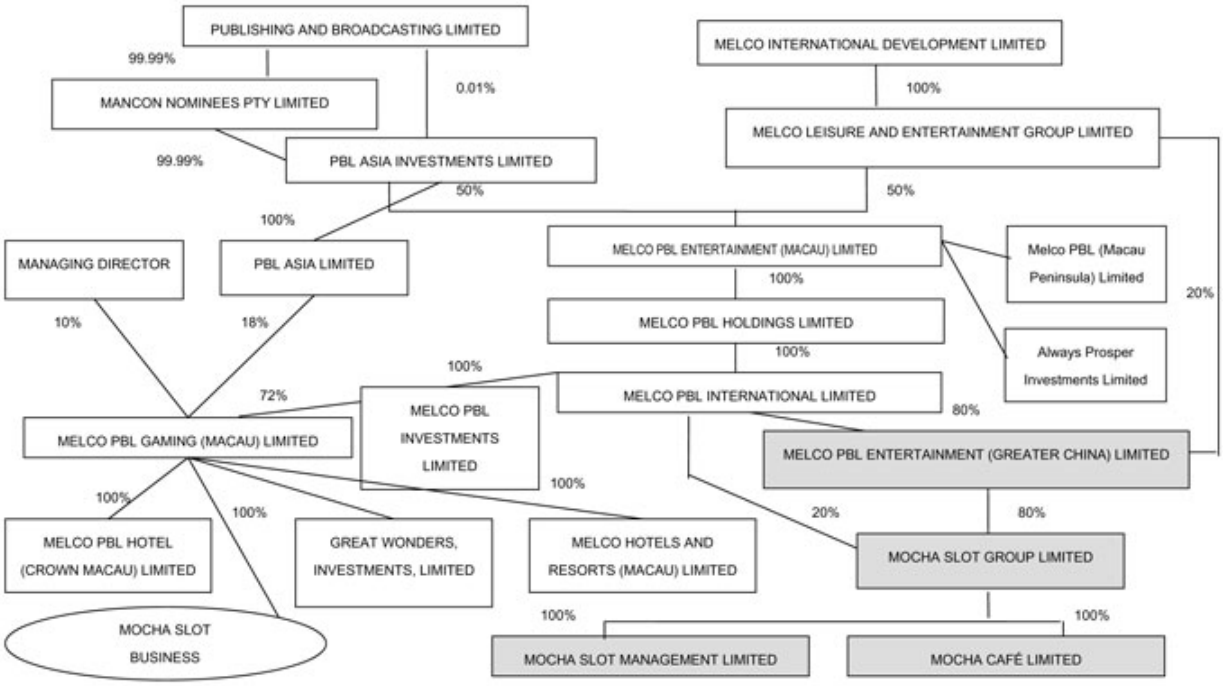
(e) Where the day on or by which something must be done is not a Business Day, that thing must be done on or by the next Business Day.

(f) Headings are for convenience only and do not affect the interpretation of this Deed.

(g) This Deed may not be construed adversely to a party just because that party prepared the Deed.

(h) 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



* Non-operating companies

ATTACHMENT C

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 D

DEED POLL

Form of Deed Poll under Clauses 12.1(c), 12.8 and 18

This Deed Poll is made on ***[DATE]*** by ***[Permitted Transferee] [third party buyer]*** in favour of each party to the Shareholders Deed among ***[Insert parties]*** as amended (***Deed***).

[Permitted Transferee] [third party buyer] covenants as follows:

1. Scope

This Deed Poll relates to Clauses 12.1(c),12.8 or 18 (as relevant) of the Deed. Words which have a meaning in the Deed have the same meanings when used in this Deed Poll except where the contrary intention appears.

2. Accession

[Permitted Transferee] [third party buyer] acknowledges and agrees for the benefit of the parties to the Deed that, effective from the ***[date of transfer / purchase of shares / Sale Shares / Put Shares]***, it shall be bound by the Deed as if:

(i) it was ***[Disposing Shareholder]***;

(ii) references to ***[Disposing Shareholder]*** include references to it; and.

(iii) ***[in case of transfer to Permitted Transferee]*** If ***[Permitted Transferee]*** ceases to be a Wholly-Owned Subsidiary of ***[Disposing Shareholder]***, it must transfer all its Shares to ***[Disposing Shareholder]*** or a Wholly-Owned Subsidiary of ***[Disposing Shareholder]*** in accordance with clause 12.1(c) of the Deed.

[NB: Consider partial sale]

3. Deed Poll

This Deed Poll is executed as a Deed Poll. Each party to the Deed has the benefit of, and is entitled to enforce this Deed Poll, in accordance with its terms.

4. Governing Law

(a) This Deed is governed by the laws of Hong Kong.

(b) ***[Permitted Transferee] [third party buyer]*** irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of, or exercising jurisdiction in, Hong Kong, for determining any dispute concerning this Deed Poll or the transactions contemplated by this Deed Poll. ***[Permitted Transferee] [third party buyer]*** waives any right it has to object to an action being brought in those courts including, but not limited to, claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

[Permitted Transferee] [third party buyer] irrevocably appoints ***[insert agent's name and address in Hong Kong]*** as its agent to receive service of process in any legal action or proceedings related to this agreement in the courts of Hong Kong.

EXECUTED and delivered as a Deed Poll in [***insert place***].

Executed for and on behalf of **[Permitted Transferee] [third party buyer]** by:

Director Signature	Director/Secretary Signature
Print Name	Print Name

AMENDED AND RESTATED SHAREHOLDERS' DEED RELATING TO MELCO PBL ENTERTAINMENT (MACAU) LIMITED

MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED

MELCO INTERNATIONAL DEVELOPMENT LIMITED

PBL ASIA INVESTMENTS LIMITED

PUBLISHING AND BROADCASTING LIMITED

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

CONTENTS

DATE:

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 38th 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 ENTERTAINMENT (MACAU) 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 Company was established as a joint venture between MelcoSub and PBLSub and is now listed on the NASDAQ (NASDAQ:MPEL) and engaged in the business of owning and operating gaming projects in Macau, S.A.R.

(B) Melco, PBL, MelcoSub, PBLSub and the Company now enter this Deed for the purpose of regulating the relationship between the parties hereto.

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 Company is a developer, owner and operator of casino gaming and entertainment resort facilities focused exclusively on the rapidly expanding market in the Territory.

2.2 Name of Company

The Company will be known as Melco PBL Entertainment (Macau) Limited or by such other name as the Board may determine.

2.3 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 a Shareholder (or the Permitted Transferees of such Shareholder) cease to hold any Shares in the Company (otherwise than by reason of a Disposal in breach of the terms of this Deed).

2.4 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; and

(b) the voting rights of each Director nominated by it to the Board, subject to the fiduciary and legal duties of such Directors, 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 and Independent Director

Unless and until otherwise determined by the Board, the number of persons to be appointed to the Board (excluding for this purpose, alternate Directors) shall be ten, of whom four shall be independent non-executive Directors.

3.2 Appointment and Removal of Directors by Shareholders

Each of MelcoSub and PBLSub may nominate up to 3 Directors from time to time and shall vote in favour of the appointment of Directors nominated by the other to the Board and shall not vote in favour of the removal of any Director so nominated by the other unless agreed otherwise by both MelcoSub and PBLSub.

3.3 Change to Number of Directors

If the number of Directors to be appointed to the Board shall be increased, then unless otherwise agreed by both MelcoSub and PBLSub, each of MelcoSub and PBLSub shall cause the number of Directors nominated and appointed by them pursuant to clause 3.2 to increase so that not less than 60 per cent of the Directors appointed to the Board from time to time shall be nominated and appointed by the Shareholders (and between themselves, each shall nominate and appoint Directors in accordance with their respective Proportionate Share). In addition, each of MelcoSub and PBLSub shall procure that the number of Directors appointed to the Board (excluding for this purpose, alternate Directors) shall not be less than ten, unless agreed otherwise by both MelcoSub and PBLSub.

4. GROUP COMPANIES

4.1 Group Companies

Each of Melco, MelcoSub, PBL and PBLSub shall exercise its voting power to procure that each Group Company (other than the Company) shall act consistently and in accordance with the determinations and directions made by the Board.

5. SHAREHOLDER OBLIGATIONS

5.1 General Obligations

Each Shareholder will:

(a) act in good faith to the other Shareholder in any transaction relating to the Company; and

(b) in the light of their respective interests in the share capital of Melco PBL Gaming, use all reasonable efforts to ensure and maintain their suitability in accordance with applicable laws and regulations of Macau S.A.R. and the terms of the Subconcession.

6. CONFIDENTIALITY

None of Melco, MelcoSub, PBL and PBLSub may disclose any Confidential Information to any person, except:

(a) as a media announcement in the form agreed between the parties;

(b) 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;

(c) as required by the Securities Acts or other applicable law or 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

(d) 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 clauses 6(a)-(d)) is kept confidential.

7. DISPOSAL OF SHARES

7.1 No Disposal of Shares

(a) Except for a transfer to a Permitted Transferee in accordance with clauses 7.1(b) and (c) below or a transfer in accordance with the provisions of clause 7.2, clause 8 or clause 13, 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 Disposing of any of its Shares

except pursuant to and in the manner allowed by the further provisions of this clause 7 PROVIDED THAT no Disposal shall be made by any Shareholder if such Disposal is a Substantial Disposal, unless otherwise agreed by the Shareholders. The restrictions on Disposal and the undertakings regarding Disposal under this clause 7 shall apply between the Shareholders whether or not relevant Shares are exempted securities or restricted securities for the purposes of the 1933 Securities Act and whether or not the Disposal would be an exempted transaction for the purposes of the 1933 Securities Act or otherwise made in compliance with the provisions of the 1933 Securities Act.

(b) Subject to clause 7.1(c), a Shareholder may transfer all of its Shares at any time to a Permitted Transferee and the provisions of clauses 7.2 to 7.6 shall not apply to such a transfer.

(c) It is a condition of a transfer to a Permitted Transferee (which condition shall be set out in the Deed Poll entered into by the Permitted Transferee pursuant to clause 7.8) that if the Permitted Transferee ceases to be a Wholly-Owned Subsidiary of the transferring Shareholder, PBL or Melco (as the case may be) it must transfer the Shares the subject of the transfer under clause 7.1(b) and all other Shares of such Permitted Transferee to the transferring Shareholder or another of the transferring Shareholder's Permitted Transferees within 5 Business Days of the date of the Permitted Transferee ceasing to be a Wholly-Owned Subsidiary of the transferring Shareholder, PBL or Melco with the intent that if a Permitted Transferee ceases to be a Permitted Transferee, it is required to transfer all of its Shares. The failure of the Permitted Transferee to comply fully with this clause 7.1(c) is an Event of Default.

7.2 **Disposal of Shares of 1 per cent in 3 month period**

(a) Subject to clause 7.2(b) and any "lock up" arrangements entered into with underwriters in connection with the Company's initial public offering, provided that the Other Shareholder is given two Business Days' prior written notice of such intended Disposal and that such Disposal is effected within five Business Days of the date of such notice (and, if applicable, such Disposal is made in accordance with Rule 144(e)(2) of the 1933 Securities Act),

(i) a Shareholder may from time to time Dispose of Shares representing up to 1 per cent of the outstanding issued Shares of the Company when taken together with Disposals of Shares by the relevant Shareholder in the preceding 3 month period; and

(ii) Melco or MelcoSub may Dispose of Shares (whether by distribution in specie or otherwise) on or around the time of the initial public offering of the Company's Shares on NASDAQ, as part of an assured entitlement distribution to their respective shareholders.

(b) Clause 7.2(a) shall not apply to permit a Disposal if:

(i) such Disposal will result in a Material Disposal; or

(ii) such Disposal will, for the avoidance of doubt, result in a Substantial Disposal.

7.3 **Notice of Proposed Sale**

(a) A Shareholder who wants to Dispose of any Shares (other than a transfer in accordance with clause 7.1 (b) or (c), 7.2(a) or clauses 8 or 13) shall consult with the Other Shareholder in good faith at the earliest reasonable opportunity and must only effect a Disposal by a transfer of all the legal and beneficial interest in such Shares. Further, such Shareholder shall serve a written notice ("**Notice of Proposed Sale**") to the Other Shareholder of such intention to effect a Disposal specifying:

(i) **number**: the number of Sale Shares proposed to be Disposed;

(ii) **price**: the sale price in cash per Sale Share in US dollars;

(iii) **terms**: any other financial terms which deal with the payment of money in relation to the proposed Disposal; and

(iv) **changes in shareholding:** whether the proposed disposal of Sale Shares will result in a Material Disposal or a Substantial Disposal; and

(v) **option**: that the Other Shareholder has an option to either (i) give a Notice to Purchase to the Seller pursuant to clause 7.4 for buying from the Seller that number of Sale Shares, on the terms set out in the Notice of Proposed Sale, or (ii) give a Tag Along Notice to the Seller pursuant to clause 7.6 for selling up to half of that number of Sale Shares to a third party buyer, as part of the proposed Disposal. The Other Shareholder shall as soon as reasonably practicable and, in any event, within the Acceptance Period exercise either option set out in this clause 7.3(a)(v).

(b) For the purposes of this clause 7, the Acceptance Period shall be five Business Days following receipt of the Notice of Proposed Sale.

(c) Where the Other Shareholder has either (i) notified the Seller in writing that it would not serve a Notice to Purchase or a Tag Along Notice or (ii) failed to serve a Notice to Purchase or a Tag Along Notice within the Acceptance Period, the Seller shall be entitled to effect a Disposal PROVIDED THAT such Disposal shall be effected in accordance with clause 7.5 below and the material terms set out in the Notice of Proposed Sale within the period proposed for the proposed Disposal.

7.4 **Exercise of Other Shareholder's option to buy Sale Shares**

(a) At any time within the Acceptance Period, the Other Shareholder may give a notice (a "**Notice to Purchase**") to the Seller that it wishes to buy from the Seller, on the same terms set out in the Notice of Proposed Sale, that number of Sale Shares identified in that notice, which must be all of the Sale Shares identified in that notice, except where the Seller otherwise agrees in writing.

(b) If the Accepting Shareholder serves a Notice to Purchase in accordance with clause 7.4(a):

(i) the Seller must sell to the Accepting Shareholder the relevant Sale Shares free of any Security Interest; and

(ii) the Accepting Shareholder must buy the relevant Sale Shares,

on the terms set out in the Notice of Proposed Sale served under clause 7.3(a).

(c) On service of a Notice to Purchase by the Accepting Shareholder under clause 7.4(a) the sale and purchase of the relevant Sale Shares shall take place on the day which is ten days after the date of service of the Notice of Proposed Sale (or, if that day is not a Business Day, on or before the next Business Day) when:

(i) the Accepting Shareholder must pay the aggregate purchase price for the relevant Sale Shares in Immediately Available Funds and do all other things necessary to complete the purchase of the Sale Shares; and

(ii) against payment of the aggregate purchase price the Seller must give the Accepting Shareholder an instrument of transfer of the relevant number of Sale Shares (free of any Security Interests) signed by the Seller together with the share certificates for the Sale Shares (or a suitable indemnity in lieu of delivery of such share certificates).

(d) The Company shall register the instrument of transfer referred to in clause 7.4(c) above.

(e) If the Sale Shares are all the Seller's holding of Shares, then 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 and without any claim on the Company or Group Company for loss of office. If the Sale Shares are not all the Seller's holding of Shares, then the parties shall negotiate in good faith such amendments to this Deed as are, in the circumstances, fair and appropriate taking into account the Shareholders' respective shareholding proportions following the sale.

(f) The Seller appoints the Accepting Shareholder as its attorney in accordance with clause 16 on default by the Seller of performance of any of its obligations under this clause 7.4 and the Accepting Shareholder appoints the Seller as its attorney in accordance with clause 16 on default by it of performance of any of the Accepting Shareholder's obligations under this clause 7.4, in each case with full power to execute, complete and deliver in the name of the Seller or Accepting Shareholder, as the case may be, all things necessary to complete the sale and purchase of Shares including, without limitation, to execute and deliver an instrument of transfer for the relevant Sale Shares and to receive and give good discharge for the aggregate purchase price for the relevant Sale Shares.

7.5 **Sale Shares not purchased by Other Shareholder**

(a) If a Notice to Purchase is not received from the Other Shareholder under clause 7.4(a) to purchase all the relevant Sale Shares offered to it, then subject to clauses 7.5(b), 7.5(c), 7.5(d) and 7.6, the Seller may offer to sell (and actually sell) such number of Sale Shares to any third party buyer subject to clause 7.7.

(b) The Seller must not sell such Sale Shares for a lower price than that specified in the Notice of Proposed Sale or otherwise on more beneficial financial terms, than set out in the Notice of Proposed Sale, except where the Seller Disposes of the Sale Shares by way of trading on NASDAQ, when the Sale Shares must not be sold on terms that are materially different from the terms of the Notice of Proposed Sale, unless agreed otherwise by the Other Shareholder. For the purposes of this clause 7.5(b), the terms of the Disposal are deemed to be materially different if the price of each Sale Shares under the Disposal is lower than the price stated in the Notice of Proposed Sale by 15% or more.

(c) The Seller must give a copy of any agreement (if any) with the third party buyer relating to such Sale Shares to the Other Shareholder within 3 days of signing the agreement. If the Seller does not sell such Sale Shares to a third party buyer within 20 Business Days of service of the Notice of Proposed Sale it may not sell such Sale Shares without first giving a further Notice of Proposed Sale to the Other Shareholder pursuant to clause 7.3 or complying again with the further provisions of this clause 7.

(d) If the Accepting Shareholder defaults in paying for the relevant Sale Shares in accordance with clause 7.4(c) or is in other material default of its obligations under clause 7.4, then without prejudice to any other rights of the Seller or claims of the Seller against the Accepting Shareholder (including the Seller's right to treat such default as an Event of Default under clause 8.1) in connection with such default, the Seller may offer to sell and actually sell such Sale Shares to any third party buyer but is not bound to do so to mitigate its loss. The provisions of clauses 7.5(b), (c), (d) and clause 7.6 shall not apply to a sale pursuant to this clause 7.5(d).

7.6 **Tag Along**

(a) The Other Shareholder may give a notice (a **Tag Along Notice**) to the Seller within the Acceptance Period that it wishes to sell to a third party buyer that number of Sale Shares identified in that notice (which must not exceed half of the total number of Sale Shares identified in the Notice of Proposed Sale) on the same terms as to price and other financial conditions as the term of the Notice of Proposed Sale, except where the Seller otherwise agrees in writing.

(b) If a Tag Along Notice is given, neither the Seller nor the Other Shareholder may sell any of the Sale Shares to a third party buyer unless:

(i) the Seller sells such number of Sale Shares identified in the Notice of Proposed Sale less the number of Sale Shares the Other Shareholder proposes to sell under the Tag Along Notice on the same terms as to price and other financial conditions as the Other Shareholder is selling under the Tag Along Notice, subject to the further provisions of this clause 7.6(b);

(ii) where the Seller and the Other Shareholder Dispose of the Sale Shares by way of trading on NASDAQ, each of the Seller and the Other Shareholder procures that its respective Shares will not be sold on terms that are materially different from the terms of the Notice of Proposed Sale, unless agreed otherwise by the Seller and the Other Shareholder;

(iii) where the Disposal is not made by way of trading on NASDAQ, the Seller procures that the proposed buyer purchases such number of Shares stated in the Tag Along Notice on the same terms and conditions as the third party buyer purchases any of the Sale Shares from the Seller and is on no less favourable terms as to price and other financial conditions as the terms of the Notice of Proposed Sale; and

(iv) the sale of Shares by the Seller and by the Other Shareholder to the proposed buyer shall be inter-conditional (where applicable) and shall be effected simultaneously.

For the purposes of this clause 7.6(b), the terms of the Disposal are deemed to be materially different if the price of each Sale Share under the Disposal is higher or lower than the price stated in the Notice of Proposed Sale by 15% or more.

(c) For the avoidance of doubt, if, in the case that the Disposal is not made by way of trading on NASDAQ, the Other Shareholder gives a Tag Along Notice and a third party buyer does not purchase Shares of such Other Shareholder in accordance with clause 7.6(b) the Seller may not sell any of the Sale Shares to the proposed third party buyer.

7.7 **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 transferor), then each of PBL, PBLSub, Melco, MelcoSub 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 7 will be extended by such period as necessary to obtain such consents (not to exceed 30 days in any event). The Company shall provide assistance in and cooperate on applying for such consent, as the Shareholders may reasonably require. At the expiry of such period if any required consent has not been obtained, then the transfer shall not be completed unless:

(a) the Seller shall elect to complete the sale by a written notice delivered to the Company and transferee on or before the expiry of such period and shall deliver to each of the Company and to the Other Shareholder (including an Accepting Shareholder) a full indemnity reasonably acceptable to the Company and the Other Shareholder for any claim, loss or liability which the Company and the Other Shareholder may suffer or incur in relation to the failure to obtain a required consent for the transfer of Shares; or

(b) the Accepting Shareholder shall elect to complete the purchase by a written notice delivered to the Company and Seller not later than the next Business Day following the expiry of such period and shall deliver to each of the Company, the Seller and any Other Shareholder, a full indemnity reasonably acceptable to the Company and the Seller for any claim, loss or liability which the Company, the Seller or such Shareholder may suffer or incur as a result of the failure to obtain a required consent for the transfer of Shares;

PROVIDED THAT in each case no transfer shall be effected if such transfer of Shares would result in a breach of any law by the transferee or the Company, a breach of the Subconcession, a breach of any arrangement with the Banking Syndicate or a transferee who is not suitable with regard to applicable laws and regulations of Macau S.A.R. and the terms of the Subconcession to hold an interest in the share capital Melco PBL Gaming or result in any adverse circumstance occurring under law affecting the Company.

7.8 **Permitted Transferees to be bound**

A Shareholder who transfers Shares to a Permitted Transferee, under clause 7.1(b) or (c) must ensure that, prior to completion of any transfer, the proposed transferee executes a deed poll in the form set out in Attachment C agreeing to be bound by this Deed as if named as a party and a Shareholder.

7.9 **Disposal of class A shares of Melco PBL Gaming**

(a) PBLSub agrees that it shall not Dispose of its direct interest in PBL Asia Limited or its indirect interest in the class A shares of Melco PBL Gaming ("**Melco PBL Gaming Restricted Interest**") unless such Disposal is effected by an instrument of transfer to the Company or its Group Company or a transfer which has the prior written agreement of the Company or transfer pursuant to the further provisions of this clause 7.9.

(b) In the event that PBLSub effects a transfer of all its Shares (pursuant to clauses 7, 8 or 13) then, subject to applicable regulatory requirements and approvals, PBLSub shall, if required to do so by the Other Shareholder cause a sale of all of its Melco PBL Gaming Restricted Interest to the Company in the same manner as a Notice of Proposed Sale pursuant to clause 7.3 as if the sale of the Melco PBL Gaming Restricted Interest was a sale of Shares except the offer shall specify the sale price for all the Melco PBL Gaming Restricted Interest as the nominal price of HK$10 (ten Hong Kong Dollars) only and that clause 7.6 shall not apply unless otherwise agreed in writing by the Shareholders.

(c) The provisions of clauses 7.4, 7.5, 7.7 and 7.8 shall apply to such sale as nearly as may be as if the sale of Melco PBL Gaming Restricted Interest was a sale of Shares and with such modification as necessary to give effect to the intent of this clause. As used in this clause 7.9, the term "Disposal" shall have the meaning set out in Attachment A, modified so that references in such definition to "Shares" shall be read as references to "class A shares of Melco PBL Gaming".

(d) A transferring Shareholder shall not vote on resolutions of the Company and the transferring Shareholder's appointed Directors shall not vote nor shall they be required to be counted in the quorum on any matter for a decision of the Board concerning the exercise of the Company of its rights under this clause 7.9.

8. EVENTS OF DEFAULT

8.1 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 Shareholder (other than the Company) gives written notice of the breach to the party 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) **Permitted Transferee:** a Permitted Transferee fails to comply with its obligations under clause 7.1(c);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 7.1(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 7.1(c); or

(ii) in respect of PBLSub or any PBLSub Transferee to which PBLSub has transferred Shares in accordance with clause 7.1(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 7.1(c).

8.2 **Process on Event of Default**

(a) If an Event of Default occurs, 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 8.

(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 B).

(d) If the Shareholders cannot agree on the identity of the Independent Expert within the time period referred to in clause 8.2(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 16 on default by it of performance of any of its obligations under this clause 8.

8.3 **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.

8.4 **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 8.2.

(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 (or an appropriate indemnity in lieu of delivery of such 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.

8.5 **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 of PBL, PBLSub, Melco, MelcoSub 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 7 will be extended by such period as necessary to obtain such consents (not to exceed 30 days in any event). The Company shall provide assistance in and cooperate on applying for such consent, as the Shareholders may reasonably require. At the expiry of such period if any required consent has not been obtained, then the transfer shall not be completed unless the Non-Defaulting Shareholder shall elect to complete the sale by a written notice delivered to the Company and Defaulting Shareholder on or before the expiry of such period and shall deliver to each of the Company and to the Defaulting Shareholder a full indemnity reasonably acceptable to the Company and the Defaulting Shareholder for any claim, loss or liability which the Company and any Defaulting Shareholder may suffer or incur in relation to the failure to obtain a required consent for the transfer of Shares;

PROVIDED THAT no transfer shall be effected if such transfer of Shares would result in a breach of any law by the Non-Defaulting Shareholder or the Company, a breach of the Subconcession, a breach of any arrangement with the Banking Syndicate, or the Non-Defaulting Shareholder is not suitable with regard to applicable laws and regulations of Macau S.A.R. and the terms of the Subconcession, to hold an interest in the share capital of Melco PBL Gaming or result in any material adverse circumstance occurring under law affecting the Company.

8.6 **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 Affiliates) 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).

8.7 **Deed no longer applies**

Once a party and its Permitted Transferees is no longer a Shareholder, that party (and its parent company guarantor) have no further rights or obligations under this Deed except under:

(a) clause 6 (Confidentiality);

(b) clause 18.2 (Costs and expenses); and

(c) a right of action or claim of or against that party which arose while the party was a Shareholder (or guarantor (as the case may be)).

For the avoidance of doubt, the terms of this clause 8.7 apply to this Deed as a whole and not only to clause 8.

9. EXCLUSIVITY

9.1 **Exclusivity**

Subject to clause 9.2, 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.

9.2 **Exceptions to Exclusivity**

Notwithstanding clause 9.1, 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; and

(b) engage in any activity which would otherwise contravene clause 9.1 if it obtains the prior written consent of the other parties.

9.3 **Injunctive Relief Period**

The parties acknowledge that damages will not be an adequate remedy for any breach of clause 9.1 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.

9.4 **Cure Period**

(a) Notwithstanding clause 9.3, a breach of clause 9.1 shall not be treated as an Event of Default by Melco, or, as the case may be, PBL, for the purposes of clause 8 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 9.4(b).

(b) On notification of a breach or on becoming aware of a breach of clause 9.1 which is within clause 9.4(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 11 or, as the case may be, clause 12, in respect of a breach of clause 9.1 which is within clause 9.4(a) or claim a Dispute under clause 14 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 9.1 in the manner and timeframe specified in clause 9.4(b) above.

10. JOINT VENTURES IN THE TERRITORY

10.1 Melco PBL Gaming

The parties agree that any gaming venture established in Macau S.A.R. shall be carried on by or through Melco PBL Gaming pursuant to the terms of the Subconcession.

11. MELCO GUARANTEE, INDEMNITY AND UNDERTAKING

11.1 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.

11.2 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.

11.3 **Extent of guarantee and indemnity**

This clause 11 applies and the obligations of Melco under clause 11 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.

11.4 **Principal and independent obligation**

(a) The guarantee under this clause 11 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 11 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.

11.5 **No competition**

(a) Subject to clause 11.5(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 11.

11.6 **Continuing guarantee and indemnity**

The guarantee under this clause 11 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 11 has been finally discharged by PBLSub.

12. PBL GUARANTEE, INDEMNITY AND UNDERTAKING

12.1 **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.

12.2 **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.

12.3 **Extent of guarantee and indemnity**

This clause 12 applies and the obligations of PBL under clause 12 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.

12.4 **Principal and independent obligation**

(a) The guarantee under this clause 12 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 12 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.

12.5 **No competition**

(a) Subject to clause 12.5(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 12.

12.6 **Continuing guarantee and indemnity**

The guarantee under this clause 12 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 this clause 12 has been finally discharged by MelcoSub.

13. NOTICE FROM A REGULATORY AUTHORITY

13.1 **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 Affiliates or Related Parties of a Melco Group Company; or

(ii) any Group Company; or

(iii) 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 Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to PBL, PBLSub or any other PBL Group Company, which would have, or which (in the reasonable opinion of PBL) would be likely to 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,

(both, a **PBL Regulatory Notice**)

(i) then, notwithstanding other provisions of this Deed, PBLSub may serve a Notice of Proposed Sale on the Other Shareholder. The Notice of Proposed Sale shall be in respect of all but not some only of its Shares unless the relevant Regulatory Authority requires a disposal of some only of its Shares to satisfy the Regulatory Authority or, as the case may be, to avoid a possible material adverse effect, directly or indirectly, from the PBL Regulatory Notice. Where the Regulatory Authority requires the sale of some only of the Shares, PBLSub may, at its discretion, serve a Notice of Proposed Sale in respect of all of its Shares or some only of its Shares in accordance with the requirements of the Regulatory Authority. Clause 7 shall apply to a Notice of Proposed Sale permitted under this clause 13.1 and the sale by PBLSub of its Shares in the Company and clauses 7.6 and 7.8 shall not apply to such sale.

13.2 **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 Affiliates or Related Parties of a PBL Group Company; or

(ii) any other Group Company; or

(iii) 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 Group Company; or

(b) a Regulatory Authority makes any decision, which is communicated to Melco, MelcoSub or any other Melco Group Company, which would have, or which (in the reasonable opinion of Melco) would be likely to 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,

(both, a **Melco Regulatory Notice**)

then, notwithstanding other provisions of this Deed, MelcoSub may serve a Notice of Proposed Sale on the Other Shareholder. The Notice of Proposed Sale shall be in respect of all but not some only of MelcoSub's Shares unless the relevant Regulatory Authority requires a disposal of some only of its Shares to satisfy the Regulatory Authority or, as the case may be, to avoid a possible material adverse effect, directly or indirectly, from the Melco Regulatory Notice. Where the Regulatory Authority requires the sale of some only of the Shares, MelcoSub may, at its discretion, serve a Notice of Proposed Sale in respect of all of its Shares, or some only of its Shares in accordance with the requirements of the Regulatory Authority. Clause 7 shall apply to a Notice of Proposed Sale as permitted under this clause 13.2 and the sale by MelcoSub of its Shares in the Company except for clauses 7.6 and 7.8 which shall not apply to such sale.

13.3 **Appointment as Attorney**

MelcoSub and PBLSub respectively irrevocably appoint the other as its attorney in accordance with the provision of clause 16 on default by it of the performance of any of its obligations under this clause 13 and such appointment shall be deemed secured by a proprietary interest.

13.4 **Adverse Regulatory Finding**

Each party agrees that to the extent that any director or executive of such party or, as relevant, any director or executive of a Melco Group Company or of a PBL Group Company or a shareholder of such a party or such company, is subject to an adverse finding of a Regulatory Authority then the relevant party will use their best endeavours to cause the removal of such director or executive from their position or, as the case may be, to cause the disposal by such shareholder of its interests in such party or company.

14. DISPUTE RESOLUTION

(a) A party must not commence court proceedings about any Dispute unless it first complies with this clause 14.

(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 14(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 14(c).

(e) Nothing in this clause 14 will prejudice the right of a party to seek urgent injunctive or declaratory relief in respect of a Dispute.

15. RELATIONSHIP BETWEEN PARTIES

This Deed does not create a relationship of employment, agency or partnership between the parties.

16. POWERS OF ATTORNEY

Each appointment of an attorney by a Shareholder (the **Appointer**) under clauses 7.4(f), 8.2(j) or 13.3 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 and on its behalf necessary to give effect to any of the transactions contemplated by clauses 7, 8 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 Donee lawfully does, or causes to be done, under the appointment;

(c) the Appointer agrees to indemnify the Donee 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 Donee'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 7, 8 or 13.

17. 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.

18. TAX, COSTS AND EXPENSES

18.1 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.

18.2 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.

18.3 Costs of performance

A party must bear the costs and expenses of performing its obligations under this Deed, unless otherwise provided in this Deed.

19. GENERAL

19.1 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 19:

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 clause 19.1(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 19.1(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.

19.2 **Governing law**

The laws of Hong Kong govern this Deed.

19.3 **Jurisdiction**

Each party irrevocably and unconditionally:

(a) submits to the exclusive jurisdiction of the courts of, or exercising jurisdiction in, Hong Kong; and

(b) waives any:

(i) claim or objection based on absence of jurisdiction or inconvenient forum in respect of the jurisdiction of the Hong Kong courts; and

(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 19.1). MelcoSub hereby appoints Melco as its agent for service of process in Hong Kong (at the address set out in clause 19.1).

19.4 **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 19.4 is not limited by any other provision of this Deed in relation to severability, invalidity or unenforceability.

19.5 **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 19.5, 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.

19.6 **Cumulative rights**

The rights and remedies of a party under this Deed do not exclude any other right or remedy provided by law.

19.7 **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.

19.8 **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.

19.9 **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 restated and amended shareholders deed dated 1 December 2006 between the parties which is amended, restated and superseded by this Deed as at the date hereof, the memorandum of agreement between PBL and Melco dated 5 March 2006 and the supplemental deed to that agreement dated 26 May 2006.

19.10 **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.

19.11 **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.

19.12 **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.

19.13 **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.

19.14 **Counterparts**

This Deed may be executed in any number of counterparts, all of which constitute one deed.

19.15 **Effective Date**

This Deed shall take effect on the date when the American depository securities representing the Company’s Shares are admitted to NASDAQ for trading.

SIGNED AS A DEED
by **MELCO LEISURE AND**
ENTERTAINMENT GROUP LIMITED
by:

Signature of Director	Signature of Director/Secretary
Name of Director (print)	Name of Director/Secretary (print)

Sealed AS A DEED
by **MELCO INTERNATIONAL**
DEVELOPMENT LIMITED by:

Signature of Director	Signature of Director/Secretary
Name of Director (print)	Name of Director/Secretary (print)

SIGNED AS A DEED
by **PBL ASIA INVESTMENTS LIMITED** by:

Signature of Director	Signature of Director
Name of Director (print)	Name of Director (print)

SIGNED AS A DEED
by **PUBLISHING AND BROADCASTING LIMITED** by:

Signature of Director	Signature of Company Secretary
Name of Director (print)	Name of Company Secretary (print)

SIGNED AS A DEED
by **MELCO PBL ENTERTAINMENT (MACAU) LIMITED** by:

Signature of Director	Signature of Director
Name of Director (print)	Name of Director (print)

ATTACHMENT A

DICTIONARY

Part 1 – Definitions

In this Deed:

Acceptance Period has the meaning given to it under clause 7.3(b).

Accepting Shareholder means a Shareholder who has offered to acquire any Sale Shares under clause 7.4(a).

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 16.

Banking Syndicate means those banking syndicates which have provided, or will provide, financing to the Company or its Subsidiaries in connection with the development of the "Crown Macau" and "City of Dreams" projects.

Board means the Board of Directors of the Company from time to time.

Business Day means a day on which banks are open for business in Hong Kong and New York but, excluding a Saturday, Sunday or public holiday.

Call Option has the meaning set out in clause 8.3.

Confidential Information means any information arising out of or in relation to the provisions of this Deed or information about the business of the Company or the Group, or about the Company or a Group 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.

CPH means Consolidated Press Holdings Limited of Level 3, 54 Park Street, Sydney, NSW 2000.

Deed means, this shareholders deed entered into between the parties as of the date appearing on the first page of this deed, as restated and amended from time to time.

Default Notice has the meaning set out in clause 8.2.

Defaulting Shareholder means a Shareholder who is in default under clause 8.1 or, if the party in default is PBL, then PBLSub and if the party is default is Melco, then MelcoSub.

Definitive Document means:

(a) this Deed; and

(b) 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 8.2(e).

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 beneficial or other interest in it or any part of it) 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 equitable or beneficial interest in the Share, including, without limitation, an equitable interest 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 voting rights or rights to appoint Directors attaching to the Share; or

(e) otherwise acquiring or having legal or equitable 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 a legal or equitable interest in the Share itself;

but excludes a transfer permitted by this Deed and excludes the creation of a Security Interest and "**Disposal**" shall be construed accordingly.

Dispute means any dispute concerning the interpretation of this Deed or the performance, observance exercise or enjoyment of rights and benefits and obligations arising out of this Deed.

Dollars, US$ means the lawful currency of the United States of America.

Donee has the meaning set out in clause 16.

Event of Default has the meaning set out in clause 8.1.

Exclusive Business means a business of owning, operating or managing:

(a) a casino; or

(b) a gaming slots business; or

(c) a hotel with a casino.

Fair Market Value means the value determined for the purposes of clause 8.

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 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 from time to time 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 of a bank licensed in Hong Kong 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:

(a) in the case of PBL, James Packer, CPH and any Person James Packer and/or CPH Controls; and

(b) in the case of Melco, Lawrence Yau Lung Ho and any Person he Controls.

Material Disposal means a Disposal (other than a Substantial Disposal) which when aggregated with any Disposals made by the relevant Shareholder would result in such shareholder having Disposed of five per cent or more of the issued and outstanding Shares of the Company.

Melco Group Company means Melco and any entity Controlled by Melco.

Melco PBL Gaming, means "Melco PBL Gaming (Macau), Limited" in English, a company incorporated under the laws of Macau and the grantee of the Sub-concession.

Melco PBL Gaming Restricted Interest means the registered interest of PBL Asia Limited in 1,800,000 class A shares of Melco PBL Gaming.

Melco Regulatory Notice has the meaning set out in clause 13.2.

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 from time to time.

Non-Defaulting Shareholder means a Shareholder who has served a Default Notice.

Notice of Proposed Sale has the meaning given to it under clause 7.3(a).

Notice to Purchase has the meaning given to it under clause 7.4(a).

Officer means, in relation to a body corporate, a director or secretary of that body corporate.

Other Shareholder means, in relation to a Notice of Proposed Sale, the Shareholder other than the Shareholder which has issued that Notice of Proposed Sale.

PBL Group Company means PBL and any entity Controlled by PBL.

PBL Regulatory Notice has the meaning set out in clause 13.1.

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 held by that Shareholder at that time bears to the total number of Shares held by the Shareholders at that time.

Put Option has the meaning set out in clause 8.3.

Regulatory Authority means any gaming regulatory authority, whether or not in the Territory including, without limitation, the Macau S.A.R. gaming regulatory authority and the gaming regulatory authorities in Victoria (Australia), Western Australia (Australia).

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.

Sale Shares means the Shares a Seller wants to Dispose of, as specified in a Notice of Proposed Sale.

Securities means shares, units, debentures, convertible notes, options and other equity or debt securities.

Securities Acts means the 1933 Securities Act and the Securities Exchange Act of 1934 of the United States of America.

1933 Securities Act means the Securities Act of 1933 of the United States of America, and the rules and regulations made thereon as amended and supplemented from time to time.

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 Proposed Sale.

Shares means the ordinary shares in the capital of the Company of US$0.01 each, and for the avoidance of doubt, include all and any shares issued in the form of American depository securities and admitted to trading on NASDAQ.

Shareholder means each of MelcoSub and PBLSub.

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.

Subconcession means the binding trilateral agreement entered into by and between the Macau S.A.R., Wynn Resorts (Macau) Limited (as concessionaire for the operation of casino games of chance and other casino games in the Macau S.A.R., under the terms of the 24th June, 2002 concession contract by and between the Macau. S.A.R. and Wynn Resorts (Macau) Limited) and Melco PBL Gaming, 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 S.A.R., Wynn Resorts (Macau) Limited and Melco PBL Gaming (the nominative administrative contract known as the subconcession contract for the operation of casino games of chance and other casino games in the Macau S.A.R., executed by Wynn Resorts (Macau) Limited and Melco PBL Gaming, to be the most significant instrument thereof,) pursuant to the terms of which Melco PBL Gaming is to exploit casino games of chance and other casino games in the Macau S.A.R. as an autonomous subconcessionaire in relation to Wynn Resorts (Macau) Limited.

Subsidiary has the same meaning as in the Section 2 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong).

Substantial Disposal means a Disposal including Disposals which are part of a series of transactions, which would result in the aggregate interests of the Shareholders in the Shares being reduced to an extent that consent from the Banking Syndicate is required to effect such Disposal or that the Company and/or the Shareholders would be deemed to be in breach of the terms of any arrangements with the Banking Syndicate.

Tag Along Notice has the meaning set out in clause 7.6(a).

Territory means Macau S.A.R..

Transfer Securities has the meaning set out in clause 8.4(b).

Transferee has the meaning set out in clause 8.4(a).

Transferor has the meaning set out in clause 8.4(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 shareholders of such a governing body.

Wholly-Owned Subsidiary means, in respect of a body corporate, a body corporate:

(a) in which at least 99.99% of the shares and 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

PRINCIPLES FOR DETERMINATION OF FAIR MARKET VALUE

The Independent Expert must determine the Fair Market Value of the Company (for the purposes of clause 8) 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) if requested by the Non-Defaulting Shareholder, not taking into account the relevant Event of Default in relation to the Defaulting Shareholder;

(e) without reference to any synergistic benefits which an acquirer might obtain from becoming the holder of all of the Shares;

(f) 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, and the trading price of the Company's Shares as quoted on NASDAQ;

(g) disregarding any diminution in value of the Company as a result of any transfer of Shares; and

(h) taking into account any other matter (not inconsistent with the above) which the Independent Expert considers is appropriate.

ATTACHMENT C

DEED POLL

Form of Deed Poll under Clause 7.1(c)

This Deed Poll is made on ***[DATE]*** by ***[Permitted Transferee]*** in favour of each party to the Shareholders Deed among ***[Insert parties]*** as amended (***Deed***).

[Permitted Transferee] covenants as follows:

1. Scope

This Deed Poll relates to Clauses 7.1(c) of the Deed. Words which have a meaning in the Deed have the same meanings when used in this Deed Poll except where the contrary intention appears.

2. Accession

[Permitted Transferee] acknowledges and agrees for the benefit of the parties to the Deed that, effective from the ***[date of transfer]***, it shall be bound by the Deed as if:

(i) it was ***[Disposing Shareholder]***;

(ii) references to ***[Disposing Shareholder]*** include references to it; and.

(iii) If ***[Permitted Transferee]*** ceases to be a Wholly-Owned Subsidiary of ***[Disposing Shareholder]***, it must transfer all its Shares to ***[Disposing Shareholder]*** or a Wholly-Owned Subsidiary of ***[Disposing Shareholder]*** in accordance with clause 7.1(c) of the Deed.

3. Deed Poll

This Deed Poll is executed as a Deed Poll. Each party to the Deed has the benefit of, and is entitled to enforce this Deed Poll, in accordance with its terms.

4. Governing Law

(a) This Deed is governed by the laws of Hong Kong.

(b) ***[Permitted Transferee]*** irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of, or exercising jurisdiction in, Hong Kong, for determining any dispute concerning this Deed Poll or the transactions contemplated by this Deed Poll. ***[Permitted Transferee]*** waives any right it has to object to an action being brought in those courts including, but not limited to, claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

[Permitted Transferee] irrevocably appoints ***[insert agent's name and address in Hong Kong]*** as its agent to receive service of process in any legal action or proceedings related to this agreement in the courts of Hong Kong.

EXECUTED and delivered as a Deed Poll in [***insert place***].

Executed for and on behalf of **[Permitted Transferee]** by:

Director Signature	Director/Secretary Signature
Print Name	Print Name

Exhibit 4.10

REGISTRATION RIGHTS AGREEMENT

by and among

MELCO PBL ENTERTAINMENT (MACAU) LIMITED,

MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED

and

PBL ASIA INVESTMENTS LIMITED

Dated: _____, 2006

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REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated _____, 2006 (this "Agreement"), among Melco PBL Entertainment (Macau) Limited, an exempted company incorporated under the laws of the Cayman Islands (the "Company"), Melco Leisure and Entertainment Group Limited, an international business company incorporated under the laws of the British Virgin Islands (the "Melco Shareholder"), and PBL Asia Investments Limited, an exempted company incorporated under the laws of the Cayman Islands (the "PBL Shareholder").

WHEREAS, the Company was established as a joint venture between the Melco Shareholder and the PBL Shareholder;

WHEREAS, the Company, the Melco Shareholder, Melco International Development Limited ("Melco"), the PBL Shareholder and Publishing and Broadcasting Limited ("PBL") are entering into the Shareholders' Deed (as hereinafter defined), pursuant to which the parties thereto have agreed to, among other things, certain first refusal and tag-along rights and certain corporate governance rights and obligations; and

WHEREAS, in connection with the Shareholders' Deed, the Company has agreed to grant registration rights with respect to the Registrable Securities (as hereinafter defined) as set forth in this Agreement.

NOW, THEREFORE, 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 hereto agree as follows:

1. Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"ADSs" means American Depositary Shares, each of which will represent a certain number of Ordinary Shares.

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Person specified.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Approved Underwriter" has the meaning set forth in Section 3(f) of this Agreement.

"Board of Directors" means the Board of Directors of the Company.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York, the Cayman Islands, Hong Kong or Macau are authorized or required by law or executive order to close.

"Closing Price" means, with respect to the Registrable Securities, as of the date of determination, (a) if the Registrable Securities are listed on a national securities exchange, the closing price per share of a Registrable Security on such date published in The Wall Street Journal (National Edition) or, if no such closing price on such date is published in The Wall Street Journal (National Edition), the average of the closing bid and asked prices on such date, as officially reported on the principal national securities exchange on which the Registrable Securities are then listed or admitted to trading; or (b) if the Registrable Securities are not then listed or admitted to trading on any national securities exchange but are designated as national market system securities by the NASD, the last trading price per share of a Registrable Security on such date; or (c) if there shall have been no trading on such date or if the Registrable Securities are not designated as national market system securities by the NASD, the average of the reported closing bid and asked prices of the Registrable Securities on such date as shown by The Nasdaq Stock Market, Inc. (or its successor) and reported by any member firm of The New York Stock Exchange, Inc. selected by the Company; or (d) if none of (a), (b) or (c) is applicable, a market price per share determined by the Board of Directors which determination shall be conclusive if made in good faith. If trading is conducted on a continuous basis on any exchange, then the closing price shall be at 4:00 P.M. New York City time.

"Commission" means the United States Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Company" has the meaning set forth in the preamble to this Agreement.

"Company Underwriter" has the meaning set forth in Section 4(a) of this Agreement.

"control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Demand Registration" has the meaning set forth in Section 3(a) of this Agreement.

"Designated Holder" means each of the Melco Shareholder and the PBL Shareholder, and any transferee of either of them to whom Registrable Securities have been transferred in accordance with Section 11(f) of this Agreement, other than a transferee to whom Registrable Securities have been transferred pursuant to a Registration Statement under the Securities Act or Rule 144 or Regulation S under the Securities Act (or any successor rule thereto).

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Exchange Act Registration" has the meaning set forth in Section 3(a) of this Agreement.

"F-3 Initiating Holders" has the meaning set forth in Section 5(a) of this Agreement.

"F-3 Registration" has the meaning set forth in Section 5(a) of this Agreement.

"Holders' Counsel" has the meaning set forth in Section 7(a)(i) of this Agreement.

"Incidental Registration" has the meaning set forth in Section 4(a) of this Agreement.

"Indemnified Party" has the meaning set forth in Section 8(c) of this Agreement.

"Indemnifying Party" has the meaning set forth in Section 8(c) of this Agreement.

"Initial Public Offering" means the initial public offering of the Ordinary Shares of the Company pursuant to an effective Registration Statement filed under the Securities Act.

"Initiating Holders" has the meaning set forth in Section 3(a) of this Agreement.

"Inspector" has the meaning set forth in Section 7(a)(vii) of this Agreement.

"IPO Effectiveness Date" means the date upon which the Company closes its Initial Public Offering.

"Liability" has the meaning set forth in Section 8(a) of this Agreement.

"Market Price" means, on any date of determination, the average of the daily Closing Price of the Registrable Securities for the immediately preceding ten (10) days on which the relevant securities exchanges or trading systems are open for trading.

"Melco" has the meaning set forth in the recitals to this Agreement.

"Melco Shareholder" has the meaning set forth in the preamble to this Agreement.

"NASD" means the National Association of Securities Dealers, Inc.

"Ordinary Share Equivalent" means any security or obligation which is by its terms, directly or indirectly, convertible, exchangeable or exercisable into or for Ordinary Shares, including, without limitation, any option, warrant or other subscription or purchase right with respect to Ordinary Shares or any Ordinary Share Equivalent.

"Ordinary Shares" means the Ordinary Shares, par value US$0.01 per share, of the Company or any other share capital of the Company into which such stock is reclassified or reconstituted and any other ordinary shares of the Company.

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, government (or an agency or political subdivision thereof) or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"PBL" has the meaning set forth in the recitals to this Agreement.

"PBL Shareholder" has the meaning set forth in the preamble to this Agreement.

"Records" has the meaning set forth in Section 7(a)(vii) of this Agreement.

"Registrable Securities" means each of the following: (a) any and all Ordinary Shares owned by the Designated Holders and any Ordinary Shares issued or issuable upon conversion of any preferred shares or exercise of any warrants acquired by any of the Designated Holders after the date hereof, (b) any other Ordinary Shares acquired or owned by any of the Designated Holders prior to the IPO Effectiveness Date, or acquired or owned by any of the Designated Holders after the IPO Effectiveness Date if such Designated Holder is an Affiliate of the Company and (c) any Ordinary Shares issued or issuable to any of the Designated Holders with respect to the Registrable Securities by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise and any Ordinary Shares or voting ordinary shares issuable upon conversion, exercise or exchange thereof.

"Registration Expenses" has the meaning set forth in Section 7(d) of this Agreement.

"Registration Statement" means a Registration Statement filed pursuant to the Securities Act.

"Rule 144" means Rule 144 under the Security Act, as such rule may be amended from time to time (or any successor rule thereto).

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Shareholders' Deed" means the Shareholders' Deed, dated the date hereof, among the Company, the Melco Shareholder, Melco, the PBL Shareholder and PBL.

"Valid Business Reason" has the meaning set forth in Section 3(a) of this Agreement.

2. General; Securities Subject to this Agreement.

(a) Grant of Rights. The Company hereby grants registration rights to the Designated Holders upon the terms and conditions set forth in this Agreement.

(b) Registrable Securities. For the purposes of this Agreement, Registrable Securities will cease to be Registrable Securities, when: (i) a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act by the Commission and such Registrable Securities have been disposed of pursuant to such effective Registration Statement; (ii) the entire amount of the Registrable Securities owned by a Designated Holder may be sold in a single sale, in the opinion of counsel satisfactory to the Company and such Designated Holder, each in their reasonable judgment, without any limitation as to volume pursuant to Rule 144; or (iii) the Registrable Securities are proposed to be sold or distributed by a Person not entitled to the registration rights granted by this Agreement.

(c) Holders of Registrable Securities. A Person is deemed to be a holder of Registrable Securities whenever such Person owns of record Registrable Securities, or holds an option to purchase, or a security convertible into or exercisable or exchangeable for, Registrable Securities, whether or not such purchase, conversion, exercise or exchange has actually been effected. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company may act upon the basis of the instructions, notice or election received from the registered owner of such Registrable Securities. Registrable Securities issuable upon exercise of an option or upon conversion, exercise or exchange of another security shall be deemed outstanding for the purposes of this Agreement.

3. Demand Registration.

(a) Request for Demand Registration. At any time commencing on the earlier to occur of (x) six (6) months after the IPO Effectiveness Date and (y) six (6) months after the Company becomes a reporting company under the Exchange Act (an "Exchange Act Registration"), the Designated Holders of at least 25% of the Registrable Securities then outstanding (the "Initiating Holders") may make a written request to the Company to register, and the Company shall use its reasonable best efforts to register, under the Securities Act (other than pursuant to a Registration Statement on Form F-4, S-4 or S-8 or any successor thereto) (a "Demand Registration"), the number of Registrable Securities stated in such request; provided, however, that the Company shall not be obligated to effect (x) more than two such Demand Registrations and (y) a Demand Registration if the Initiating Holders propose to sell their Registrable Securities at an aggregate price (calculated based upon the Market Price of the Registrable Securities on the date of filing of the Registration Statement with respect to such Registrable Securities) to the public of less than US$10,000,000 and provided further, that the Company shall not be obligated to effect any such Demand Registration if the Company has, within the six (6) month period preceding such request, already effected a Demand Registration or F-3 Registration in which all of the Registrable Securities proposed to be sold by the Initiating Holders or F-3 Initiating Holders were registered and sold pursuant to the registration statement governing such Demand Registration or F-3 Registration, as the case may be, or in which the Designated Holders had an opportunity to participate pursuant to the provisions of Section 3(b) or Section 4, other than a registration from which all or any portion of the Registrable Securities the Designated Holders requested to be included in such registration were excluded or not sold. For purposes of the preceding sentence, two or more Registration Statements filed in response to one demand shall be counted as one Demand Registration. If the Board of Directors, in its good faith judgment, determines that any registration of Registrable Securities should not be made or continued because it would be materially detrimental to the Company and its shareholders for such registration to become effective or to remain effective as long as such registration would otherwise be required to remain effective because such action would (x) materially interfere with any material financing, acquisition, corporate reorganization or merger or other material transaction involving the Company, (y) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential or (z) render the Company unable to comply with requirements under the Securities Act or Exchange Act (each, a "Valid Business Reason"), then the Company may: (i) postpone filing a Registration Statement relating to a Demand Registration until such Valid Business Reason no longer exists, but in no event for more than ninety (90) days from the date the Company receives a written request for a Demand Registration; and (ii) in case that a Registration Statement has been filed relating to a Demand Registration, if the Valid Business Reason has not resulted from actions taken by the Company, the Company, upon the approval of a majority of the Board of Directors, may cause such Registration Statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such Registration Statement. The Company shall give written notice of its determination to postpone or withdraw a Registration Statement and of the fact that the Valid Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof. Notwithstanding anything to the contrary contained herein, the Company may not postpone or withdraw a filing under this Section 3(a) more than once in any twelve (12) month period. Each request for a Demand Registration by the Initiating Holders shall state the amount of the Registrable Securities proposed to be sold and the intended method of disposition thereof.

(b) Incidental or "Piggy-Back" Rights with respect to Demand Registration. Each of the Designated Holders (other than the Initiating Holders which have requested the relevant registration under Section 3(a)) may offer its Registrable Securities under any Demand Registration pursuant to this Section 3(b). Within ten (10) days after the receipt of a request for a Demand Registration from an Initiating Holder, the Company shall (i) give written notice thereof to all of the Designated Holders (other than the Initiating Holders which have requested such registration under Section 3(a)) and (ii) subject to Section 3(e), include in such registration the Registrable Securities held by such Designated Holders from whom the Company has received a written request for inclusion therein within ten (10) days of the receipt by such Designated Holders of such written notice referred to in clause (i) above. Each such request by such Designated Holders shall specify the number of Registrable Securities proposed to be registered and the intended method of disposition thereof. The failure of any Designated Holder to respond within such 10-day period referred to in clause (ii) above shall be deemed to be a waiver of such Designated Holder's rights under this Section 3 with respect to such Demand Registration; provided, however, that any Designated Holder may waive its rights under this Section 3 prior to the expiration of such 10-day period by giving written notice to the Company, with a copy to the Initiating Holders. If a Designated Holder sends the Company a written request for inclusion of part or all of such Designated Holder's Registrable Securities in a registration, such Designated Holder shall not be entitled to withdraw or revoke such request without the prior written consent of the Company.

(c) Effective Demand Registration. The Company shall use its reasonable best efforts to cause any such Demand Registration to become and remain effective not later than 120 days after it receives a request under Section 3(a) hereof. A registration shall not constitute a Demand Registration until it has become effective and remains continuously effective for the lesser of (i) the period during which all Registrable Securities registered in the Demand Registration are sold and (ii) 120 days; provided, however, that a registration shall not constitute a Demand Registration if (x) after such Demand Registration has become effective, such registration or the related offer, sale or distribution of Registrable Securities thereunder is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason not attributable to the Initiating Holders and such interference is not thereafter eliminated or (y) the conditions specified in the underwriting agreement, if any, entered into in connection with such Demand Registration are not satisfied or waived, other than by reason of a failure by the Initiating Holders.

(d) Expenses. Subject to the terms of Section 7(d), the Company shall pay all Registration Expenses in connection with a Demand Registration, whether or not such Demand Registration becomes effective.

(e) Underwriting Procedures. If the Company or the Initiating Holders holding a majority of the Registrable Securities held by all of the Initiating Holders so elect, the Company shall use its reasonable best efforts to cause such Demand Registration to be in the form of a firm commitment underwritten offering and the managing underwriter or underwriters selected for such offering shall be the Approved Underwriter selected in accordance with Section 3(f). In connection with any Demand Registration under this Section 3 involving an underwritten offering, none of the Registrable Securities held by any Designated Holder making a request for inclusion of such Registrable Securities pursuant to Section 3(b) hereof shall be included in such underwritten offering unless such Designated Holder accepts the terms of the offering as agreed upon by the Company, the Initiating Holders and the Approved Underwriter, and then only in such quantity as will not, in the opinion of the Approved Underwriter and subject to the reductions set forth below, jeopardize the success of such offering by the Initiating Holders. If the Approved Underwriter advises the Company that the aggregate amount of Registrable Securities requested to be included in such offering is sufficiently large to have a material adverse effect on the success of such offering, then the Company shall include in such registration only the aggregate amount of Registrable Securities that the Approved Underwriter believes may be sold without any such material adverse effect and shall reduce the amount of Registrable Securities to be included in such registration, first as to the Company, and second as to the Initiating Holders and any other Designated Holders who requested to participate in such registration pursuant to Section 3(b), pro rata based on the number of Registrable Securities owned by each such Designated Holder and Initiating Holder.

(f) Selection of Underwriters. If any Demand Registration or F-3 Registration, as the case may be, of Registrable Securities is in the form of an underwritten offering, the Company shall select and retain an investment banking firm of international reputation to act as the managing underwriter of the offering (the "Approved Underwriter").

4. Incidental or "Piggy-Back" Registration.

(a) Request for Incidental Registration. At any time after the IPO Effectiveness Date or an Exchange Act Registration, if the Company proposes to file a Registration Statement under the Securities Act with respect to an offering by the Company for its own account (other than a Registration Statement on Form F-4, S-4 or S-8 or any successor thereto) or for the account of any shareholder of the Company other than the Designated Holders, then the Company shall give written notice of such proposed filing to each of the Designated Holders at least twenty (20) days before the anticipated filing date, and such notice shall describe the proposed registration and distribution and offer such Designated Holders the opportunity to register the number of Registrable Securities as each such Designated Holder may request (an "Incidental Registration"). The Company shall use its reasonable best efforts (within twenty (20) days of the notice provided for in the preceding sentence) to cause the managing underwriter or underwriters in the case of a proposed underwritten offering (the "Company Underwriter") to permit each of the Designated Holders who have requested in writing to participate in the Incidental Registration to include its Registrable Securities in such offering on the same terms and conditions as the securities of the Company or the account of such other shareholder, as the case may be, included therein. In connection with any Incidental Registration under this Section 4(a) involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the Designated Holders thereof accept the terms of the underwritten offering as agreed upon between the Company, such other shareholders, if any, and the Company Underwriter, and then only in such quantity as the Company Underwriter believes will not jeopardize the success of the offering by the Company. If the Company Underwriter determines that the registration of all or part of the Registrable Securities which the Designated Holders have requested to be included would materially and adversely affect the success of such offering, then the Company shall be required to include in such Incidental Registration, to the extent of the amount that the Company Underwriter believes may be sold without causing such material adverse effect, first, all of the securities to be offered for the account of the Company; second, the Registrable Securities to be offered for the account of the Designated Holders pursuant to this Section 4, pro rata based on the number of Registrable Securities owned by each such Designated Holder; and third, any other securities requested to be included in such offering.

(b) Expenses. Subject to the terms of Section 7(d), the Company shall bear all Registration Expenses in connection with any Incidental Registration pursuant to this Section 4, whether or not such Incidental Registration becomes effective.

5. Form F-3 Registration.

(a) Request for a Form F-3 Registration. Upon the Company becoming eligible for use of Form F-3 or S-3 (or any successor form thereto) under the Securities Act in connection with a public offering of its securities, in the event that the Company shall receive from one or more of the Designated Holders (the "F-3 Initiating Holders"), a written request that the Company register, under the Securities Act on Form F-3 or S-3 (or any successor form then in effect) (an "F-3 Registration"), all or a portion of the Registrable Securities owned by such F-3 Initiating Holders, the Company shall give written notice of such request to all of the Designated Holders (other than F-3 Initiating Holders which have requested an F-3 Registration under this Section 5(a)) at least ten (10) days before the anticipated filing date of such Form F-3 or S-3, and such notice shall describe the proposed registration and offer such Designated Holders the opportunity to register the number of Registrable Securities as each such Designated Holder may request in writing to the Company, given within ten (10) days after their receipt from the Company of the written notice of such registration. If requested by the F-3 Initiating Holders, such F-3 Registration shall be for an offering on a continuous basis pursuant to Rule 415 under the Securities Act. With respect to each F-3 Registration, the Company shall, subject to Section 5(b), (i) include in such offering the Registrable Securities of the F-3 Initiating Holders and (ii) use its reasonable best efforts to (x) cause such registration pursuant to this Section 5(a) to become and remain effective as soon as practicable, but in any event not later than ninety (90) days after it receives a request therefor and (y) include in such offering the Registrable Securities of the Designated Holders (other than F-3 Initiating Holders which have requested an F-3 Registration under this Section 5(a)) who have requested in writing to participate in such registration on the same terms and conditions as the Registrable Securities of the F-3 Initiating Holders included therein.

(b) Form F-3 Underwriting Procedures. If the F-3 Initiating Holders holding a majority of the Registrable Securities held by all of the F-3 Initiating Holders so elect, the Company shall use its reasonable best efforts to cause such F-3 Registration pursuant to this Section 5 to be in the form of a firm commitment underwritten offering and the managing underwriter or underwriters selected for such offering shall be the Approved Underwriter selected in accordance with Section 3(f). In connection with any F-3 Registration under Section 5(a) involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the Designated Holders thereof accept the terms of the underwritten offering as agreed upon between the Company, the Approved Underwriter and the F-3 Initiating Holders, and then only in such quantity as such underwriter believes will not jeopardize the success of such offering by the F-3 Initiating Holders. If the Approved Underwriter believes that the registration of all or part of the Registrable Securities which the F-3 Initiating Holders and the other Designated Holders have requested to be included would materially and adversely affect the success of such public offering, then the Company shall be required to include in the underwritten offering, to the extent of the amount that the Approved Underwriter believes may be sold without causing such material adverse effect, first, all of the Registrable Securities to be offered for the account of the F-3 Initiating Holders and the other Designated Holders who requested inclusion of their Registrable Securities pursuant to Section 5(a), pro rata based on the number of Registrable Securities owned by each such F-3 Initiating Holder and Designated Holder and second, any other securities requested to be included in such offering.

(c) Limitations on Form F-3 Registrations. If the Board of Directors has a Valid Business Reason, the Company may (i) postpone filing a Registration Statement relating to a F-3 Registration until such Valid Business Reason no longer exists, but in no event for more than ninety (90) days from the date the Company receives a written request for a F-3 Registration, and (ii) in case a Registration Statement has been filed relating to a F-3 Registration, if the Valid Business Reason has not resulted from actions taken by the Company, the Company, upon the approval of a majority of the Board of Directors, may cause such Registration Statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such Registration Statement. The Company shall give written notice of its determination to postpone or withdraw a Registration Statement and of the fact that the Valid Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof. Notwithstanding anything to the contrary contained herein, the Company may not postpone or withdraw a filing due to a Valid Business Reason more than once in any twelve (12) month period. In addition, the Company shall not be required to effect any registration pursuant to Section 5(a): (i) within ninety (90) days after the effective date of any other Registration Statement of the Company; (ii) if within the twelve (12) month period preceding the date of such request, the Company has effected two (2) registrations on Form F-3 or S-3 pursuant to Section 5(a); (iii) if Form F-3 or S-3 is not available for such offering by the F-3 Initiating Holders; (iv) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process effecting such registration, qualification or compliance; or (v) if the F-3 Initiating Holders, together with the Designated Holders registering Registrable Securities in such registration, propose to sell their Registrable Securities at an aggregate price (calculated based upon the Market Price of the Registrable Securities on the date of the filing of the Form F-3 or S-3 with respect to such Registrable Securities) to the public of less than US$10,000,000.

(d) Expenses. Subject to the terms of Section 7(d), the Company shall bear all Registration Expenses in connection with any F-3 Registration pursuant to this Section 5, whether or not such F-3 Registration becomes effective.

(e) No Demand Registration. No registration requested by any F-3 Initiating Holder pursuant to this Section 5 shall be deemed a Demand Registration pursuant to Section 3.

6. Restrictions on Public Sale by the Company. The Company agrees not to effect any public sale or distribution of any of its securities, or any securities convertible into or exchangeable or exercisable for such securities (except pursuant to registrations on Form F-4, S-4 or S-8 or any successor thereto), during the period beginning on the effective date of any Registration Statement in which the Designated Holders of Registrable Securities are participating and ending on the earlier of (i) the date on which all Registrable Securities registered on such Registration Statement are sold and (ii) 120 days after the effective date of such Registration Statement (except as part of such registration).

7. Registration Procedures.

(a) Obligations of the Company. Whenever registration of Registrable Securities has been requested pursuant to Section 3, Section 4 or Section 5 of this Agreement, the Company shall use its reasonable best efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method of distribution thereof as quickly as practicable, and in connection with any such request, the Company shall, as expeditiously as possible:

(i) prepare and file with the Commission a Registration Statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of such Registrable Securities in accordance with the intended method of distribution thereof, and use its reasonable best efforts to cause such Registration Statement to become effective; provided, however, that (x) before filing a Registration Statement or prospectus or any amendments or supplements thereto, the Company shall provide counsel selected by the Designated Holders holding a majority of the Registrable Securities being registered in such registration ("Holders' Counsel") and any other Inspector with an adequate and appropriate opportunity to review and comment on such Registration Statement and each prospectus included therein (and each amendment or supplement thereto) to be filed with the Commission, subject to such documents being under the Company's control, and (y) the Company shall notify the Holders' Counsel and each seller of Registrable Securities of any stop order issued or threatened by the Commission and take all action required to prevent the entry of such stop order or to remove it if entered;

(ii) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for the lesser of (x) 120 days and (y) such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold; provided, that if the F-3 Initiating Holders have requested that an F-3 Registration be for an offering on a continuous basis pursuant to Rule 415 under the Securities Act, then the Company shall keep such Registration Statement effective until all Registrable Securities covered by such Registration Statement have been sold; and shall comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement;

(iii) as soon as reasonably practicable, furnish to each seller of Registrable Securities, prior to filing a Registration Statement, at least one copy of such Registration Statement as is proposed to be filed, and thereafter such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto), and the prospectus included in such Registration Statement (including each preliminary prospectus) and any prospectus filed under Rule 424 under the Securities Act as each such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(iv) use its reasonable best efforts to register or qualify such Registrable Securities under such other applicable securities or "blue sky" laws of such jurisdictions as any seller of Registrable Securities may request, and to continue such qualification in effect in such jurisdiction for as long as permissible pursuant to the laws of such jurisdiction, or for as long as any such seller requests or until all of such Registrable Securities are sold, whichever is shortest, and do any and all other acts and things which may be reasonably necessary or advisable to enable any such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided, however, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 7(a)(iv), (y) subject itself to taxation in any such jurisdiction or (z) consent to general service of process in any such jurisdiction;

(v) notify each seller of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Company shall promptly prepare a supplement or amendment to such prospectus and furnish to each seller of Registrable Securities a reasonable number of copies of such supplement to or an amendment of such prospectus as may be necessary so that, after delivery to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vi) enter into and perform customary agreements (including an underwriting agreement in customary form with the Approved Underwriter or Company Underwriter, if any, selected as provided in Section 3, Section 4 or Section 5, as the case may be) and take such other actions as are prudent and reasonably required in order to expedite or facilitate the disposition of such Registrable Securities, including causing its officers to participate in "road shows" and other information meetings organized by the Approved Underwriter or Company Underwriter;

(vii) make available at reasonable times for inspection by any seller of Registrable Securities, any managing underwriter participating in any disposition of such Registrable Securities pursuant to a Registration Statement, Holders' Counsel and any attorney, accountant or other agent retained by any such seller or any managing underwriter (each, an "Inspector" and collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspectors in connection with such Registration Statement. Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (x) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the Registration Statement, (y) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction or (z) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public. Each seller of Registrable Securities agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(viii) if such sale is pursuant to an underwritten offering, use reasonable best efforts to obtain "comfort" letters dated the effective date of the Registration Statement and the date of the closing under the underwriting agreement from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "comfort" letters as Holders' Counsel or the managing underwriter reasonably requests;

(ix) use its reasonable best efforts to furnish, at the request of any seller of Registrable Securities on the date such securities are delivered to the underwriters for sale pursuant to such registration or, if such securities are not being sold through underwriters, on the date the Registration Statement with respect to such securities becomes effective, an opinion, dated such date, of counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and to the seller making such request, covering such legal matters with respect to the registration in respect of which such opinion is being given as the underwriters, if any, and such seller may reasonably request and are customarily included in such opinions;

(x) use reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable but no later than fifteen (15) months after the effective date of the Registration Statement, an earnings statement covering a period of twelve (12) months beginning after the effective date of the Registration Statement, in a manner which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xi) use its reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed; provided that the applicable listing requirements are satisfied;

(xii) keep Holders' Counsel advised in writing as to the initiation and progress of any registration under Section 3, Section 4 or Section 5 hereunder;

(xiii) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the relevant securities exchange or the NASD; and

(xiv) take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby.

(b) Seller Information. The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish, and such seller shall furnish, to the Company such information regarding the distribution of such securities as the Company may from time to time reasonably request in writing.

(c) Notice to Discontinue. Each Designated Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 7(a)(v), such Designated Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Designated Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 7(a)(v) and, if so directed by the Company, such Designated Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Designated Holder's possession, of the prospectus covering such Registrable Securities which is current at the time of receipt of such notice. If the Company shall give any such notice, then the Company shall extend the period during which such Registration Statement shall be maintained effective pursuant to this Agreement (including, without limitation, the period referred to in Section 7(a)(ii)) by the number of days during the period from and including the date of the giving of such notice pursuant to Section 7(a)(v) to and including the date when sellers of such Registrable Securities under such Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by and meeting the requirements of Section 7(a)(v).

(d) Registration Expenses. The Company shall pay all expenses arising from or incident to its performance of, or compliance with, this Agreement, including, without limitation: (i) Commission, securities exchange and NASD registration and filing fees; (ii) all fees and expenses incurred in complying with securities or "blue sky" laws (including reasonable fees, charges and disbursements of counsel to any underwriter incurred in connection with "blue sky" qualifications of the Registrable Securities as may be set forth in any underwriting agreement); (iii) all printing, messenger and delivery expenses; and (iv) the fees, charges and expenses of counsel to the Company and of its independent public accountants and any other accounting fees, charges and expenses incurred by the Company (including, without limitation, any expenses arising from any "comfort" letters or any special audits incidental to or required by any registration or qualification); provided, however, that the Company shall not be required to pay for any expenses of a Demand Registration commenced pursuant to Section 3(a) if the registration request is subsequently withdrawn at the request of the Initiating Holders (in which case all Designated Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration) other than because of (x) the existence of any facts about the Company that had not been known by the Initiating Holders at the time of the request of the Demand Registration or (y) an adverse change in market conditions, unless the Initiating Holders agree to forfeit their right to one Demand Registration pursuant to Section 3(a). All of the expenses described in the preceding sentence of this Section 7(d) are referred to herein as "Registration Expenses." The Designated Holders of Registrable Securities sold pursuant to a Registration Statement shall bear the expense of any broker's commission or underwriter's discount or commission relating to registration and sale of such Designated Holders' Registrable Securities and any fees and expenses of counsel to, or accountants or other advisors for, such Designated Holders.

8. Indemnification; Contribution.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Designated Holder, its partners, directors, officers, affiliates and each Person who controls (within the meaning of Section 15 of the Securities Act) such Designated Holder from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) (each, a "Liability" and collectively, "Liabilities"), arising out of or based upon any untrue, or allegedly untrue, statement of a material fact contained in any Registration Statement, preliminary prospectus or final prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading under the circumstances such statements were made, except insofar as such Liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission contained in such Registration Statement, preliminary prospectus or final prospectus in reliance and in conformity with information concerning such Designated Holder furnished in writing to the Company by or on behalf of such Designated Holder expressly for use therein, including, without limitation, the information furnished to the Company pursuant to Section 8(b).

(b) Indemnification by Designated Holders. In connection with any Registration Statement in which a Designated Holder is participating pursuant to Section 3, Section 4 or Section 5, each such Designated Holder shall promptly furnish to the Company in writing such information with respect to such Designated Holder as the Company may reasonably request or as may be required by law for use in connection with any such Registration Statement or prospectus and all information required to be disclosed in order to make the information previously furnished to the Company by such Designated Holder not materially misleading or necessary to cause such Registration Statement not to omit a material fact with respect to such Designated Holder necessary in order to make the statements therein not misleading. Each Designated Holder agrees to indemnify and hold harmless the Company, any underwriter retained by the Company and each Person who controls the Company or such underwriter (within the meaning of Section 15 of the Securities Act) to the same extent as the foregoing indemnity from the Company to the Designated Holders, but only if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with information with respect to such Designated Holder furnished in writing to the Company by or on behalf of such Designated Holder expressly for use in such Registration Statement or prospectus, including, without limitation, the information furnished to the Company pursuant to this Section 8(b); provided, however, that the total amount to be indemnified by such Designated Holder pursuant to this Section 8(b) shall be limited to the net proceeds received by such Designated Holder in the offering to which the Registration Statement or prospectus relates.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder (the "Indemnified Party") agrees to give prompt written notice to the indemnifying party (the "Indemnifying Party") after the receipt by the Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided, however, that the failure so to notify the Indemnifying Party shall not relieve the Indemnifying Party of any Liability that it may have to the Indemnified Party hereunder (except to the extent that the Indemnifying Party is materially prejudiced or otherwise forfeits substantive rights or defenses by reason of such failure). If notice of commencement of any such action is given to the Indemnifying Party as above provided, the Indemnifying Party shall be entitled to participate in and, to the extent it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such Indemnified Party. The Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party unless (i) the Indemnifying Party agrees to pay the same, (ii) the Indemnifying Party fails to assume the defense of such action with counsel reasonably satisfactory to the Indemnified Party or (iii) the named parties to any such action (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and such parties have been advised by such counsel that either (x) representation of such Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct or (y) there may be one or more legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party. In any of such cases, the Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Party shall not be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all Indemnified Parties. No Indemnifying Party shall be liable for any settlement entered into without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the consent of such Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which such Indemnified Party is a party and indemnity has been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability for claims that are the subject matter of such proceeding.

(d) Contribution. If the indemnification provided for in this Section 8 from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any Liabilities referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such Liabilities, as well as any other relevant equitable considerations. The relative faults of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Liabilities referred to above shall be deemed to include, subject to the limitations set forth in Sections 8(a), 8(b) and 8(c), any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding; provided that the total amount to be contributed by such Designated Holder shall be limited to the net proceeds received by such Designated Holder in the offering.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9. Additional Covenants.

(a) Rule 144. The Company covenants that from and after the IPO Effectiveness Date or an Exchange Act Registration it shall (i) file any reports required to be filed by it under the Exchange Act and (ii) take such further action as each Designated Holder may reasonably request (including, without limitation, providing any information necessary to comply with Rule 144), all to the extent required from time to time to enable such Designated Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (x) Rule 144 or Regulation S under the Securities Act or (y) any similar rules or regulations hereafter adopted by the Commission. The Company shall, upon the request of any Designated Holder, deliver to such Designated Holder a written statement as to whether it has complied with such requirements.

(b) ADSs. In the event that the Company pursues an offering or listing of ADSs in the United States, the Company will file a Registration Statement on Form F-6 which registers a number of ADSs that is sufficient to allow the Designated Holders to exercise their rights under, and sell their Registrable Securities in the United States in the manner contemplated by, Sections 3, 4 and 5 of this Agreement. In the event that the depositary of ADSs imposes any fees or expenses on any Designated Holder in connection with the deposit by such Designated Holder of its Registrable Securities in exchange for ADSs made by such Designated Holder for any reason, the Company shall pay all such fees and expenses.

10. Non-U.S. Listings. In the event that the Ordinary Shares are listed on any securities exchange outside the United States, the Company shall (i) use all reasonable and diligent efforts to cause all Ordinary Shares held by the Designated Holders to be approved for listing and freely tradable on such stock exchange, subject to any lock-ups required pursuant to the rules and regulations of the relevant exchange or applicable securities law and (ii) furnish to the Designated Holders such number of copies of prospectuses and such other documents as they may reasonably request to facilitate the disposition of Ordinary Shares by the Designated Holders on such exchange.

11. Miscellaneous.

(a) Recapitalizations, Exchanges, etc. The provisions of this Agreement shall apply to the full extent set forth herein with respect to (i) the Ordinary Shares, (ii) any and all voting shares of the Company into which the Ordinary Shares are converted, exchanged or substituted in any recapitalization or other capital reorganization by the Company and (iii) any and all equity securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in conversion of, in exchange for or in substitution of, the Ordinary Shares and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof. The Company shall cause any successor or assign (whether by merger, consolidation, sale of assets or otherwise) to enter into a new registration rights agreement with the Designated Holders on terms substantially the same as this Agreement as a condition of any such transaction.

(b) No Inconsistent Agreements. The Company represents and warrants that it has not granted to any Person the right to request or require the Company to register any securities issued by the Company, other than the rights granted to the Designated Holders herein. The Company shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Designated Holders in this Agreement or grant any additional registration rights to any Person or with respect to any securities which are not Registrable Securities which are prior in right to or inconsistent with the rights granted in this Agreement.

(c) Remedies. The Designated Holders, in addition to being entitled to exercise all rights granted by law, including recovery of damages, shall be entitled to specific performance of their rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive in any action for specific performance the defense that a remedy at law would be adequate.

(d) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless consented to in writing by (i) the Company and (ii) the Designated Holders of a majority of the Registrable Securities then outstanding. Any such written consent shall be binding upon the Company and all of the Designated Holders.

(e) Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be made by registered or certified first-class mail, return receipt requested, facsimile, courier service or personal delivery:

(i) if to the Company:

Melco PBL Entertainment (Macau) Limited
Penthouse, 38th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong
Fax: (852) 3162-3579
Attention: General Counsel

with a copy to:

Latham & Watkins LLP
41st Floor, One Exchange Square
8 Connaught Road
Central, Hong Kong
Telecopy: (852) 2522-7006
Attention: John A. Otoshi, Esq.

(ii) if to the Melco Shareholder:

Melco Leisure and Entertainment Group Limited
Penthouse, 38th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong
Fax: (852) 3162-3579
Attention: Managing Director/Company Secretary

(iii) if to the PBL Shareholder:

Walker House, Mary Street, PO Box 908GT
George Town
Grand Cayman
Cayman Islands
Fax: (345) 945-4757
Attention: The Directors

with a copy to:

PBL
Level 2
54 Park Street
Sydney NSW 2000
Australia
Fax: (61) 2-9282-8828
Attention: General Counsel

All such notices, demands and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if sent by facsimile. Any party may by notice given in accordance with this Section 10(e) designate another address or Person for receipt of notices hereunder.

(f) Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto as hereinafter provided. The rights of the Designated Holders under Sections 3, 4 and 5 will only be transferable (i) to a transferee of Ordinary Shares who is an Affiliate of a Designated Holder or (ii) with the consent of the Company. Except as provided in Section 8, no Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of a signature page of this Agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of New York, United States of America, without regard to the principles of conflicts of law thereof.

(j) Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

(k) Rules of Construction. Unless the context otherwise requires, references to sections or subsections refer to sections or subsections of this Agreement.

(l) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto with respect to the subject matter contained herein. There are no restrictions, promises, representations, warranties or undertakings with respect to the subject matter contained herein, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the parties with respect to such subject matter.

(m) Further Assurances. Each of the parties shall execute such documents and perform such further acts as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

(n) Other Agreements. Nothing contained in this Agreement shall be deemed to be a waiver of, or release from, any obligations any party hereto may have under, or any restrictions on the transfer of Registrable Securities or other securities of the Company imposed by, any other agreement including, but not limited to, the Shareholders' Deed. For the avoidance of doubt, to the extent there is any inconsistency between any provision of this Agreement and any provision of the Shareholders' Deed, the Shareholders' Deed shall prevail.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

By: _____
Name:
Title:

MELCO LEISURE AND ENTERTAINMENT GROUP LIMITED

By: _____
Name:
Title:

PBL ASIA INVESTMENTS LIMITED

By: _____
Name:
Title:

Exhibit 10.1

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "**Agreement**") is entered into as of _____, 200_ by and between Melco PBL Entertainment (Macau) Limited, a Cayman Islands company (the "**Company**") and the undersigned, a director and/or an officer of the Company ("**Indemnitee**"), as applicable.

RECITALS

The Board of Directors of the Company (the "**Board of Directors**") has determined that the inability to attract and retain highly competent persons to serve the Company is detrimental to the best interests of the Company and its shareholders and that it is reasonable and necessary for the Company to provide adequate protection to such persons against risks of claims and actions against them arising out of their services to the corporation.

AGREEMENT

In consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

A. DEFINITIONS

The following terms shall have the meanings defined below:

Expenses shall include, without limitation, damages, judgments, fines, penalties, settlements and costs, attorneys' fees and disbursements and costs of attachment or similar bond, investigations, and any other expenses paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding.

Indemnifiable Event means any event or occurrence that takes place either before or after the execution of this Agreement, related to the fact that Indemnitee is or was a director or an officer of the Company, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture or other entity, or related to anything done or not done by Indemnitee in any such capacity, including, but not limited to neglect, breach of duty, error, misstatement, misleading statement, omission, or other act done or wrongfully attempted by Indemnitee.

Participant means a person who is a party to, or witness or participant (including on appeal) in, a Proceeding.

Proceeding means any threatened, pending, or completed action, suit, arbitration or proceeding, or any inquiry, hearing or investigation, whether civil, criminal, administrative, investigative or other, including appeal, in which Indemnitee may be or may have been involved as a party or otherwise by reason of an Indemnifiable Event, including, without limitation, any threatened, pending, or completed action, suit or proceeding by or in the right of the Company.

B. AGREEMENT TO INDEMNIFY

1. General Agreement. In the event Indemnitee was, is, or becomes a Participant in, or is threatened to be made a Participant in, a Proceeding, the Company shall indemnify the Indemnitee from and against any and all Expenses which Indemnitee incurs or becomes obligated to incur in connection with such Proceeding, whether or not such Proceeding proceeds to judgment or is settled or is otherwise brought to a final disposition, to the fullest extent permitted by applicable law.

2. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding or in defense of any claim, issue or matter in such Proceeding, the Company shall indemnify Indemnitee against all Expenses incurred in connection with such Proceeding or such claim, issue or matter, whether or not such Proceeding proceeds to judgment or is settled or is otherwise brought to a final disposition, as the case may be, offset by the amount of cash, if any, received by the Indemnitee resulting from his/her success therein.

3. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of Expenses, but not for the total amount of Expenses, the Company shall indemnify the Indemnitee for the portion of such Expenses to which Indemnitee is entitled.

4. Exclusions. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification under this Agreement:

(a) to the extent that payment is actually made to Indemnitee under a valid, enforceable and collectible insurance policy;

(b) to the extent that Indemnitee is indemnified and actually paid other than pursuant to this Agreement;

(c) subject to Section C.2(a), in connection with a judicial action by or in the right of the Company, in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudicated by a court of competent jurisdiction, in a decision from which there is no further right of appeal, to be liable for knowing or willful misconduct in the performance of his/her duty to the Company unless and only to the extent that any court in which such action was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as such court shall deem proper;

(d) in connection with any Proceeding initiated by Indemnitee against the Company, any director or officer of the Company or any other party, and not by way of defense, unless (i) the Company has joined in or the Board of Directors has consented to the initiation of such Proceeding; or (ii) the Proceeding is one to enforce indemnification rights under this Agreement or any applicable law;

(e) brought about by the dishonesty or fraud of the Indemnitee seeking payment hereunder; provided, however, that the Company shall indemnify Indemnitee under this Agreement as to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his/her part, unless a judgment or other final adjudication thereof adverse to the Indemnitee establishes that he/she committed (i) acts of active and deliberate dishonesty, (ii) with actual dishonest purpose and intent, and (iii) which acts were material to the cause of action so adjudicated;

(f) for any judgment, fine or penalty which the Company is prohibited by applicable law from paying as indemnity;

(g) arising out of Indemnitee's personal income tax payable on any salaries, bonuses, director's fees, including fees for attending meetings, or gain on disposition of shares, options or restricted shares of the Company; or

5. No Employment Rights. Nothing in this Agreement is intended to create in Indemnitee any right to continued employment with the Company.

6. Contribution. If the indemnification provided in this Agreement is unavailable and may not be paid to Indemnitee for any reason other than those set forth in Section B.4, then the Company shall contribute to the amount of Expenses paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Company on the one hand and by the Indemnitee on the other hand from the transaction or events from which such Proceeding arose, and (ii) the relative fault of the Company on the one hand and of the Indemnitee on the other hand in connection with the events which resulted in such Expenses, as well as any other relevant equitable considerations. The relative benefits accruing to the Company include the benefits accruing to it and to all of its directors, officers, employees and agents (other than Indemnitee), as a group and treated as one person (the "Company Group"), and the relative benefits accruing to the Indemnitee shall be deemed to be an amount not greater than Indemnitee's compensation from the Company during the first year in which the events giving rise to such Losses or Expenses are alleged to have occurred. The relative fault of the Company shall be deemed to be the relative fault of the Company Group, and the relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses, judgments, fines or settlement amounts. The Company agrees that it would not be just and equitable if contribution pursuant to this Section B.6 were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

C. INDEMNIFICATION PROCESS

1. Notice and Cooperation By Indemnitee. Indemnitee shall, as a condition precedent to his/her right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement, provided that the delay of Indemnitee to give notice hereunder shall not prejudice any of Indemnitee's rights hereunder, unless such delay results in the Company's forfeiture of substantive rights or defenses. Notice to the Company shall be given in accordance with Section F.7 below. If, at the time of receipt of such notice, the Company has directors' and officers' liability insurance policies in effect, the Company shall give prompt notice to its insurers of the Proceeding relating to the notice. The Company shall thereafter take all necessary and desirable action to cause such insurers to pay, on behalf of Indemnitee, all Expenses payable as a result of such Proceeding. In addition, Indemnitee shall give the Company such cooperation as the Company may reasonably request and the Company shall give the Indemnitee such cooperation as the Indemnitee may reasonably request, including providing any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee or the Company, as the case may be.

2. Indemnification Payment.

(a) *Advancement of Expenses*. Indemnitee may submit a written request with reasonable particulars to the Company requesting that the Company advance to Indemnitee all Expenses that may be reasonably incurred in advance by Indemnitee in connection with a Proceeding. The Company shall, within ten (10) business days of receiving such a written request by Indemnitee, advance all requested Expenses to Indemnitee. Any excess of the advanced Expenses over the actual Expenses will be repaid to the Company.

(b) *Reimbursement of Expenses*. To the extent Indemnitee has not requested any advanced payment of Expenses from the Company, Indemnitee shall be entitled to receive reimbursement for the Expenses incurred in connection with a Proceeding from the Company as soon as practicable and, in any event, within 30 days after Indemnitee makes a written request to the Company for reimbursement unless the Company refers the indemnification request to the Reviewing Party in compliance with Section C.2(c) below.

(c) *Determination by the Reviewing Party*. If the Company reasonably believes that it is not obligated under this Agreement to indemnify the Indemnitee, the Company shall, within 10 days after the Indemnitee's written request for an advancement or reimbursement of Expenses, notify the Indemnitee that the request for advancement of Expenses or reimbursement of Expenses will be submitted to the Reviewing Party (as hereinafter defined). The Reviewing Party shall make a determination on the request within 30 days after the Indemnitee's written request for an advancement or reimbursement of Expenses. Notwithstanding anything foregoing to the contrary, in the event the Reviewing Party informs the Company that Indemnitee is not entitled to indemnification in connection with a Proceeding under this Agreement or applicable law, the Company shall be entitled to be reimbursed by Indemnitee for all the Expenses previously advanced or otherwise paid to Indemnitee in connection with such Proceeding; provided, however, that Indemnitee may bring a suit to enforce his/her indemnification right in accordance with Section C.3 below.

3. Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within 30 days after making a written demand in accordance with Section C.2 above or 50 days if the Company submits a request for advancement or reimbursement to the Reviewing Party under Section C.2(c), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court of competent jurisdiction seeking a determination by the court or challenging any determination by the Reviewing Party or with respect to any breach in any aspect of this Agreement. Unless the court determines that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous, Indemnitee shall be entitled to be paid all court costs and reasonable expenses. Any determination by the Reviewing Party not challenged by Indemnitee and any judgment entered by the court shall be binding on the Company and Indemnitee.

4. Assumption of Defense. In the event the Company is obligated under this Agreement to advance or bear any Expenses for any Proceeding against Indemnitee, the Company shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, upon delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, unless (i) the employment of counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee shall have reasonably concluded, based on written advice of counsel, that there may be a conflict of interest of such counsel retained by the Company between the Company and Indemnitee in the conduct of any such defense, or (iii) the Company ceases or terminates the employment of such counsel with respect to the defense of such Proceeding, in any of which events the fees and expenses of Indemnitee's counsel shall be at the expense of the Company. At all times, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's expense.

5. Burden of Proof and Presumptions. Upon making a request for indemnification, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption in reaching any contrary determination.

6. No Settlement Without Consent. Neither party to this Agreement shall settle any Proceeding in any manner that would impose any damage, loss, penalty or limitation on Indemnitee without the other party's written consent. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement.

7. Company Participation. Subject to Section B.6, the Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

8. Reviewing Party.

(a) For purposes of this Agreement, the Reviewing Party with respect to each indemnification request of Indemnitee that is referred by the Company pursuant to Section C.2(c) above shall be Independent Counsel, which shall make its determination in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee within 50 days after the Indemnitee's written request for an advancement or reimbursement of Expenses. If the Reviewing Party determines that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel shall act reasonably and in good faith in making a determination under this Agreement of the Indemnitee's entitlement to indemnification. Any reasonable costs or expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom to the extent as aforesaid.

(b) If the Company submits Indemnitee's request for indemnification to the Reviewing Party under Section C.2(c), the Independent Counsel shall be selected as provided in this Section C.8(b). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as defined below) shall select), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section C.8(d) of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If an Independent Counsel is not selected (without objection) within 20 days after notification by the Company to the Indemnitee under Section C.2(c), then the Board of Directors by a majority vote shall select the Independent Counsel. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting under this Agreement, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section C.8(b), regardless of the manner in which such Independent Counsel was selected or appointed.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his/her conduct was unlawful. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company and any other corporation, partnership, joint venture or other entity of which Indemnitee is or was serving at the written request of the Company as a director, officer, employee, agent or fiduciary, including financial statements, or on information supplied to Indemnitee by the officers and directors of the Company or such other corporation, partnership, joint venture or other entity in the course of their duties, or on the advice of legal counsel for the Company or such other corporation, partnership, joint venture or other entity or on information or records given or reports made to the Company or such other corporation, partnership, joint venture or other entity by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or such other corporation, partnership, joint venture or other entity. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or such other corporation, partnership, joint venture or other entity shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. The provisions of this Section C.8(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above.

(e) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

D. DIRECTOR AND OFFICER LIABILITY INSURANCE

1. Good Faith Determination. The Company shall from time to time make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses incurred in connection with their services to the Company or to ensure the Company's performance of its indemnification obligations under this Agreement. The Company shall consult with the Indemnitee before it makes a determination not to obtain and/or not to maintain such insurance.

2. Coverage of Indemnitee. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any of the Company's directors or officers.

E. NON-EXCLUSIVITY; TERM

1. Non-Exclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's memorandum and articles of association, as may be amended from time to time, applicable law or any written agreement between Indemnitee and the Company (including its subsidiaries and affiliates). The indemnification provided under this Agreement shall continue to be available to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he/she may have ceased to serve in any such capacity at the time of any Proceeding. To the extent that a change in the laws of the Cayman Islands permits greater indemnification by agreement than would be afforded under the Articles of Association or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

2. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer and/or a director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding by reason of his/her former or current capacity at the Company or any other enterprise at the Company's request, whether or not he/she is acting or serving in any such capacity at the time any Expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer and/or a director of the Company or any other enterprise at the Company's request.

F. MISCELLANEOUS

1. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided in this Agreement, no failure to exercise or any delay in exercising any right or remedy shall constitute a waiver.

2. Subrogation. In the event of payment to Indemnitee by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to bring suit to enforce such rights.

3. Assignment; Binding Effect. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party hereto without the prior written consent of the other party; except that the Company may, without such consent, assign all such rights and obligations to a successor in interest to the Company which assumes all obligations of the Company under this Agreement. Notwithstanding the foregoing, this Agreement shall be binding upon and inure to the benefit of and be enforceable by and against the parties hereto and the Company's successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns, as well as Indemnitee's spouses, heirs, and personal and legal representatives.

4. Severability and Construction. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to a court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. In addition, if any portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by applicable law. The parties hereto acknowledge that they each have opportunities to have their respective counsels review this Agreement. Accordingly, this Agreement shall be deemed to be the product of both of the parties hereto, and no ambiguity shall be construed in favor of or against either of the parties hereto.

5. Counterparts. This Agreement may be executed in two counterparts, both of which taken together shall constitute one instrument.

6. Governing Law. This agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York, U.S.A., without giving effect to conflicts of law provisions thereof.

7. Notices. All notices, demands, and other communications required or permitted under this Agreement shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed via postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

Melco PBL Entertainment (Macau)
Penthouse, 38th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: General Counsel

and to Indemnitee at his/her address last known to the Company.

8. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date first written above.

COMPANY

Melco PBL Entertainment (Macau) Limited

_____

Name:
Title:

INDEMNITEE

_____

Name:

EXHIBIT 10.2

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

DIRECTOR AGREEMENT

This Agreement is made and entered into as of _____, 2006, by and between Melco PBL Entertainment (Macau) Limited, a Cayman Islands corporation (the "**Company**"), and _____, an individual ("**Director**").

I. SERVICES

1.1 Board of Directors. For the term of this Agreement, Director shall serve as a member of the Company's Board of Directors (the "**Board**"). The Board shall consist of the Director and such other members as nominated and elected pursuant to the Company's then-current Memorandum and Articles of Association (the "**M&A**").

1.2 Director Services. Director's services to the Company hereunder shall include service on the Board to supervise the management of the business and affairs of the Company in accordance with applicable law and the M&A and such other services mutually agreed to by Director and the Company, including service on the _____ Committee, for which he will serve as Chairperson, _____ Committee and _____ Committee (the "**Director Services**").

II. COMPENSATION

2.1 Expense Reimbursement. The Company shall reimburse Director for all reasonable travel and other out-of-pocket expenses incurred in connection with the Director Services rendered by Director.

2.2 Fees to Director. The Company agrees to pay Director, quarterly in arrears: (i) US$[_____] per year for the Director Services; and (ii) US$[_____] per Board or any Committee meeting that Director attends. [In addition, the Company agrees to pay Director US$[_____] per year for serving as the Chairperson of the [_____] Committee.] In the event Director ceases to serve on the Board for any reason, Director shall be entitled to the pro rata portion of the annual fee for the number of months he has served on the Board in any given year.

2.3 Director and Officer Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any of the Company's directors or officers for the term of this Agreement and, if such insurance is maintained by the Company, for five years following expiration of the term of this Agreement.

III. DUTIES OF DIRECTOR

3.1 Fiduciary Duties. In fulfilling his managerial responsibilities, Director shall act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3.2 Confidentiality.

3.2.1 Confidential Information. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, or, if the Agreement is terminated pursuant to Section 5.2, for a period of one (1) year following the Termination Date, Director shall maintain in strict confidence all information he has obtained or shall obtain from the Company which the Company has designated as "confidential" or which is, by its nature confidential, relating to the Company's business, operations, properties, assets, services, condition (financial or otherwise), liabilities, employee relations, customers (including customer usage statistics), suppliers, prospects, technology, or trade secrets, except to the extent such information (i) is in the public domain through no act or omission of the Director (ii) is required to be disclosed by law or a valid order by a court or other governmental body, or (iii) is independently learned by Director outside of this relationship ("**Confidential Information**").

3.3 Nondisclosure and Nonuse Obligations. Director will use the Confidential Information solely to perform the Director Services for the benefit of the Company. Director will treat all Confidential Information of the Company with the same degree of care as Director accords to Director's own confidential information, and Director will use its best efforts to protect the Confidential Information. Director will not use the Confidential Information for his own benefit or the benefit of any other person or entity, except as may be specifically permitted in this Agreement. Director will immediately give notice to the Company of any unauthorized use or disclosure by or through him, or of which he becomes aware, of the Confidential Information. Director agrees to assist the Company in remedying any such unauthorized use or disclosure of the Confidential Information.

3.4 Return of Company Property. All materials furnished to Director by the Company, whether delivered to Director by the Company or made by Director in the performance of Director Services under this Agreement ("**Company Property**") are the sole and exclusive property of the Company. Director agrees to promptly deliver the original and any copies of Company Property to the Company at any time upon the Company's request. Upon termination of this Agreement by either party for any reason, Director agrees to promptly deliver to the Company or destroy, at the Company's option, the original and any copies of Company Property. Director agrees to certify in writing that Director has so returned or destroyed all such Company Property.

IV. COVENANTS OF DIRECTOR

4.1 Noninterference with Business. During the term of this Agreement, and for a period of one (1) year after the Expiration Date, or, if the Agreement is terminated pursuant to Section 5.2, for a period of one (1) year following the Termination Date, Director agrees not to interfere with the business of the Company in any manner. By way of example and not of limitation, Director agrees not to solicit or induce any employee, independent contractor, customer or supplier of the Company to terminate or breach his or her employment, contractual or other relationship with the Company.

V. TERM AND TERMINATION

5.1 Term. This Agreement shall be effective immediately upon the SEC's declaration of effectiveness of the Company's registration statement on Form F-1 and will continue until the date on which Director ceases to be a member of the Board for any reason (the "**Expiration Date**").

5.2 Termination. Either party may terminate this Agreement at any time by giving written notice to the other party (the "**Termination Date**").

5.3 Survival. The rights and obligations contained in Articles III and IV will survive any termination or expiration of this Agreement.

VI. MISCELLANEOUS

6.1 Assignment. Except as expressly permitted by this Agreement, neither party shall assign, delegate, or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

6.2 Access to Information. The Company shall maintain copies of all Board resolutions and minutes in connection with the Director Services, including copies of all papers and other materials presented at any Board meeting in connection with the Director Services, and provide access to any such information upon reasonable request from time to time by Director during the term of this Agreement, and, to the extent reasonably requested in connection with any proceeding or action for which Director may seek indemnification from the Company, for five years following the expiration of the term of this Agreement.

6.3 No Waiver. The failure of any party to insist upon the strict observance and performance of the terms of this Agreement shall not be deemed a waiver of other obligations hereunder, nor shall it be considered a future or continuing waiver of the same terms.

6.4 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses set forth on the signature page of this Agreement or such other address as either party may specify in writing.

6.5 Governing Law. This Agreement shall be governed in all respects by the laws of Hong Kong Special Administrative Region of the People's Republic of China, without regard to conflicts of law principles thereof.

6.6 Severability. Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

6.7 Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The terms of this Agreement will govern all Director Services undertaken by Director for the Company.

6.8 Amendments. This Agreement may only be amended, modified or changed by an agreement signed by the Company and Director. The terms contained herein may not be altered, supplemented or interpreted by any course of dealing or practices.

6.9 Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Company:
Address:
Penthouse, 38th Floor, The Centrium
60 Wyndham Street
Central
Hong Kong
Fax: +852-3162-3579

Melco PBL Entertainment (Macau) Limited

By: _____
Name:
Title:

Director:
Address:

_____
Name:

PRIVATE AND CONFIDENTIAL

PBL Entertainment (Macau) Limited
For the attention of:
Geoff Kleemann, Director

Melco International Development Limited
For the attention of:
Clarence Chung, Chief Financial Officer and Samuel Tsang, Group Legal Counsel and Company Secretary

Publishing and Broadcasting Limited
For the attention of:
Geoff Kleemann, Chief Financial Officer

4 September 2006

Dear Sirs

City of Dreams - US$1,600 Million Senior Secured Term Loan Facilities

Commitment Letter

We, ANZ Investment Bank, Bank of America, Barclays Capital and Deutsche Bank (the "**Coordinating Lead Arrangers"**), have pleasure in setting out the terms and conditions upon which we will arrange and underwrite credit facilities of up to US$1,600 million (the "**Facilities**") to be provided to PBL Entertainment (Macau) Limited (the "**Company**") and Melco Hotels and Resorts (Macau) Limited (the "**Project Company**") (together, the "**Borrowers**") in relation to the financing of the acquisition by the Company of a subconcession from Wynn Resorts (Macau), S.A. and the Macau SAR for the operation of games of fortune or chance and other games in casinos in Macau (the "**Subconcession**" and such facility the "**Subconcession Facility**") and the refinancing of the Subconcession Facility and the financing of the City of Dreams Project and the Hotel/Apartment Project (together the "**Project**" and such facilities respectively, the City of Dreams Project Facility and the Hotel/Apartment Facility described in the attached summary terms and conditions (the "**Term Sheet**"), and together the "**Project Facilities**") sponsored by Publishing and Broadcasting Limited ("**PBL**") and Melco International Development Limited ("**Melco**") (together, the "**Sponsors**").

Words and expressions defined in the Term Sheet and the final draft Term Facility Agreement (the "**Subconcession Facility Agreement**") attached to this letter shall (unless otherwise defined in this letter) have the same meaning when used in this letter. References to (i) ANZ Investment Bank means the investment banking division of Australia and New Zealand Banking Group Limited (together with ANZ Investment Bank, "**ANZ Bank**"); (ii) Bank of America means Banc of America Securities Asia Limited and any of the other members of the group of companies controlled by Bank of America of America N.A. (together, "**Bank of America**"); (iii) Barclays Capital means the investment banking division of Barclays Bank PLC (together with Barclays Capital, "**Barclays**"); and (iv) Deutsche Bank means Deutsche Bank AG, Hong Kong Branch and the other members of the group of companies controlled by Deutsche Bank AG (together, "**Deutsche Bank**").

1. Appointment and Status

The Borrowers appoint the Coordinating Lead Arrangers to act exclusively as the arrangers and underwriters of the Facilities on the basis of the terms and conditions set out in this letter, the Term Sheet, the Subconcession Facility Agreement, the Sponsor Guarantees and the attached fee letters (each, a "**Fee Letter**") (this letter, the Term Sheet as amended by agreement between the parties to this letter from time to time, the Subconcession Facility Agreement, the Sponsor Guarantees and the Fee Letters, together the "**Mandate Documents**"). The Coordinating Lead Arrangers agree to underwrite the Facilities on a several (but not joint) basis, in equal 25% shares.

The Borrowers and the Sponsors agree not to appoint any other institution in connection with the arranging or underwriting of the Facilities or the financing of the subconcession or the Project or to award any institution any fees, title or role in connection with the Facilities without the prior written consent of the Coordinating Lead Arrangers.

2. Conditions

The arranging and underwriting commitment contained in this letter is subject to:

(a) compliance by the Borrowers and the Sponsors with the terms of each Mandate Document to which it is a party;

(b) in the case of the Project Facilities, completion, prior to entry into the loan agreements and intercreditor, guarantee, security and associated documentation for the Project Facilities (the "**Project Facility Documents**") (but subject always to the terms thereof), of reasonable legal, market (including the gaming and hotel market in Macau), technical, environmental, insurance, tax, accounting, valuation and regulatory due diligence and receipt of final due diligence reports addressed to (or with reliance letters addressed to) the Coordinating Lead Arrangers from the following independent consultants:

(i) market due diligence report from The Innovation Group;

(ii) technical and environmental due diligence report from Franklin & Andrews (Hong Kong) Ltd.;

(iii) insurance due diligence report from [Jardine Lloyd Thompson];

(iv) hotel market due diligence report from HVS International;

(v) financial model audit report from [Deloitte Touche Tohmatsu]; and

(vi) Project appraisal report from [HVS International],

the results being in all respects satisfactory to each of the Coordinating Lead Arrangers.

(c) in the case of the Project Facilities, but subject always to the terms of the Project Facility Documents, the implementation of the Corporate Restructuring and the execution and delivery of, and compliance with, the Project Documents referred to in the Term Sheet;

(d) in the case of the Project Facilities, the Coordinating Lead Arrangers are, acting reasonably, satisfied with the financial model, including agreement on the assumptions and the compatibility of the assumptions with the Project Documents and the Project Facility Documents;

(e) in the case of the Project Facilities, the Coordinating Lead Arrangers are, acting reasonably, satisfied with the Project budget and the level of contingencies therein;

(f) in the case of the Project Facilities, negotiation, execution and delivery of, and, to the extent entered into, compliance with the Subconcession Facility Agreement, the Sponsor Guarantees, the Project Facility Documents and associated documentation referred to therein, including legal opinions (together the "**Facility Documents**"), satisfactory to the Coordinating Lead Arrangers and the Borrowers;

(g) in the case of the Project Facilities, receipt, prior to entry into of, or on or before the relevant utilisations under, the Project Facility Documents (but subject always to the terms thereof), of required government and other approvals in respect of the Project Documents and the Project Facility Documents and the Corporate Restructuring and the transactions contemplated therein;

(h) in the case of the Project Facilities, none of the written factual information relating to the Project, the Crown Macau Project, the Mocha Slot Business, proposed Excluded Projects, the Corporate Restructuring, the Borrowers, their direct and indirect subsidiaries, shareholders and other affiliates, the High Yield Bond, the Permitted Public Offering or either of the Sponsors provided by or on behalf of the Borrowers or the Sponsors (or any of their respective advisors) or any written factual representation made by the Borrowers or the Sponsors (or any of their respective advisors) in each case prior to the date of this letter having been inaccurate or misleading as at the date stated in any material respect save to the extent that any such information has been updated by further information provided prior to the date of this letter;

(i) receipt of final credit approvals of the Coordinating Lead Arrangers in respect of the Mandate Documents and the Project Facilities;

(j) receipt, prior to completion of Syndication (as defined below), of credit ratings in respect of the Borrower group (other than any Excluded Subsidiaries) from S&P and Moody's;

(k) receipt by the Coordinating Lead Arrangers of each Fee Letter signed by the Borrowers and the Sponsors; and

(l) the Coordinating Lead Arrangers being granted the right to provide all interest rate and foreign exchange currency hedging (if any) required under the hedging programme agreed with the Borrowers for the Facilities and Melco PBL International Limited for the High Yield Bond (including that contemplated by the Term Sheet).

Should a Coordinating Lead Arranger determine that any of these conditions has not been met, it will inform the Borrower, the Sponsors and each of the other Coordinating Lead Arrangers.

3. Fees and Expenses

In consideration of the Coordinating Lead Arrangers arranging and underwriting the Facilities (subject to the terms of this letter), the Borrowers, failing which the Sponsors, agrees to pay the fees set out in each of the Fee Letters.

The Borrowers, failing which the Sponsors, agree to reimburse the Coordinating Lead Arrangers in the manner set out below in this paragraph 3 for all reasonable costs and expenses (including, but not limited to, legal fees, advisers' fees, syndication, due diligence and travelling expenses) incurred by the Coordinating Lead Arrangers in connection with the Facilities provided that no out-of-pocket expense or disbursement (save for the fees and expenses of the consultants mentioned below) in excess of US$20,000 shall be incurred without the prior consent of a Borrower or the Sponsors (such consent not to be unreasonably withheld or delayed).

The advisers are expected to include:

(a) international and local legal counsel – Clifford Chance and Henrique Saldanha Advogados & Notarios;

(b) gaming market consultant – The Innovation Group;

(c) technical and environmental consultant – Franklin & Andrews (Hong Kong) Ltd.;

(d) insurance consultant – [Jardine Lloyd Thompson];

(e) property market consultant – Savills (services completed);

(f) hotel market consultant – HVS International;

(g) financial model auditor – [Deloitte Touche Tohmatsu]; and

(h) Project appraisor - [HVS International].

The Borrowers, failing which the Sponsors, agree to reimburse all such costs and expenses within 10 Business Days of presentation by the Coordinating Lead Arrangers of a detailed statement of account. They shall reimburse such costs and expenses irrespective of whether or not any of the Facility Documents are signed unless (in respect of any such costs and expenses incurred after such termination) this letter is terminated by the Sponsors or the Borrowers pursuant to paragraph 15. Without prejudice to any outstanding claim, the obligations hereunder shall be replaced and superseded by the reimbursement or other payment of costs obligations under the Facility Documents with effect from the date of signing thereof. The Coordinating Lead Arrangers shall also provide to the Sponsors a monthly summary of the costs and expenses incurred by them in connection with the Facilities.

All payments to be made by the Borrowers or the Sponsors under this letter or either Fee Letter shall be made without set-off or counterclaim and free and clear of, and (save as required by law) without any deduction for, taxes, duties or withholdings of whatever nature (other than taxes on overall net income or profits). Should any such deduction be required by law, the amount of the relevant payment shall be increased to the extent necessary to ensure that the recipient receives a sum net of any deduction or withholding equal to the sum which it would have received had no such deduction been required to be made.

4. Syndication

The Borrowers and the Sponsors undertake to take all such action as the Coordinating Lead Arrangers shall reasonably request to assist the Coordinating Lead Arrangers in effecting the satisfactory syndication of the Project Facilities ("**Syndication**") for a period commencing on the date hereof and ending on the earlier of (i) the completion of Syndication to the satisfaction of the Coordinating Lead Arrangers (such date to be determined by the Coordinating Lead Arrangers and agreed to by the Borrowers and the Sponsors) and (ii) 30 June 2007 (or such later date as the parties to this letter may agree) (such date, the "**Syndication Date**"). This assistance shall include:

(a) providing such information by the Borrowers and the Sponsors as may be reasonably required or deemed necessary by the Coordinating Lead Arrangers in connection with Syndication, including any information reasonably required for the preparation of the Information Memorandum referred to at paragraph 5 below including financial projections and the assumptions on which these are based;

(b) making available the senior management of the Borrowers and the Sponsors for the purposes of making presentations and site visits to, and/or holding meetings with, proposed new lenders at such times as may be mutually agreed within the agreed timetable for Syndication; and

(c) making introductions to banks with whom the Sponsors and their respective subsidiaries have a relationship, and using reasonable efforts to ensure that Syndication of the Facilities benefits from the Sponsors' existing relationship banks.

The Coordinating Lead Arrangers shall use reasonable efforts to complete Syndication by 30th April 2007.

5. Information Memorandum

The Coordinating Lead Arrangers agree to assist in the preparation and distribution of an Information Memorandum to be provided to prospective lenders (subject to those lenders giving confidentiality undertakings substantially in the form recommended by the Asia Pacific Loan Market Association or, in the case of any prospective US institutional lender, as customary in that market). The Information Memorandum shall, to the extent permitted by relevant applicable laws and regulations (including any applicable restrictions on disclosing information issued by any relevant stock exchange or securities regulatory body) contain all relevant information about the Project, the Crown Macau Project, the Mocha Slot Business, proposed Excluded Projects, the Corporate Restructuring, the Borrowers, their direct and indirect subsidiaries, shareholders and other affiliates, the High Yield Bond, the Permitted Public Offering and the Sponsors and their respective subsidiaries and the use to which the proceeds of the Facilities, the High Yield Bond and the Permitted Public Offering will be applied, including (subject always to the foregoing) all such information that the Coordinating Lead Arrangers may reasonably request. The final version of the Information Memorandum (together with a variation excluding financial projections and other material non-public information) and any additional or supporting information to be distributed to prospective lenders, will be approved by the Borrowers prior to distribution.

The Borrowers and the Sponsors will be responsible for the accuracy of the contents of the Information Memorandum (including any variation) and agree to make a representation to that effect in the Facility Documents and provide a separate letter of acknowledgement to the Coordinating Lead Arrangers and to the lenders in the Facilities that, to the best of their knowledge having made all reasonable enquiries and save as specified therein, the factual information in the Information Memorandum (including any variation) at its stated date of issue or, as the case may be, the date stated therein in respect of such information, was true and accurate in all material respects and not misleading in any material respect, and that all projections and/or statements of belief contained therein were prepared in good faith based upon historical information and reasonable assumptions at the stated date of issue of the Information Memorandum or such variation (or such other date expressly specified in the Information Memorandum or such variation in relation thereto as the date of preparation thereof).

The Information Memorandum (including any variation) will not be independently verified by the Coordinating Lead Arrangers.

6. Clear Market

To ensure an orderly and successful syndication, from the date hereof until 30 April 2007, the Borrowers and the Sponsors shall ensure that:

(a) none of the Borrowers, the Guarantors nor any of their subsidiaries (together, but excluding any Excluded Subsidiaries, the "**Group**") shall raise or attempt to raise any debt finance in the international or any domestic debt markets, whether of a syndicated or bilateral nature (other than the High Yield Bond by Melco PBL International Limited ("**Melco PBL International**") and working capital or trade facilities in an aggregate amount of not more than US$5 million for use by the Company in connection with the Mocha Slots business acquired by it pursuant to the Corporate Restructuring); and

(b) no other Sponsor Group Shareholder or any affiliate thereof, raises or attempts to raise any such debt finance other than utilisation of existing credit lines (or any renewal thereof) to fund Equity, the repayment or security for which, or the making of any other payment in connection with which, is related to the performance of or otherwise involves the Company, the Project Company, the Project or the Group (other than the HK$1,370 million project financing of the Crown Macau Project and, subject to the Coordinating Lead Arrangers being informed of the proposed arrangers and lenders thereof, the proposed US$100 million debt finance for the purposes of the Third Casino Company project),

which, in either case, in the reasonable opinion of the Coordinating Lead Arrangers, might reasonably be expected to have the effect of prejudicing successful Syndication, without the prior agreement of the Coordinating Lead Arrangers.

7. Material Adverse Change

The underwriting commitment under this letter is also subject to there being, in the Coordinating Lead Arrangers' reasonable opinion since the date hereof:

(a) no material adverse change or disruption (or continuation of the same) in or affecting the Macau, Hong Kong, Australian or United States domestic or international capital markets or in the political, financial or economic climate generally in respect of Macau, Hong Kong, Australia or the United States;

(b) no material adverse change in the economic or technical viability of the Project or any substantial part thereof; or

(c) no material adverse change in the business or financial condition of the Borrowers or the Guarantors (taken as a whole) or the Sponsors (since, in the case of the latter, that represented in their respective then latest published financial statements),

which, in the Coordinating Lead Arrangers' reasonable opinion, might reasonably be expected to have a material adverse effect on successful Syndication.

8. Market Flex

At any time after 31 December 2006, the Coordinating Lead Arrangers shall be entitled to change the amount, pricing, terms or structure of the Facilities if they reasonably determine that such changes are advisable in order to ensure a successful Syndication. The provisions in this paragraph 8 shall not be superseded by the terms of any of the Facility Documents and shall remain in full force and effect until the Syndication Date.

9. Confidentiality

Each of the Borrowers, the Sponsors and the Coordinating Lead Arrangers agrees that this letter, the terms and conditions of the Mandate Documents, the Facility Documents and information provided already or hereafter provided by any of the other parties hereto (collectively "**Information**") are confidential and are not to be disclosed to or relied upon by anyone else, except with the prior written consent of the other parties and except that any of the Borrowers or the Sponsors and the Coordinating Lead Arrangers may disclose any Information or any copy thereof:

(a) to its professional advisers and other persons providing services to it for the purposes of the Facilities;

(b) save for any Fee Letter, to prospective lenders (subject to their having given confidentiality undertakings substantially in the form recommended by the Asia Pacific Loan Market Association or, in the case of any US institutional lender, as is customary in that market so as to provide materially similar confidentiality protection), as contemplated by paragraph 5 above;

(c) to anyone else to the extent required by law or regulation;

(d) (in the case of the Borrowers or the Sponsors) to the extent necessary, to the Macau authorities;

(e) to any of their affiliates, head office or branches on the basis that such affiliate, head office or branch will keep such information confidential;

(f) to the extent that such terms and conditions are in or subsequently enter the public domain other than as a consequence of breach of any undertaking under this letter or any Facility Documents by any party thereto;

(g) in any legal proceedings arising out of or in connection with this letter or any of the Facility Documents; or

(h) to the extent expressly permitted under the terms of the Facility Documents,

provided that (in the case of (b) and (c) (i) the disclosing party shall give the other parties reasonable prior notice of any intended disclosure pursuant to the foregoing to the extent practicable to give prior notice (or, if not practicable, promptly after such disclosure), in each case to the extent that the giving of such prior notice (or, as the case may be, subsequent notice) is not contrary to the requirements of any applicable law, stock exchange or government or other regulatory authority and (ii) the disclosing party shall, if requested by any of the other parties, take into account the comments of such party. All reasonable steps shall be taken by the parties to (1) ensure that their respective directors, officers, employees, agents shall keep and (2) request their accountants, attorneys and other advisers to keep such terms and conditions confidential on the foregoing basis.

None of the Coordinating Lead Arrangers or its affiliates will use Information obtained from the Borrowers, the Sponsors or any of their respective affiliates by virtue of the transactions contemplated by this letter or each Coordinating Lead Arranger's other relationships with the Borrowers, the Sponsors or any of their respective affiliates in connection with the performance by the Coordinating Lead Arrangers or each of its affiliates of services for other companies, or furnish any such information to any such other companies in connection with the performance of such services.

Without prejudice to any outstanding claims, the obligations under this paragraph 9 shall be superseded and replaced by the confidentiality undertakings under the relevant Project Facility Documents with effect from the respective date of signing thereof.

10. Publicity

The Coordinating Lead Arrangers, the Borrowers and the Sponsors agree that they will not make, or permit or procure any other person to make, any announcement or disclosure of any details of the transactions contemplated by the Mandate Documents without first obtaining the prior written consent of the other parties hereto (such consent not to be unreasonably withheld or delayed).

11. Indemnity

The Borrowers, failing which the Sponsors, agree to indemnify and hold harmless the Coordinating Lead Arrangers (and their respective directors, officers, employees and agents) (each an "**Indemnified Person**") against any loss, liability, cost or expense (including the reasonable fees and expenses of counsel to such Indemnified Person):

(a) incurred by any Indemnified Person in connection with any breach by the Borrowers or either Sponsor of the terms of the Mandate Documents to which it is a party excluding and without prejudice to the provisions of the Subconcession Facility Agreement; or

(b) incurred by or awarded against any Indemnified Person and arising out of or in connection with any claims, investigation, litigation or proceeding (or the preparation of any defence with respect thereto) commenced or threatened in relation to the Mandate Documents to which it is a party excluding and without prejudice to the provisions of the Subconcession Facility Agreement (or the transactions contemplated hereby or thereby) or use of the proceeds of any of the Facilities,

except to the extent resulting directly from the gross negligence or wilful misconduct of such Indemnified Person.

Each Indemnified Person shall have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce its rights against the Borrowers and the Sponsors under this paragraph 11 except that the consent of any such Indemnified Person is not required for any variation (including any release or compromise of any liability hereunder) or to the termination of this letter.

Without prejudice to any outstanding claims, the obligations under this paragraph 11 shall be superseded and replaced by the indemnity obligations under the relevant Project Facility Documents with effect from the respective date of signing thereof.

12. Conflicts

The Borrowers and the Sponsors acknowledge that the Coordinating Lead Arrangers or their affiliates may provide debt financing, equity capital, advisory or other services to other persons with whom the Borrowers or the Sponsors may have conflicting interests in respect of the Facilities in this or other transactions.

The Borrowers and the Sponsors acknowledge that the Coordinating Lead Arrangers or their affiliates may act in more than one capacity in relation to this transaction and may have conflicting interests in respect of such different capacities.

However, the Coordinating Lead Arrangers represent that they have and will continue to maintain in place such procedures that ensure that Information (including all Information provided by or on behalf of the Borrowers, the Sponsors or any of their affiliates at the request of the Coordinating Lead Arrangers in connection with the Facilities and the Project pursuant only to this letter) obtained from the Borrowers, the Sponsors or any of their affiliates will not be made available directly or indirectly by any person to the customers of the Coordinating Lead Arrangers or any of their respective affiliates or any other person.

The Coordinating Lead Arrangers shall not (and shall procure that none of their respective affiliates or any of their respective directors, officers, employees and agents shall not) use confidential information obtained from or on behalf of the Borrowers or the Sponsors or any of their affiliates for the purpose of the Facilities in connection with providing services to other persons or furnish such information to such other persons.

The Borrowers and the Sponsors acknowledge that the Coordinating Lead Arrangers have no obligation to use any information obtained from another source for the purposes of the Facilities or to furnish such information to the Borrowers or Sponsors.

13. Delegation

The Coordinating Lead Arrangers reserve the right to employ the services of their affiliates in providing services contemplated by the Mandate Documents (subject to first providing details of such arrangements to the Sponsors) and to allocate, in whole or in part, to such affiliates the fees payable under the Mandate Documents in such manner as such Coordinating Lead Arranger or its affiliate(s) may agree in their sole discretion (but that the Coordinating Lead Arrangers shall nevertheless remain liable to the Borrowers and the Sponsors for the provision of the services contemplated by the Mandate Documents). The Borrowers and the Sponsors acknowledge that the Coordinating Lead Arrangers and their respective affiliates may, subject to the obligations in paragraph 9, share with each other any information related to them, the Group, the Project or the Facilities or any of the other matters contemplated by or referred to in the Mandate Documents, subject to the terms of paragraph 9. Any such affiliate shall have the right under the Contracts (Rights

of Third Parties) Act 1999 to rely on this paragraph 13 except that the consent of any such affiliate is not required for any variation (including any release or compromise of any liability hereunder) or to the termination of this letter.

14. Assignments

Save as provided therein, none of the Borrowers, the Sponsors nor any of the Coordinating Lead Arrangers shall assign any of their respective rights or transfer any of their respective rights or obligations under the Mandate Documents to which it is a party without the prior written consent of each of the other parties.

15. Termination

The appointment hereunder (and the Coordinating Lead Arrangers' arranging and underwriting commitment) shall terminate if:

(a) Project Facility Documents acceptable to the Coordinating Lead Arrangers and the Borrowers are not signed on or before 30 June 2007 and notice in writing is given by the party hereto who wishes to terminate to the other parties (unless otherwise extended by agreement between all parties hereto); or

(b) Any of the Borrowers or the Sponsors, on the one hand, or the Coordinating Lead Arrangers on the other hand breach any term of the Mandate Documents to which it is party and notice in writing to terminate is given by the Coordinating Lead Arrangers (in the case of a breach by the Borrowers or Sponsors) or by the Sponsors (in the case of a breach by any of the Coordinating Lead Arrangers) as the case may be to the other parties (unless otherwise extended by agreement between all parties hereto); or

(c) upon notice from any Coordinating Lead Arrangers if any written factual information provided by the Borrowers, the Sponsors or their advisers to the Coordinating Lead Arrangers or their respective advisers proves to have been inaccurate or misleading in any material respect at the time provided or, as the case may be, the date stated, or any written projection and/or statement of belief provided by the Borrowers, the Sponsors or their advisers to the Coordinating Lead Arrangers or their respective advisers proves not to have been prepared in good faith or not to have been based on reasonable assumptions at the time of its preparation; or

(d) upon notice from any Coordinating Lead Arranger if the Borrowers or the Sponsors fails to disclose facts or information to the Coordinating Lead Arrangers which, at the time of such failure, might reasonably have been expected to have had a material adverse effect on their decision to arrange or underwrite the Facilities.

To the extent not superseded by obligations in respect of such matters under the Facility Documents, the obligations of the parties under paragraphs 3, 9, 10 and 11 headed respectively "Fees and Expenses", "Confidentiality", "Publicity" and "Indemnity" will (subject to the terms of those paragraphs) survive the termination (for whatever reason) of the Coordinating Lead Arrangers' obligations set out in this letter.

16. Miscellaneous

This letter may be signed in a number of counterparts, which shall have the same effect as if the signatories on the counterparts were on a single copy of the letter. Save as expressly provided in paragraphs 11 and 13 above, a person who is not a party to this letter may not enforce any of its terms.

Save in respect of any claim which may be outstanding thereunder, the parties acknowledge generally that the provisions of the Mandate Letter dated 26 May 2006 (including the confidentiality undertakings referred to in the second sub-paragraph of paragraph 4 thereof, which the Sponsors shall procure to release) shall be replaced and superseded by the provisions hereof.

17. Governing Law

This letter shall be construed in accordance with, and this letter and all claims arising in connection with it shall be governed by, English law.

18. Submission to Jurisdiction

The Borrowers and the Sponsors and the Coordinating Lead Arrangers irrevocably submit to the jurisdiction of the English courts for the purpose of hearing and determining any dispute arising out of this letter.

19. Severability

Any obligation or liability ("**Liability**") of the Sponsors contained in this letter or the Fee Letters shall be borne, and each Sponsor shall only be liable to the Coordinating Lead Arrangers, severally in a maximum amount equal to 100% in the case of PBL or, following the Partial Release Date (as defined in the Sponsor Guarantee (as defined in the Subconcession Facility Agreement) granted by PBL), 50% in the case of PBL and 50% in the case of Melco of such Liability.

****

Please sign and return the enclosed copy of this letter on or before 5 September 2006, failing which this arranging and underwriting offer will lapse unless it has been extended in writing by the Coordinating Lead Arrangers. We look forward to working with you on this transaction.

Yours faithfully,

For and on behalf of **ANZ INVESTMENT BANK**
the investment banking division of **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED**

By: /s/
Name Vikas Batra
Position Executive Director & Head of Project & Structure Finance, Asia

Date 4 September 2006

For and on behalf of **BANK OF AMERICA**

By: /s/
Name Russell McCormack
Position Principal, Syndicated Capital Markets

Date 4 September 2006

For and on behalf of **BARCLAYS CAPITAL**,
the investment banking division of **BARCLAYS BANK PLC**

By: /s/
Name Robin Gibbons
Position Director, Global Loans

Date 4 September 2006

For and on behalf of **DEUTSCHE BANK AG, HONG KONG BRANCH**

By: /s/
Name Kyoko Murai
Position Director

Date 4 September 2006

By: /s/
Name Chris Gammons
Position Managing Director,
Head of Debt Products

Date 4 September 2006

We agree to the terms set out above.

PBL Entertainment (Macau) Limited

By: /s/
Name Geoff Kleemann
Position Director

Date 4 September 2006

We agree to the terms set out above.

Melco International Development Limited

By: /s/
Name Clarence Chung
Position Chief Financial Officer

Date 4 September 2006

We agree to the terms set out above.

Publishing and Broadcasting Limited

By: /s/
Name Geoff Kleemann
Position Chief Financial Officer
Date 4 September 2006

Illustrative Summary Terms & Conditions[1]

*The following Illustrative Summary Terms & Conditions (**"Term Sheet**") is for discussion purposes only and nothing expressed or implied herein shall be construed as an offer to arrange or provide financing. Any such commitment shall be advised separately and is subject to the terms of the Commitment Letter to which this Term Sheet is attached.*

Sponsors	Publishing & Broadcasting Limited ("**PBL**") and Melco International Development Limited ("**Melco**").
Lessee	PBL Entertainment (Macau) Limited ("**PBL Macau**"), the subconcessionaire and operator of Licensee gaming businesses (in premises leased from the Lessors) under the terms of a gaming subconcession agreement (the "**Subconcession**") to be granted by Wynn Resorts and approved and adopted by the Macau SAR government (the "**Macau SAR**").
Lessors and Lease Arrangements	The Macau based gaming businesses jointly conducted by the Sponsors, and to initially comprise: (a) Mocha Slots electronic gaming machine lounges currently managed by Mocha Slot Group Limited and its subsidiaries (which business, under the brand name "Mocha Slot Club", the premises leases[2], the gaming equipment and other assets thereof will, after the completion of the acquisition of the Subconcession and approval of the Macau SAR, be transferred to PBL Macau pursuant to the Corporate Restructuring); (b) Crown Macau owned by Great Wonders, Investments, Limited ("**Great Wonders**"); and (c) City of Dreams owned by Melco Hotels and Resorts (Macau) Limited ("**Melco Hotels**", which, together with Great Wonders, will also be transferred to and become a subsidiary of PBL Macau as part of the Corporate Restructuring). The existing ownership of PBL Macau and other companies referred to above and the proposed steps in the Corporate Restructuring are set out in the attached corporate restructuring memorandum. The Sponsors have also announced their intention to build and operate a third casino project in Macau to be held by a third casino company which will be a direct or indirect, wholly owned subsidiary of Melco PBL Entertainment (Macau) Limited ("**Melco PBL Entertainment**") but not a subsidiary of Melco PBL International Limited ("**Melco PBL International**") and so outside the Primary Obligor group (the "**Third Casino Company**").

[1] In addition to definitions defined in the text of this term sheet, additional definitions are set out in the Schedule hereto.

[2] Details to be confirmed in Finance Documents.

The CLAs understand that:[3]

(a) gaming business of existing and future Macanese projects will be operated by PBL Macau in premises leased by it under lease agreements (each a "**Lease Agreement**") from sister companies which are (save in the case of Crown Macau and City of Dreams) direct or indirect, wholly owned subsidiaries of Melco PBL Entertainment outside the Primary Obligor group or, potentially, third parties outside the Melco PBL Entertainment group (each, together with Great Wonders and Melco Hotels, a "**Lessor**" and each such project, other than City of Dreams, an "**Excluded Project**" but, in relation to Crown Macau, see footnote 10);[4]

(b) the Lease Agreements will be on terms which have been notified to the Lenders in advance and which:

[(i) provide that the Lessor will be responsible for (and indemnify PBL Macau in relation to) all costs and liabilities in respect of the ownership, development, fit out and operation of each project;

(ii) ensure compliance by PBL Macau with all relevant Subconcession requirements insofar as such Subconcession requirements are relevant to the Lease Agreement or Excluded Project of such Lessor;

(iii) limit any recourse against PBL Macau or its assets to otherwise unappropriated gaming revenues derived from the project to which the Lease Agreement relates;

(iv) provide for a rental payment, after deduction of gaming tax, other monthly contributions and similar amounts such as premia payable under the Subconcession[5] and any undischarged Lessor costs, liability or indemnity obligation, of a percentage of gaming revenues from the project (the "**Revenue Split Percentage**") which is, in the case of the Crown Macau project, equal to the balance of gaming revenues remaining (after further deduction of a licence fee payable to PBL Macau) equivalent to a percentage of gross gaming revenues to be agreed (but, in any event, to be not less than (x) 13% of gross gaming revenue generated from gaming tables plus (y) 29% of all other gross gaming revenues following termination of the SJM Agreements and, in the case of each other project, such amount as may be agreed between the Lessor and PBL Macau and which is, from PBL Macau's perspective, commercially reasonable; and

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3 Excluded Project non-recourse, indemnity and security sharing arrangements to be agreed.

4 The CLAs understand the Sponsors are also considering the need for PBL Macau to incorporate subsidiaries, in addition to Great Wonders, to hold such Excluded Projects as Lessors (if so permitted, each such subsidiary, an "**Excluded Subsidiary**").

5 These amounts should comprise only subconcession premia (for amounts, calculation and frequency of payment, see art 47 of the draft Subconcession), public foundation contribution (art 48), public projects contribution (art 49) and gaming tax (art 50).

(v) are otherwise on an arm's length, commercially reasonable basis,

or have been approved by the Lenders;

(c) as Project Documents, waiver, amendment and termination of executed Lease Agreements will be subject to certain terms to be agreed during documentation, including Lender notification and approval rights;

(d) all revenues from these operations will be paid into PBL Macau's Gaming Receipts Account and held, pending application, in separate sub-accounts thereof for each project;

(e) gaming tax, other monthly contributions and similar amounts such as premia payable under the Subconcession will be transferred monthly from the Gaming Receipts Account to PBL Macau's Taxation Account;

(f) thereafter, remaining revenues from each project will, subject to the discharge of project cost, liability and indemnity obligations assumed by the relevant Lessor in favour of PBL Macau, be shared between PBL Macau and that project in accordance with PBL Macau's contractual obligation to pay the Revenue Split Percentages under the project Lease Agreement;

(g) the Gaming Receipts Account and the Taxation Account will be secured in favour of the Lenders (and, subject to terms to be agreed during documentation, such security over Gaming Receipts Account sub-accounts can be shared with other Excluded Project lenders) but, prior to an Event of Default and subject to compliance with the Finance Documents, will allow PBL Macau to make withdrawals for the release of funds for each project;

(h) save for PBL Macau's obligations under the Lease Agreements (recourse in respect of which shall be limited as set out above), each Excluded Project will be developed and financed on terms which do not involve any recourse to PBL Macau or any other member of the Primary Obligor group; and

(i) any holdco guarantees which may be required in connection with such a project will be provided by entities outside the Primary Obligor group.]

or otherwise are entered into on terms which adequately protect the interests of Lenders whilst allowing PBL Macau to enter into arrangements on arms length commercially reasonable market terms, as approved by the CLAs (acting reasonably).

Borrowers	PBL Macau, Melco Hotels and, as a borrower for US institutional tranches, a US domiciled subsidiary of PBL Macau (the "**Borrowers**").
Guarantors	Each Borrower, the Managing Director (provided that recourse against the Managing Director is limited to the value of her shares), Melco PBL International, MPBL Investments Limited ("**Intermediate Holdco**") and each of PBL Macau's other direct and indirect subsidiaries on a joint and several basis with the exception of any Excluded Subsidiaries.
Coordinating Lead Arrangers, Underwriters and Bookrunners	Australia and New Zealand Banking Group Limited, Banc of America Securities Asia Limited, Barclays Capital and Deutsche Bank AG ("**CLAs**").
Facility Agent	Subconcession Facility: Australia and New Zealand Banking Group Limited Project Facilities: TBD
Security Agent	Subconcession Facility: ANZ Fiduciary Services Pty Limited Project Facilities: TBD
Intercreditor Agent	TBD
Account Bank	TBD
Independent Technical Consultant	Franklin + Andrews (Hong Kong) Ltd.
Other advisers including Environmental, market, insurance, financial model auditor, etc	Gaming market consultant - The Innovation Group Environmental consultant (and Independent Technical Consultant) - Franklin + Andrews (Hong Kong) Ltd. Insurance consultant - [Jardine Lloyd Thompson] Hotel market consultant - HVS International Project appraisor - [HVS International] Financial Model auditor - [Deloitte Touche Tohmatsu] Local legal counsel - Henrique Saldanha, Avogados & Notarios International legal counsel - Clifford Chance
Lenders	A group of financial institutions to be assembled by the CLAs pursuant to a syndication strategy to be developed in consultation with the Sponsors and to include affiliated entities of each of the CLAs.
Crown Project Lenders	Lenders under the financing of Crown Macau
Project	City of Dreams project in Macau comprising: (a) Hotel - four hotel developments (two of at least five star international standard), comprising approximately 1,600 rooms

(b) Gaming - approximately 39,300m² of gaming area over three levels including not less than 50 VIP tables, 400 non-VIP tables and 2,500 slot machines

(c) Retail and Food and Beverage - retail space of approximately 4,700m² and food and beverage space of approximately 17,000m²

(d) Leisure and Entertainment - leisure and entertainment facilities including a 2,500 seat theatre, health club, spa and signature facilities

(e) Other Facilities - such other facilities as are necessary and incidental to facilitate customer access and service

to be completed in two stages, with stage 1 including at least two of the hotels (being Crown and Hard Rock), all of the gaming area and at least 50% of the retail and food and beverage space and stage 2 the remainder of the Project not comprised in stage 1.

Facilities

Nature of Facilities	US$ and/or HK$ senior secured term loan facilities.
Facility Amounts	US$1,600 million, comprising: (A) a US$500 million Subconcession Facility; and (B) a Non-Gaming Facility and General Project Facility[6] in an aggregate amount of not less than US$1,100 million, plus an additional US$500 million, subject to the utilization of these Facilities for the repayment in full of the Subconcession Facility (together, the "**Project Facilities**") subject to the audited financial model having a debt to equity ratio of no more than 70:30 (equity for these purposes not including High Yield Bond proceeds) and showing an average debt service coverage ratio (determined on the basis set out in **Financial Covenants** below) of not less than 1.65x. If the outstanding amount of the Subconcession Facility is less than US$500 million upon utilisation of the Project Facilities in repayment of the Project Facilities, the remaining amount of the Non-Gaming Facility and General Project Facility shall be increased by the shortfall. The amounts of the Non-Gaming Facility and the General Project Facility and final allotments in respect of each Facility will be determined by the CLAs in consultation with the Borrowers. The final allocation of the Facility Amount between US$ and HK$ in respect of the Non-Gaming Facility and the General Project Facility will be determined subject to market conditions by the CLAs in consultation with the Borrowers.
Purpose	Subconcession Facility To finance the portion of the payment to Wynn Resorts for the Subconcession not funded by equity and/or subordinated loans from the Sponsors and/or their respective group companies. Non-Gaming Facility To finance the construction of the non-gaming portion of the Project and refinance the Subconcession Facility. General Project Facility To finance the construction of the Project including, if necessary, the non-gaming portion thereof and other pre-opening costs in relation to the Project identified in the financial model and (in respect of any US institutional tranche) refinance the Subconcession Facility.

[6] For ease of administration, these facilities may be combined and, if required, tranched to address any non-gaming lender requirements for amounts equal to their participations to be applied towards non-casino Project costs.

Drawdown and Repayment

Agreement Date	In respect of any Facility, the date of signing of the Facility Agreement therefor.
Final Maturity Date	84 months after the Agreement Date or, if the Subconcession Facility is drawn, 60 months after the Subconcession Facility Agreement Date if the initial utilization under the Non-Gaming Facility and the General Project Facility is not made by Subconcession Facility Trigger Date.
Availability Period	Subconcession Facility Subject to satisfaction of conditions precedent applicable to this Facility and by prior written notice on the day of utilisation to the Facility Agent, the Facility will be available for drawing on any business day within 30 days after the Agreement Date (and may, following drawing but pending application to complete the Subconcession purchase, be held in an interest-bearing disbursement account blocked in favour of the account bank in order to facilitate prompt payment to Wynn Resorts for the purchase). Project Facilities Subject to satisfaction of conditions precedent applicable to these Facilities and not less than 5 business days prior written notice to the Intercreditor Agent, each Project Facility will be available for drawdown in minimum amounts of US$5 million (or its equivalent in HK$) during the period between the Agreement Date and the earlier of (a) the date falling 90 days after the Construction Completion Date is achieved for stage 1 of the Project and (b) the Long Stop Date (to be agreed). If, at the end of this availability period, stage 2 has not been completed, then, to the extent that it is required to fund stage 2 (and is so certified by the Technical Adviser), the balance of the Facilities may be drawn and, pending application, deposited in a separate interest bearing account secured in favour of the Lenders. Proceeds of the drawings will be available for disbursement from the account upon satisfaction of the same conditions precedent and notice requirements as the Facility of which they formed part. The proceeds of the Non-Gaming Facility will not be used towards the gaming facilities. Except for the first utilisation of the Project Facilities whilst the Subconcession Facility is outstanding which will be in the amount required to refinance (and shall be applied to refinance) amounts drawn under the Subconcession Facility, all drawings under the Non-Gaming Facility and General Project Facility and contributions of Base Equity, Deferred Equity and Contingent Equity will be paid into a "**Disbursement Account**" which will be subject to "**Security**". A Disbursement Account will be established for each Borrower.

US Institutional Tranches[7]

Notwithstanding the foregoing, to the extent that all or any part of a Facility comprises a US institutional tranche:

(a) subject to satisfaction of conditions precedent applicable to the Facility of which it forms part (including a drawdown minimum amount of US$10 million and the receipt of credit ratings from Standard & Poor's Rating Group and Moody's Investor Services), each such tranche will be available for drawdown during the 12 month period immediately after the Agreement Date in respect of that Facility;

(b) each such tranche will be drawn ahead of any non-institutional portion of the Facility of which it forms part;

(c) the Subconcession Facility will initially be made available by non-institutional Lenders and, thereafter, shall be refinanced by drawings on any other available US institutional tranche of any other Facility (and the available commitment under that Facility will increase by the amount repaid from such drawings);

(d) if, at the end of the availability period referred to in paragraph (a) above, any US institutional tranche has not been fully drawn, it shall thereupon be drawn in full and, pending application under the Facility of which it forms part, deposited in a separate interest bearing disbursement account secured in favour of the Lenders; and

(e) proceeds of the drawing will be available for disbursement from the account upon satisfaction of the same conditions precedent and notice requirements as the Facility of which they form part.

Any commitments undrawn on the expiry of the Availability Period or, if the conditions precedent to initial utilization under the Non-Gaming Facility and the General Project Facility are not met by such date, the Subconcession Facility Trigger Date, will be cancelled (and any amount drawn but not disbursed from its disbursement account under a US institutional tranche of a Facility shall be repaid as if it were a mandatory prepayment).

Repayment

Save as provided below, the Facilities will be repaid in quarterly installments commencing the earlier of 6 months after the Construction Completion Date for stage 1 of the Project and 36 months from the Agreement Date (in the case of the non-institutional and institutional tranches of the Non-Gaming Facility and the General Project Facility) and commencing 31 December 2007 (in the case of the Subconcession Facility) according to the following schedule:

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[7] These may be provided under a separate Facility.

Quarter	Amortization		
	Non-Institutional	Institutional	Subconcession Facility
1	3.00%	1.00%	3.00%
2	3.00%	1.00%	3.00%
3	5.00%	1.00%	5.50%
4	5.00%	1.00%	5.50%
5	5.00%	1.00%	5.50%
6	5.00%	1.00%	5.50%
7	5.50%	1.00%	6.00%
8	5.50%	1.00%	6.00%
9	6.50%	1.00%	6.00%
10	6.50%	1.00%	6.00%
11	6.50%	1.00%	8.00%
12	6.50%	1.00%	8.00%
13	6.50%	1.00%	8.00%
14	7.50%	21.75%	8.00%
15	7.50%	21.75%	16.00%
16	7.50%	21.75%	
17	8.00%	21.75%	

Mandatory Repayment/Change of Repayment Schedule of Subconcession Facility

In the event that the conditions to the release of the corporate guarantees for amounts payable under the Subconcession Facility (see paragraph (3) of "**Sponsors' Support**" below) are not satisfied by the Subconcession Facility Trigger Date and the Majority Lenders have thereafter determined that repayment of the Subconcession Facility should be reviewed, the Lenders and the Borrowers shall enter into good faith discussions concerning such review. If, within three months of such determination, a payment restructuring has not been agreed by all Lenders, any Lender may demand repayment of all amounts outstanding to it under the Subconcession Facility in full.

If, prior to the utilization of the Non Gaming Facility and the General Project Facility, any debt is raised or attempted to be raised in substitution therefore, the Subconcession Facility shall become immediately due and payable in full.

Voluntary Prepayment

In the case of the Subconcession Facility, the provisions are set out in the Subconcession Facility Agreement. Subject to the satisfaction of certain conditions as specified in this Voluntary Prepayment section and not less than 30 days' prior written notice to the Intercreditor Agent, a Borrower may make voluntary prepayments under the Project Facilities on any interest payment date without premium or penalty. Voluntary prepayments will be applied to the principal outstanding of the Facilities and to maturities on a pro-rata basis and amounts prepaid will not be available for redrawing. If prepaid prior to the Construction Completion Date (other than from shareholder loans or Permitted Public Offering proceeds not otherwise forming part of any amount of equity required to be subscribed under the Finance Documents), the full amount of principal outstanding must be prepaid. Otherwise, not less than US$5 million (or its equivalent in HK$) or multiples thereof (or the balance of the principal amount outstanding).

Mandatory Prepayment

Subject to the rights of any Lender(s) to waive such requirement[8], the Borrowers undertake to prepay the Project Facilities ***[NB: Sponsors to confirm]*** with:

(a) 100% (or, in the case of any public offering subsequent to and other than the Permitted Public Offering, 75%) of net proceeds of any permitted (to be agreed in the facility documentation) equity or debt issuance to any person by any Primary Obligor (other than the Permitted Public Offering (to the extent it is completed prior to any drawing under the Non-Gaming Facility or the General Project Facility), any equity injection or shareholder/Sponsor group loans required for the construction or operation of the Project, equity of US$128 million committed and cost overrun (if any) for the construction or operation of the Crown Macau project equity for the acquisition of the Subconcession or other permitted indebtedness);

(b) 100% of net proceeds of any asset sale, subject to reinvestment rights and other exceptions to be agreed upon;

(c) 100% of net termination proceeds paid under the Subconcession, any Lease Agreement, the Hotel Management Agreements or any other material contracts or agreements subject to exceptions to be agreed upon;

(d) 100% of net proceeds or liquidated damages paid pursuant to obligation, default or breach under the Project Documents subject to reinvestment rights and other exceptions to be agreed upon;

(e) 100% of insurance proceeds net of expenses incurred to obtain such proceeds subject to reinstatement rights and other exceptions to be agreed upon; and

(f) Excess Cashflow:

(i) 100% of excess cashflow (to be defined) (after providing for items (a) – (d) in the Licensee Proceeds Account waterfall) for each financial year commencing with the financial year in which the Construction Completion Date is achieved;

(ii) such amount to be reduced to 50% of excess cashflow for each financial year in which the ratio of Total Debt to EBITDA is less than 3:1 but equal to or more than 2:1; and

[8] Subject to customary US institutional rights to refuse early repayment (and pro rata reallocation of prepaid amounts to non-institutional Lenders).

(iii) such amount to be reduced to 25% of excess cashflow for each financial year in which the ratio of Total Debt to EBITDA is less than 2:1.

Any prepayments will be applied to the principal outstanding of the Project Facilities pro rata and, as to each Project Facility, in inverse chronological order of maturity.

If all or substantially all of the Project is lost, damaged or destroyed, the Borrowers are obliged to immediately prepay all amounts outstanding on the earlier of the receipt of the insurance proceeds as referred to in paragraph (e) above and [•] days after such loss, damage or destruction of all or substantially all of the Project.[9]

[9] Grace period to be agreed in Finance Documents.

Accounts[10][11]

This structure contemplates that the revenues of all the gaming business conducted at the premises of existing and future Lessors are paid into a PBL Macau account, secured in favour of the Security Agent for the benefit of the Lenders (including secured hedging counterparties) and that, subject to such security, such revenues would be paid out in accordance with the priority set out in the waterfall below. The account would be divided into sub-accounts for each Lease Agreement and, subject to terms to be agreed during documentation security over the sub-accounts to be shared with Lessor project lenders.

PBL Macau Accounts

PBL Macau will establish the following accounts:

1. a receipts account in Macau, which will be secured in favour of the Security Agent (the "**Gaming Receipts Account**");
2. a Taxation Account in Macau, which will be secured in favour of the Security Agent (the "**Taxation Account**"); and
3. a Payment Account in [Hong Kong/Macau], which will be secured in favour of the Security Agent (the "**PBL Macau Payment Account**").

Receipts

All gaming revenues generated from the gaming business conducted at the premises of the Lessors and all revenues of PBL Macau will be paid into separate sub-accounts of the Gaming Receipts Account.

Each month, the amounts received in the Gaming Receipts Account during the preceding period will be transferred in the following order:

1. payments into the Taxation Account, the amount of gaming tax and all contributions and similar amounts such as premia payable by PBL Macau, in each case under the Subconcession on gross gaming revenue for that month;
2. subject to the transfer to the Disbursement Account prior to the Construction Completion Date for stage 1 of the Project as mentioned in the last paragraph of this "Receipt" section below, payment into the PBL Macau Payment Account, in an amount equal to the balance of the relevant gaming revenue (less, after deduction of Revenue Split Percentages and such other amounts as may be required, the amount payable to the Lessors under their respective Lease Agreements); and
3. the balance to be paid to the Lessors in accordance with their respective entitlements under the Lease Agreements (and, in the case of Melco Hotels, to a "Lessor Proceeds Account" established by it (and secured in favour of the Security Agent)).

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10 Arrangements for Crown Macau subject to negotiation with Crown Macau Lenders, changes in security structure subject to approval of CLAs (acting reasonably).

11 In relation to Excluded Projects (other than Crown Macau), subject to finalisation of Lease Arrangements.

All revenues of Melco Hotels, after gaming revenues (dealt with as set out above) or funds required to be credited to the Mandatory Prepayment Account but excluding for the purpose set out in paragraph (f) of "**Payments**" below shall be paid into its Lessor Proceeds Account.

Net revenues received by PBL Macau from the operation of Crown Macau and Mocha Slots gaming businesses and the dividends or other income distribution (if any) paid to it from Great Wonders, in each case, prior to the Construction Completion Date for stage 1 of the Project will be paid into the relevant Disbursement Account as mentioned in the fourth paragraph under the sub-section "**Availability Period**" of the section headed "**Drawdown and Repayment**" above. Thereafter, the latter shall be paid into the PBL Macau Payment Account as set out above.

Payments

Save as set out above, no withdrawals may be made from the PBL Macau Payment Account or the Melco Hotels Lessor Proceeds Account other than to pay agreed construction costs (against confirmation from the relevant Contractor supported by a certificate issued by the Independent Technical Consultant similar to that referred to in paragraph (b)[12] of "**Conditions precedent to all drawings under the Non-Gaming Facility and the General Project Facility**"), operating costs, debt service, funding the Debt Service Accrual Account (the "**DSAA**"), the High Yield Bond Debt Service Accrual Account (the "**High Yield Bond DSAA**"), the Debt Service Reserve Account (the "**DSRA**") and the High Yield Bond Debt Service Reserve Account (the "**High Yield Bond DSRA**") or any other direct expenses relating to the Project (or, where relevant, PBL Macau) as agreed. Payments from the Disbursement Account, PBL Macau Payment Account and Lessor Proceeds Account will be made in the following sequence:

(a) payment of construction costs, budgeted operating expenditure, capital costs and income taxes;

(b) payment of any fees and expenses owing to Lenders, including the Facility Agent's and Security Agent's fees and costs;

(c) payments to the DSAA of interest due under the Facility Agreements and scheduled interest swap payments;[13]

(d) payments to the High Yield Bond DSAA of scheduled interest[14] due under the High Yield Bond;

(e) payments to the DSAA of principal due under the Facility Agreements and non-scheduled interest or other swap payments and any amount outstanding under any Pari Passu Revolving Credit Facility (to the extent not rolled-over in relevant period);

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12 Lenders will require technical consultant confirmation in relation to the items set out in this paragraph.

13 ranking of commissions payable to Subconcession bank guarantee provider pre-default on a pari passu basis with interest costs to be considered.

14 i.e., interest accruing on the face value of the High Yield Bond in respect of the then current semi-annual period.

(f) payment to DSRA up to the required balance (to cover all interest and principal due under the Facility Agreement over the next six month period);

(g) payment to the High Yield Bond DSRA (to cover scheduled interest under the High Yield Bond over the next six month period);

(h) payment to a reserve account (the "**Mandatory Prepayment Account**") to meet payments required under paragraphs (f) and (g) of the Mandatory Prepayment provisions;

(i) payment to a reserve account (the "**Mandatory Prepayment Account**") to meet payments required under paragraphs (f) and (g) of the Mandatory Prepayment provisions;

(j) payment to a reserve account (the "**Mandatory Prepayment Account**") to meet payments required under paragraphs (f) and (g) of the Mandatory Prepayment provisions;

(k) payment to a reserve account (the "**Mandatory Prepayment Account**") to meet payments required under paragraphs (f) and (g) of the Mandatory Prepayment provisions;

(l) in the case of PBL Macau, payment to Distribution Account; and

(m) in the case of City of Dreams, payment to the PBL Macau Payment Account.

Moneys held in the Distribution Account may be used to make distributions for any purpose as PBL Macau considers fit subject to restrictions (see **Covenants on the Borrower** and **Distribution Tests** below). To the extent that moneys held in the Distribution Account may not be used to make distributions by reason of the operation of those restrictions, it may be used to meet any shortfall in moneys held in the PBL Macau Payment Account or the Melco Hotels Lessor Proceeds Account on amounts falling under paragraphs (a) to (f) above in that order or (if there is no shortfall on amounts falling under paragraphs (a) to (f) above and the Distribution Tests have been satisfied at that time) to make distributions (in the case of City of Dreams, to the PBL Macau Payment Account) in a subsequent semi-annual period.

Funds received and which are required to be applied in prepayment under paragraphs (a) - (e) of the Mandatory Prepayment provisions shall, to the extent not so applied immediately, be credited to the Mandatory Prepayment Account for application on the next interest payment date.

Withdrawals	The Security Agent will, subject to any intercreditor and security sharing arrangements in respect of individual Gaming Receipts Account sub-accounts as may be agreed with other Lessor project lenders, have full control over withdrawals from and transfers between the Accounts following an Event of Default which is continuing.

Interest and fees

Interest

US$ Facilities

LIBOR + 3.00% per annum, actual/360 days.

HK$ Facilities

HIBOR + 3.00% per annum, actual/365 days.

The interest rate margin will be determined and adjusted in accordance with the Total Debt/EBITDA ratio post Construction Completion Date based on the following grid:

Total Debt/EBITDA	Margin
< 2.00x	2.00% per annum
· 2.00x < 3.00x	2.50% per annum
· 3.00x	3.00% per annum

Interest Period

1, 2, or 3 months. [n.b. DSAA/DSRA requirements for interest to be considered if interest period is less than 3 months.]

Commitment Fee

1.50% per annum on the daily undrawn amount of the Facilities, reducing to 1.00% where more than 50% of the total commitments have been utilized, calculated on the actual number of days elapsed in a year of 360 days for the US$ Facilities and 365 days for the HK$ Facilities. The Commitment Fee will be payable quarterly in arrear from the applicable Agreement Date and through the Availability Period and on the earlier of the date of full drawdown and end of the Availability Period for the respective Facility.

Equity and Sponsors' Support

Base Equity	A minimum amount totaling US$835 million (or its equivalent) contributed by the Sponsors or other sources plus the amount of the High Yield Bond (so that the sum thereof is not less than US$1,435 million) and subordinated, where relevant, in accordance with the Subordination Deed/Intercreditor Agreement. Base Equity will be in addition to and will not include the equity contributed to Great Wonders for the Crown Macau project.
Deferred Equity	An amount totaling US$100 million to be contributed by the Sponsors available to meet Project costs.
Contingent Equity	An amount totaling US$[282] million[15] to meet cost overruns and contingencies.
Sponsors' Support	(1) Melco and PBL to undertake no "Change of Control Event" occurs (see Events of Default below); and (2) Melco and PBL will 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 Contingent Equity of US$[282] million and Deferred Equity of US$100 million to be contributed by the Sponsors. The corporate and/or bank guarantees in respect of Contingent Equity and Deferred Equity shall be reduced to the extent such additional equity is injected into Melco Hotels (for the City of Dreams project) and shall be released upon satisfaction of the following conditions (such release date, the "**Sponsor Support Release Date**"): (a) the Construction Completion Date has occurred; (b) all Accounts are funded to the required balance; and (c) no Event of Default or potential Event of Default has occurred which is continuing, or, in the case of Deferred Equity, if earlier, the demonstrated availability of not less than US$[200] million accumulated by PBL Macau from net receipts from Crown Macau dividends or licence fees or Mocha Slots cashflow which has not been spent and is available to meet Project costs (the "**Net Operating Cashflow Amount**"). Any of the above corporate and bank guarantees may be used to discharge obligations due but unpaid by the Borrowers under the Facilities and the Hedge Agreements but Melco and PBL are not obliged to reinstate the amount of corporate and bank guarantees in this paragraph (2) which is reduced as a result of such discharge of unpaid obligations on a several basis.

[15] Funding requirement for cost overruns/contingencies subject to further consideration, based on finalisation of Construction Contracts, final Technical Adviser review and report and review of reasonable downside cases.

(3) Melco and PBL will provide, on a 50:50 several basis, corporate and/or bank guarantees with a rating of (and maintained at) A- or above by S&P (or equivalent rating by Moody's) for amounts payable under the Subconcession Facility, such guarantee to be released on the earlier of:

(i) satisfaction of conditions precedent to the initial utilisation under the Non-Gaming Facility and General Project Facility prior to the end of the Availability Period for such Facilities; and

(ii) the date on which the following conditions are satisfied:

(A) the ratio of Total Debt to EBITDA (determined on the basis set out in **Financial Covenants** below) at the end of two consecutive quarterly dates is less than 4.00:1;

(B) the guarantees referred to in "**Guarantors**" above and the **Security** (except any such guarantees and Security that relate to assets of the Project which did not come into existence in circumstances where the conditions precedent to the initial Utilisation under the Non-Gaming Facility and General Project Facility have not been satisfied) (or equivalent satisfactory to the Lenders) have been put in place and perfected (and customary legal opinions obtained); and

(C) the parties have agreed and implemented such amendments, supplements and further acts and other things as the Lenders reasonably consider consequential upon the failure to satisfy the conditions precedent referred to in sub-paragraph (i) above (including without limitation to ensure satisfaction of the Investment Plans under the Subconcession) and the implementation (except any such guarantees and Security that relate to assets of the Project which did not come into existence in circumstances where the conditions precedent to the initial Utilisation under the Non-Gaming Facility and General Project Facility have not been satisfied) of the acts, matters and other things contemplated by this Term Sheet (including the entry into Finance Documents on terms (including financial and other covenants reasonably satisfactory to the Lenders) contemplated therein and the adjustment of certain provisions of the Subconcession Facility Agreement as PBL Macau may reasonably require and the Agent under the Subconcession Facility, acting reasonably may agree, taking into account, in addition to the matters specified above, the consequence and effect of the failure to satisfy the conditions precedent referred to in sub-paragraph (i) above) on the operations of PBL Macau and its subsidiaries thereafter; and

(D) any conditions subsequent to Drawdown under the Subconcession Facility have been met (including the Macanese legal opinions in relation to the Subconcession being updated at such time),

provided that, until such time as the Corporate Restructuring has been completed, the full amount of such corporate and/or bank guarantees shall be provided by PBL.

PBL Asia Limited shareholding

CLAs understand it is proposed PBL Asia Limited ("**PBL Asia**") would grant Intermediate Holdco a call option ("**PBL Asia Call Option**") over its shareholding in PBL Macau, exercisable at a price of $1.00 following the continuation of an Event of Default under the Finance Documents. The option could be exercisable by the Lenders on enforcement against Intermediate Holdco and PBL Asia would give direct undertakings to the Lenders in respect of the voting rights attached to its shareholding ("**PBL Asia Undertaking**").

Security

The Project Facilities and the Hedge Agreements will be secured by:

(a) first priority mortgage on each Primary Obligors' land and all present and future buildings on and fixtures to such land, and assignment of land use rights under each Land Concession Agreement or equivalent (the "**Land Agreements**");

(b) assignment of the Primary Obligors' rights under the Project Documents;

(c) the corporate and bank guarantees referred to in "**Sponsors' Support**" above;

(d) charge over all of the Accounts, except for (i) the capital contribution account/disbursement account for the holding or payment of equity for the Crown Macau project; (ii) any cash deposit of up to MOP$2.29M of Melco Hotels set aside as guarantee money in favour of the Macanese Government guaranteeing the performance of Melco Hotel's obligations under the City of Dreams' land grant and (iii) the security to be created in favour of the trustee for the High Yield bonds over the High Yield Bond DSAA;

(e) assignment of the Primary Obligors' rights under all insurance policies (including those in relation to the Project);

(f) assignment of insurer's rights under and/or to the reinsurance proceeds;[16]

(g) 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;

(h) assignment of the Primary Obligors' rights under the Hedge Agreements;

[16] To be discussed at the Finance Documents stage in the context of the Insurance Adviser's recommendations on what credit rating the insurers will be required to have and maintain.

(i) pledge over equipment and tools used in the gaming business by PBL Macau;

(j) charge over intellectual property rights (if any);[17]

(k) first priority charges over issued shares capital of the Borrowers and each Guarantor (other than shares held in PBL Macau by PBL Asia) and assignment of Intermediate Holdco's rights and interests arising under the PBL Asia Call Option;

(l) Subordination Deed and/or Intercreditor Agreement providing for subordination and an assignment of all shareholder and other Sponsor, Sponsor group or other third party loans (except for such loans to Excluded Subsidiaries) to the Security Agent;

(m) Intercreditor Agreement or other instrument for the appointment of the Security Agent and providing for the priority and ranking of and the sharing of security as between the Lenders and hedging counterparties (as providers of first ranking indebtedness), trustee for the High Yield Bond (in respect of guarantees to be provided by Melco PBL International, MPBL Investments, PBL Macau and Melco Hotels and pledges over the shares in MPBL Investments, PBL Macau and Melco Hotels)[18], the Subconcession performance bond provider (which provides a reducing performance bond/bank guarantee up to an initial amount of MOP 500 million to the Macau SAR to guarantee PBL Macau's obligations under the Subconcession)[19] and the Lessor project lenders for the sharing of security over Gaming Receipts Account sub-accounts;

(n) Macanese power(s) of attorney, in customary form;

(o) notices and acknowledgments of assignment, tripartite agreements and/or similar collateral security agreements with counterparties to Project Documents (including the Macau SAR in respect of the Subconcession and Land Agreements) including step-in-rights (if, in the case of the Subconcession, permitted by the Macau SAR) acceptable to the CLAs; and

(p) in addition to PBL Asia Call Option and PBL Asia Undertaking, Sponsor undertakings concerning, amongst others, compliance with Subconcession by PBL Macau direct and indirect shareholders (and, where relevant in the case of future projects, compliance with Subconcession and Lease Agreements by other affiliates), change of control, and, in the case of PBL, preserving ownership and non-trading nature of PBL Asia and negative pledge on assets of PBL Asia.

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17 Sponsors/RB to confirm the scope of this security based on the assumption of no such IP at the Crown Macau level. Registered "City of Dreams" mark to be covered.

18 See draft Intercreditor Term Sheet, at the time of issue of the High Yield Bond, first ranking security will be granted in favour of Lenders under the Subconcession Facility/Project Facilities and hedging counterparties.

19 Sponsors have advised the Subconcession bank guarantee provider does not currently require any security. CLAs require reimbursement obligations to Subconcession performance bond provider to be subordinated. Second ranking security may be discussed subject to arrangements being agreed with trustee for High Yield Bond. See footnote 13 above for commissions payable pre-default.

Conditions Precedent to First Drawdown under the Project Facilities

Save as mentioned below for the Subconcession Facility, as customary for a facility of this nature, including inter alia:

(a) delivery of the Project feasibility study (including market study report), plans, budgets, timetable and projected results and audited financial model;

(b) satisfaction with third party construction, completion and completion support arrangements as the Lenders may reasonably consider appropriate for international limited recourse project financing of projects of this nature in Macau;

(c) execution of Project Documents (including the execution of the Subconcession and Macau SAR approval and adoption thereof), Land Agreements and termination of SJM Lease Agreement with respect to Mocha Slots and any other SJM or SJM affiliate agreements (including any claims or any other liabilities in respect thereof) (the "**SJM Agreements**");

(d) independent consultant reports (including technical, insurance, environmental, market consultants and others to be appointed to act on behalf of the Lenders) typical for this type of facility in form and substance satisfactory to the CLAs;

(e) legal, tax and accounting due diligence satisfactorily concluded;

(f) satisfaction with the proposed management structure and operating standards to be applied by PBL Macau and Great Wonders in connection with Crown Macau (and proposed to be applied in respect of City of Dreams and other projects);

(g) relevant Macau Government and other authority approvals having been obtained for all Project Documents and Finance Documents, including material permits and approvals in respect of the Corporate Restructuring and the Project;

(h) the full Base Equity amount (including the amount of the High Yield Bond, but not including the Crown Macau equity) has been injected into the Borrowers and, if utilised, fully utilised on the purchase of the Subconcession, the refinancing of the Subconcession Facility and/or meeting Project costs;

(i) execution of all Finance Documents and evidence of all required registrations, filings, etc, required to carry out the transactions contemplated by Finance Documents and perfection of the security package;

(j) each of the corporate and bank guarantees referred to in Sponsor Support;

(k) the scheduled Construction Completion Date is no later than [·] for stage 1 of the Project and [·] for the Project as a whole, as verified by the Independent Technical Consultant;

(l) except as otherwise included in paragraph (g) above, evidence of receipt of permits, etc, land registrations (including approval, classification and registration of gaming zones)[20] and compliance with procedural and other regulatory requirements to be determined;

(m) receipt of most recent (and not earlier than the last financial year to which audited reports have been prepared) audited and, if more recent, most recent unaudited management or other financial statements for Melco Hotels, PBL Macau and Melco PBL International Limited, and compliance and other certificates;

(n) evidence that the required insurances are in place;

(o) the Accounts have been established;

(p) no forecast funding shortfall, as verified by the Independent Technical Consultant;

(q) certification by the Independent Technical Consultant as to the reasonableness of the construction budget and the construction timetable;

(r) execution of Hedging Letter and Hedging Agreements;

(s) completion of Corporate Restructuring; and

(t) satisfactory legal opinions.

Conditions precedent and conditions subsequent to Drawdown under the Subconcession Facility

As set out in the Subconcession Facility Agreement.

Conditions precedent to all drawings under the Project Facilities

As customary for a facility of this nature, including inter alia:

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[20] We understand this to be a requirement under the Subconcession. Given that it fixes the scope of potential reversion, Lenders will be concerned to secure at least in principle classification up front. Issue to be dealt with when drafting Finance Documents.

the Project Facilities

(a) drawdown certificate setting out details of sources and uses of proposed drawdown, funds expended or payable since last drawdown, updated Project costs, variances and funds available since the then latest periodic report relating to the Project including certification of no forecast funding shortfall;

(b) in relation to drawdowns the proceeds of which are to be used to meet costs for the gaming or non-gaming portions of the Project, as applicable, incurred or to be incurred under the relevant Construction Contract, a certificate from the Independent Technical Consultant confirming such costs have been paid and should be reimbursed or are due and payable under that Construction Contract;

(c) the Independent Technical Consultant has certified that it has no reason to believe that the then current construction budget and the then current construction schedule are not accurate, in each case, in all material respects [(and each demonstrates the Construction Completion Date for stage 1 of the Project will be achieved on or before [•] and on or before [•] for the Project as a whole)]; a

(d) the ratio of Total Debt (including the High Yield Bond and the amount of the proposed drawing but excluding any liabilities in respect of the agreements to be entered into with the Subconcession performance bond provider or City of Dreams land concession bond provider) to equity (excluding the High Yield Bond but not including the Net Operating Cashflow Amount, if any) injected into the Borrowers and utilized on the purchase of the Subconcession or meeting Project costs, does not exceed 70:30; and

Hedging

The Borrowers (in respect of the Facilities) and Melco PBL International (in the case of the High Yield Bond) will undertake a programme to hedge exposures to interest rate fluctuations under the Facilities and the High Yield Bond.

During the construction phase, the Borrowers (in respect of the Facilities) and Melco PBL International (in the case of the High Yield Bond) will hedge 85-90% of the interest rate exposure based on an agreed notional drawdown profile.

Following the Construction Completion Date for stage 1 of the Project, the Borrowers (in respect of the Facilities) and Melco PBL International (in the case of the High Yield Bond) will be obliged to hedge 50-75% of interest rate exposure for the life of the Facilities and the expected life of the High Yield Bond.

In addition, should the current peg for the HKD to the USD be abandoned, PBL Macau will also undertake a programme, reasonably satisfactory to the Lenders, to hedge exposures to currency fluctuations under the Facilities.

Further aspects of the scope of the hedging programme, pricing and instruments used will be developed, agreed and documented in a hedging letter between PBL Macau and the CLAs (the "**Hedging Letter**"). The CLAs will, in accordance with the Hedging Letter, be the providers of the interest rate and foreign currency hedging required under the hedging programme on a joint and equal basis by way of Hedging Agreements. The allocation of swaps between the Borrowers and the CLAs shall take into account applicable regulatory restrictions of individual CLAs with the overriding principle that swap exposures will be allocated equitably amongst the CLAs. The CLAs, at their discretion, may allocate part of this hedging to banks committing to the Facilities during syndication.

All hedging payment dates in respect of interest will coincide with interest payment dates. The Hedging Agreements will be secured on a pari passu basis (in a manner customary for projects of this nature) with the Lenders.

Covenants of the Primary Obligors

Customary for a financing of this nature (subject to materiality, thresholds, exceptions and adjustments to be agreed and, in the case of the Subconcession Facility, as set out in the Facility Agreement therefor) including but not limited to:

(a) comply with obligations under, and not to waive any rights or amend, the Subconcession acquisition documents, the Project Documents or (without Majority Lender approval) enter into further material Project Documents other than the entering into of any new Lease Agreement in accordance with the criteria mentioned above under "**Lessors and Lease Arrangements**";

(b) maintain insurance cover in accordance with the Insurance Programme;

(c) provision of construction progress reports at monthly intervals prior to the Construction Completion Date and notification to the Lenders of any event that may adversely affect the completion of the Project as scheduled;

(d) not agree to material[21] Project change orders or, unless funded by additional equity, other change orders, without Majority Lenders approval;

(e) provision of quarterly management accounts, and annual audited financial statements, in each case, for Melco Hotels, PBL Macau and Melco PBL International Limited, and annual budgets to establish agreed operating expenditures for the waterfall;

[21] Monetary thresholds to be discussed in drafting the Finance Documents.

(f) compliance with proposed management structure and operating standards;

(g) compliance with the Hedging Letter;

(h) make payments in accordance with the waterfall;

(i) implement Corporate Restructuring (including the termination of all SJM Agreements) as soon as practicable and, in any event, within four months of acquisition of the Subconcession;

(j) From the end of the quarter falling immediately after the date falling 6 months after the Construction Completion Date for stage 1 of the Project and tested quarterly thereafter on a 12 month rolling basis, comply with financial covenants including but not limited to the following ("**Financial Covenants**"):

Maximum Total Debt to Earnings Before Interest, Taxes, Depreciation & Amortization ("**EBITDA**") Ratio:

Quarterly Date	**Total Debt to EBITDA**
First to Fourth Quarterly Dates	[5.25:1]
Fifth to Eighth Quarterly Dates	[4.75:1]
Ninth to Eleventh Quarterly Dates	[3.75:1]
Thereafter	[3.50:1]

Minimum Debt Service Coverage ratio ("**DSCR**"):

Quarterly Date	**DSCR**
First to Second Quarterly Dates	[1.10:1]
Third to Fourth Quarterly Dates	[1.15:1]
Thereafter	[1.25:1]

Minimum interest coverage ratio:

Quarterly Date	**Interest Coverage Ratio**
First eight Quarterly Dates	[2.00:1]
Thereafter	[3.00:1]

Maximum capital expenditures of US$[50] million p.a. for the first two years after the Construction Completion Date.

Total Debt and EBITDA will be calculated on a consolidated basis and will include the High Yield Bond (notwithstanding it may be issued by Melco PBL International and the proceeds thereof not advanced in full to the Borrowers) but will exclude any debt and earnings of Excluded Subsidiaries and any subordinated shareholders' loan borrowed by the Borrowers or Guarantors, save for any dividend income received by PBL Macau.

(k) not, without the prior written consent of the Majority Lenders:

(a) create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of the undertaking, assets, property or revenues of the Primary Obligors, present or future, to secure any debt or any guarantee of or indemnity in respect of any debt other than the second ranking security over shares in Intermediate Holdco and PBL Macau and each of its subsidiaries (other than any Excluded Subsidiaries) securing the High Yield Bond and other agreed permitted encumbrances including the cash deposit of MOP 2.29M securing performance of Melco Hotels under the City of Dreams land concession, any pledge over shares in Great Wonders in favour of the Crown Macau Lenders and any shared security agreed in respect of the Gaming Receipts Account sub-account;

(b) sell, lease, transfer or otherwise dispose of any of its assets except where such sale is conducted on an arm's length basis at a fair market value and provided that proceeds from such sale will be credited to the PBL Macau Payment Account or the Lessor Proceeds Account (as required) or otherwise used to prepay the Facilities pro rata and, as to each Facility, in inverse order of maturity subject to reinvestment rights and other agreed exceptions;

(c) make any payment of fees under any agreement with the Sponsors (or their affiliates) other than fees approved by the Majority Lenders or (after the last day of the first full financial quarter beginning on or after the Construction Completion Date) in accordance with the waterfall or enter into agreements with the Sponsors or their affiliates except in certain limited circumstances;

(d) make investments other than within agreed upon limitations;[22]

(e) make any loan or advance or guarantee indebtedness other than the issue of the High Yield Bond, the second ranking subordinated guarantees in respect of the High Yield Bond from Intermediate Holdco and PBL Macau and each of its subsidiaries (other than any Excluded Subsidiaries) and the guarantee reimbursement obligations to Subconcession performance bond provider, the arrangements for the cash deposit of MOP 2.29M securing the City of Dreams land concession and the Subconcession or within certain other agreed limitations;

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[22] We would expect these to comprise customary permitted investments.

(f) incur additional indebtedness other than under the Pari Passu Revolving Credit Facility, trade credits or within certain other agreed limitations and exceptions;

(g) pay, make or declare any dividend or other distribution in respect of any financial year except where the Distribution Tests are met;

(h) create any subsidiaries other than (x) any Excluded Subsidiaries and (y) any other subsidiary incorporated for the carrying out of all or any part of the Project as notified to the Lenders from time to time with appropriate security, undertaking and accession arrangements (to be agreed) or required for the implementation of the Corporate Restructuring with (in each of the latter cases) the approval of the Majority Lenders;

(i) procure that Crown Macau maintains its assets, including insurances over its assets;

(j) procure that Crown Macau does not incur additional financial indebtedness in addition to its existing HK$1.28 billion facility, save within agreed limitations;[23] and

(k) preserve non-trading nature of Intermediate Holdco.

Distribution Tests

Monies may be withdrawn and applied by the relevant group members entitled thereto from the Distribution Account once in each semi-annual period if:

(a) the Financial Covenants are being complied with;

(b) all Accounts are funded to the required level;

(c) the DSCR as at the most recent test date is greater than 1.25x;

(d) the Sponsor Support Release Date has occurred;

(e) the first Repayment has been made; and

(f) no Event of Default or potential Event of Default is continuing or is likely to occur as a result of making the Distribution.

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[23] Limitations may not just reflect what is Crown Macau facility given importance of Crown Macau derived revenues for this credit.

Events of Default

Customary for a financing of this nature and with materiality, thresholds, cure periods and exceptions appropriate to the Primary Obligors and a transaction of this nature to be agreed (and, in the case of the Subconcession Facility, as set out in the Facility Agreement therefor) including but not limited to:

(a) Non-payment of principal, interest, fees or other amounts when due; misrepresentations; breach of Financial Covenants; breach of other covenants; breach of Sponsor support and other obligations (including rating downgrade below BBB+ (stable) by S&P (or equivalent by Moody's) and failure to replace within 30 days with guarantee rated A- or above by S&P (or equivalent by Moody's)); cross default; insolvency/bankruptcy events; judgments; actual or asserted invalidity of any Finance Document; termination, cancellation or invalidity of Project Documents; breach of Project Documents (including but not limited to the Subconcession (including any administrative intervention), the Land Agreements, the tripartite agreements, the Lease Agreements, the Construction Contracts, the Hotel Management Agreements, any material facilities managements contracts; termination, sequestration or suspension (or any formal steps therefor) of the Subconcession or Land Agreements; violation of or failure to hold permits/licences including until the Sponsor Support Release Date a home country gaming licence of a Sponsor; failure to commence construction by a certain specified date; completion of construction of the Project does not occur by certain specified dates (or Independent Technical Adviser reasonably determines unlikely to occur); abandonment of all or any material part of the Project; forecast funding shortfall not cured within a grace period to be agreed; cessation, avoidance or unavailability of insurance; expropriation; change in law which deprives any Primary Obligor of the use of its property, prevents it from conducting its business as previously conducted or might otherwise reasonably be expected to have a material adverse effect; force majeure; material adverse change.

(b) Any of the following "Change of Control Events" occurs:

(i) change in the group shareholding structure prior to the Construction Completion Date except for changes contemplated by the Corporate Restructuring or (provided always the Sponsors continue not to breach sub-paragraphs (ii)(y) or (iv) below) the Permitted Public Offering;

[(ii) Sponsors cease collectively to beneficially own, directly or indirectly in the aggregate, (x) at any time prior to the Sponsor Support Release Date, at least 90% or, following the Permitted Public Offering, 65% (measured by voting power) and 90% or, following the Permitted Public Offering, 65% (measured by size of equity interest) of the outstanding Capital Stock of PBL Macau, (y) after the Sponsor Support Release Date, at least 51% (measured by voting power) and at least 51% (measured by size of equity interest) of the outstanding Capital Stock of PBL Macau, or (z) at any time PBL ceases to own at least 50% of the Sponsors' combined percentage of the outstanding Capital Stock of the PBL Macau;]

(iii) prior to any Permitted Public Offering, the Sponsors cease collectively to have, directly or indirectly, the power to direct the management and operations of PBL Macau, including the power to appoint or remove all, or the majority, of the board of directors of PBL Macau; or

(iv) there ceases to be a majority of directors on the board of PBL Macau 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.

Yield Protection

All payments by the Borrowers and the Guarantors under the Finance Documents will be made free and clear of all present and future taxes, levies, imposts, charges, deductions, and withholdings of whatsoever nature. If a Borrower and/or Guarantor are required by law to withhold or deduct any taxes, they will pay such additional amounts as are necessary to ensure that the net amount received by the recipient is equal to the full amount which would have been received by the recipient had no such deduction or withholding been required. Yield protection for increased capital and liquidity costs and an indemnity for break funding costs will also be included. Customary exceptions to be agreed.

Governing Law

The Facility Agreements, any common terms and intercreditor agreements, the Deed of Appointment and Priority, the Subordination Deed, the PBL Asia Call Option and the PBL Asia Undertaking and other Sponsor undertakings will be governed by the laws of England.

Other security documentation will be governed by the laws of Macau, Hong Kong, New South Wales (in the case of PBL) or England, as appropriate.

Documentation	The availability of the Facilities will be subject to the negotiation and execution of mutually satisfactory facility and security documentation. Terms and conditions of the facility documentation will incorporate clauses standard for a project finance facility.
Transfers	Each Lender will have the right to transfer or assign, without restriction, all or a portion of its rights and obligations under the relevant loan agreement, provided that any assignment or transfer by a Lender will be in a minimum aggregate amount (for such assignment or transfer) of US$5 million (or the equivalent thereof in another currency) or, if less, such Lender's entire commitment or its entire share of the loans under the Facilities and, in the case of the Subconcession Facility, save where any such transfer is made to another original Lender thereunder or an Event of Default has occurred which is continuing, no such transfer will be permitted without the consent of PBL Macau prior to 30 April 2007 and thereafter, with consultation. Upon such transfer or assignment, the transferee or assignee will become a Lender for all purposes of the loan documentation. However, if any such transfer or assignment results in tax gross-up or increased cost on the relevant Borrower by reason of the circumstances subsisting as at the date of transfer/assignment, the transferee/assign would only be entitled to claim such tax gross-up or increased cost to the extent of the entitlement of the transferring/assigning Lender.

Accounts	The Gaming Receipts Account, the Taxation Account, the PBL Macau Payment Account, the Licensee Proceeds Account, the DSAA, the High Yield Bond DSAA, the DSRA, the High Yield Bond DSRA, the Mandatory Prepayment Account, the Distribution Account and any Disbursement Account.
Construction Completion Date:	To follow due diligence. To include the issue of occupancy certificates for the entire Project, the premises being fully furnished, equipped and open for business, and final approvals having been received.
Construction Contracts:	To be discussed, including requirements for single head contractor, minimum contract terms (including fixed and/or guaranteed maximum price components) and potential need for Sponsor equity and performance support.
Contractor[s]:	A party or parties to be appointed by Melco Hotels with the consent of the Intercreditor Agent (such consent not to be unreasonably withheld or delayed if the Contractor is reputable in terms of experience, resources and credit worthiness etc).
Corporate Restructuring	The restructuring of the direct and indirect shareholdings in, and assets and businesses of the Primary Obligor group in accordance with the memorandum attached or as may otherwise be approved by the Macau SAR and the Lenders.
Debt Service Accrual Account ("DSAA"):	Payments will be made into the DSAA to the extent that the amount standing to the credit of the DSAA (split between US$ and HK$ accounts): i) as at the end of the first month of each quarter, is not less than one-third of the aggregate amount of interest and principal (if any) due (in the relevant currency) under the Facilities and the permitted Hedge Agreements on the next payment date; ii) as at the end of the second month of each quarter, is not less than two-thirds of the aggregate amount of interest and principal (if any) due (in the relevant currency) under the Facilities and Hedge Agreements on the next payment date; and iii) as at the end of the third month of each quarter, is not less than the aggregate amount of interest and principal (if any) due (in the relevant currency) under the Facilities and Hedge Agreements on such payment date. Payments will be made into the High Yield Bond DSAA on a similar basis to ensure build-up in each month over each semi-annual period of balance equal to that period's scheduled interest payment.
Debt Service Reserve Account ("DSRA"):	Payments will be made into the DSRA to the extent that the amount standing to the credit of the DSRA (split between US$ and HK$ accounts) is equal to the aggregate amount of interest and principal due (in the relevant currency) (including under the Hedge Agreements) on the Facilities on the next two repayment dates and, in the case of the High Yield Bond DSRA, schedule interest due on the High Yield Bond on its next interest payment date.

Excluded Subsidiaries:	Mocha Slot Group Limited and its subsidiaries, Great Wonders, its future subsidiaries (if any) and/or any hotel management company (namely, Melco PBL Hotel (Crown Macau) Limited (which, as at the date hereof, is a wholly owned subsidiary of Melco PBL Entertainment (Greater China) Limited) designated solely for the managing and maintenance of the business operations of the Crown Macau hotel), the Third Casino Company and any other existing or future direct or indirect subsidiary of Melco PBL International Ltd which, in each case, is funded by non-recourse debt which is not guaranteed by any Primary Obligor and/or by equity which does not constitute Base Equity or Contingent Equity and, if contributed by any Primary Obligor, is contributed out of any dividend or distribution which satisfies the Distribution Tests.
Finance Documents:	i) Subconcession Facility Agreement ii) Facility Agreements and Common Terms Agreement or composite Senior Facilities Agreement iii) Guarantees iv) Intercreditor Agreement v) Security Documents (including the other documents referred to in "**Security**")
Financial Model:	The Financial Model of the Borrowers, which shall be agreed as to assumptions by the CLAs and audited as to its mathematical integrity by the Financial Model Auditor.
Hedge Agreements:	Currency (if any) and / or interest rate hedge agreements entered into as contemplated under "**Hedging**" and as permitted under the Finance Documents.
High Yield Bond:	The US$600 million (or such larger amount as may be agreed) notes, issued by Melco PBL International Limited and with a maturity of not less than 6 months more than that of the Facilities.[24]
Hotel Management Agreement:	Each agreement between Melco Hotels or other subsidiaries of Melco PBL International Ltd and Hyatt of Macau or the Hard Rock Group respectively or any other hotel operator approved by the Facility Agent providing for the operation and marketing of one or more of the hotel facilities.
Insurance Programme:	To be agreed for the construction and operation phases based on the recommendations of the insurance adviser.
Intercreditor Agreement:	The intercreditor agreement between the trustee for the High Yield Bond, the Lenders and others.

[24] Details to be confirmed. To the extent that High Yield Bond is not available for the full US$600 million or is not proceeded with, alternate sources to be considered subject to review and amendment (as required) of security and intercreditor arrangements.

Pari Passu Revolving Credit Facility:	A revolving credit facility or a number of revolving credit facilities in the aggregate amount no greater than US$25 million (or its equivalent in HK$ or MOP) made available by one or more lenders (each, an "RC Lender") on [financial] terms no more favourable to the RC Lender(s) than the terms set out in this term sheet, to be made available to the City of Dreams from the Construction Completion Date for stage 1 of the Project. Each such revolving credit facility may be secured on a pari passu basis on the Security subject to the accession by the RC Lender to the intercreditor and security sharing arrangements among the senior lenders, and, for such purposes, references to "Lenders" shall include RC Lender(s).
Permitted Public Offering	The initial public offering of ordinary shares in Melco PBL Entertainment (Macau) Limited and the listing thereof on the NASDAQ Stock Market and any subsequent primary or secondary offering of ordinary shares in Melco PBL Entertainment (which, following allotment, will comprise, in aggregate, including the initial offering, no more than 35% of the then outstanding capital stock of Melco PBL Entertainment (Macau) Limited).
Primary Obligor	Each Borrower and Guarantor (with the exception of the Excluded Subsidiaries).
Project Documents:	i) Subconcession (and any guarantees or performance bonds thereunder) and any agreement relating thereto with Macau SAR; ii) Land Agreements (and any guarantees or performance bonds thereunder); iii) Lease Agreements; iv) the Construction Contract(s); v) the Contractor's completion guarantee by its [ultimate] parent company (if any); vi) performance bond issued in respect of the Contractor's obligations under the relevant Construction Contract(s) or from any other contractor; vii) the Hotel Management Agreements; viii) [IP Agreements]; ix) the PBL Asia Call Option x) [others to be agreed][25].
Subconcession Facility Trigger Date	31 December 2007.

[25] Sponsors/RB and CC to generate an updated list of Project Documents during drafting of the Finance Documents.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No.1 to Registration Statement No. 333-139088 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 11, 2006

Exhibit 23.2

[Letterhead of Walkers]

11 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 (THE "COMPANY")

We hereby consent to the reference to our firm under the headings "Taxation", "Enforceability of Civil Liabilities", "Legal Matters", "Management" and elsewhere in the Registration Statement on Form F-1, originally filed by the Company on 1 December 2006 with the Securities and Exchange Commission (the "**Commission**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under the Securities Act, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ Walkers
WALKERS

Exhibit 23.4

[LETTERHEAD OF MANUELA ANTÓNIO LAW OFFICE]

December 11, 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," "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/ Manuela António
Manuela António Law Office