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As filed with the Securities and Exchange Commission on October 18, 2007

Registration No. 333-

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

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

Melco PBL Entertainment (Macau) Limited

(Exact name of registrant as specified in its charter)
Not Applicable
(Translation of Registrant's name into English)

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

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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 earlier effective registration statement for the same offering. ☐ _____

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	Proposed maximum aggregate offering price(2)	Amount of registration fee
Ordinary shares, par value US$0.01 per ordinary share	**$800,000,000**	**$24,560**

(1) American depositary shares evidenced by American depositary receipts issuable upon deposit of the ordinary shares registered hereby have been registered under a separate registration statement on Form F-6 (Registration No. 333-139159). Each American depositary share represents three ordinary shares.

(2) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

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 Commission, acting pursuant to said 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 [•], 2007

Melco PBL Entertainment (Macau) Limited

(incorporated in the Cayman Islands with limited liability)

[•] American Depositary Shares
Representing [•] Ordinary Shares

Melco PBL Entertainment (Macau) Limited is offering [•] American Depositary Shares, or ADSs. Each ADS represents three ordinary shares par value US$0.01 per share.

Our ADSs are listed on the Nasdaq Global Market under the symbol “MPEL.” The last reported sale price of our ADSs on the Nasdaq Global Market on [•], 2007 was US$[•] per ADS.

See “ Risk Factors” beginning on page 17 to read about the risks you should consider before buying the ADSs.

	Per ADS	Total ADS
Public Offering Price	US$[ ]	US$[ ]
Underwriting Discount	US$[ ]	US$[ ]
Proceeds, before expenses, to us	US$[ ]	US$[ ]

The underwriters may also purchase up to an additional [ ] ADSs from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

The ADSs will be ready for delivery on or about [ ], 2007.

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.

UBS Investment Bank **Deutsche Bank Securities** **Citi**

The date of this prospectus is [•], 2007

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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, regardless of the time of delivery of this prospectus or any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus outside the United States.

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. See "Risk Factors" beginning on page 17 to read about the risks you should consider before investing in the ADSs.

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, or MPBL Gaming, a Macau company and holder of a gaming subconcession in Macau.

Overview

We are a developer, owner and, through our subsidiary MPBL Gaming, operator of casino gaming and entertainment resort facilities focused exclusively on the Macau market. MPBL Gaming is one of six companies licensed, through concessions or subconcessions, to operate casinos in Macau. We were initially formed as a 50/50 joint venture between Melco International Development Limited, or Melco, and Publishing and Broadcasting Limited, or PBL, as their exclusive vehicle to carry on casino, gaming machines and casino hotel operations in Macau. On December 18, 2006, we completed our initial public offering of ADSs, raising approximately US$1.2 billion of net proceeds, which includes the proceeds from the exercise of an over-allotment option by the underwriters in January 2007. Our ADSs are listed on the Nasdaq Global Market under the symbol "MPEL".

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 2006 and the six months ended June 30, 2007, Macau generated approximately US$7.0 billion and US$4.7 billion of revenue from table games and slot machine games, or gaming revenue, respectively, according to the Macau Gaming Inspection and Coordination Bureau, or the DICJ, compared to the US$6.5 billion and US$3.3 billion of gaming revenue, respectively, generated on the Las Vegas Strip, according to the Nevada Gaming Control Board, and compared to the US$5.2 billion and US$2.4 billion, respectively, generated in Atlantic City, according to the New Jersey Casino Control Commission. Gaming revenue in Macau has increased at a five-year compounded annual growth rate, or CAGR, from 2001 to 2006 of 24.9% compared to a CAGR of 7.3% and 3.9% for the Las Vegas Strip and Atlantic City, respectively. 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 and construction, 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 are 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:

- *Crown Macau*. The Crown Macau Hotel Casino, or Crown Macau, offers a luxurious premium hotel and casino resort experience by offering premium entertainment, elegant facilities, high quality service and rich décor, and aims to exceed 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 accommodation and facilities we offer at Crown Macau, instead focusing primarily on intensive gaming during day trips and short visits to Macau. The property features a 38-story tower

including approximately 183,000 sq.ft 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. Crown Macau held its grand opening on May 12, 2007 and became fully operational in July 2007.

- *City of Dreams.* The City of Dreams integrated casino resort complex, or City of Dreams, is being developed to be a "must-see" integrated casino and entertainment resort primarily catering to mass market patrons. City of Dreams will be located in Cotai, an area that has been master-planned to feature a series of major new developments in the style of the Las Vegas Strip. City of Dreams is planned to feature three hotels ranging from four-stars to more luxurious ones designed with the aim of exceeding the average five-star hotel in Macau, a 420,000 sq. ft casino with approximately 450 gaming tables and 2,500 gaming machines, a purpose-built wet stage performance theatre, upscale shopping consisting of approximately 145,000 sq.ft of retail space and a wide variety of mid to high-end food and beverage outlets. The first phase of the complex is currently targeted to open before the end of March 2009. This first phase is expected to include substantial completion of the casino, retail space, food and beverage outlets and two hotels, which are expected to be operated under the Crown Towers and Hard Rock brands. The purpose-built wet stage performance theatre is scheduled for completion by the end of March 2009 with opening night expected before the year-end 2009, following four to six months of rehearsals. The twin-tower hotel under the Grand Hyatt brand with approximately 1,000 rooms and suites is scheduled to open in September 2009. The approximately 800-unit apartment hotel complex integrated within the City of Dreams footprint is expected to be completed by December 2009 and to be marketed in advance of project completion, subject to compliance with legal and regulatory provisions. We plan to finance the construction of the apartment hotel complex separately from the rest of the City of Dreams project, including with a portion of the proceeds from this offering. The budgeted cost of the City of Dreams project, including the casino, the Hard Rock hotel, the Crown Towers hotel, the Grand Hyatt twin-tower hotel, the purpose-built wet stage performance theatre, retail space together with food and beverage outlets is approximately US$2.1 billion, consisting primarily of construction costs, design and consultation fees, and excluding the cost of land. The additional budgeted cost of the apartment hotel complex planned for development at the City of Dreams is approximately US$330 million, excluding the cost of land.
- *Mocha Clubs.* Our seven Mocha Clubs feature a total of approximately 1,100 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 Macau's historically limited service to mass market and casual gaming patrons, including local residents and day-trip customers, outside the conventional casino setting, and to capitalize on the significant growth opportunities for machine-based gaming in Macau.
- *Macau Peninsula Site.* In May 2006, we entered into a conditional agreement to acquire a third development site, which is located on the shoreline of Macau peninsula near the current Macau Ferry Terminal, or Macau Peninsula site. The Macau Peninsula site is approximately 6,480 square meters (approximately 1.6 acres) and the acquisition price is HK$1.5 billion (US$192.8 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$205 million (US$26.3 million) to the Macau government for this site. The agreement completion deadline was first extended in January 2007 and again in July 2007 when we negotiated an extension of the completion deadline for the conditional agreement to the end of July 2008 in order to benefit from additional flexibility in the timing of the purchase, which is subject to various closing conditions. Other than the extension of the purchase completion deadline, all other provisions of the agreement remain in force, and there were no fees associated with the extension. Completion of the purchase remains subject to (i) significant conditions in the control of third parties unrelated to us and the seller of the property, and (ii) the approval of the Macau government. We are currently considering plans to develop the Macau Peninsula site into a mixed-use hotel, serviced apartment and casino facility aimed primarily at day-trip gaming patrons. If we acquire the site, we are targeting the middle of 2010

as our opening date. Based on preliminary estimates and conceptual designs, we have currently budgeted approximately US$750 million for the total project costs of the Macau Peninsula project consisting primarily of land and construction costs, land premium costs, design and consultation fees.

Mocha Clubs had been our sole source of revenue until the opening of Crown Macau in May 2007. In 2006, Mocha Clubs generated revenues of US$36.1 million, while our consolidated operating costs and expenses totaled US$93.8 million in 2006, including amortization of land use rights of US$12.4 million for the Crown Macau and City of Dreams sites. For the six months ended June 30, 2007, Mocha Clubs and Crown Macau generated revenues of US$39.5 million and US$25.9 million, respectively, with Crown Macau's revenue deriving from approximately one and a half months of partial operations of its facilities, and our consolidated operating costs and expenses totaled US$177.9 million, including amortization of land use rights of US$8.5 million for the Crown Macau and City of Dreams sites. For 2006, Mocha Clubs generated Operating EBITDA of US$13.2 million. For the six months ended June 30, 2007, Mocha Clubs and Crown Macau together generated a negative Adjusted EBITDA of US$4.9 million. 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 Mocha Clubs under a services agreement with Sociedade de Jogos de Macau, S.A., or SJM, pursuant to which Mocha Slot provided all of the gaming machines at 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 this services agreement, we now reflect as our revenues all of the gaming machine win at Mocha Clubs, which are subject to Macau taxes and other government dues currently totaling approximately 39%.

In September 2007, we entered into a US$1.75 billion senior secured credit facility, or the City of Dreams Project Facility, to finance primarily the development and construction of City of Dreams, of which the Hong Kong dollar equivalent of US$500 million was drawn down as of the date of this prospectus. In September 2006, MPBL Gaming entered into a US$500 million term loan facility, or the Subconcession Facility, all of which was drawn down to pay the remaining part of the US$900 million due to Wynn Macau for the subconcession. This US$500 million loan was repaid in full in December 2006 with a portion of the proceeds from our initial public offering. In February 2006, we entered into a HK$1.28 billion (US$164.5 million) term loan facility to finance the development and construction costs of Crown Macau. This facility was not drawn down, and was cancelled in June 2007.

Our Major Shareholders

We believe one of our greatest strengths is the combined resources of our major 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 Crown Macau.

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 cultivated a broad network of business relationships in Macau, Hong Kong and elsewhere in Greater China. We believe these relationships have been and will continue to 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 identify sites for Mocha Club venues on attractive economic terms and helped expand Mocha Clubs into the largest non-casino based operations of gaming machines in Macau, with approximately 20% market share by gross gaming machine revenue for the six months ended June 30, 2007, based in part on the figures from the DICJ. Dr. Stanley Ho, Mr. Lawrence Ho's father, controls the entities that, together, were the monopoly operator 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), its 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 Mocha Clubs, the Crown Macau and the City of Dreams projects were transferred to MPBL Gaming.

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. PBL has made an offer to acquire (in a 50/50 joint venture with Macquarie Bank Limited) Gateway Casinos, which operates several casino and hotel properties in Western Canada. The Gateway Casinos transaction is proceeding by way of a public takeover offer, which is subject to regulatory approval.

In May 2007, PBL acquired a 37.5% interest in LVTI LLC which plans to develop and build a casino and hotel property in Las Vegas. In June 2007, PBL acquired a 19.6% interest in Fontainebleau Resorts LLC, which is currently building the Fontainebleau Las Vegas casino/hotel property expected to open in 2009.

Through the successful operation of Crown Casino Melbourne and 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 facilities, these properties feature a total of approximately 1,650 luxury hotel rooms, more than 100,000 sq. ft of conference and event facilities at Burswood Conventions & Events Center and 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. In October 2007, Crown Melbourne Limited announced its intention to construct a third hotel at Crown Melbourne with approximately 658 rooms which is projected to be operational by May 2010. Crown operates its successful "Crown Club" gaming loyalty program. We are leveraging PBL's operating skills, its international experience and its high standards and reputation to strengthen our operations in Macau. For example, PBL assists 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.

PBL assists us 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 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 Melbourne Limited, a subsidiary of PBL, and obtained an exclusive and non-transferable license to use the Crown brand in Macau. In connection with the City of Dreams Project Facility, Melco and PBL have agreed to provide a contingent equity commitment, backed up by a letter of credit, for up to US$125 million each to support our payment obligations under this facility. 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, the City of Dreams and the 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.

On May 8, 2007, PBL announced its intention to separate into two Australian listed companies, namely Crown Limited, an entity that will hold all of PBL's existing gaming assets, and Consolidated Media Holdings Limited, which will hold all of PBL's media assets. On completion of the PBL separation, PBL Asia Investments Limited, which holds PBL's interest in MPEL, will become a wholly-owned subsidiary of Crown Limited. The PBL separation is subject to shareholder and court approvals.

Industry Background

Macau is located in the Pearl River Delta region of China and is about 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 approximately within a 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 accounting for approximately 1.3 billion people. Like Hong Kong, Macau is a Special Administrative Region of China.

Between 2001 and 2006, visitation to Macau increased at a CAGR of 16.4% to approximately 22 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 its "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) 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 subconcession 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. Wynn Macau, Galaxy StarWorld and Grand Lisboa casino hotels recently opened on the Macau peninsula, in addition to Crown Macau in Taipa. In Macau's newest casino development zone in Cotai, The Venetian Macao opened in August 2007 and several additional "mega" casino projects are scheduled for opening through 2010. These developments include City of Dreams 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 have 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 capitalizes on the expected growth opportunities in Macau. To achieve our objective, 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 significant 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 and construction*. We are at an early stage of development and construction of our properties and businesses. We obtained our primary revenue generating business, Mocha Clubs, in March 2005, and opened our new hotel casino, Crown Macau, in May 2007. We are incurring substantial costs and expenses in connection with the City of Dreams project, which is in the early stages of construction. In addition, we have not completed the acquisition of the Macau Peninsula site which is subject to a number of conditions.
- *Intense competition in Macau and elsewhere in Asia*. Our competitors in Macau 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 26 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 delays in opening one or more of our projects that reduces or delays our ability to generate operating revenue. For example, Crown Macau was not fully operational until two months after its opening, primarily due to construction delays.
- *Significant indebtedness*. In September 2007, we entered into the US$1.75 billion City of Dreams Project Facility to finance primarily the development and construction of City of Dreams, of which the Hong Kong dollar equivalent of US$500 million has been drawn down as of the date of this prospectus.

See "Risk Factors" on page 17 for a discussion of these and other important risks, challenges and uncertainties.

Recent Developments

Some of our recent developments include:

- in May 2007, the opening of our new luxurious premium hotel and casino resort, Crown Macau;
- in July 2007, a further extension to the completion deadline for our conditional agreement for the acquisition of the Macau Peninsula site, effective until July 2008;

- in September 2007, entering into the US$1.75 billion City of Dreams Project Facility to finance primarily the development and construction of City of Dreams; and
- in October 2007, the opening of our seventh Mocha Club.

Financial Performance for the three month period ended September 30, 2007

We expect to announce in early December 2007 our third quarter financial results as of and for the three months ended September 30, 2007. This three month period was our first full financial quarter of operations at Crown Macau, which became fully operational in July 2007. As a result, our revenue increased significantly from the prior quarter. Other new casinos were opened in Macau during the third quarter of 2007, growing the market and increasing competition.

Our month-on-month revenues increased sequentially in each of July and August 2007, due to a combination of increased market share of Crown Macau and a trend improvement in actual hold rate in our VIP gaming operations. However, during the month of September 2007 our revenues were adversely affected by a substantial fall in actual hold rate significantly below the long term market average (or theoretical) hold rate in our VIP gaming operations.

Revenues from VIP gaming operations are generally more volatile than for mass market gaming operations due to the combination of lower volume but higher value bets, which may result in a material difference between revenue based on actual hold rates as compared with revenue based on theoretical hold rates. We expect our month-on-month and quarter-on-quarter revenues to continue to be volatile, particularly during the period prior to the opening of City of Dreams.

Corporate Information

We were incorporated in December 2004 as an exempted company with limited liability under the laws of the Cayman Islands. Our ADSs are listed for quotation on the Nasdaq Global Market under the symbol “MPEL”.

Our principal executive offices are located at 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Our telephone number at this address is 852-2598-3600 and our fax number is 852-2537-3618.

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

Current Corporate Structure

We are a holding company for the following principal operating subsidiaries: MPBL Gaming, which is the holder of a gaming subconcession in Macau; Melco PBL (Crown Macau) Developments Limited (formerly known as Great Wonders Investments Limited), or MPBL Crown Macau Developments, the development company for Crown Macau, Melco PBL Hotel (Crown Macau) Limited, or MPBL Hotel Crown Macau, Melco PBL (COD) Developments Limited (formerly known as Melco Hotel and Resorts (Macau) Limited), or MPBL COD Developments, our subsidiary that is developing the City of Dreams project; and Melco PBL (Macau Peninsula) Developments Limited, or Macau Peninsula Developments, our subsidiary that will be the developer of the Macau Peninsula project, in the event we decide to acquire and develop the Macau Peninsula site.

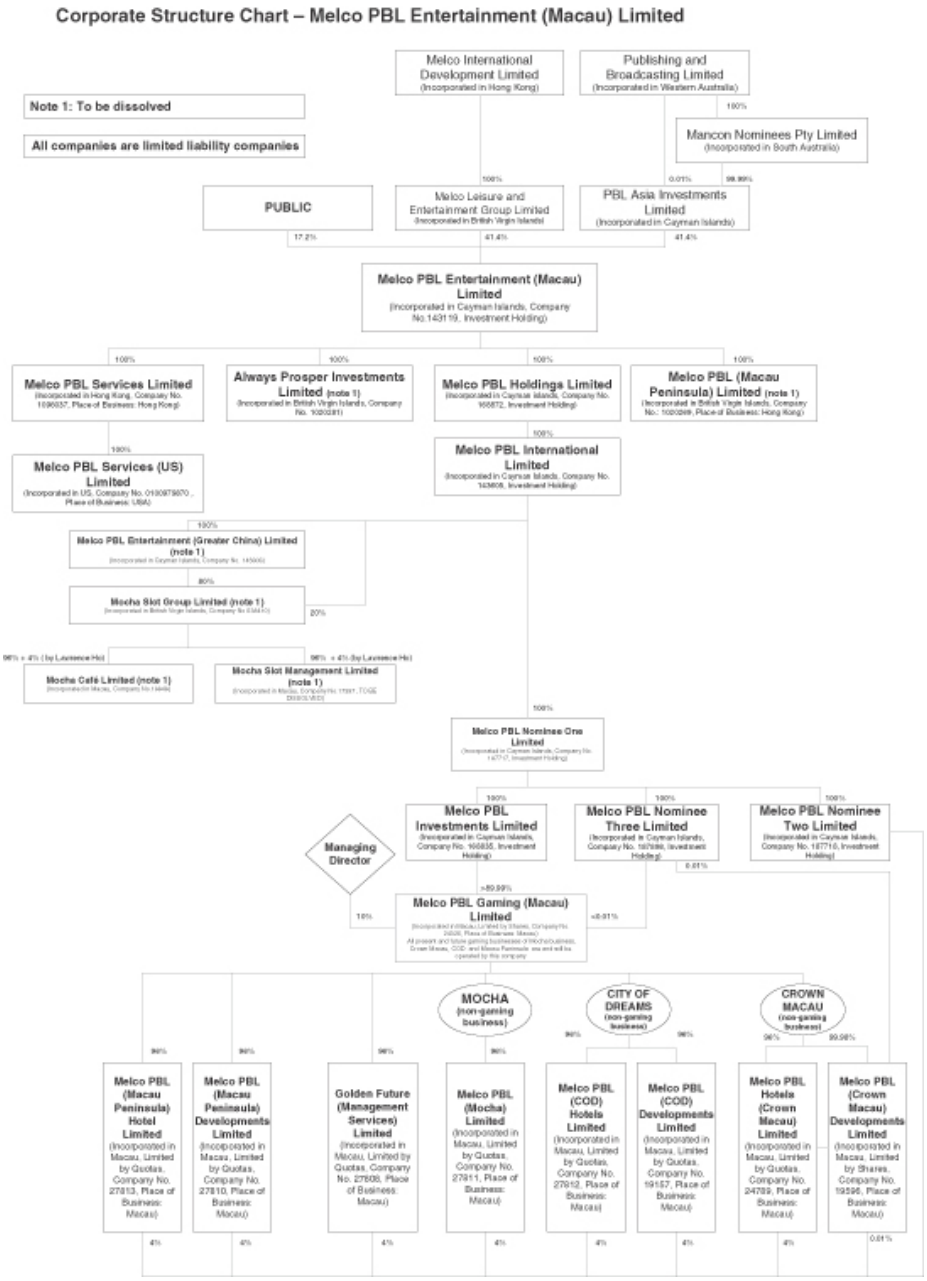
At the time of our initial public offering, through three intervening holding company subsidiaries incorporated in the Cayman Islands and wholly-owned by us, (1) Melco PBL Holdings Limited, (2) Melco PBL International Limited, or MPBL International, and (3) Melco PBL Investments Limited, or MPBL Investments, we held all of the Class B shares of MPBL Gaming, representing 72% of the 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 its outstanding capital stock, was owned by PBL Asia Limited, or PBL Asia (as to 18%) and, as required by Macau law, the managing director of MPBL Gaming (as to 10%). Mr. Lawrence Ho was appointed to serve as the managing director of MPBL Gaming. The Class A shares were 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, the managing director of MPBL Gaming and MPBL Gaming entered into a shareholders' agreement under which, among other things, PBL Asia agreed 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.

Prior to the financial close of the City of Dreams Project Facility, three more holding companies were incorporated through which we now hold our shares in MPBL Gaming: (1) Melco PBL Nominee One Limited, or MPBL Nominee One, a Cayman Island company, which is a 100% subsidiary of MPBL International, it now holds 100% of the shares in MPBL Investments which in turn holds approximately 90.0% of the shares in MPBL Gaming; (2) Melco PBL Nominee Three Limited, or MPBL Nominee Three, a 100% subsidiary of MPBL Nominee One, it now holds 1 class A share in MPBL Gaming; and (3) Melco PBL Nominee Two Limited, or MPBL Nominee Two, which holds a minority shareholding in MPBL Gaming's Macau operating companies.

The above shareholding structure of MPBL Gaming was completed when PBL Asia transferred its 1,799,999 class A shares in MPBL Gaming to MPBL Investments and its 1 class A share to MPBL International on 12 June 2007 and when MPBL International transferred its one class A share in MPBL Gaming to MPBL Nominee Three on 13 August 2007. Mr. Lawrence Ho remains the managing director and 10% shareholder of MPBL Gaming.

We also incorporated a direct wholly-owned subsidiary in Hong Kong, Melco PBL Services Limited 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 immediately prior to this offering:



THE OFFERING

Price per ADS	US$[•] per ADS.
This Offering:	
ADSs Offered by Us	[•] ADSs
ADSs Outstanding Immediately After This Offering	[•] ADSs (or [•] ADSs if the underwriters exercise the over-allotment option in full).
Ordinary Shares Outstanding Immediately After This Offering	[•] ordinary shares (or [•] 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 [•] additional ADSs at the 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.
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 [•] 2007. The ADRs evidencing the ADSs will be deposited with a custodian

	for, and registered in the name of Cede & Co., as nominee of The Depository 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.
Listing	Our ADSs are listed for quotation 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.
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.
Nasdaq Global Market Symbol	"MPEL"
Depositary	Deutsche Bank Trust Company Americas.
Use of Proceeds	We will receive net proceeds from this offering of approximately US$[•] million, after deducting estimated underwriting discounts, commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for any of the following: • project costs related to the construction of the apartment hotel complex at City of Dreams; • funding to our subsidiaries in relation to their development projects and operations, which may include a partial funding of the development and construction of the Macau Peninsula project; and • any other general corporate and working capital requirements. 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 City of Dreams project and the 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 in this offering. Pending the use of such proceeds, we intend to place these proceeds in short-term bank deposits or other liquid investments.
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 [•] days after the date of this prospectus. See "Underwriting."

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;
- "gaming revenue" is to table games and slot machine games and excludes sports book and race book;
- "Greater China" is to mainland China, Hong Kong, Macau and Taiwan, collectively;
- "FF&E" is to furnitures, fixtures and equipment;
- "HK$" and "H.K. dollars" are to the legal currency of Hong Kong;
- "Hong Kong" is to the Hong Kong Special Administrative Region of the People's Republic of China;
- "Hong Kong Stock Exchange" is to The Stock Exchange of Hong Kong Limited;
- "Macau" and the "Macau SAR" are to the Macau Special Administrative Region of the People's Republic of China;
- "Patacas" and "MOP" are to the legal currency of Macau;
- "Renminbi" and "RMB" are to the legal currency of China; and
- "US$", "$" 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; "MPBL Gaming" refers to our wholly-owned subsidiary, Melco PBL Gaming (Macau) Limited, a Macau company; and "our subconcession" refers to the Macau gaming subconcession held by 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 29, 2006 was HK$7.78 = US$1.00. The noon buying rate reported by the Federal Reserve Bank of New York on October 12, 2007 was HK$7.75 = 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 8.03 = 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) does not reflect any exercise by the underwriters of their over-allotment option to purchase up to [•] additional ADSs representing [•] ordinary shares; and (2) does not include the ordinary shares (including ordinary shares with restricted voting and dividend rights) that have been or may in the future be granted under our 2006 share incentive plan.

SUMMARY HISTORICAL 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 (successor), and the years ended December 31, 2005 and 2006, and the summary historical consolidated balance sheet data as of December 31, 2005 and 2006 have been derived from our audited financial statements included elsewhere in this prospectus. The selected historical consolidated balance sheet data as of December 31, 2004 have been derived from our audited financial statements not included 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 2 to our audited consolidated financial statements. The following summary consolidated statement of operations data for the six months ended June 30, 2006 and 2007 and the summary consolidated balance sheet data as of June 30, 2007 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 only 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 MPBL COD Developments and November 9, 2004 for MPBL Crown Macau Developments through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha, MPBL COD Developments and MPBL Crown Macau Developments because they were under common control for this period. The contributions by Melco of its 80% interest in Mocha, 70% interest in MPBL Crown Macau Developments 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 year ended December 31, 2006 (successor)	For the six months ended June 30, 2006 (successor)	For the six months ended June 30, 2007 (successor)
	(in thousands of US$, except share and per share data and operating data)					
Consolidated statement of operations data:						
Revenues	$ 1,896	$ 6,071	$ 17,328	$ 36,101	$ 10,944	$ 65,439
Total operating costs and expenses	(1,286)	(7,001)	(21,050)	(93,754)	(28,209)	(177,879)
Operating (loss) income	$ 610	$ (930)	$ (3,722)	$ (57,653)	$ (17,265)	$ (112,440)
Net income (loss)	$ 494	$ (1,007)	$ (3,259)	$ (73,479)	$ (12,789)	$ (96,409)
Income/(Loss) per share						
—Ordinary	*	(0.002)	(0.006)	(0.116)	(0.026)	(0.080)
—ADS[1]	*	(0.005)	(0.019)	(0.348)	(0.077)	(0.240)
Shares used in calculating loss per share						
—Basic	*	625,000,000	522,945,205	633,228,439	500,000,000	1,206,995,096
Selected operating data:						
Weighted average number of gaming machines[2]	125	513	634	937	972	974
Average daily net win per machine[3]	284.5	171.5	229.1	209.8	193.8	222.0
Other data:						
Operating/Adjusted EBITDA[4]	$ 771	$ 1,119	$ 7,430	$ 13,178	$ 5,305	$ (4,871)

* 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 Mocha Clubs on each day during such period divided by the number of days in such period. Weighted average number of gaming machines does not include the data from Crown Macau as we believe it may not be indicative of a "steady-state" average, as Crown Macau has only been open since May 12, 2007 and its facilities have only been partially operational through June 30, 2007.

(3) Average daily net win per machine for any period represents the average total daily 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 net 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 our 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 net 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. Average daily net win per machine does not include the data from Crown Macau as we believe it may not be indicative of a "steady-state" average, as Crown Macau has only been open since May 12, 2007 and its facilities have only been partially operational through June 30, 2007.

(4) Prior to the opening of Crown Macau in May 2007, our management used Operating EBITDA of Mocha Slot to measure our operating performance, as Mocha Slot was our sole business until May 2007. Subsequent to the opening of Crown Macau in May 2007, our management used Adjusted EBITDA of Mocha Slot and Crown Macau to measure their operating performance as they are the two primary operating businesses of the Company.

The following table presents a summary of our balance sheet data as of December 31, 2005 and 2006 and June 30, 2007:

	As of December 31,		As of June 30,
	2005 (successor)	2006 (successor)	2007 (successor)
		(in thousands of US$)	
Balance Sheet Data:			
Cash and cash equivalents	$ 19,769	$ 583,996	$ 275,147
Total assets	421,208	2,279,920	2,362,617
Amounts due to affiliated companies/person	31,518	10,611	5,685
Amounts due to shareholders[1][2]	94,577	212,506	115,892
Capital lease obligations[3]	11	16	13
Total current liabilities	138,741	207,613	350,417
Total liabilities	163,024	389,554	410,049
Minority interest	19,492	—	—
Total shareholders' equity	238,692	1,890,366	1,952,568

(1) Includes amounts due to shareholders within one year of US$94.6 million, US$96.9 million and US$115.9 million as of December 31, 2005, 2006 and June 30, 2007, respectively, and amounts due to shareholders after one year of nil, US$115.6 million and nil as of December 31, 2005, 2006 and June 30, 2007, respectively.

(2) The balance of the outstanding term loan from Melco and PBL amounting to approximately US$115.6 million as of December 31, 2006 was repayable in May 2008 and carries interest at a floating rate equal to three months HIBOR. Subsequently in September 2007, the final maturity date was extended to May 2009.

(3) Includes capital lease obligations, due within one year of US$3,000, US$6,000 and US$5,000 as of December 31, 2005 and 2006 and June 30, 2007, respectively, and capital lease obligations, due after one year of US$8,000, US$10,000 and US$8,000 as of December 31, 2005 and 2006 and June 30, 2007, 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 the ADSs that are not typical with investments in the 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 only recently opened Crown Macau and are still in the process of constructing City of Dreams. The Macau Peninsula project is at an even more preliminary stage of development, and we have not completed the acquisition of the site. The Mocha Club business, which we acquired in 2005, did not commence operations until 2003. 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 financing for the apartment hotel complex in the City of Dreams project;
- completing the construction contracts for the City of Dreams project;
- 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 formal occupancy licenses for City of Dreams;
- identify suitable locations and enter into new lease agreements for new Mocha Clubs;
- renew lease agreements for existing 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, as required;
- fulfill conditions precedent to draw down funds from current and future credit facilities;
- develop and maintain internal personnel, systems and procedures to assure compliance with the extensive regulatory requirements applicable to the gaming business as well as regulatory compliance as a public company;
- 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 those of our projects that are currently under development and operate our businesses in the manner we contemplate and generate revenues from such projects in the amounts and by the times we anticipate. We may also be unable to meet the conditions to draw on our existing financing facilities in order to fund our development, construction and acquisition activities or may suffer a default under 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 budget estimated for the City of Dreams project is 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. The current estimated cost of the City of Dreams project including the casino, the Hard Rock hotel, the Crown Towers hotel, the Grand Hyatt twin-tower hotel, the purpose-built wet stage performance theatre, retail space, together with the food and beverage outlets is approximately US$2.1 billion, consisting primarily of construction costs, design and construction fees, but excluding the cost of land. The additional budgeted cost of the apartment hotel complex planned for development at City of Dreams is approximately US$330 million, excluding the cost of land. We have currently budgeted approximately US$750 million for the total project costs of the Macau Peninsula project, consisting primarily of land and construction costs, land premium costs, design and consultation fees, but this budget is based on preliminary estimates and conceptual designs. We expect to revise our estimated project costs as we firm up our design plans and hire architects and contractors for this project. In addition, we cannot provide you any assurances that we will be successful in completing the acquisition of the Macau Peninsula site, given the conditions that are beyond our control.

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 our projects that are under development, 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 Crown Macau, our construction costs increased and we 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$186.1 million) to approximately HK$2.1 billion (US$269.9 million). In addition, we originally anticipated that the total project development costs (inclusive of land, construction, FF&E, pre-opening expenses, capitalized fees and finance costs, and initial working capital requirements (including cage cash)) for Crown Macau would be US$512.6 million. However, we incurred additional costs of approximately US$71 million on the Crown Macau project for a total of US$583.6 million. The increase in budgeted costs was in three principal areas: pre-opening and property marketing expenses; FF&E expenses for the casino operations; and design and fit-out expenses for the hotel and casino areas. We cannot guarantee that our construction costs or total project costs for our other projects will not also increase.

Costs of key construction inputs are increasing in Macau and we believe they are likely to continue to increase during the construction periods 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 the Macau Peninsula projects.

We may be required to incur significant additional indebtedness or sell convertible bonds, ADSs or other equity or equity-linked 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 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 our other subsidiaries from incurring additional indebtedness with only limited exceptions, and the fact that our senior creditors have pledges over our operating assets, including Crown Macau and Mocha Clubs;

- limitations on our ability to raise capital from the credit markets, especially if the current turmoil in the credit markets originating from the negative conditions in the U.S. subprime mortgage market continues. For example, this recent turmoil led to us to restructure the US$2.75 billion commitment announced in June 2007 to the sum of US$1.75 billion available under the City of Dreams Project Facility;
- 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, the Nasdaq and/or shareholders of Melco and/or PBL, among others;
- 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 or acquire and develop new projects;
- pay the land premium for our sites;
- 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 the necessary financing will be available in the future in the 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, 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.

Servicing the debt of our subsidiaries requires a significant amount of cash, and our subsidiaries may not generate a sufficient level of cash flow from their businesses to make scheduled payments on their debt.

Our subsidiaries' ability to make scheduled payments of the principal of, to pay interest on or to refinance their indebtedness depends on our subsidiaries' future performance, which is subject to certain economic, financial, competitive and other factors beyond our control. Our subsidiaries may not generate cash flow from

operations in the future sufficient to service their debt and make necessary capital expenditures. If they are unable to generate such cash flow, our subsidiaries may be required to adopt one or more alternatives, such as selling assets, restructuring debt, incurring additional indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. For example, we are currently using our City of Dreams Project Facility to service some portion of our periodic debt obligations. Our subsidiaries' ability to refinance their indebtedness will depend on the financial markets and their financial condition at such time. Our subsidiaries may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our subsidiaries' debt obligations and a material adverse effect on the value of our ADSs.

Even if our development projects are completed as planned, 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

For the City of Dreams project, we are directly negotiating and entering into contracts with all our construction partners and vendors, which may increase the risk of delay and cost overruns.

In contrast to the Crown Macau project in which our general contractor was responsible for negotiating, entering into and managing all contractual relationships with subcontractors and construction vendors, we are directly negotiating and entering into contracts, with the exception of certain contracts that are related to common temporary site services which are entered into and managed by the construction manager, with our construction partners and vendors for the City of Dreams project, with the support of our construction manager. This approach increases the administrative burden of negotiating, entering into and managing construction contracts, and the risk of construction delays and cost overruns. If we are ineffective in directly overseeing the contractual relationship with our construction partners and vendors, we may experience delays and increases in construction costs in connection with the City of Dreams project.

Our insurance coverage may not be adequate to cover all losses that we may suffer from 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 City of Dreams, we 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. 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. In June 2006, a construction worker died after falling from a high floor of Crown Macau during construction which is now completed. As a result, we stopped construction on the Crown Macau site for several days to allow for safety inspections and investigations. A floor of Crown Macau also collapsed while under construction, causing injuries to construction workers. We believe that we and our contractors 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 the Macau Peninsula projects.

In connection with the development and construction of Crown Macau, we encountered a number of risks, including risks related to construction delays, budget overruns, construction contract disputes, failure to obtain, or not obtaining in a timely manner, the necessary government concessions, licenses, permits and approvals, among others. We also experienced increased holding costs as a result of delays. We are and expect to continue to be exposed to similar risks in the development and construction of City of Dreams, which will be substantially larger and more complex, and the Macau Peninsula project, which is at an early stage of land acquisition and design. We have not yet entered into all of the definitive contracts necessary for the construction and development of the City of Dreams and the 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 have not, and 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 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 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 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 MPBL COD Developments consisting of approximately 113,325 square meters (28 acres) of land in Cotai for the site of 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 would not meet the existing conditions to draw additional sums under the City of Dreams Project Facility and may not be able to complete and operate City of Dreams and we could lose all or a substantial part of our investment in City of Dreams. If the land concession when granted contains terms unacceptable to us and we are unable to seek amendments to such land concession, we may not be able to complete and operate City of Dreams as planned and we could lose all or a substantial part of our investments in City of Dreams. As of June 30, 2007, we had paid approximately US$201 million of the project costs (excluding the cost of land) for the City of Dreams project, primarily for construction costs and design and consultation fees. The majority of the development and construction costs for hotel and casino projects are typically spent closer to the completion of such projects and we expect that a large portion of our remaining expenditures budgeted for the City of Dreams project, as well as potential additional amounts in excess of the budgeted amounts, will be spent in the months leading up to the expected opening date of City of Dreams. In addition, our current plans for the City of Dreams project involve obtaining approval from the Macau government for an increase in the developable gross floor area of the City of Dreams site. There is no guarantee that we will obtain such approval.

Simultaneous planning, design, construction and development of our two 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.

We expect some portions of the planning, design and construction of the City of Dreams and the Macau Peninsula projects to proceed 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 of both projects at the same time, in addition to overseeing day-to-day operations of the Crown Macau and the Mocha Clubs. Our management may be unable to devote sufficient time and attention to our development and construction projects, as well as our operating properties, and that may delay the construction or opening of one or both of our projects, cause construction cost overruns or cause the performance of our operating properties 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.

We required extensive operational management and staff to open and operate Crown Macau. Accordingly, we undertook a major recruiting program before the Crown Macau opening and expect to do so again before each of the City of Dreams and the Macau Peninsula projects opens. The pool of experienced gaming and other skilled and unskilled personnel in Macau is severely 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 further as competition in the Macau casino hotel market increases. Other major casino hotels, such as GalaxyWorld, are expected to open in Macau at or around the same time as City of Dreams. In addition, we are not currently allowed under Macau government policy to hire non-Macau resident dealers and croupiers. 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 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 a substantial portion of our cash flow, we will be subject to greater risks than a gaming company with more operating properties.

We will be primarily dependent upon Mocha Clubs, Crown Macau, City of Dreams and the Macau Peninsula project for our cash flow. Given that our operations will be conducted 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 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 and elsewhere.

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 develop and open new projects in coming years. Our Macau operations compete with approximately 26 other existing casinos of varying sizes located in Macau as of June 30, 2007. 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. By the time our City of Dreams project is ready for opening, we expect several new casinos to be in operation, including the MGM and other hotels in Cotai.

SJM is one of the three concessionaires in Macau and operates 18 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, as amended, he was deemed to beneficially own approximately 1.77% of Melco's outstanding ordinary shares as of October 12, 2007.

In February 2007, SJM opened the Grand Lisboa, a resort next to the Hotel Lisboa, one of our main competitors in Macau gaming. It 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, in August 2007, opened 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 operates five casinos and is currently building GalaxyWorld in Cotai. Wynn Macau opened the Wynn Macau casino hotel project in September 2006 and has announced plans

to build up to three resorts in Cotai. The joint venture between MGM-Mirage and Ms. 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 also compete to some extent with casinos located in other countries, such as Malaysia, North Korea, South Korea, the Philippines and Cambodia, as well as in Australia, New Zealand and elsewhere in the world, including Las Vegas and Atlantic City. 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 awarded one casino license to Las Vegas Sands and a second casino license to Genting International Bhd. in 2006. We also compete with 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 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 the City of Dreams casinos, the 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 to complying with Macau's local requirements and standards, 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 the subconcession under certain circumstances without compensation to MPBL Gaming, 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. 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. MPBL Gaming has entered into a service agreement with New Cotai Entertainment (Macau) Limited, or New Cotai Entertainment, and New Cotai Entertainment, LLC pursuant to which MPBL Gaming will operate the casino premises in its hotel casino resorts. If New Cotai Entertainment, or other parties with whom we may, in the future, enter into similar agreements 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.

Based on information from the Macau government, proposed amendments to the legislation with regard to reversion of casino premises are being considered. We expect that if such amendments take effect, on the expiry or any termination 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 revert to the Macau government automatically without compensation to us. Until such amendments come into effect, all our casino premises and gaming equipment would revert automatically without compensation to us.

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$499.2 million), including investment in developing the Crown Macau and the City of Dreams projects, by December 2010. We expect to satisfy this requirement through our investments in the Crown Macau and the development of City of Dreams. If we do not meet the required deadline for completing this minimum investment and other conditions in the subconcession contract, for example, due to delays in construction or the 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 the approval of additional 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 maintain or gain market share.

MPBL Gaming's subconcession contract expires in 2022 and if we were unable to secure an extension of its subconcession in 2022 or if the Macau government were to exercise its redemption right in 2017, we 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 legislation with regard to reversion of casino premises are being considered. We expect that if such amendments take effect, on the expiry or any termination 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. Until such amendments come into effect, all our casino premises and gaming equipment would revert automatically 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 with 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 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.

While MPBL Gaming will not initially be required to pay corporate income taxes on income from gaming operations under the subconcession, this tax exemption will expire in 2011, and it may not be extended.

The Macau government has granted to MPBL Gaming the benefit of a corporate tax holiday on gaming income in Macau for the period starting on May 12, 2007, the date the gaming operations began at Crown Macau, and expiring at the end of 2011. When this tax exemption expires, we cannot assure you that it will be extended beyond the expiration date.

Furthermore, the Macau Government has granted to our subsidiary Melco PBL Hotel (Crown Macau) Limited the declaration of utility purposes benefit, pursuant to which, for a period of 12 years, it is entitled to a vehicle and property tax holiday on any vehicles and immovable property that it owns or has been granted. Additionally, under the tax holiday, this entity will also be allowed to double the maximum rates applicable regarding depreciation and reintegration for purposes of assessment of corporate income tax for the same period of time. We intend to apply for the same tax holiday for Melco PBL (COD) Hotels Limited, but we cannot assure you that it will be granted by the Macau Government on as favorable terms, or at all.

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

We conduct our table gaming activities at our casinos to a limited degree on a credit basis, and expect to continue this practice in the future. This credit is often unsecured, as is customary in our industry. High-end patrons typically are 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 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.

Our business may face a higher level of volatility due to our focus on the VIP and premium mass market segment of the gaming market.

We are currently and expect to be for the next few years heavily dependent on the gaming revenues generated from Crown Macau. Crown Macau caters primarily to VIP and premium mass market patrons. The revenues generated from the VIP and premium mass market segment of the gaming market is acutely volatile primarily due to high bets, and the resulting high winnings and losses. As a result, our business may be more volatile from quarter to quarter than that of our competitors and may require higher levels of cage cash in reserve to manage our losses.

We depend upon gaming junket operators for a portion of our gaming revenue and if we are unable to establish, maintain and increase the number of 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, are 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. Currently we have agreements in place with approximately 20 junket operators. In addition, 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 enter into additional agreements with other 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 and maintain 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 are important to our own reputation and MPBL Gaming's ability to continue to operate in compliance with its subconcession. While we 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.

The expected future consolidation of junket operators in the VIP segment of the gaming market could increase commission rates we pay to junket operators, and the overall impact of consolidation on our business is uncertain and could have an adverse impact on our future prospects.

Some market observers believe that it is likely that the junket operators in the VIP segment of the gaming market will experience a significant consolidation, as the leading junket operators are beginning to recognize superior economics and negotiation leverage from operational scale and market aggregation. If the relatively fragmented junket operators successfully consolidate their operations, they will increase their power to demand and receive significantly higher VIP commissions. If we become obligated to pay higher commissions to fewer junket operators as the industry consolidates, it could have an adverse effect on our results of operations and the price of our ADSs.

The expected consolidation in the junket operator segment may not occur. In addition, even if mega-junket operators emerge, they may be associated with our competitors and not us, and we could be required to pay increased rates of commissions without the benefit of increased volumes from a mega-junket relationship. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We cannot assure you that anti-money laundering policies that we have implemented, 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 have implemented anti-money laundering policies in compliance with all applicable anti-money laundering laws and regulations in Macau. 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 Regulations—Anti-Money Laundering Regulations in Macau."

If Macau's transportation infrastructure does not adequately support the development of Macau's gaming and leisure 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 and leisure 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 current, projected and potential future indebtedness could impair our financial condition, which could further exacerbate the risks associated with our significant leverage.

We have incurred and expect to incur, based on current budgets and estimates, secured long-term indebtedness, including the following:

- approximately US$1.75 billion under the City of Dreams Project Facility primarily for the development and construction of City of Dreams, of which the Hong Kong dollar equivalent of US$500 million has been drawn down as of the date of this prospectus;
- financing for the construction cost of the apartment hotel complex in City of Dreams; and
- financing for a significant portion of the 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 significant 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 existing and projected 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 existing 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 current and future projected indebtedness. Our ability to obtain cash to service our existing and projected 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 existing and projected 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 existing and projected 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 City of Dreams Project Facility and associated facility and security documents that MPBL Gaming has entered into also contain a number of restrictive covenants that impose significant operating and financial restrictions on MPBL Gaming, and therefore, effectively on us. The covenants in the City of Dreams Project Facility restrict or limit, among other things, our and our subsidiaries' ability to:

- incur additional debt, including guarantees;
- create security or liens;

- dispose of assets;
- make certain acquisitions and investments;
- pay dividends, including to us, during the construction of the City of Dreams project;
- 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 City of Dreams Project Facility contain financial covenants, including requirements that we satisfy certain tests or ratios such as:

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

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 or our subsidiaries 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 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.

Former Secretary for Transport and Public Works of Macau, Mr. Ao Man-Long, was arrested in December 2006 by Macau's Commission against Corruption on charges involving bribery and irregular financial activities according to the Macau Government Official Statement. Those detained together with Mr. Ao are related to local companies to whom several major public works contracts were awarded. During the investigation, additional individuals related to local Macau companies to whom land had been granted in land exchange procedures were detained and charged. The investigation is ongoing. After the arrest and Mr. Ao's removal 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 personally assumed such role until Mr. Lao Sio-Io was appointed the new Secretary for Transport and Public Works in March 2007. The Macau government has granted us a lease for a plot of land for Crown Macau, and has offered to grant us a lease for the development rights for two adjacent land parcels in Cotai for the City of Dreams site. However, we have yet to receive either a formal grant of a land concession or an occupancy permit for the City of Dreams site. We have applied for the revision of the purpose of land use and will apply for approval from the Macau government to increase the developable gross floor area of the City of Dreams site after the site is granted to us. In addition, the Macau Peninsula project is at an even earlier stage of development, and if we acquire the site we would need to obtain similar land concession modifications and development approvals from the Macau government. We cannot predict whether Mr. Ao's removal and prosecution, and any further investigations or prosecutions, will adversely affect the functioning of the Macau Land, Public Works and Transports Bureau, any approvals or land concession grants that are pending before it, or for which applications may be made in the future (including with respect to our projects), or will give rise to additional scrutiny or review of any approvals or land concessions, including those for City of Dreams, that were previously approved or granted through 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 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 primarily dependent upon Mocha Clubs, Crown Macau, City of Dreams and the Macau Peninsula project for our cash flow. Given that our operations are and 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 operating properties in several 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 depends 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, negative 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, or WHO, in 2004, placed the world at risk of an influenza pandemic with high mortality and social and economic disruption. As of October 8, 2007, the WHO has confirmed a total of 202 fatalities in a total number of 330 cases reported to the WHO, which only reports laboratory confirmed

cases of avian flu since 2003. In particular, Guangdong Province, PRC, which is located across the Zhuhai Border 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 and services 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. 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 do 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. dollar financings 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.

Melco and PBL together own the substantial majority of our outstanding shares, with each beneficially holding 41.4% of our outstanding ordinary shares as of the date of this prospectus. Melco and PBL have entered into a shareholders deed 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 the approval of independent directors or other 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.

On May 8, 2007, PBL announced its intention to separate into two Australian listed companies. The PBL separation is subject to shareholder and court approvals. On July 27, 2007, a variation deed was entered into to provide for the amendment and restatement of the shareholders deed between Melco and PBL in relation to us to contemplate the separation of PBL into separate listed gaming and media companies and the fact that PBL Asia Investments Limited (which holds PBL's interest in MPEL) will, on completion of the PBL separation, become a wholly-owned subsidiary of Crown Limited, an entity which will be listed on the Australian Stock Exchange and which will own all of the gaming assets and investments currently owned by PBL. The effective date of the amended and restated shareholders' deed will be such date on which the PBL separation takes effect.

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 submitted a bid for one of two licenses to operate casinos in Singapore in 2006. 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 City of Dreams and the Macau Peninsula projects and the operations of the Crown Macau and the Mocha Clubs businesses. 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 involves certain risks.

We were initially formed as a 50/50 joint venture between Melco and PBL as their exclusive vehicle 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 includes 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, or a decline in the aggregate indirect holdings of MPBL Gaming shares by Melco and PBL below certain thresholds. These provisions are 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 we have entered into 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 Melbourne Limited, owns and operates the Crown Casino Melbourne in Australia. Crown Melbourne 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 Melbourne Limited to seek the approval of the VCGR for any person who is to become an "associate" of Crown Melbourne 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 Melbourne 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 Melbourne Limited, then the VCGR can direct PBL to cease the business association or can direct PBL to terminate its "association" with Crown Melbourne 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 Melbourne 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 the ADSs

The trading price of our ADSs has been volatile and may continue to be volatile regardless of our operating performance.

The trading price of our ADSs has been and may continue to be subject to wide fluctuations. During the period from December 19, 2006, the first day on which our ADSs were quoted on Nasdaq, until October 12, 2007, the trading prices of our ADSs ranged from US$10.10 to US$22.20 per ADS and the closing sale price on October 12, 2007 was US$18.45 per ADS. The market price for our ADSs may continue to be 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.

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 City of Dreams Project Facility, and in other facility agreements governing indebtedness we and our subsidiaries may incur. For a description of our loan facilities, see "Management's Discussion and Analysis of Financial Condition 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 [•] ordinary shares outstanding, including [•] ordinary shares represented by [•] ADSs. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act. All of the ordinary shares beneficially held by Melco and PBL are available for sale, 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. To the extent these shares are sold into the market, the market price of our ADSs could decline.

In July 2007 Melco and PBL, acting through a 50/50 special purpose vehicle, Melco PBL SPV Limited, offered an aggregate of US$250 million of exchangeable bonds due 2012. Under the terms of these exchangeable bonds, bond holders have the right, among other things, to exchange their bonds into ADSs during the period July 2008 through July 2012 at an initial exchange price of US$17.19 per ADS, subject to adjustment in certain

circumstances. We are required to file a registration statement and have it declared effective by January 15, 2008 and keep such registration statement effective in connection with the exchange of such bonds to ADSs. To the extent that the holders of these bonds exchange them for ADSs, and sell those ADSs into the market, the market price of our ADSs could decline.

In addition, Melco and PBL have the right to cause us to register the sale of their shares under the Securities Act, subject to the terms of their shareholders' deed, as do the holders of exchangeable bonds issued by Melco PBL SPV, Limited. 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 of the depositary and 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, administrations and corporate functions are conducted in Macau and Hong Kong. In addition, substantially 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 treated as a passive foreign investment company, which could result in adverse United States federal income tax consequences to U.S. Holders.

We believe that we were not in 2006, and we do not currently expect to be in 2007, a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our control, including the value of our assets and the amount and type of our income, there can be no assurance that we will not become a PFIC or that the Internal Revenue Service will agree with our conclusion

regarding our PFIC status. If we are a PFIC in any year, U.S. Holders of the ADSs or ordinary shares could suffer certain adverse United States federal income tax consequences. See "Taxation—United States Federal Income Taxation—Passive Foreign Investment Company."

In the course of preparing our consolidated financial statements for the year ended December 31, 2006, several deficiencies in our internal control over financial reporting were noted. If we fail to maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected. As a result, investor confidence and the trading price of our ADSs may be adversely impacted.

In December 2006, we completed our initial public offering and became a public company in the United States and are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, will require that we include a report of management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2007. In addition, our independent registered public accounting firm must report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may still issue a report that is qualified if it is not satisfied with our internal control or the level at which our control is documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. Our reporting obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

Prior to our initial public offering in December 2006, we were a private company with limited resources with which to address our internal controls and procedures. Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting; however, in connection with the audit of our consolidated financial statements for the year ended December 31, 2006, our independent registered public accounting firm identified four significant deficiencies in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board (United States).

The significant deficiencies identified related to (i) our inadequate accounting resources with a good understanding of US GAAP and SEC reporting requirements, (ii) our failure to set up a formal policy to effectively address our obligations under the Foreign Corrupt Practices Act ("FCPA"), (iii) our failure to establish detailed financial closing and reporting policies and procedures, and (iv) our reliance on certain manual processes to prepare accounting records and information. We have implemented a number of measures to address the deficiencies that have been identified, including: (i) hiring additional accounting personnel with US GAAP and SEC reporting expertise, (ii) launching a FCPA compliance program, (iii) initiating formal monthly reporting procedures, and (iv) implementing additional month end control procedures. We are working to implement and update measures to ensure internal control compliance, although we cannot assure you that we will be able to achieve this.

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 "Our 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," "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;
- the completion of the construction of our City of Dreams project;
- 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 City of Dreams;
- our acquisition and development of the Macau Peninsula site;
- the development of Macau Studio City;
- construction cost budgets for our development projects;
- 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 Ms. 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 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 will receive net proceeds from this offering of approximately US$[•] million, after deducting estimated underwriting discounts, commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for any of the following:

- project costs related to the apartment hotel complex at City of Dreams;
- funding to our subsidiaries in relation to their development projects and operations, which may include a partial funding of the development and construction of the Macau Peninsula project; and
- any other general corporate and working capital requirements.

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, the rate of progress in our development activities for City of Dreams, and the 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 in this offering. Pending their use, we intend to place our net proceeds in short-term bank deposits or other liquid investments.

MARKET PRICE INFORMATION FOR OUR ADSs

Our ADSs, each representing three ordinary shares, have been quoted on the Nasdaq Global Market since December 19, 2006. Our ADSs trade under the symbol "MPEL". For the period from December 19, 2006 to October 12, 2007, the trading price of our ADSs on the Nasdaq Global Market has ranged from US$10.10 to US$22.20 per ADS. The following table provides the monthly high and low closing price for our ADSs on the Nasdaq Global Market for each of the eleven months since December 2006.

	Closing Price	
	High	Low
	US$	US$
2006		
December (Since December 19)	21.55	19.51
2007		
January	22.20	19.19
February	20.42	16.60
March	16.91	14.57
April	19.07	16.00
May	18.48	13.59
June	14.00	11.55
July	13.92	12.14
August	13.75	10.10
September	16.93	13.03
October (through October 12)	18.92	17.77

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2007:

- on an actual basis; and
- as adjusted to reflect the issuance and sale of the ordinary shares in the form of ADSs offered hereby, in each case after deducting underwriting discounts, commissions and estimated offering expenses payable by us.

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 June 30, 2007	
	Actual	As Adjusted
	(in thousands of US$, except for share numbers) (unaudited)	
Indebtedness		
City of Dreams Project Facility[1]	—	—
Shareholder loans[2]	115,892	115,892
Shareholders' equity:		
Ordinary shares, US$0.01 each, 1,500 million shares authorized: 1,208 million shares issued and outstanding (actual); • million shares issued and outstanding (as adjusted)	12,080	
Additional paid-in capital[3]	2,118,865	
Accumulated other comprehensive loss	(4,402)	
Accumulated losses	(173,975)	
Total shareholders' equity[3]	1,952,568	
Total capitalization[3]	2,068,460	

(1) On September 5, 2007, MPBL Gaming entered into the US$1.75 billion City of Dreams Project Facility with certain lenders to finance primarily the development costs and construction of City of Dreams, of which the Hong Kong dollar equivalent of US$500 million has been drawn down as of the date of this prospectus. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Pursuant to agreements entered into in March 2007 between us and each of Melco and PBL, the shareholder loans advanced by each of them to us were converted into term loans. In September 2007, the final maturity date of these term loans was extended from May 15, 2008 to May 15, 2009.

(3) A US$1.00 increase (decrease) in the assumed offering price of US$• per ADS, would increase (decrease) each of additional paid-in capital, total shareholders' equity and total capitalization by US$• 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 offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the offering price per ADS is substantially in excess of the book value per ADS attributable to the existing holders of our ADSs.

Our net tangible book value as of June 30, 2007 was approximately US$• million, or US$• 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 June 30, 2007, other than to give effect to our sale of the ADSs offered in this offering at the assumed offering price of US$• per ADS, and after deduction of the underwriting discounts and commissions and estimated offering expenses of this offering payable by us, our adjusted net tangible book value as of June 30, 2007 would have increased to US$• million or US$• per ADS. This represents an immediate increase in net tangible book value of US$• per ADS, to the existing shareholder and an immediate dilution in net tangible book value of US$• per ADS, to investors purchasing ADSs in this offering. The following table illustrates such per ADS dilution:

Assumed offering price per ADS	US$•
Net tangible book value per ADS as of June 30, 2007	US$•
Increase in net tangible book value per ADS attributable to this offering	US$•
Pro forma net tangible book value per ADS after giving effect to this offering	US$•
Amount of dilution in net tangible book value per ADS to new investors in this offering	US$•

A US$1.00 increase (decrease) in the assumed offering price of US$• per ADS would increase (decrease) our pro forma net tangible book value after giving effect to the offering by US$• million, the pro forma net tangible book value per ADS after giving effect to this offering by US$• per ADS and the dilution pro forma net tangible book value per ADS to new investors in this offering by US$• 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 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 June 30, 2007, 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	Percent		
			(in thousand of US$)			
Existing shareholders	•	•%	US$ •	•%	US$ •	US$ •
New investors	•	•%	US$ •	•%	US$ •	US$ •
Total	•	•%	US$ •	•%	US$ •	US$ •

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, and debt facilities we expect to enter into in the future are also 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—Risks Relating to the ADSs —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 October 12, 2007 was HK$7.7535 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 June 29, 2007, the noon buying rate was HK$7.8184 to US$1.00.

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

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

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

	Noon Buying Rate			
Period	Period End	Average[1]	Low	High
	(Hong Kong dollar per US$1.00)			
2002	7.7988	7.7996	7.8095	7.7970
2003	7.7640	7.7864	7.8001	7.7085
2004	7.7757	7.7899	7.8010	7.7632
2005	7.7533	7.7755	7.7999	7.7514
2006	7.7771	7.7685	7.7928	7.7506
2007				
May	7.8087	7.8187	7.8236	7.8044
June	7.8184	7.8142	7.8188	7.8062
July	7.8264	7.8197	7.8264	7.8129
August	7.7968	7.8155	7.8289	7.7968
September	7.7689	7.7816	7.7947	7.7591
October (through October 12)	7.7535	7.7590	7.7535	7.7694

(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 judgment obtained in a foreign court will be recognised and enforced in the courts of the Cayman Islands without any re-examination of the merits (a) at common law, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, where the judgment is final and in respect of which the foreign court had jurisdiction over the defendant according to Cayman Islands conflict of law rules and which is conclusive, for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations, and which was neither obtained in a manner, nor is of a kind enforcement of which is contrary to natural justice or the public policy of the Cayman Islands or (b) by statute, by registration in the Grand Court of the Cayman Islands.

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 (successor), and the years ended December 31, 2005 and 2006, and the selected historical consolidated balance sheet data as of December 31, 2005 and 2006 have been derived from our audited financial statements included elsewhere in this prospectus. The selected historical consolidated balance sheet data as of December 31, 2004 have been derived from our audited financial statements not included in this prospectus. The following selected consolidated statement of operations data for the six months ended June 30, 2006 and 2007 and the summary consolidated balance sheet data as of June 30, 2007 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 not included in this prospectus. 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 MPBL COD Developments and November 9, 2004 for MPBL Crown Macau Developments through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha, MPBL COD Developments and MPBL Crown Macau Developments because they were under common control for this period. The contributions by Melco of its 80% interest in Mocha, 70% interest in MPBL Crown Macau Developments 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 year ended December 31, 2006 (successor)	For the six months ended June 30, 2006 (successor)	For the six months ended June 30, 2007 (successor)
	(in thousands of US$, except share and per share data and operating data)						
Consolidated statement of operations data:							
Revenues	611	1,896	6,071	17,328	36,101	10,944	65,439
Total operating costs and expenses	(461)	(1,286)	(7,001)	(21,050)	(93,754)	(28,209)	(177,879)
Operating income (loss)	150	610	(930)	(3,722)	(57,653)	(17,265)	(112,440)
Non-operating income (expenses):							
—Interest income	—	—	—	2,516	816	315	11,617
—Interest expenses	(10)	(97)	(217)	(2,028)	(11,184)	(940)	(1)
—Written off of deferred financing costs	—	—	—	—	(12,698)	—	—
—Foreign exchange gain (loss), net	4	5	32	(570)	55	119	2,508
—Other, net	21	2	54	146	285	130	147
Income (loss) before income tax	165	520	(1,061)	(3,658)	(80,379)	(17,641)	(98,169)
Income tax (expense) credit	(28)	(26)	(37)	91	1,885	1,579	1,760
Income (loss) before minority interest	137	494	(1,098)	(3,567)	(78,494)	(16,062)	(96,409)
Minority interests	—	—	91	308	5,015	3,273	—
Net income (loss)	137	494	(1,007)	(3,259)	(73,479)	(12,789)	(96,409)
Loss per share							
—Ordinary	*	*	(0.002)	(0.006)	(0.116)	(0.026)	(0.080)
—ADS[(1)]	*	*	(0.005)	(0.019)	(0.348)	(0.077)	(0.240)
Shares used in calculating loss per share							
—Basic	*	*	625,000,000	522,945,205	633,228,439	500,000,000	1,206,995,096

* 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.

	December 31,				As of June 30,
	2003 (predecessor)	2004 (successor)	2005 (successor)	2006 (successor)	2007 (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	583,996	275,147
Accounts receivable	5	45	37	414	33,042
Amounts due from affiliated companies	217	1,085	1,398	152	152
Inventories	—	15	87	196	1,877
Prepaid expenses and other current assets	7	94	641	1,790	8,179
Total current assets	615	6,776	21,932	586,548	318,397
Property and equipment, net	1,332	10,613	67,794	279,885	661,624
Gaming subconcession, net	—	—	—	885,691	854,875
Intangible assets, net	—	12,118	11,089	4,220	4,209
Goodwill	—	34,417	34,417	81,915	81,705
Other assets	—	—	150,641	—	—
Deposit for acquisition of land interest	—	—	—	12,853	12,821
Land use right, net	—	40,493	132,424	423,066	413,506
Deferred financing costs	—	—	—	—	5,468
Total assets	2,113	106,112	421,208	2,279,920	2,362,617
Total current liabilities	1,863	17,524	138,741	207,613	350,417
Total liabilities	1,976	23,845	163,024	389,554	410,049
Minority Interests	—	35	19,492	—	—
Total shareholders' equity	137	82,232	238,692	1,890,366	1,952,568

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 years ended December 31, 2005 and 2006, and the six months ended June 30, 2006 and 2007 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.

Overview

We are a holding company that, through our subsidiaries, develops, owns and operates casino gaming and entertainment resort facilities focused exclusively on the Macau market. We are a holding company of the following principal operating subsidiaries: MPBL Gaming, which is the holder of a gaming subconcession in Macau; MPBL Crown Macau Developments; MPBL Hotel Crown Macau, MPBL COD Developments, MPBL COD Hotels, and MPBL Macau Peninsula Developments. MPBL Crown Macau Developments, developed the Crown Macau, and MPBL Hotel Crown Macau has operated the property since it opened on May 12, 2007. MPBL COD Developments (formerly known as Melco Hotels and Resorts (Macau) Limited), our subsidiary that is developing the City of Dreams, has had no significant operations to date as the City of Dreams project is still under development and construction. In addition, other than entering into a conditional 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 of the site), Macau Peninsula Developments 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 seven Mocha Clubs in Macau with an aggregate of approximately 1,100 gaming machines in operation. In 2006, we generated revenue of US$36.1 million, substantially all of which was from the Mocha Clubs operations. In the six months ended June 30, 2007, the Mocha Clubs generated gaming revenue of US$39.5 million, representing 60.4% of net revenue. The Mocha Clubs achieved an average daily net win per gaming machine of HK$1,632 (approximately US$210) for 2006 and HK$1,732 (approximately US$222) for the six months ended June 30, 2007, 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 MPBL Crown Macau Developments. The 80%

interest of Mocha was valued at HK$359.7 million (US$46.1 million), based on the 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.

Crown Macau held its grand opening on May 12, 2007 and only became fully operational in July 2007. For the 50 days the property was open during the second quarter of 2007, net revenue at Crown Macau totaled US$25.9 million. Total non-gaming revenue from Crown Macau in the 50 days of partial operations of its facilities was US$1.7 million.

Development Projects

- *City of Dreams.* We began site preparation of City of Dreams in the first quarter of 2006 and we currently target to open the initial phase of the complex before the end of March 2009. This first phase is expected to include substantial completion of the casino, retail space and two hotels, which are expected to be operated under the Crown Towers and Hard Rock brands. The first phase of the complex is currently targeted to open before the end of March 2009. This first phase is expected to include substantial completion of the casino, food and beverage outlets and two hotels, which are expected to be operated under the Crown Towers and Hard Rock brands. The purpose-built wet stage performance theatre is scheduled for completion by the end of March 2009 with opening night expected before year-end 2009, following four to six months of rehearsals. The twin-tower hotel under the Grand Hyatt brand with approximately 1,000 rooms and suites is scheduled to open in September 2009. The approximately 800-unit apartment hotel complex integrated within the City of Dreams footprint is expected to be completed by December 2009 and to be marketed in advance of project completion, subject to compliance with legal and regulatory provisions. We plan to finance the construction of the apartment hotel complex separately from the rest of the City of Dreams project, including with a portion of the proceeds from this offering. The budgeted cost of the City of Dreams project, including the casino, the Hard Rock hotel, the Crown Towers hotel, the Grand Hyatt twin-tower hotel, the purpose-built wet stage performance theatre, retail space together with food and beverage outlets is approximately US$2.1 billion, consisting primarily of construction costs, design and consultation fees, and excluding the cost of land. The additional budgeted cost of the apartment hotel complex planned for development at the City of Dreams is approximately US$330 million, excluding the cost of land. Approximately US$1.75 billion of the total cost of the City of Dreams is to be financed by the City of Dreams Project Facility, and the apartment hotel complex is expected to be financed from the proceeds of this offering.
- *Macau Peninsula Site.* In May 2006, we entered into a conditional 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. The Macau Peninsula site is approximately 6,480 square meters (approximately 1.6 acres) and the acquisition price is HK$1.5 billion (US$192.8 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$205 million (US$26.3 million) to the Macau government for this site. The agreement completion deadline was first extended in January 2007 and again in July 2007 when we negotiated an extension to the conditional agreement in order to benefit from the additional flexibility in the timing of the purchase through July 2008, which is subject to various closing conditions. Other than the extension of the purchase completion deadline, all other provisions of the agreement remain in force, and there were no fees associated with the extension. Completion of the purchase remains subject to (i) significant conditions in the control of third parties unrelated to us and the seller of the property, and (ii) the approval of the Macau government. We are currently considering plans to develop the Macau Peninsula site into a mixed-use hotel, serviced apartment and casino facility aimed primarily at day-trip gaming patrons. If we acquire the site, we are targeting the middle of 2010 as our opening date. Based on preliminary estimates and conceptual designs, we have currently budgeted approximately US$750

million for the total project costs of the Macau Peninsula project consisting primarily of land and construction costs, land premium costs, design and consultation fees.

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 net revenue, all of the gaming machine win at the Mocha Clubs which 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. 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. The Macau government has granted to MPBL Gaming, a subconcessionaire, the benefit of a corporate tax holiday on gaming income in Macau for the period starting on May 12, 2007, the date gaming operations began at Crown Macau, and expiring at the end of 2011.

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. MPBL Crown Macau Developments has entered into a lease agreement with MPBL Gaming under which MPBL Gaming operates the casinos and other gaming activities at the Crown Macau. We anticipate that MPBL COD Developments will enter into similar arrangements for the City of Dreams and, if built, MPBL Macau Peninsula Developments will enter into similar arrangements for the Macau Peninsula project.

Starting from the fourth quarter of 2006, we have incurred 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 have charged the amortization expense to our statements of operations beginning from the date we obtained 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 2001 and 2006 increased at a CAGR of 16.4% to approximately 22.0 million visitors and at a growth rate of 17.6% from 18.7 million visitors for 2005 to 22.0 million visitors for 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 increasingly competitive. At present, there are a total of six licensed gaming operators, including our subsidiary 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 concessionaires, SJM, Galaxy and Wynn Macau, as well as a subconcessionnaire, Venetian Macau, have already commenced operating facilities and have announced expansion plans to develop additional casinos in Macau. For example, SJM and Galaxy currently operate 18 and five casinos, respectively, throughout Macau. In August 2007, the Venetian Macao opened in Cotai. 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 comprising of hotel, entertainment and gaming facilities. In May 2004, The Venetian Macau opened the Sands Macao on the Macau peninsula, ushering in a new era of Las Vegas-style casinos in Macau.

Most of the gaming facilities scheduled to open in the next several years will be concentrated in Taipa or Cotai. In particular, Cotai 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

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 634 in 2005 and an average of 937 in 2006. We currently have approximately 1,100 gaming machines in the Mocha Clubs, following the addition of approximately 100 gaming machines from the opening of the seventh Mocha Club.

The following table sets forth information on the Mocha Clubs for the six months ended June 30, 2007:

Mocha Club	Opening Date	Location	Gaming Area *(in sq. ft)*	Gaming machines	Average daily net win per machine[1] US$
			(Six months ended June 30, 2007)		
Royal	September 2003	Lobby of Hotel Royal	2,100	82	208
Kingsway	April 2004	G/F, Kingsway Commercial Centre	6,100	216	251
TP Square	March 2005	G/F and 1/F, Hotel Taipa Square	4,560	142	228
Sintra	November 2005	G/F and 1/F, Hotel Sintra	5,110	140	306
Hotel Taipa	January 2006	G/F of Hotel Taipa	6,100	133	130
Marina Plaza	December 2006	1/F & 2/F Marina Plaza	12,500	261	201
Total[2]			36,470	974	222

(1) Average daily net win per machine for any period/year represents the average total daily gaming machine win during such period/year divided by the weighted average number of gaming machines in service during such period/year. 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.

(2) Excludes the seventh Mocha Club opened in October 2007.

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

Crown Macau commenced operation on May 12, 2007 and did not generate any revenue prior to that date. The City of Dreams integrated casino resort complex has not yet commenced commercial operations or generated any revenue. City of Dreams is targeted to begin revenue-generating operations following the

completion of the first phase of the project by the end of the first quarter of 2009. We also expect to monetize the apartment hotel complex located in City of Dreams subject to fluctuations in the real property market in Macau and the availability of financing. The acquisition of the Macau Peninsula site has not yet been completed. We anticipate that the majority of our revenues in the future will be generated from our casino and hotel operations, while we expect revenue from the Mocha Clubs to decrease substantially as a percentage of our overall revenue.

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, as 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 net revenues reflect all the gaming revenues generated from the Mocha Clubs and other gaming operations which are 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 paid to junket operators, cost of complimentary allowances provided to high-end patrons and junket operators, property expenses, depreciation of fixed assets and amortization of gaming subconcession, interest expense, marketing and promotion expenses and costs of operating supplies. In future periods, we expect labor, commissions to junket operators, cost of complimentary allowances provided to high-end patrons, depreciation of construction costs, including capitalized fees and finance costs for construction and amortization of gaming subconcession, 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.

Macau's Real Estate Market

Our business is affected by the markets for both commercial (including retail) and residential real estate in Macau. Our plan to monetize the apartment hotel complex located in City of Dreams will be subject to fluctuations in the Macau real estate market. In addition, fluctuations in the real estate market will affect the land premium that we pay if we acquire the Macau Peninsula site.

Overview of Financial Results

Revenues

Prior to September 2006, our revenues consisted of fees for services provided to gaming machine lounges, food and 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 as gaming revenue all the gaming machine win at the Mocha Clubs, which we record under the item casino operating revenue, but we are subject to Macau taxes and other government dues currently totaling 39% of gaming machine win.

With Crown Macau opening in May 2007, our revenues in 2007 include table game and gaming machine wins, as well as rooms, food and beverage revenue generated from Crown Macau. Commission paid to high-end gaming patrons and the retail value of accommodation, food and beverage, and other services furnished to patrons without change, are deducted from gross revenues.

Operating Costs and Expenses

Our operating costs and expenses have historically consisted primarily of expenses for operating gaming machine lounges, amortization of land use rights and general and administrative expenses. They also consisted of costs of food and beverage, and others, selling and marketing expenses and pre-opening costs. Subsequent to MPBL Gaming obtaining the subconcession, we record expenses in connection with the amortization of the gaming subconcession and taxes on gaming revenue.

Casino. This cost relates to the operations of our Mocha Clubs and our casino at Crown Macau. Prior to May 2007, this operating cost and expense consisted primarily of salaries and benefits paid to the Mocha Clubs staff, security costs, rent for the Mocha Club locations and operating supplies. Subsequent to Crown Macau opening, this operating cost and expense now includes Crown Macau casino operations which include costs of providing promotional allowances to patrons and gaming taxes.

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, and general costs associated with our corporate offices, professional services fees and share based compensation. We expect our total general and administrative expenses to increase as we hire additional personnel for our corporate offices and as we incur costs associated with our obligations as a listed company.

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. Our sales and marketing expenses increased significantly prior to and in connection with the opening of the Crown Macau. We have also incurred a one-time marketing charge in relation to the Crown Macau opening event. We have increased and anticipate that we will continue to increase significantly our sales and marketing expenses as we 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 following the opening of the Crown Macau in May 2007 and as we approach the respective completion dates of the 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 training costs and other administrative costs in connection with the opening of the Crown Macau on May 12, 2007 and the first phase of the City of Dreams project targeted to open before the end of March 2009 and to a lesser extent, the opening of a new Mocha Club. We anticipate that our pre-opening costs will increase as we get closer to the opening dates for our development projects.

Share based compensation. We granted restricted shares to certain personnel in December 2006. The total number of restricted shares that were granted to those persons was approximately 2,540,000, representing approximately US$16.1 million divided by our initial public offering price (as adjusted for the three ordinary shares to one ADS ratio). These restricted shares have a vesting period ranging from six months to five years. We recorded compensation expenses of approximately US$278,000 and US$3.2 million as general and administrative expense for the year ended December 31, 2006 and six months ended June 30, 2007, respectively, with respect to these restricted share grants. Of the restricted shares granted in December 2006, 175,400 of the restricted shares were vested as of October 12, 2007 and the grant date fair value is determined with reference to the initial public offering price as adjusted due to the fact that these restricted shares are not entitled to dividends during the vesting period.

Amortization of gaming subconcession. The cost of the subconcession is amortized on a straight-line basis over the term of the Gaming Subconcession agreement which expires in June 2022. We began to amortize the asset in October 2006 after MPBL Gaming obtained the subconcession. In 2006 and in the first six months ended June 30, 2007, we had amortized US$14.3 million and US$28.6 million, respectively, of the total cost of the subconcession.

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 MPBL Crown Macau Developments 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 Crown Macau is March 2031, and the amortization of the land use rights for Crown Macau was US$5.4 million for the year ended December 31, 2006 and US$2.8 million for the six months ended June 30, 2007. 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. The amortization of land use rights for the City of Dreams project was US$7.0 million as of December 31, 2006 and US$5.7 million for the six months ended June 30, 2007.

Depreciation and amortization. Depreciation and amortization expenses have historically consisted of depreciation of gaming machines and other equipment and amortization of leasehold improvements held by Mocha. In May 2007, we began to depreciate buildings, equipment and leasehold improvement costs associated with Crown Macau as these assets were placed into service.

Impairment loss recognized on slot lounge services agreements. Impairment loss recognized on slot lounge services agreements represents a one-time charge that we recognized in 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 relating to 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 termination of the services agreements, we incurred an impairment loss of US$7.6 million, which was calculated with reference to a valuation determined by us and the estimated date for obtaining the subconcession.

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 expense consists of interest expenses with respect to advances from affiliated companies and shareholders together with interest expenses in connection with the Subconcession Facility prior to repaying the facility in full with the proceeds of our initial public offering in December 2006.

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 International Limited, MPBL (Greater China), Melco PBL Holdings Limited, Melco PBL Investments Limited, Melco PBL Nominee One Limited, Melco PBL Nominee Two Limited, and Melco PBL Nominee Three Limited, are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Our subsidiary, Melco PBL Services Limited which is incorporated in Hong Kong, is subject to Hong Kong profits tax on any profits of MPBL Services arising in or derived from Hong Kong. MPBL Services was set up for the purpose of entering into various administrative contracts, including leases for administrative office space in Hong Kong.

Our subsidiaries, Melco PBL Services (US) Limited and Melco PBL (Delaware) LLC, which are incorporated in the U.S.A., are subject to U.S. tax.

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 are all incorporated in Macau and are subject to a Macau complementary tax of 12% on their activities conducted in Macau. Having obtained a subconcession, MPBL Gaming has obtained a corporate tax holiday on corporate income tax, or complementary tax (but not gaming tax), in Macau for a period similar to that of other concession and subconcession holders. This will 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.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109 (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined in that statement. FIN 48 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods in income tax disclosures.

We adopted the provisions of FIN 48 effective January 1, 2007. We made our assessment of the level of tax authority for each tax position (including the potential application of interest and penalties) based on the technical merits, and have measured the unrecognized tax benefits associated with the tax positions. Based on our evaluation, we concluded that there are no significant uncertain tax positions requiring recognition in our financial statements. We have no material unrecognized tax benefit which would favorably affect the effective income tax rate in future periods. As of June 30, 2007, there were no interest and penalties related to uncertain tax positions being recognized in our consolidated financial statements.

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 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 in 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 and granted restricted shares in December 2006. Accordingly we record share-based compensation based on the SFAS 123(R) grant date fair value requirements.

With respect to the non-vested restricted shares granted in December 2006, we retained an independent appraiser to produce a valuation report on the fair value of our company. Significant management judgment is involved in determining the underlying variables. Of the restricted shares granted in December 2006, 175,400 restricted shares were vested as of October 12, 2007 and the grant date fair value is determined with reference to the initial public offering price as adjusted due to the fact that these restricted shares are not entitled to dividends during the vesting period.

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.

Revenue Recognition

We recognize 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 termination of the services agreement with SJM, slot lounge gaming revenue was recognized on an accrual basis in accordance with the contractual terms of the respective service agreement. 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.

Following termination of the services agreement with SJM, the Company, through its wholly-owned subsidiary MPBL Gaming, generates slot lounge gaming revenue under the gaming subconcession. Slot lounge gaming revenue is measured as the aggregate net difference between gaming wins and losses less the accruals for the anticipated payouts of progressive slot jackpots.

Other casino revenue is measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession.

Rooms, food and beverage, entertainment, retail and other revenues are recognized when services are provided.

Revenues are recognized net of certain sales incentives in accordance with the Emerging Issues Task Force ("EITF") consensus on Issue 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)." EITF 01-9 requires that sales incentives be recorded as a reduction of revenue; consequently, the Company's casino revenues are reduced by discounts, commission and points earned in customer loyalty programs, such as the player's club loyalty program.

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenue and then deducted as promotional allowances. The cost of providing such promotional allowances was included in the casino operating expenses.

Accounts receivable and credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of "markers" to approved casino customers following investigations of creditworthiness.

Accounts receivable, including casino receivables, is typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their carrying amount, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as management's experience with collection trends in the casino industry and current economic and business conditions.

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 (initially 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 October 2006, 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, are held in equal proportions by each of them, 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 MPBL Crown Macau Developments and 100% of MPBL COD Developments. On March 8, 2005, Melco, in exchange for its 50% interest in us, contributed its interest in Mocha, MPBL Crown Macau Developments and MPBL COD Developments 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 MPBL COD Developments and November 9, 2004 for MPBL Crown Macau Developments through March 7, 2005, the financial statements reflect the consolidated financial statements of Mocha, MPBL COD Developments and MPBL Crown Macau Developments because they were under common control for this period. The contributions by Melco of its 80% interest in Mocha, 70% interest in MPBL Crown Macau Developments 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 MPBL Crown Macau Developments and MPBL COD Developments (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 Management Limited and Mocha Cafe Limited.

Group restructuring upon acquisition of gaming subconcession

On March 4, 2006, PBL entered into an agreement with Wynn Macau to obtain a gaming subconcession for the operation of casino games of chance and other casino games in Macau for US$900 million. PBL Asia Investments Limited, which is owned by PBL, formed MPBL Gaming to hold the subconcession. 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 Melco and PBL, Melco and PBL each agreed to contribute US$160 million for a total of US$320 million to our company to subscribe for all the outstanding 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. The existing shares of MPBL Gaming held by PBL Asia Limited were converted into Class A shares representing 18% of the voting power over 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 MOP1 in dividends and MOP1 in proceeds of any winding up or liquidation of MPBL Gaming. In addition, PBL agreed to subscribe or cause its subsidiary to subscribe for US$80 million of equity of MPBL Gaming. Together with the proceeds of US$500 million drawn down from the Subconcession Facility, the above subscription funds to MPBL Gaming's outstanding capital stock were used to make the required US$900 million payment to Wynn Macau.

Pursuant to the same agreement between Melco and PBL, Melco and PBL also agreed to adjust their existing ownership interests in our company from 60% held by Melco (40% via its interests in our company and 20% via its interest in MPBL (Greater China)) and 40% held by PBL to be 50% owned each by Melco and PBL. Melco also contributed its 20% interest in MPBL (Greater China) to our company. In October 2006, the 20% interest in MPBL (Greater China) held by Melco was re-classified as non-voting shares, which we later acquired through our wholly-owned subsidiary MPBL International. We accounted for this acquisition using the purchase method.

In addition, we acquired all the outstanding Class B shares of MPBL Gaming after the subconcession was granted to MPBL Gaming and the acquisition was approved by the Macau government. We accounted for this acquisition at the fair values of the underlying assets acquired and liabilities assumed including the subconcession, loan drawn down from the Subconcession Facility, working capital loans due to PBL and Melco (subsequently converted into equity), cash and cash equivalents and other net liabilities. The estimated fair value of the subconcession was derived from the purchase consideration paid by MPBL Gaming to obtain the subconcession. On June 12, 2007, PBL Asia Limited transferred its 18% shareholding in MPBL Gaming to two of our subsidiaries, MPBL Investments and MPBL International, for nominal consideration.

Recent changes in accounting standards

In September 2006 the FASB issued FASB Statement No. 157, ("SFAS 157"), "Fair Value Measurement." SFAS 157 addresses standardizing the measurement of fair value for companies who are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are currently evaluating the impact, if any, of SFAS 157 on our financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "Fair Value Option for Financial Assets and Financial Liabilities". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Group is currently evaluating the impact of SFAS No. 159.

Results of Operations

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations. Historically, we have relied solely on the operations of the Mocha Clubs for our operating cash flow until May 2007, when our Crown Macau property was officially opened. Our 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 year ended December 31, 2006 (successor)	Historical result for the six months ended June 30, 2006 (successor)	Historical result for the six months ended June 30, 2007 (successor)
			(in thousands of US$, except operating data)			
Revenues	1,896	6,071	17,328	36,101	10,944	65,439
Total operating costs and expenses	(1,286)	(7,001)	(21,050)	(93,754)	(28,209)	(177,879)
Operating income (loss)	610	(930)	(3,722)	(57,653)	(17,265)	(112,440)
Non-operating income (expenses)	(90)	(131)	64	(10,028)	(376)	14,271
Income (loss) before income tax	520	(1,061)	(3,658)	(80,379)	(17,641)	(98,169)
Income tax (expense) credit	(26)	(37)	91	1,885	1,579	1,760
Income (loss) before minority interests	494	(1,098)	(3,567)	(78,494)	(16,062)	(96,409)
Minority interests	—	91	308	5,015	3,273	—
Net income (loss)	$ 494	$ (1,007)	$ (3,259)	(73,479)	(12,789)	(96,409)
Selected operating data:						
—Weighted average number of gaming machines[1]	125	513	634	937	972	974
—Average daily net win per machine[2]	284.5	171.5	229.1	209.8	193.8	222.0
Other data:						
Operating/Adjusted EBITDA[3]	$ 771	$ 1,119	$ 7,430	$ 13,178	$ 5,305	$ (4,871)

(1) Weighted average number of gaming machines for any period represents the sum of the number of gaming machines in service at Mocha Clubs on each day during such period divided by the number of days in such period. Weighted average number of gaming machines does not include the data from Crown Macau as we believe it may not be indicative of a "steady state" average as Crown Macau has only been open since May 12, 2007 and its facilities have only been partially operational through June 30, 2007.

(2) Average daily net win per machine for any period represents the average total daily 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 net 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 net 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. Average daily net win per machine does not include the data from Crown Macau as we believe it may not be indicative of a "steady-state" average, as Crown Macau has only been open since May 12, 2007 and its facilities have only been partially operational through June 30, 2007.

(3) Prior to the opening of Crown Macau in May 2007, our management used Operating EBITDA for Mocha Slot to measure our operating performance, as Mocha Slot was our sole business until May 2007. Subsequent to the opening of Crown Macau in May 2007, our management used Adjusted EBITDA of Mocha Slot and Crown Macau to measure their operating performance as they are our two primary operating businesses.

In 2007, due to the opening of Crown Macau, we classified some of the operating costs and expenses in a different manner as we did at the time we prepared the 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 two years ended December 31, 2006 (successor). In order to conform to the 2007 presentation, we made reclassifications of expenses for the prior periods that were included in the audited financial statements for the year ended December 31, 2006 appearing in our annual report on Form 20-F dated March 30, 2007. The breakdown of total operating costs and expenses is as follows:

	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 year ended December 31, 2006 (successor)	Historical result for the six months ended June 30, 2006 (successor)	Historical result for the six months ended June 30, 2007 (successor)
			(in thousands of US$, except operating data)			
Operating costs and expenses:						
—Casino[1][2]	(712)	(2,554)	(6,351)	(18,777)	(5,710)	(48,811)
—Rooms	—	—	—	—	—	(4,018)
—Food and beverage	(48)	(250)	(596)	(530)	(302)	(952)
—General and administrative[2]	(195)	(1,960)	(4,336)	(15,105)	(2,431)	(21,361)
—Selling and marketing	(81)	(166)	(534)	(3,511)	(392)	(18,372)
—Pre-opening costs	(96)	(199)	(730)	(11,679)	(2,403)	(35,276)
—Amortization of gaming subconcession	—	—	—	(14,309)	—	(28,594)
—Amortization of land use rights	—	(130)	(3,535)	(12,358)	(4,703)	(8,503)
—Depreciation and amortization[1][2]	(154)	(1,742)	(4,968)	(9,845)	(4,628)	(11,992)
—Impairment loss recognized on slot lounges services agreements	—	—	—	(7,640)	(7,640)	—
Total operating costs and expenses	(1,286)	(7,001)	(21,050)	(93,754)	(28,209)	(177,879)

Notes:

(1) For the audited financial statements for the year ended December 31, 2006 appearing in our annual report on Form 20-F dated March 30, 2007, the amortization of intangible assets were included in casino operating costs.

(2) For the audited financial statements for the year ended December 31, 2006 appearing in our annual report on Form 20-F dated March 30, 2007, the depreciation of property and equipment have been included in casino operating costs and general and administrative expenses.

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006

The following items had the most significant impact on our operations for the six month-period ended June 30, 2007 as compared to the same period in 2006:

- The opening and commencement of operation of our Crown Macau project on May 12, 2007.
- The weighted average number of machines in operation was 972 and 974 during the six months ended June 30, 2006 and 2007, respectively.
- Average daily net win per machine was US$193.8 and US$222.0 during the six months ended June 30, 2006 and 2007, respectively.
- The increase in the number of machines and lounges resulted in increase in our revenues and costs and expenses.
- MPBL Gaming's obtaining of the subconcession and the subsequent transfer of MPBL Gaming to us in September 2006 led to a significant impact on amortization expenses attributable to the subconcession going forward.
- We incurred pre-opening, selling and marketing expenses associated with the development of the Crown Macau and the City of Dream projects.

Revenues

Our revenues increased by 497.9% from US$10.9 million for the six months ended June 30, 2006 to US$65.4 million for the six months ended June 30, 2007. The significant increase in revenues was primarily due to the change in reporting of Mocha Clubs revenues from a service fee basis of US$10.9 million for the six months ended June 30, 2006 to a gross gaming revenue basis of US$39.5 million for the six months ended June 30, 2007 subsequent to obtaining the subconcession in September 2006. In addition, the opening of Crown Macau contributed US$25.9 million revenues for the six months ended June 30, 2007.

Operating costs and expenses

Our total operating costs and expenses increased by 530.6% from US$28.2 million for the six months ended June 30, 2006 to US$177.9 million for the six months ended June 30, 2007, primarily due to the increase in operating costs relating to Crown Macau in the amount of US$42.2 million, increase of US$32.9 million in pre-opening costs relating to the Crown Macau and City of Dreams projects, amortization of the gaming subconcession of US$28.6 million, increase of US$3.8 million in amortization of land use rights, and increase in depreciation and amortization of building and equipment of US$7.4 million.

Casino. Our casino expenses increased by 754.8% from US$5.7 million for the six months ended June 30, 2006 to US$48.8 million for the six months ended June 30, 2007, primarily due to the commencement of operations of Crown Macau. In addition, having obtained our subconcession in September 2006, we incurred Macau taxes and other government dues totaling US$29.2 million on gaming revenue generated from Crown Macau and Mocha Clubs. We did not incur any Macau taxes and other government dues prior to the grant of the subconcession.

Food, beverage and others. Our food, beverage and other expenses increased by 215.2% from US$302,000 for the six months ended June 30, 2006 to US$952,000 for the six months ended June 30, 2007, primarily due to the opening of Crown Macau.

Rooms. Our room expenses of US$4.0 million for the six months ended June 30, 2007 represent costs in operating the hotel facility at Crown Macau.

General and administrative. Our general and administrative expenses increased by 778.7% from US$2.4 million for the six months ended June 30, 2006 to US$21.4 million for the six months ended June 30, 2007, primarily due to the incurrence of expenses to establish our corporate administrative offices and 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 in connection with US regulatory compliance.

Selling and marketing. Our selling and marketing expenses increased by 4,586.7% from US$392,000 for the six months ended June 30, 2006 to US$18.4 million for the six months ended June 30, 2007, primarily due to an increase in marketing and promotion expenses that we incurred for promoting Mocha Clubs and Crown Macau, and in connection with the Crown Macau opening event.

Pre-opening costs. Our pre-opening costs increased by 1,368.0% from US$2.4 million for the six months ended June 30, 2006 to US$35.3 million for the six months ended June 30, 2007, 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 leading up to its opening in May 2007.

Amortization of gaming subconcession. Amortization of gaming subconcession for the six months ended June 30, 2007 was US$28.6 million. We began to amortize the subconcession in October 2006.

Amortization of land use rights. Amortization of land use rights expenses increased by 80.8% from US$4.7 million for the six months ended June 30, 2006 to US$8.5 million for the six months ended June 30, 2007.

Depreciation and amortization. Depreciation and amortization expense increased by 159.1% from US$4.6 million for the six months ended June 30, 2006 to US$12.0 million for the six months ended June 30, 2007 as we began to depreciate the building costs associated with Crown Macau in May 2007 upon its commencement of operations.

Non-operating income (expenses)

Non-operating income (expenses) consist of interest income and expenses, foreign exchange gains and losses as well as other non-operating income. Our interest income increased by 3,587.9% from US$315,000 for the six months ended June 30, 2006 to US$11.6 million for the six months ended June 30, 2007, primarily due to interest earned on IPO proceeds. Interest expense of US$940,000 for the six months ended June 30, 2006 was

primarily attributable to cash advances from Melco for our daily operation in 2006. Our foreign exchange gains increased from US$119,000 for the six months ended June 30, 2006 to US$2.5 million for the six months ended June 30, 2007 primarily resulting from foreign exchange transaction gains on H.K. dollar payables. Our other non-operating income increased from US$130,000 for the six months ended June 30, 2006 to US$147,000 for the six months ended June 30, 2007.

Income tax credit

We had an income tax credit of US$1.6 million for the six months ended June 30, 2006, compared with US$1.8 million for the six months ended June 30, 2007 due to a greater deferred tax credit that we benefited from in the six months ended June 30, 2007.

Minority interest

Our share of income to minority shareholders was US$3.3 million for the six months ended June 30, 2006, comprising Melco's share of our income and loss through the 20% interest in MPBL (Greater China) that it held until October 2006.

Net loss

As a result primarily of the foregoing, we incurred a net loss of US$12.8 million and US$96.4 million for the six months ended June 30, 2006 and 2007, respectively.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

The following items had the most significant impact on our operations for 2006 as compared against 2005:

- The weighted average number of machines in operation was 634 and 937 during 2005 and 2006, respectively, and we had five and six Mocha Clubs at the end of 2005 and 2006, respectively.
- Average daily net win per machine was US$229.1 and US$209.8 during 2005 and 2006, respectively.
- The increase in the number of machines and lounges resulted in an increase in our net revenues and costs and expenses.
- In 2006, we amortized land use rights in connection with both the Crown Macau and City of Dreams sites, whereas in 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 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 in 2006.
- There was a substantial increase in general and administrative expenses attributable to the establishment of our corporate administration offices and professional service fees in connection with our group restructuring during the year and initial public offering in December 2006.
- We incurred interest expenses and financing costs in connection with the US$500 million Subconcession Facility prior to its full repayment with the proceeds from our initial public offering.
- MPBL Gaming obtaining the subconcession and the subsequent transfer of MPBL Gaming to us had a significant impact on our revenue recognition, income tax payable and amortization expenses attributable to the subconcession going forward.
- We incurred pre-opening, selling and marketing expenses associated with the development of the Crown Macau and the City of Dreams projects.

Revenues

Our revenues increased by 108.3% from US$17.3 million in 2005 to US$36.1 million in 2006 due partly to obtaining the subconcession, which resulted in a change in reporting of Mocha Clubs revenues from a service fee basis prior to the subconcession to a gross gaming revenue basis during September 2006. The increase was also

due to the opening of 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 634 for 2005 to 937 for 2006. The increase was offset in part by a decrease in the average daily net win per machine from HK$1,787 (US$229.1) for 2005 to HK$1,632 (US$209.8) for 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; (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; and (3) an increase in market competition as a result of the openings of a number of new casinos, including Wynn Macau and Galaxy StarWorld. Our average daily net win per machine was HK$1,931 (US$248.2) in the fourth quarter of 2006 and HK$1,646 (US$211.6) in December 2006.

Operating costs and expenses

Our total operating costs and expenses increased by 345.4% from US$21.1 million in 2005 to US$93.8 million in 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, a US$8.8 million increase in amortization of land use rights, an amortization of US$14.3 million in connection with the subconcession, a US$10.9 million increase in pre-opening costs relating to the Crown Macau and City of Dreams projects, 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 for 2006, which is determined based on the net book value of the plant and equipment involved and the opening of additional Mocha Clubs.

Casino. Our casino expenses increased by 195.7% from US$6.4 million in 2005 to US$18.8 million in 2006, primarily due to the opening of additional Mocha Clubs and an increase in labor costs in connection with new gaming machines. We recorded Macau taxes and other government dues totalling US$7.5 million on gaming revenue from Mocha Clubs.

Food, beverage and others. Our food, beverage and other expenses decreased by 11.1% from US$596,000 in 2005 to US$530,000 in 2006, primarily due to the closure of the Mocha Club at Kampek in September 2006.

General and administrative. Our general and administrative expenses increased by 248.4% from US$4.3 million in 2005 to US$15.1 million in 2006, primarily due to the incurrence of expenses to establish our corporate administrative offices and 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 and public relations expenses in connection with our initial public offering in December 2006.

Selling and marketing. Our selling and marketing expenses increased by 557.5% from US$534,000 in 2005 to US$3.5 million in 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 in anticipation of its opening.

Pre-opening costs. Our pre-opening costs increased by 1,499.9% from US$730,000 in 2005 to US$11.7 million in 2006, due to principally 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 City of Dreams.

Amortization of gaming subconcession. Amortization of gaming subconcession for the year was US$14.3 million in 2006. We began to amortize the subconcession in October 2006.

Amortization of land use rights. Amortization of land use rights expenses increased by 249.6% from US$3.5 million in 2005 to US$12.4 million in 2006. In 2006, we amortized land use rights in connection with both the Crown Macau and City of Dreams sites, whereas in 2005, we only amortized land use rights in connection with the Crown Macau site.

Depreciation and amortization. Depreciation and amortization expenses increased by 98.2% from US$5.0 million in 2005 to US$9.8 million in 2006 primarily due to costs associated with the roll out of new machines and amortization of leasehold improvements of new lounges.

Impairment loss recognized on slot lounge services agreements. We recognized a one-time impairment loss of US$7.6 million in 2006. See "—Overview of Financial Results—Operating Costs and Expenses—Impairment loss recognized on slot lounge services agreements."

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 significantly from US$2.5 million in 2005 to US$816,000 in 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 significantly from US$2.0 million in 2005 to US$11.2 million in 2006. The increase in interest expenses was primarily attributable to interest expenses incurred for the US$500 million Subconcession Facility drawn prior to its full repayment with the proceeds from our initial public offering. We had written off deferred financing cost of US$12.7 million primarily in relation to the repayment of US$500 million under the Subconcession Facility as of December 31, 2006. We had a US$570,000 foreign exchange loss in 2005 primarily resulting from foreign exchange transaction losses on H.K. dollar payables, compared to a US$55,000 foreign exchange gain in 2006. Our other non-operating income increased from US$146,000 in 2005 to US$285,000 in 2006.

Income tax credit

We had an income tax credit of US$91,000 in 2005, compared to an income tax credit of US$1.9 million in 2006 due to a greater deferred tax credit that we benefited from in 2006.

Minority interest

Our share of loss by minority shareholders was US$308,000 in 2005, compared to a share of loss by minority shareholders of US$5.0 million in 2006, comprising Melco's share of our income and loss through the 20% interest in MPBL (Greater China) that it held until October 2006.

Net loss

As a result primarily of the foregoing, we had a net loss of US$3.3 million and US$73.5 million in 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 net 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 depreciation and amortization.
- 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 Overseas Ltd., or 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 revenues were 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 casino 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.

Casino. Our casino expenses were US$712,000 for the period from January 1, 2004 to June 8, 2004 and US$2.6 million for the period from June 9, 2004 to December 31, 2004, compared to US$6.4 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.

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.

General and administrative. Our general and administrative expenses were US$195,000 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$4.3 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.

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.

Depreciation and amortization. Depreciation and amortization expenses were US$154,000 for the period from January 1, 2004 to June 8, 2004 and US$1.7 million for the period from June 9, 2004 to December 31, 2004, compared to US$5.0 million in 2005 primarily due to costs associated with the roll out of new machines and amortization of leasehold improvements of new lounges.

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 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 overall operating loss 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 year ended December 31, 2006 (successor)	Historical result for the six months ended June 30, 2006 (successor)	Historical result for the six months ended June 30, 2007 (successor)
			(in thousands of US$)			
Net cash provided by (used in) operating activities	$ 557	$ 2,217	$ 4,284	$ (20,237)	$ (5,243)	$ 16,040
Net cash used in investing activities	(6,445)	(5,475)	(181,258)	(38,645)	(42,774)	(381,445)
Net cash provided by financing activities	8,267	8,795	191,206	623,109	31,870	58,053
Net increase (decrease) in cash and cash equivalents	2,379	5,537	14,232	564,227	(16,147)	(307,352)
Cash and cash equivalents at beginning of period/year	386	—	5,537	19,769	19,769	583,996
Effect of foreign exchange on cash and cash equivalents	—	—	—	—	—	(1,497)
Cash and cash equivalents at end of period/year	$ 2,765	$ 5,537	$ 19,769	$ 583,996	$ 3,622	$ 275,147

Operating activities

Our net cash provided by operating activities was US$16.0 million for the six months ended June 30, 2007, compared to the US$5.2 million net cash used in operating activities for the six months ended June 30, 2006. This was primarily attributable to the opening of Crown Macau. 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 for the years ended December 31, 2005 and 2006, the average number of gaming machines at our Mocha Clubs increased to 513, 634 and 937, respectively. The average number of gaming machines at our Mocha Clubs for the six months ended June 30, 2007 was 974.

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 such projects 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 be required to incur significant additional indebtedness or sell convertible bonds, ADSs or other equity or equity-linked 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

City of Dreams. The estimated cost of City of Dreams, comprising a 420,000 sq.ft. casino, the Hard Rock hotel, the Crown Towers hotel, the Grand Hyatt twin-tower hotel, a purpose-built wet stage performance theatre, approximately 145,000 sq.ft. of retail space together with food and beverage outlets is approximately US$2.1 billion, consisting primarily of construction costs, design and consultation fees, but excluding the cost of land. The additional cost of the apartment hotel complex planned for development at the City of Dreams integrated

casino resort complex is approximately US$330 million, excluding the cost of land. As of June 30, 2007, we had spent approximately US$200.6 million of the total budget (excluding land), primarily for construction, 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 under the US$1.75 billion City of Dreams Project Facility; and
- a portion of the net proceeds from this offering.

See "—Liquidity and Capital Resources—Financing Activities."

Macau Peninsula Site. In May 2006, we entered into a conditional agreement to acquire a third development site, which is located on the shoreline of Macau peninsula near the current Macau Ferry Terminal, or Macau Peninsula site. The Macau Peninsula site is approximately 6,480 square meters (approximately 1.6 acres) and the acquisition price is HK$1.5 billion (US$192.8 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$205 million (US$26.3 million) to the Macau government for this site. The agreement completion deadline was first extended in January 2007 and again in July 2007 when we negotiated an extension of the completion deadline for the conditional agreement to the end of July 2008 in order to benefit from additional flexibility in the timing of the purchase, which is subject to various closing conditions. Other than the extension of the purchase completion deadline, all other provisions of the agreement remain in force, and there were no fees associated with the extension. Completion of the purchase remains subject to (i) significant conditions in the control of third parties unrelated to us and the seller of the property, and (ii) the approval of the Macau government. We are currently considering plans to develop the Macau Peninsula site into a mixed-use hotel, serviced apartment and casino facility aimed primarily at day-trip gaming patrons. If we acquire the site, we are targeting the middle of 2010 as our opening date. Based on preliminary estimates and conceptual designs, we have currently budgeted approximately US$750 million for the total project costs of the Macau Peninsula project consisting primarily of land and construction costs, land premium costs, design and consultation fees.

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. 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 repaid the entire US$500 million drawn under the Subconcession Facility and any fees and interest incurred in connection with this facility in December 2006 with a portion of the net proceeds of the initial public offering of our ADSs. See "—Liquidity and Capital Resources—Financing Activities."

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

Financing activities

Proceeds from Our Initial Public Offering. Net cash provided by financing activities amounted to US$58.1 million for the first six months of 2007, primarily due to proceeds from the sale of additional ADSs pursuant to the exercise of the underwriters' over-allotment option in January 2007, which amounted to US$160.6 million after underwriting discounts and commissions, following our initial public offering in December 2006. Net cash provided by financing activities amounted to US$623.1 million in 2006, primarily due to the proceeds from our initial public offering, which amounted to US$1.1 billion after underwriting discounts and commissions, of which US$500 million was immediately used for the repayment of the Subconcession Facility.

Shareholder Loans and Contributions. In March 2007, we fully repaid the amounts outstanding due to Melco and PBL as at end of 2006 totaling US$ 96.9 million. As of June 30, 2007, we have approximately US$115.9 million of outstanding shareholder loans from Melco and PBL in the form of a fixed term loan at an interest rate of 3-month HIBOR per annum repayable in May 2009.

No fees or proceeds are 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, MPBL Crown Macau Developments (formerly Great Wonders) entered into a two tranche HK$1.28 billion (US$164.5 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. This facility was never drawn down and was cancelled in June 2007.

Subconcession 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. 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 was repaid with part of the net proceeds from our initial public offering in December 2006.

City of Dreams Project Facility. On September 5, 2007, MPBL Gaming entered into the US$1.75 billion City of Dreams Project Facility to finance a portion of the total project costs of the City of Dreams. On September 24, 2007, the first drawdown equating to the Hong Kong dollar equivalent of US$500 million was made under the City of Dreams Project Facility.

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.

Description of Our Indebtedness

Subconcession Facility

On September 4, 2006, MPBL Gaming entered into a US$500 million term loan facility with certain lenders to pay the remaining part of the US$900 million purchase price due to Wynn Macau upon the Macau government's approval of the issuance of a gaming 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 was fully repaid with the proceeds of our initial public offering in December 2006.

City of Dreams Project Facility

MPBL Gaming has entered into a senior facilities agreement, dated September 5, 2007 (as supplemented), with Australia and New Zealand Banking Group Limited, Banc of America Securities Asia Limited, Barclays Capital, Citigroup Global Markets Asia Limited, Deutsche Bank AG, Hong Kong branch, and UBS AG, Hong Kong Branch to finance primarily the development and construction costs of the City of Dreams.

The City of Dreams Project Facility consists of:

- a US$1.5 billion term loan facility; and
- a US$250 million revolving credit facility.

Drawdown

The final maturity date of the term loan facility is September 5, 2014 and the final maturity date of the revolving credit facility is September 5, 2012 or, if earlier, the date of repayment, prepayment or cancellation in full of the term loan facility.

Drawdowns on the term loan facility are, subject to satisfaction of conditions precedent, available in minimum amounts of US$5 million (approximately HK$39 million) until January 5, 2010. The revolving credit facility will be made available on a fully revolving basis from, in the case of any drawing for general working capital purposes or purposes of meeting cost overruns associated with the City of Dreams project, the date upon which the term loan facility has been fully drawn, to the date that is one month prior to the revolving credit facility's final maturity date.

All drawings under the City of Dreams Project Facility are to be paid into a disbursement account that will be subject to security. The first drawdown under the City of Dreams Project Facility took place on September 24, 2007 in an amount equal to the Hong Kong dollar equivalent of US$500 million. Subsequent drawdowns under the City of Dreams Project Facility are subject to, among others, satisfaction of conditions precedent specified in the City of Dreams Project Facility, including registration of the land concession and execution of construction contracts, compliance with affirmative, negative and financial covenants and the provision of certificates from technical consultants certifying the amount paid or payable for the construction cost. MPBL Gaming is also required to undertake a program to hedge exposures to interest rate fluctuations under the City of Dreams Project Facility and in certain circumstances, currency fluctuations. These hedging agreements will be secured on a pari passu basis with the lenders.

Repayment

The term loan facility will be repaid in quarterly installments according to an amortization schedule commencing September 5, 2010. Each revolving credit facility loan will be repaid in full on the last day of an agreed upon interest period ranging from one to six months, or rolled-over.

MPBL Gaming may make voluntary prepayments in respect of the term loan facility and the revolving credit facility, subject to certain conditions without premium or penalty other than break costs, in minimum amounts of US$20 million following completion of the project and in full prior to completion. Voluntary prepayments will be applied to the principal outstanding on the City of Dreams Project Facility and to maturities on a pro-rata basis and amounts prepaid will not be available for redrawing.

We must make mandatory prepayments in respect of the amounts within the borrowing group (which does not include MPBL Entertainment) under the City of Dreams Project Facility, or the Borrowing Group, with, among other sources, all of (1) 50% of the net proceeds of any permitted equity issuance of any member of the Borrowing Group and all of the net proceeds of any permitted debt issuance of any member of the Borrowing Group; (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 of the City of Dreams Project Facility require 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. In addition, subject to certain exceptions, all of the accounts of all of the members of the Borrowing Group are security for the indebtedness. Subject to such security, such revenues will be paid out in order of priority, in accordance with specified cash waterfall arrangements.

Interest and Fees

The 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 in respect of the Borrowing Group after the completion of the construction of the City of Dreams project. We are obligated to pay a commitment fee quarterly in arrears from September 5, 2007 throughout the availability period. The commitment fee is payable on the daily undrawn amount under the relevant term loan facility and revolving credit facility.

PBL and Melco Support

In connection with the signing of the City of Dreams Project Facility in September 2007, Melco and PBL each provided an undertaking to Deutsche Bank AG, Hong Kong Branch, as agent under the City of Dreams Project Facility, to contribute additional equity up to an aggregate of US$250 million (divided equally between Melco and PBL) to MPBL Gaming to pay any costs (i) associated with construction of the City of Dreams project and (ii) for which Deutsche Bank AG, Hong Kong Branch as agent has determined there is no other available funding. In support of such contingent equity commitment, each of Melco and PBL has agreed to maintain a direct or standby letter of credit in favor of the security agent for the City of Dreams Project Facility in an amount equal to the amount of contingent equity it is obliged to ensure is provided to MPBL Gaming. These letters of credit are required to be maintained until the final completion date of the City of Dreams project has occurred and certain debt service reserve accounts have been funded. Subject to the approval of the lenders, MPBL Gaming may in the future elect to replace the contingent equity commitments provided by Melco and PBL with its own contingent equity commitment in favor of MPBL Gaming, along with a similar letter of credit in favor of the security agent in an amount equal to US$250 million, or another form of security (which could include cash) satisfactory to the lenders, although there is no plan to do so as of the date of this prospectus.

Security

Security for the City of Dreams Project Facility and hedging agreements include, amongst others:

- 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 the borrower and specified guarantors (the "Relevant Obligors");
- the letters of credit described above in "—Description of Our Indebtedness—City of Dreams Project Facility—PBL and Melco Support";
- charges over the bank accounts in respect of the Borrowing Group, subject to certain exceptions including the capital contribution account for the holding or payment of equity for Crown Macau and cash deposits of MPBL COD Developments set aside as guarantee money in favor of the Macau government;
- assignment of the Relevant Obligors' rights under certain insurance policies;
- first priority security over the Relevant Obligors' chattels, receivables and other assets 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 Relevant Obligors.

Covenants

The Relevant Obligors must comply with certain negative and affirmative covenants. These covenants include amongst others, that, without obtaining consent from the Majority Lenders (as defined in the facility agreement), 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 facility agreement;

- 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 permitted in accordance with the terms of the City of Dreams Project Facility 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 City of Dreams Project Facility, such as those necessary for completion and operation of City of Dreams; or
- make investments other than within agreed upon limitations.

In addition, the Relevant 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, a minimum interest coverage ratio and a maximum capital expenditure test.

Events of Default

The City of Dreams Project Facility contains 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) failure by PBL and Melco to maintain the letters of credit according to the terms of the City of Dreams Project Facility; (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.

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 Sources	(US$m)	Funding Uses	(US$m)
Equity	$2,116	Subconcession	$ 900
Senior Secured Credit Facilities[(1)]	1,743	Crown Macau project	483
Expected proceeds from this offering[(2)]	[•]	City of Dreams Project (excl. apt-hotel units)[(4)]	2,331
Shareholder Loans	116	Apt-hotel units (City of Dreams Project)[(5)]	353
Others[(3)]	419	Other capital expenditure and pre-opening expenses[(6)]	330
		Others[(7)]	[•]
TOTAL FUNDING SOURCES	$ [•]	TOTAL FUNDING USES	$ [•]

Notes

(1) All operating cashflow from Crown Macau, City of Dreams (excluding apartment-hotel) and Mocha Clubs serves or will serve as security for the benefit of the lenders to the City of Dreams Project Facility.
(2) Expected proceeds of US$[•] less related fees and expenses.
(3) Others include funding from potential future issuance of debt or equity or future operating cash flows.
(4) Includes the cost of land.
(5) Includes the cost of land.

(6) Includes maintenance capex for Crown Macau and Mocha Clubs, expansion capex for Mocha Clubs and pre-opening expenses.
(7) Includes partial financing for other projects which may include Macau Peninsula financing costs and expenses, working capital (including cage cash) and other general corporate expenses.

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, 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]	$ —	$115.6	$ —	$ —	$115.6
Capital (finance) lease obligations:[2]	—	—	—	—	—
Operating lease obligations:					
Rent payable for Crown Macau land:[3]	0.1	0.3	0.3	3.4	4.1
Land premium, guarantee deposit and rent payable for city of Dreams Land:[4]	21.5	12.3	12.5	39.0	85.3
Leases for office space as recruitment and training center and Macau and Mocha Clubs locations	4.3	7.7	5.2	8.3	25.5
Other contractual commitments:[5]	156.4	11.2	—	—	167.6
Total	$ 182.3	$147.1	$ 18.0	$ 50.7	$398.1

(1) Excludes the working capital loans provided by Melco and PBL, which had outstanding balances of US$70 million and US$27 million, respectively, as of December 31,2006. As of December 31, 2006 and June 30, 2007, the balance of the outstanding term loan, from Melco and PBL amounts to approximately US$115.6 million and US$115.9 million, respectively, were repayable in May 2008 carrying interest at a floating rate equal to 3 months HIBOR. Subsequently in September 2007, the final maturity date was extended to May 2009.
(2) Capital lease obligations due within one year and after one year are US$6,000 and US$10,000 respectively, as of December 31, 2006, and US$5,000 and US$8,000, respectively, as of June 30, 2007.
(3) Rent payable during the construction period was US$20,000 per year. Since completion of construction the annual rent has been US$171,000. The rent payable is adjusted every five years as agreed between the Macau government and MPBL Crown Macau Developments in accordance with the applicable market rates from time to time.
(4) MPBL COD Developments was offered a grant of a medium-term lease of 25 years for the City of Dreams site for approximately MOP 509 million (US$63.4 million) by the Macau government in April 2005. MPBL COD Developments accepted the offer of grant in May 2005. The total payment obligation under this lease was US$63.4 million as of December 31, 2006 with US$21.2 million payable at signing of the government lease and the remaining balance of approximately US$42.2 million payable in nine equal half-year installments bearing interest at 5% per annum. Rent payable during the construction period is US$285,000 per year. The annual rent increased to US$508,000 after the completion of construction. The rent payable is adjusted every five years as agreed between the Macau government and MPBL COD Developments in accordance with the applicable market rates from time to time.
(5) On November 24, 2004, MPBL Crown Macau Developments entered into a construction contract with Paul Y. Construction for the design and construction of the Crown Macau project. The total remaining commitment under this contract was US$107.5 million as of December 31, 2006. Upon completion of the Crown Macau project, there were no outstanding contractual commitments as of June 30, 2007.

Off-Balance Sheet Arrangements

We have entered into interest rate swaps in connection with our first drawdown under the City of Dreams Project Facility. 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, under the City of Dreams Project Facility, our subsidiaries within the Borrowing Group will be subject to certain restrictions on paying dividends outside of the Borrowing Group. There is a blanket prohibition on paying dividends outside of the Borrowing Group until after the first repayment under the term loan facility is made and only then we will be able to pay dividends if certain financial tests and conditions are satisfied.

Distribution of Profits

All of our subsidiaries incorporated in Macau are required to set aside a minimum of 10% to 25% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 25% 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 30, 2007, 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 have entered into interest rate swaps in connection with our first drawdown under the City of Dreams Project Facility. Under the City of Dreams Project Facility to finance the development of our projects, we have incurred substantial indebtedness, and we expect to incur substantially more indebtedness, which will bear interest at floating rates based on LIBOR and HIBOR. Accordingly, we are subject to fluctuations in LIBOR and HIBOR. The lenders under the City of Dreams Project Facility require us to partly hedge our floating rate debt through interest rate swaps, caps and other derivatives transactions. We may also hedge our exposure to floating interest rates in a manner we deem prudent. Interests in security we provide to the lenders under the City of

Dreams Project Facility, 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—Risks Relating to Our Business and to Operating in Macau—Any fluctuation in the value of the H.K. dollar, U.S. dollar or the Pataca may adversely affect our expenses and profitability." In addition, Crown Macau and Mocha Clubs accept foreign exchange for their cage cash. 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 entered into and intend to enter into for the City of Dreams project. Although we have implemented measures to maintain the agreed development costs within budget, for example, by controlling all the sub-contractor costs and similar cost control arrangements in the construction contracts for the City of Dreams project, 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 have conducted, and expect to continue to 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 most of our gaming credit play has been, and we expect it will continue to be, via junket operators and promoters, who will therefore bear this credit risk, we 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 currently conduct and plan to continue to conduct credit evaluations of customers and generally do not require collateral or other security from our customers. We have established 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.

OUR INDUSTRY

Macau Gaming Market Overview

In 2006 and the six months ended June 30, 2007, Macau generated approximately US$7.0 billion and US$4.7 billion of gaming revenue, respectively, compared to the US$6.5 billion and US$3.3 billion of gaming revenue (excluding sports book and race book), respectively generated on the Las Vegas Strip, and the US$5.2 billion and US$2.4 billion (excluding sports book and race book), respectively, generated in Atlantic City. Gaming revenue in Macau has increased at a five-year CAGR from 2001 to 2006 of 24.9% compared to CAGRs of 7.3% and 3.9% for the Las Vegas Strip and Atlantic City (excluding sports book and race book), based on information published by 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 2006, with China alone representing approximately 1.3 billion people.

Visitation to Macau increased at a CAGR between 2001 and 2006 of 16.4% to 22.0 million visitors and at a growth rate of 21.3% from 10.4 million visitors for the six months ended June 30, 2006 to 12.6 million for the six months ended June 30, 2007, 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, Venetian 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.

Population (In million)	2005
China	1307.5
Hong Kong	6.9
Indonesia	242.0
Japan	127.5
Korea	48.3
Macau	0.5
Malaysia	25.9
Philippines	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 2001 and 2006, the number of visitors from China increased at a CAGR of 31.9 %, rising from 3.0 million in 2001 to 12.0 million in 2006. The number of visitors from China comprised approximately 54.5% of the 22.0 million visitors to Macau in 2006 according to the Macau Statistics and Census Service. The number of visitors from Hong Kong and Japan realized steady growth rates between 2001 and 2006, while visitation from South Korea and other parts of East Asia increased significantly at CAGRs of 27.5% and 15.8% respectively during the same period. The following table sets forth statistics on visitations from major Asian population centers to Macau for the periods indicated.

	2001		2002		2003		2004		2005		2006		
	Visitation	% Total	Visitation	% Total	Visitation	% Total	Visitation	% Total	Visitation	% Total	Visitation	% Total	5-Year CAGR
Visitation													
China	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%	11,985,617	54.5%	31.9%
Hong Kong	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	6,940,656	31.6	6.0
Taiwan	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	1,437,824	6.5	0.2
Japan	140,937	1.4	142,588	1.2	85,613	0.7	122,184	0.7	169,115	0.9	220,190	1.0	9.3
South Korea	48,274	0.5	50,447	0.4	38,281	0.3	65,631	0.4	120,739	0.6	162,709	0.7	27.5
East Asia—Others	1,891	0.0	2,705	0.0	2,667	0.0	3,555	0.0	5,301	0.0	3,934	0.0	15.8
East Asia Subtotal	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	20,750,930	94.3	16.1
Other	434,187	4.2	460,289	4.0	373,287	3.1	613,439	3.7	855,691	4.6	1,247,192	5.7	23.5
Total	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%	21,998,122	100.0%	16.4%

Source: Macau Statistics and Census Services

	Six Months Ended June 30, 2006		Six Months Ended June 30, 2007		Growth Rate between June 2006 and June 2007
	Visitation	% Total	Visitation	% Total	
Visitation					
China	5,825,455	55.9%	6,905,636	54.6%	18.5%
Hong Kong	3,191,467	30.6	3,952,761	31.3	23.9
Taiwan	684,273	6.6	705,706	5.6	3.1
Japan	97,451	0.9	130,096	1.0	33.5
South Korea	80,626	0.8	101,940	0.8	26.4
East Asia—Others	2,120	0.0	2,314	0.0	9.2
East Asia Subtotal	9,881,392	94.8	11,798,453	93.3	19.4
Other	541,088	5.2	841,551	6.7	55.5
Total	10,422,480	100.0%	12,640,004	100.0%	21.3%

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 2006, Chinese tourists comprised 54.5% 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. According to the Economist Intelligence Unit, between 1993 and 2006, China's gross domestic product (at current market prices) increased at a CAGR of 11.0% to US$2.8 trillion.

Gaming Revenue

Gaming revenue generated by the Macau market increased from US$2.3 billion in 2001 to US$7.0 billion in 2006, representing a five-year CAGR of approximately 24.9% and from US$3.2 billion for the six months ended June 30, 2006 to US$4.7 billion for the six months ended June 30, 2007, representing a growth of approximately 47.5% over the same period of last year, according to the DICJ. In 2006 and the six months ended June 30, 2007, the Las Vegas Strip generated gaming revenue of US$6.5 billion and US$3.3 billion (excluding sports book and race book), respectively, according to the Nevada Gaming Control Board, and the Atlantic City market generated gaming revenue of US$5.2 billion and US$2.4 billion (excluding sports book and race book), respectively, according to the New Jersey Casino Control Commission. Consequently, as of 2006, Macau is the largest gaming market in the world, surpassing both the Las Vegas and the Atlantic City gaming markets. 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[1]													
	2001		2002		2003		2004		2005		2006			2005-2006 Year growth
	HK$	US$	HK$	US$	HK$	US$	HK$	US$	HK$	US$	HK$	US$	5-Year CAGR	
	($ in billions)													
Macau														
Gaming Machines	$ 0.2	$0.0	$ 0.2	$0.0	$ 0.2	$0.0	$0.60	$0.1	$ 1.2	$0.2	$ 2.0	$0.3	58.4%	64.2%
Table Games														
VIP Table Games[2]	$12.8	$1.6	$15.9	$2.0	$21.5	$2.8	$28.9	$3.7	$28.0	$3.6	$35.7	$4.6	22.8%	27.4%
Mass Market Table Games	$ 5.1	$0.7	$ 5.4	$0.7	$ 6.1	$0.8	$10.6	$1.4	$15.5	$2.0	$17.3	$2.2	27.6%	11.6%
Total Revenue	$18.1	$2.3	$21.5	$2.8	$27.8	$3.6	$40.2	$5.2	$44.7	$5.7	$55.0	$7.0	24.9%	23.0%
Las Vegas Strip[3]	$34.8	$4.6	$34.5	$4.6	$35.2	$4.7	$39.6	$5.2	$44.9	$5.9	$49.5	$6.5	7.3%	10.4%
Atlantic City	$32.6	$4.3	$33.2	$4.4	$34.0	$4.5	$36.4	$4.8	$38.0	$5.0	$39.5	$5.2	3.9%	4.0%

Sources: DICJ, Nevada Gaming Control Board, New Jersey Casino Control Commission
Note: US$/HK$ = 7.8; MOP/HK$ = 1.03
(1) Gaming revenue comprises revenue from traditional table games and gaming machines but excludes revenue from sports book and race book
(2) Represents baccarat played in rooms operated by VIP operators
(3) Excludes gaming revenue generated from other parts of Las Vegas and Clark County

	Gaming Revenue[1]				
	Six Months Ended June 30, 2006		Six Months Ended June 30, 2007		Growth Rate between June 2006 and June 2007
	HK$	US$	HK$	US$	
	($ in billions)				
Macau					
Gaming Machines	$ 0.9	$0.1	$ 1.5	$0.2	76.7%
Table Games					
VIP Table Games[2]	$15.9	$2.0	$24.5	$3.1	54.2%
Mass Market Table Games	$ 8.3	$1.1	$10.9	$1.4	31.5%
Total Revenue	$25.0	$3.2	$36.9	$4.7	47.5%
Las Vegas Strip[3]	$24.5	$3.2	$25.1	$3.3	2.5%
Atlantic City	$18.5	$2.4	$18.5	$2.4	-0.5%

Sources: DICJ, Nevada Gaming Control Board, New Jersey Casino Control Commission
Note: US$/HK$ = 7.8; MOP/HK$ = 1.03
(1) Gaming revenue comprises revenue from traditional table games and gaming machines but excludes revenue from sports book and race book
(2) Represents baccarat played in rooms operated by VIP operators
(3) Excludes gaming revenue generated from other parts of Las Vegas and Clark County

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 six months ended June 30, 2007, the average daily net win per table in Macau was US$8,069.0 as compared to US$3,201.0 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 27.6% since 2001, outpacing VIP table game revenue growth in Macau, which rose at a 22.8% CAGR over the same period. In 2006, mass market table game revenue growth accelerated by 11.6%, increasing from approximately US$2.0 billion in 2005 to US$2.2 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 8,200 gaming machines as of June 2007. 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 DICJ, in 2006 Las Vegas generated more than 50.0% of its gaming revenues from gaming machines, as compared to less than 4.0% 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 55,000 gaming machines located on the Las Vegas Strip in June of 2007. Between 2001 and 2006, revenue generated by gaming machines in Macau increased at a CAGR of approximately 58.4% based on information published by the DICJ. 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 Cotai to provide expanded hydrofoil ferry service access between Hong Kong and Macau is expected to be fully operational by 2009 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.

- *Light rail service.* The 20km line is expected to run along the eastern and southern fringe of Macau Peninsula and onto Taipa Island through a bridge, linking various casinos with the Border Gate checkpoint, the Hong Kong-Macau Ferry Terminal and the airport. It has been announced that the first phase will be operational in 2011.

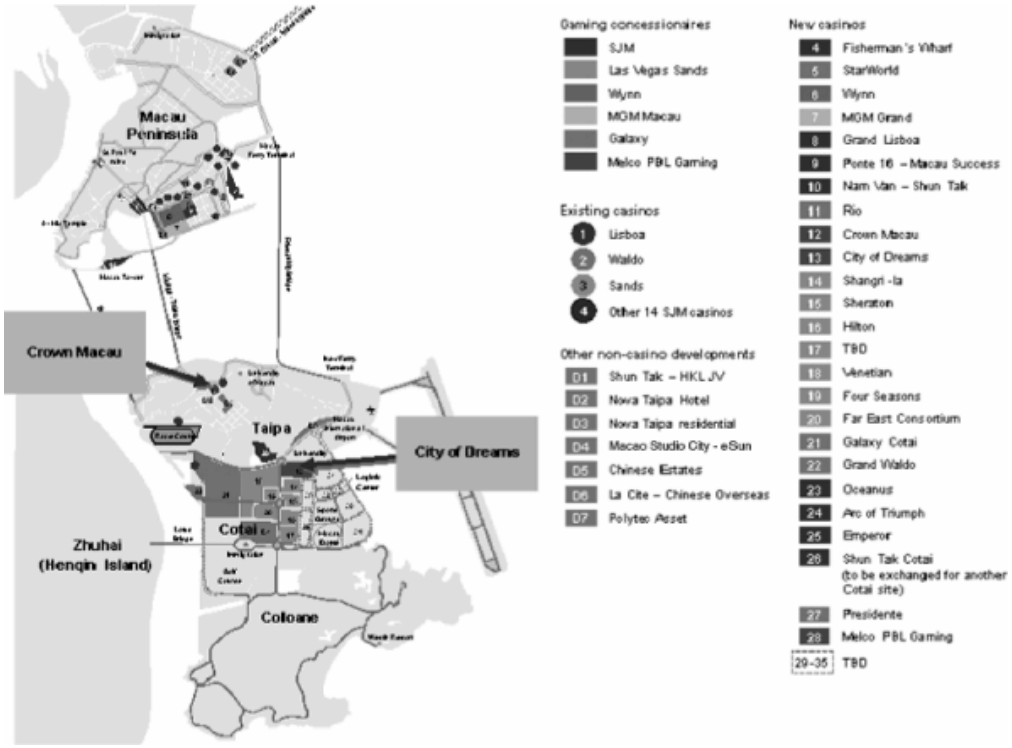
Enhanced Product Offerings and Potential Growth of Non-Gaming Leisure and Entertainment Options

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;
- Cotai, 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 Cotai, following the opening of The Venetian Macau in August 2007, several additional "mega" casino resort projects are scheduled for launch between 2007 and 2010, including the City of Dreams, GalaxyWorld, Macau Studio City, Wynn Cotai, 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 handover 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 Ms. 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, through MPBL Gaming, operator of casino gaming and entertainment resort facilities focused exclusively on the Macau market. MPBL Gaming is one of six companies licensed, through concessions or subconcessions, to operate casinos in Macau. We were initially formed as a 50/50 joint venture between Melco International Development Limited, or Melco, and Publishing and Broadcasting Limited, or PBL, as their exclusive vehicle to carry on casino, gaming machines and casino hotel operations in Macau. On December 18, 2006, we completed our initial public offering of ADSs, raising approximately US$1.2 billion of net proceeds, which includes the proceeds from the exercise of an over-allotment option by the underwriters in January 2007. Our ADSs are listed on the Nasdaq Global Market under the symbol "MPEL".

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 2006 and the six months ended June 30, 2007, Macau generated approximately US$7.0 billion and US$4.7 billion of revenue from table games and slot machine games, or gaming revenue, respectively, according to the DICJ, compared to the US$6.5 billion and US$3.3 billion of gaming revenue, respectively, generated on the Las Vegas Strip, according to the Nevada Gaming Control Board, and compared to the US$5.2 billion and US$2.4 billion, respectively, generated in Atlantic City, according to the New Jersey Casino Control Commission. Gaming revenue in Macau has increased at a five-year CAGR, from 2001 to 2006 of 24.9% compared to a CAGR of 7.3% and 3.9% for the Las Vegas Strip and Atlantic City, respectively. 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 and construction, 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 are 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:

- *Crown Macau*. The Crown Macau Hotel Casino, or Crown Macau, offers a luxurious premium hotel and casino resort experience by offering premium entertainment, elegant facilities, high quality service and rich décor, and aims to exceed 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 accommodation and facilities we offer at Crown Macau, instead focusing primarily on intensive gaming during day trips and short visits to Macau. The property features a 38-story tower including approximately 183,000 sq.ft 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. Crown Macau held its grand opening on May 12, 2007 and became fully operational in July 2007.
- *City of Dreams.* The City of Dreams integrated casino resort complex, or City of Dreams, is being developed to be a "must-see" integrated casino and entertainment resort primarily catering to mass market patrons. City of Dreams will be located in Cotai, an area that has been master-planned to feature a series of major new developments in the style of the Las Vegas Strip. City of Dreams is planned to feature three hotels ranging from four-stars to more luxurious ones designed with the aim of exceeding the average five-star hotel in Macau, a 420,000 sq. ft casino with approximately 450 gaming tables and 2,500 gaming machines, a purpose-built wet stage performance theatre, upscale shopping consisting of approximately 145,000 sq.ft of retail space and a wide variety of mid to high-end food and beverage outlets. The first phase of the complex is currently targeted to open before the end of March 2009. This first phase is

expected to include substantial completion of the casino, retail space, food and beverage outlets and two hotels, which are expected to be operated under the Crown Towers and Hard Rock brands. The purpose-built wet stage performance theatre is scheduled for completion by the end of March 2009 with opening night expected before the year-end 2009, following four to six months of rehearsals. The twin-tower hotel under the Grand Hyatt brand with approximately 1,000 rooms and suites is scheduled to open in September 2009. The approximately 800-unit apartment hotel complex integrated within the City of Dreams footprint is expected to be completed by December 2009 and to be marketed in advance of project completion, subject to compliance with legal and regulatory provisions. We plan to finance the construction of the apartment hotel complex separately from the rest of the City of Dreams project, including with a portion of the proceeds from this offering. The budgeted cost of the City of Dreams project, including the casino, the Hard Rock hotel, the Crown Towers hotel, the Grand Hyatt twin-tower hotel, the purpose-built wet stage performance theatre, retail space together with food and beverage outlets is approximately US$2.1 billion, consisting primarily of construction costs, design and consultation fees, and excluding the cost of land. The additional budgeted cost of the apartment hotel complex planned for development at the City of Dreams is approximately US$330 million, excluding the cost of land.

- *Mocha Clubs.* Our seven Mocha Clubs feature a total of approximately 1,100 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 Macau's historically limited service to mass market and casual gaming patrons, including local residents and day-trip customers, outside the conventional casino setting, and to capitalize on the significant growth opportunities for machine-based gaming in Macau.
- *Macau Peninsula Site.* In May 2006, we entered into a conditional agreement to acquire a third development site, which is located on the shoreline of Macau peninsula near the current Macau Ferry Terminal, or Macau Peninsula site. The Macau Peninsula site is approximately 6,480 square meters (approximately 1.6 acres) and the acquisition price is HK$1.5 billion (US$192.8 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$205 million (US$26.3 million) to the Macau government for this site. The agreement completion deadline was first extended in January 2007 and again in July 2007 when we negotiated an extension of the completion deadline for the conditional agreement to the end of July 2008 in order to benefit from additional flexibility in the timing of the purchase, which is subject to various closing conditions. Other than the extension of the purchase completion deadline, all other provisions of the agreement remain in force, and there were no fees associated with the extension. Completion of the purchase remains subject to (i) significant conditions in the control of third parties unrelated to us and the seller of the property, and (ii) the approval of the Macau government. We are currently considering plans to develop the Macau Peninsula site into a mixed-use hotel, serviced apartment and casino facility aimed primarily at day-trip gaming patrons. If we acquire the site, we are targeting the middle of 2010 as our opening date. Based on preliminary estimates and conceptual designs, we have currently budgeted approximately US$750 million for the total project costs of the Macau Peninsula project consisting primarily of land and construction costs, land premium costs, design and consultation fees.

Our Objective and Strategies

Our objective is to become a leading provider of gaming, leisure and entertainment services that capitalizes 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 is 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 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 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.

Crown Macau—A Luxurious Casino and Hotel Offering to Attract High-End Patrons. Crown Macau is primarily focused 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$4.6 billion in Macau in 2006. 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 Crown Macau. The casino area of approximately 183,000 sq.ft. with a total of approximately 220 gaming tables and more than 500 gaming machines, are strategically located over multiple levels of the building to help us better service different market segments. The casino floors are arranged such that generally the higher the floor, the higher-end customer we service. These high-end facilities feature private and discrete entrances and house 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 are richly decorated with high quality furnishings and fixtures, while a dedicated team of hosts are available to cater to each customer's needs.

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 enjoy this relative privacy away from the general gaming public. We believe that the quality and size of our hotel rooms also help attract high-end customers to Crown Macau. Each of our rooms is elegantly decorated and furnished, while providing guests with sweeping views of the sea and the Macau peninsula. Crown Macau offers 216 deluxe hotel rooms, including 24 suites and eight villas. Guests are also 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 include a luxurious spa, and a sky terrace lounge, including an indoor swimming pool.

City of Dreams—An Integrated "Must-See" Destination Resort to Appeal Primarily to the Mass Market. City of Dreams is designed to cater primarily to the broader entertainment preferences of mass market customers. Mass market table gaming in Macau grew 11.6% to US$2.2 billion in 2006 year-on-year, according to DICJ. We believe that this market will continue to expand rapidly with the development of properties such as City of Dreams.

City of Dreams will be strategically located at the northern tip of Cotai, 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 City of Dreams will benefit from customer flows from its neighboring properties.

City of Dreams is planned to feature three hotels ranging from four-stars to more luxurious ones designed with the aim of exceeding the average five-star hotel in Macau, a 420,000 sq.ft. casino with approximately 450 gaming tables and 2,500 gaming machines, a purpose-built wet stage performance theatre, upscale shopping consisting of 145,000 sq.ft. of retail space and a wide variety of mid to high-end food and beverage outlets. The Company currently targets to open the first phase of the complex before the end of March 2009. This first phase is expected to include substantial completion of the casino, retail space, food and beverage outlets, and two hotels, which are expected to be operated under the Crown Towers and Hard Rock brands. The purpose-built wet stage performance theatre is scheduled for completion by the end of March 2009 with opening night expected before the year-end 2009, following four to six months of rehearsals. The twin-tower hotel under the Grand Hyatt brand with approximately 1,000 rooms and suites is scheduled to open in September 2009. The approximately 800-unit apartment hotel complex integrated within the City of Dreams footprint is expected to be completed by December 2009 and to be marketed in advance of project completion, subject to compliance with legal and regulatory provisions. We plan to finance the construction of the apartment hotel complex separately from the rest of the City of Dreams project, including with a portion of the proceeds from this offering.

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 seven Mocha Clubs featuring a total of approximately 1,100 gaming machines and we will seek opportunities to expand the Mocha Clubs business by adding new locations in the future.

Our Mocha Clubs offer on average approximately 157 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.

The Macau Peninsula Site—We are currently considering plans to develop the Macau Peninsula site into a mixed-use hotel, serviced apartment and casino facility aimed 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 Crown Casino Melbourne and 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 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 sq.ft. of conference and event facilities at Burswood Conventions & Events Center and 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 leverage PBL's operating skills, its international experience and its high standards and reputation to strengthen our operations in Macau. For example, PBL assists 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.

PBL assists us 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 and the initial months of operation of Crown Macau, 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.

On May 8, 2007, PBL announced its intention to separate into two listed entities being Crown Limited, an entity that will hold all of PBL's existing gaming assets, and Consolidated Media Holdings Limited, which will hold all of its media assets. On completion of the PBL separation, PBL Asia Investments Limited, which holds PBL's interest in MPEL, will become a wholly-owned subsidiary of Crown Limited. The PBL separation is subject to shareholder and court approvals.

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 the Mocha Clubs, 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 approximately 20% market share by gross gaming machine revenue for the six months ended June 30, 2007, 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 continue to 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 Hong Kong, Indonesia, Malaysia, Singapore, Thailand, Taiwan and in various locations in Australia, as well as a sales network of independent representatives across Asia, including China. 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 continue 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, the City of Dreams and the 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;
- refining our own customer loyalty programs to build a significant database of repeat customers, which we 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 senior project management team has significant experience in property development, construction project management, 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.

Paul Y. Construction was the general contractor for the Crown Macau project. Paul Y Construction is a subsidiary of PYE, a leading construction conglomerate with operations in more than nine countries. We have hired Arquitectonica to design the hotel towers for 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 have engaged Pei Partnership Architects to design the purpose-built wet stage performance theatre for City of Dreams according to the specifications of Dragone.

We have appointed a joint venture between Leighton Contractors (Asia) Limited, or Leighton, China State Construction International Holdings Ltd, or China State Construction, and John Holland Pty Limited, or John Holland, as the construction manager 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. MPBL Gaming has entered into a services agreement with New Cotai Entertainment and 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 in Cotai not prior to 2010. Under the terms of this services agreement, a percentage of the gross gaming revenues from the casino operations of Macau Studio City will be retained by MPBL Gaming. We may consider entering into other, similar arrangements with other such developers and hotel operators, subject to the approval of the Macau government.

Our Properties

Crown Macau

The primary objective of Crown Macau is 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, Crown Macau is designed to provide luxurious hotel suites and dining facilities, high-limit table offerings and private gaming rooms.

The Casino. Crown Macau consists of a spacious casino with approximately 183,000 sq. ft of gaming space, including the first four floors and three dedicated VIP floors higher up the property. The casino comprises general gaming areas as well as limited access high-limit private gaming areas and private gaming rooms catering to high-end patrons. The casino is currently configured with a total of approximately 220 gaming tables and more than 500 gaming machines. High-limit tables located in the limited access private gaming areas provide our high-end patrons with a premium gaming experience in an exclusive private environment. The table limits on our main casino floors accommodate a full range of casino patrons while still focusing on the high-end market and premium end of the mass market. Due to the flexibility of our multi-floor layout, we are able to reconfigure our casino to meet the evolving demands of our patrons and target specific segments we deem attractive on a periodic basis.

The Hotel. The hotel within the 38-story Crown Macau Hotel Casino, which operates under the "Crown Towers" brand, is positioned as one of the leading hotels in Macau catering to high-end patrons. The top floor of

the hotel serves as the hotel lobby and reception area, providing guests with sweeping views of the surrounding area. The hotel comprises approximately 216 deluxe rooms, including 24 high-end suites and eight villas and features a luxurious interior design combining elegance and comfort with some of the latest in-room entertainment and communication facilities. In addition to the Crown Towers hotel, Crown Macau features 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 are available at Crown Macau. We have four fine dining restaurants, featuring a variety of international cuisines, that are among the best in Macau including a branch of Tenmasa, a renowned Japanese restaurant in Tokyo. Crown Macau also features several Chinese and international restaurants, dining areas and restaurants focused around the gaming areas and a range of bars across multiple levels of the property. We believe that the restaurants at Crown Macau provide high quality food, service and décor, which we believe will provide additional reasons for gaming patrons to visit and stay at Crown Macau.

Property. In March 2006, the Macau government granted to MPBL Crown Macau Developments, our wholly owned subsidiary through which Crown Macau was developed, a 25-year renewable lease for an approximately 5,230 square meter (56,295 sq. ft) plot of land for Crown Macau. The Macau government approved a gross floor area of approximately 95,000 square meters (1,022,600 sq. ft). Under this lease, we are obligated to pay a land premium of approximately MOP 149.7 million (US$18.7 million), with MOP 50 million (US$6.2 million) due at our acceptance of the terms and conditions 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. Annual rent per square meter is 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 approximately MOP 1,372,000 (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.

City of Dreams

We have engaged a joint venture among Leighton, China State Construction and John Holland as the construction manager for the City of Dreams project. Each of the parties forming the construction manager joint venture is required to provide to us, to the extent that the relevant party is not the ultimate holding company of its group, a parent company guarantee securing the due performance of the relevant party's obligations under the definitive contract and, in return, we are required to provide a guarantee to the joint venture partners securing the due performance of MPBL COD Developments' 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 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, while still catering to VIP customers.

City of Dreams will be located in Cotai, 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 theatre, exhibition and conference facilities, showrooms, shopping malls, spas and other attractions. City of Dreams will be well-positioned at the northern end of Cotai, which will make it one of the closest destination resorts in Cotai to the Macau International Airport and the newly planned Hong Kong/Macau Ferry Pier.

As the City of Dreams project progresses, we continue to improve and vary its overall scope within the original timetable to completion, and by reference to the existing project budget. This is against a background of rising costs of construction, services and materials in Macau. All of the features of City of Dreams described in this prospectus are based on our current plans for the project, and, therefore, the design of individual elements of 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 June 30, 2007, we had paid approximately US$200.6 million (excluding the land cost) for the City of Dreams project, primarily for construction costs and design and consultation fees. We expect to fund the City of Dreams project costs from the City of Dreams Project Facility and from a portion of the proceeds of this offering.

The Casino. We plan to offer a casino of approximately 420,000 sq. ft housing approximately 450 gaming tables, including approximately 50 high-limit tables in exclusive VIP salons, and approximately 2,500 gaming machines with potential for future expansion. We target the casino to be substantially completed as part of the first phase before the end of March 2009.

The Hotels. City of Dreams is planned to include three full service luxury 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 300 rooms, suites and villas; (2) a themed hotel to be operated under the Hard Rock brand with approximately 370 rooms and suites; and (3) a twin-tower hotel to be operated under the Grand Hyatt brand with approximately 1,000 rooms and suites.

Performance Theatre. A wet stage performance theatre offering 2,000 seats is included in the plan of the City of Dreams. The performance theatre, which is being designed by the award winning Pei Partnership Architects according to the specifications of Dragone, is a purpose-built theatre catering to the preferences of the Asian mass market. We currently expect to complete the performance theatre by the end of March 2009 and have it ready to host performances before the end of 2009. It is expected to offer a brand new live stage show production created exclusively for us 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 Area. Our plan includes a retail area of approximately 145,000 sq.ft. The retail area is designed to feature a wide range of luxury retailers 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 space by the end of March 2009.

Apartment Hotel Units. We plan to develop an 800-unit luxury apartment hotel complex. This development may be subject to Macau government's approval and approval of our lenders under our debt facilities. We expect to market the apartment hotel units in advance of project completion, subject to compliance with legal and regulatory provisions.

Food and Beverage. We plan to position the City of Dreams as one of the leading destinations for food and beverage in Cotai by offering an extensive range of high-quality food and beverage facilities. We intend to secure some of the most well-known international food and beverage brands and celebrity chefs. City of Dreams is planned to include over 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 competing Macau properties as well as nearby Hong Kong and Guangzhou, China. We currently expect to complete significant portions of the food and beverage outlets by the end of March 2009.

Entertainment Venues. 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 and night clubs, 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 sq. ft 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 by December 2009.

Construction Team. We have engaged a joint venture between Leighton, China State Construction and John Holland as the construction manager for the City of Dreams project. 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 construction manager, 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 executive 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.
- *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 is designing the performance theatre 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.
- *Steelman Partners LLP. (previously Paul Steelman Design Group)*. Steelman Partners will design the apartment-hotel tower for City of Dreams. Founded in 1977 and headquartered in Las Vegas, Steelman Partners is a full service, architectural and interior design firm specializing in entertainment architecture. Its designs include the Sands Macau (Macau), Grand Casino Helsinki (Finland) which is the world's first digital casino and Harrahs Rincon Casino Resort (San Diego).
- *Hirsch Bedner Associates*. Hirsch Bedner Associates ("HBA") has been appointed to undertake the interior design of the Grand Hyatt twin-tower hotel. Founded in 1964 and headquartered in Atlanta with regional offices in many parts of the world including Hong Kong, Brisbane, Dubai, London, Los Angeles, Shanghai and Tokyo, HBA is a full service interior design firm specializing in the hospitality industry. HBA's design work includes the MGM Grand Las Vegas Convention Center (Las Vegas), Grand Hyatt Muscat (Oman), Beverly Hills Hotel (Los Angeles) and Mandarin Oriental (New York).

- *Gettys*. Gettys has been appointed to undertake the interior design of the Hard Rock Hotel. Founded in 1988 with offices in Chicago, Miami and Irvine, Gettys is a full-service, award-winning interior design and design architecture firm specializing in the hospitality industry. Its work includes the Four Seasons (Chicago), Conrad Hotel (Miami), Bahia Beach Resort (Puerto Rico) and is currently designing the Radisson Cable Beach Resort (Bahamas).
- *Bates Smart*. Bates Smart has been appointed to undertake the interior design of the Crown Towers hotel. Founded in 1884 with offices in Melbourne and Sydney, Bates Smart is an award-winning architecture, interior design and planning firm whose work includes the Crown Towers (Melbourne), Crown Entertainment Complex (Melbourne), Crown Promenade Hotel (Melbourne) and Star City (Sydney).

Properties. The Macau government, in a letter dated April 21, 2005, offered to grant to our subsidiary, MPBL COD Developments, a 25-year renewable lease for the development rights in respect of two adjacent land parcels in Cotai in Macau with a combined area of 113,325 square meters (approximately 1.2 million sq. ft) for the City of Dreams, which offer was preliminarily accepted by MPBL COD Developments 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 sq. ft). MPBL COD Developments intends to seek approval for development of 452,400 square meters (approximately 4.9 million sq. ft), rather than the 403,692 square meters (approximately 4.3 million sq. ft) contemplated by the Macau government.

The proposed lease terms require us to pay a land premium of approximately MOP 509 million (US$63.4 million), with MOP 170 million (US$21.2 million) due at signing of the lease and the balance due in nine equal semi-annual installments bearing interest 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 may 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

Mocha Clubs focus on mass market, casual gaming patrons, including local residents and day-trip customers. We intend that 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. According to DICJ and the Nevada Gaming Control Board, while the total number of gaming machines in Macau has increased to over 6,500 at the end of December 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 51,000 gaming machines in Las Vegas Strip at the end of December 2006. 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. The 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 venue amenities. 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, our seven Mocha Clubs feature a total of approximately 1,100 gaming machines. Our Mocha Clubs accounted for approximately 20% of the gross gaming machine revenue in Macau for the six months ended June 30, 2007. 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 six months ended June 30, 2007;

Mocha Club	Opening Date	Location	Gaming Area	Gaming machines	Average daily net win per machine[1] US$
			(in sq. ft)	(Six months, ended June 30, 2007)	
Royal	September 2003	Lobby of Hotel Royal	2,100	82	208
Kingsway	April 2004	G/F, Kingsway Commercial Centre	6,100	216	251
TP Square	March 2005	G/F and 1/F, Hotel Taipa Square	4,560	142	228
Sintra	November 2005	G/F and 1/F, Hotel Sintra	5,110	140	306
Hotel Taipa	January 2006	G/F of Hotel Taipa	6,100	133	130
Marina Plaza	December 2006	1/F & 2/F Marina Plaza	12,500	261	201
Total[2]			36,470	974	222

(1) Average daily net win per machine for any period/year represents the average total daily gaming machine win during such period divided by the weighted average number of gaming machines in service during such period/year. 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.

(2) Excludes the seventh Mocha Club opened in October 2007.

We seek to locate Mocha Clubs in convenient locations with strong pedestrian traffic, which are typically located within three-star hotels. Mocha Clubs generally offer diverse machine gaming options with an average of approximately 157 gaming machines in each club, and range from approximately 2,100 sq. ft to 12,000 sq. ft. Each Mocha Club provides café style snacks and beverages to its guests.

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 sq. ft (approximately 1.6 acres), and is located on the shoreline of the Macau Peninsula near the current Macau Ferry Terminal. On May 17, 2006, our subsidiary, Melco PBL (Macau Peninsula) Limited, entered into a conditional 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$192.8 million), of which we have paid a deposit of HK$100 million (US$12.8 million). 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. The agreement completion deadline was first extended in January 2007 and again in July 2007 when we negotiated an extension of the completion deadline for the conditional agreement to the end of July 2008, in order to benefit from additional flexibility in the actual completion timing of the purchase, which is subject to various closing conditions. Other than the extension of the purchase completion deadline, all other provisions of the agreement remain in force, and there were no fees associated with the extension. Completion of the purchase remains subject to (i) significant conditions in the control of third parties unrelated to us and the seller of the property and (ii) the approval of the Macau government. We are currently considering plans to develop the Macau Peninsula site into a mixed-use hotel, serviced apartment and casino facility aimed primarily

at day-trip gaming patrons. If we acquire the site, we are targeting the middle of 2010 as our opening date. Based on preliminary estimates and conceptual designs, we have currently budgeted approximately US$750 million for the total project costs of the Macau Peninsula project consisting primarily of land and construction costs, land premium costs, design and consultation fees.

Macau Studio City Project

MPBL Gaming has entered into a services agreement with New Cotai Entertainment and 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 in Cotai not prior to 2010. 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. Under the terms of the services agreement, MPBL Gaming will retain a percentage of the gross gaming revenues from the casino operations of Macau Studio City. 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

Our senior project management team have significant experience in property development, construction project management and architecture and design. The project management team oversees and manages the City of Dreams project at each stage of the process from design, construction through to completion. 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. Jaya Jesudason has served as our Project Director since June 2007. He is a Fellow of the Institution of Civil Engineers London and Hong Kong. He has over 30 years of experience in the management of major projects through the planning, design, construction and commissioning phases both in HK and UK, including the HK Airport and KCRC West Rail Projects.

Mr. Roman Bugryn has been working on the City of Dreams project since November 2006, as Design Manager with design responsibility over most of the site. He was recently appointed as Project Design Director to oversee all Client Design/Operations issues across the Site. As Project Design Director, he is responsible for developing design and operations procedures, monitoring all Design Consultants to ensure all designs are within budget requirements and are suitable for the Project objectives. He is a Registered Architect with over 35 years experience as architect, interior designer and manager of design in a wide variety of project types in Australia and overseas ranging from The Crown Casino in Melbourne, hotels, serviced apartments, retail, institutional and sporting facilities in Saudi Arabia, England and Australia.

Mr. Nick Prior has served as our Finance Director—Construction Projects, since January 2007. He is responsible for all finance matters including, forecasting, budgetary control, and settlement. He is a Fellow of the Institute of Chartered Accountants in England and Wales with over 30 years experience. Since 1985 he has served as Regional Finance Director, later Regional Managing Director of investment bank Hoare Govett Asia Ltd. From 1991 he was President and Chief Investment Officer of Search Investment Holdings Ltd., the family office and private investment vehicle of Robert W. Miller, co-founder of Duty Free Shoppers (DFS) whose broadly diversified portfolio included substantial real estate investments. Since 1998, and prior to joining us, he has operated his own private equity advisory company, SeaCap Partners Ltd.

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.

Mr. Stephen Chamberlain has served as our Director, Project Controls and Contracts since June 2007 with responsibility for all commercial and contractual matters relating to the construction of City of Dreams. He is responsible for tendering, negotiation and documentation leading to the placement of construction contracts, their subsequent administration and final account settlement. He is a Fellow of the Institute of Building with 40 years experience within the construction industry having held senior commercial positions on large scale commercial and civil engineering projects that have included the Hong Kong and Shanghai Bank Headquarters, Pacific Place, the Conrad and Shangri La Hotels in Hong Kong, Military Residential Quarters in Saudi Arabia, a Desalination Plant in Dubai, the Central Bank and Ministry of Finance buildings in Trinidad, the BCCI bank in Abu Dhabi and a twin tower hotel and commercial complex in Taiwan. In addition he is experienced in alternative dispute resolution procedures concerning construction contracts. He has been a resident of Hong Kong since 1985, employed by Gammon Construction Limited since 1989 where he spent 10 years as their Commercial Manager for China and more recently with responsibility for the commercial settlement of the HK$2.3 billion Taipo Water Treatment Plant in Hong Kong. He reports to the Project Director, City of Dreams.

Advertising and Marketing

We 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 have built a public relations management team that cultivates media relationships and directly liaise with customers within target Asian countries in order to explore media opportunities in various markets. We also leverage Melco's existing relationships with local and regional media.

Advertising. We have an internal advertising department responsible for promoting our brands and projects and marketing preferred products to potential customers around Asia. Advertising includes 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 have created 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 engage in extensive marketing to casino patrons. We have developed 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 seek to utilize the marketing resources of our founders, including Melco's marketing teams and 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 have implemented a customer relationship management program to foster and closely monitor our customer base to develop customer loyalty. This program was closely modeled on Crown's successful "Crown Club" program. Utilizing PBL's gaming experience with customer analytics, we are building a database of customer profiles, which enables us to target customers in various segments. We 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 interfaces with casino management software, allowing us to effectively market an overall gaming and entertainment product to these guests.

Entertainment. We 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 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 are building a network of selected junket operators to help source and assist in managing high-end customers for our properties. We have developed 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. We have entered into agreements with approximately 20 such junket operators to date and expect to enter into other agreements with other operators in the future.

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, 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 Ms. 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 holds one of the three gaming concessions in Macau and currently operates 18 casinos throughout Macau. SJM has opened new facilities such as 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. 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 in Macau, including Wynn Cotai.

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 GalaxyWorld in Cotai.

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 and the Venetian Macao, hotel, casino, shopping and convention center in Cotai. 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 Ms. 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 by the end of 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, North Korea, 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 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 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 all risk and employees compensation, for each of our Mocha Clubs and for Crown Macau, in each case that we consider appropriate for companies in similar businesses. 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. All of our insurance policies are subject to security pledges and to deductibles and exclusions.

For the construction of City of Dreams, we have a construction insurance policy and employees' compensation insurance policy that is similar, in terms of the types of material damage, third party liability and employee compensation covered, to the comparable policy we had secured for the Crown Macau project. We have obtained coverage under our construction third party insurance policy with Macau Insurance Company Ltd. with the maximum claim limit of HK$400 million (US$51 million) for any one occurrence with the number of occurrences generally unlimited. The coverage to be maintained will be effected through two layers with the primary policy for a maximum claim limit of HK$50 million (US$6 million) and the excess construction third party liability for a maximum claim limit of HK$350 million (US$45 million).

We maintain property damage, third party liability and money-all-risk insurance policies with insurance carriers in respect of Mocha Clubs and Crown Macau. These policies cover accidental destruction or damage to the Mocha Club premises, equipment and cash that is either at the Mocha Club or Crown Macau premises, as the case may be, or is being transported within Macau (subject to certain specific exclusions). We do not have insurance for business interruption in relation to our operations at Mocha Clubs but do have insurance for business interruption for the operation of Crown Macau. We believe that our insurance coverage is commensurate with the nature of and the risks associated with our operations at Mocha Clubs and Crown Macau, respectively.

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 sq. ft). 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 for the properties at which the Mocha Clubs are located, with a total floor area of approximately 36,470 sq. ft. Pursuant to a number of leases of terms for at least 30 months each, which are renewable upon our advance notice prior to expiration subject to increments to the monthly rentals. We also maintain project coordination offices in Hong Kong with a total gross floor area of approximately 17,500 sq. ft. We have tenancies which will last until March 2009 for our principal executive offices. We also have a Crown Macau sales office at the Macau ferry terminal on Hong Kong island. We have tenancies which will last until August 2013 for our principal corporate offices in Macau.

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 Melbourne 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. In January 2007, we entered into trademark license agreements with Hard Rock Holdings Limited to use the Hard Rock brand in Macau, which we may use in the City of Dreams. Pursuant to the agreements, we have the exclusive right to use the Hard Rock brand for the hotel and casino facility at City of Dreams for a term of 10 years based on percentages of revenues generated at the property payable to Hard Rock. We also purchase gaming tables and gaming machines and enter into licensing agreements for the use of certain trade names 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. Crown Melbourne Limited, the owner of a number of "Crown" trademarks in Macau licensed to us has an ongoing legal proceeding regarding a number of "Crown" trademarks in Macau. For more information, see "Legal and Administrative Proceedings."

Employees

We had 270, 412, 471 and 2,731 employees as of December 31, 2004, 2005, 2006 and June 30, 2007, 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, 2006 and June 30, 2007.

	As of December 31, 2004		As of December 31, 2005		As of December 31, 2006		As of June 30, 2007	
	Number of employees	Percentage of Total	Number of employees	Percentage of Total	Number of employees	Percentage of Total	Number of employees	Percentage of Total
Mocha	270	100%	401	97.3%	459	76.6%	493	18.0%
Crown Macau and City of Dreams[1]	—	—	11	2.7	134	22.4	2,202	80.6
Corporate	—	—	—	—	6	1.0	37	1.4
Total	270	100%	412	100%	599	100%	2,732	100%

(1) Includes project management and marketing staff.

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. See "Risk Factors—Risks Relating to the Completion and Operation 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."

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. Crown Melbourne Limited ("Crown Melbourne"), a wholly owned subsidiary of PBL and the owner of the "Crown" brand, registered a number of "Crown" trade marks in Macau in 1996 ("Initial Crown Marks"). In 2005, Crown Melbourne sought to register other trade marks for the "Crown Macau" brand ("Secondary Crown Marks"). In August 2005, a company called Tin Fat Gestao E Investimentos Limitada ("Tin Fat") sought to have the registration of the Initial Crown Marks removed on the basis of non use and opposed the application for registration of the Secondary Crown Marks. These challenges only relate to the "accommodation" class of

registration not the gaming class. Tin Fat is the operator of a hotel adjacent to the Macau airport, which changed its name in 2004/2005 to Golden Crown China Hotel (Macau). Tin Fat has applied to register Golden Crown China Hotel (Macau) and Crown Melbourne has opposed that registration. Tin Fat's challenges have failed both in the Macau Intellectual Property Department and the First Instance Court. Tin Fat has lodged a further appeal to the Second Instance Court. As confirmed by the court of first instance, we believe we have a valid right under our trademark license agreement with Crown Melbourne to use the Crown trademarks in Macau in our hotel casino business as licensed to us by Crown Melbourne Limited. We understand that Crown Melbourne Limited intends to vigorously defend the appeal lodged by Tin Fat.

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 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, 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 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 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. Until such amendments come into effect all our casino premises and gaming equipment would revert automatically 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 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 Crown Macau and 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.

Pursuant to Macau government authorization and the transfer of obligations agreement executed by MPBL Gaming and certain of our subsidiaries, MPBL Gaming has transferred its minimum investment obligations of MOP4.0 billion (US$497.9 million) through the development of Crown Macau and City of Dreams to MPBL Hotel Crown Macau and MPBL Crown Macau Developments, and MPBL COD Developments, respectively. Notwithstanding these transfers, MPBL Gaming is jointly and severally liable for the compliance with the minimum investment obligations under the subconcession contract. The Macau government authorization has imposed certain conditions. MPBL Gaming has complied with the current conditions.

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. Under the authorization for the transfer of obligations, the Macau government has imposed that the transfer of shares in any direct or indirect shareholders of MPBL Hotel Crown Macau, MPBL Crown Macau Developments and MPBL COD Developments is subject to authorization from the Macau government.

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.

Name	Age	Position/Title
Lawrence (Yau Lung) Ho	30	Co-Chairman and Chief Executive Officer
James D. Packer	40	Co-Chairman
John Wang	47	Director
Clarence (Yuk Man) Chung	44	Director
John H. Alexander	56	Director
Rowen B. Craigie	52	Director
Thomas Jefferson Wu	35	Independent Director
Alec Tsui	58	Independent Director
David E. Elmslie	51	Independent Director
Robert Mactier	43	Independent Director
Simon Dewhurst	38	Executive Vice President and Chief Financial Officer
Garry W. Saunders	56	Executive Vice President and Chief Operating Officer
Ted (Ying Tat) Chan	35	Head – Special Projects
Constance (Ching Hui) Hsu	34	Chief Operating Officer of Mocha Clubs
Greg Hawkins	44	Chief Executive Officer of Crown Macau
Stephanie Cheung	45	General Counsel
Nigel Dean	54	Group Internal Audit Director
Akiko Takahashi	54	Group Human Resources Director

Directors

Mr. Lawrence (Yau Lung) Ho has served as our co-chairman and chief executive officer since our inception. Since November 2001, Mr. Ho has served as the group managing director and, since March 2006, the chairman and chief executive officer of Melco. Mr. Ho serves on numerous boards and committees in Hong Kong, Macau and mainland China. In recognition of Mr. Ho's excellent directorship and entrepreneurial spirit, the Institutional Investor, a leading research and publishing organization, honored him as the "Best CEO" in the 'Conglomerates' category in 2005. As a socially responsible young entrepreneur in Hong Kong, Mr. Ho was elected as one of the "Ten Outstanding Young Persons Selection 2006", organized by the Junior Chamber International HK. 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 from the University of Toronto, Canada and holds a Bachelor of Arts degree, majoring in commerce.

Mr. James D. Packer has served as our co-chairman since our inception. 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 Melbourne 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, namely Challenger Financial Services Group Limited, Ellerston Capital Limited, Sunland Group 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 our inception. Since June 2004, Mr. Alexander has also been the chief executive officer and managing director of PBL. He is also a director of Crown Melbourne 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. Mr. Alexander is a board member of The International Federation of the Periodical Press Limited.

Mr. Rowen B. Craigie has served as our director since our inception. Mr. Craigie is the chief executive officer of PBL Gaming which oversees all of PBL's Australian and international gaming operations and is a director of PBL. From January 2002 until March 2007, Mr. Craigie was chief executive officer of Crown Melbourne Limited. He is also a director of Crown Melbourne Limited and Burswood Limited. Mr. Craigie joined Crown Melbourne Limited in 1993 and was appointed executive general manager of its gaming machines department in 1996, and was promoted to chief operating officer in 2000. Prior to joining Crown Melbourne 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 (Hons.) degree from Monash University, Melbourne, Australia.

Mr. Thomas Jefferson Wu has served as our independent director since our NASDAQ listing. Mr. Wu has been the co-managing director of Hopewell Holdings Ltd., a Hong Kong Stock Exchange-listed business conglomerate, since July 2007 and has served in various roles with the Hopewell Holdings group since 1999, including group controller, executive director, chief operating officer and deputy managing director. He is also the managing director of Hopewell Highway Infrastructure Limited and is a director of various Hopewell group companies. He is a member of the Huada District Committee and Standing Committee of The Chinese People's Political Consultative Conference and a member of the Advisory Committee of the Hong Kong Securities and Futures Commission. He also acts as the honorary consultant of the Institute of Accountants Exchange, honorary president of Association of Property Agents and Realty Developers of Macau and vice chairman of The Chamber of Hong Kong Listed Companies. He holds a master of business administration degree from Stanford University and a bachelor's degree in mechanical and aerospace engineering from Princeton University. He is the chairman of MPBL Entertainment's compensation committee, a member of its audit committee and a member of its nominating and corporate governance committee.

Mr. Alec Tsui has served as our independent director since our Nasdaq listing. 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 Limited, a cement manufacturer and property development company, COSCO International Holdings Limited, a conglomerate engaging in various businesses including ship trading, property development and investment, China Power International Development Limited, Synergis Holdings Limited, a property management company, Greentown China Holdings Limited, a developer of residential properties, China Blue Chemical Limited, a fertilizer manufacturer, Vertex Group Limited, a communications and technology services provider and China Hui Yuan Juice Holdings Company Limited. 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 has served as our independent director since its Nasdaq listing. 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. He is the chairman of our audit committee.

Mr. Robert W. Mactier has served as our independent director since its Nasdaq listing. Mr. Mactier is also an independent, non-executive director of STW Communications Group Limited, an Australian publicly listed company. In June 2007, Mr. Mactier joined UBS Investment Bank in Australia as a Senior Advisor. 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. He is a member of the compensation committee and nominating and corporate governance committee of MPBL Entertainment.

Executive Officers

Mr. Simon Dewhurst has served as our executive vice president and chief financial officer since November 2006. Prior to joining MPBL Entertainment, 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 in the U.K. He qualified as an Associate of the Institute of Chartered Accountants in England & Wales in 1994.

Mr. Garry Saunders has served as the executive vice president and chief operating officer since its Nasdaq listing. Mr. Saunders has extensive experience in the gaming and hospitality business. From May 2004 to October 2005, he headed the international operations for Las Vegas Sands, with principal responsibility for its Macau operations. This role included oversight of the operations of Sands Macau in Macau and predevelopment activities for a host of properties in the planned Cotai. Mr. Saunders served Playboy Enterprises, Inc. as president of its gaming division from 1997 to 2001, and ITT Corporation as executive vice president for the gaming activities of its Sheraton and Caesars World Divisions from 1994 to 1997. In these roles, he was responsible for the operations of properties, including the development and opening of numerous hotel casino properties, throughout the United States and Canada, and various international locations in Europe, South America, Australia, Asia and Africa. Mr. Saunders is currently a member of the board of directors of Shuffle Master, Inc., a NASDAQ listed international casino gaming supply company.

Mr. Ted (Ying Tat) Chan has recently been appointed to head up the newly established Special Projects – Office of Chairman & CEO. Reporting directly to Mr. Lawrence Ho, Mr. Chan works on various initiatives to strengthen the Company's local focus in both the mass market and in building relationships with the local junket partners to address the VIP market. Prior to the recent promotion, Mr. Chan was the chief executive officer of Mocha Clubs, our gaming machine business unit in Macau. Mr. Chan graduated with a bachelor's degree in business administration from the Chinese University of Hong Kong and he earned his master's degree in financial management from the University of London, the U.K.

Ms. Constance (Ching Hui) Hsu has served as the chief operating officer of Mocha Clubs, gaming machine business unit of MPBL Gaming in Macau, since August 10, 2007. Ms. Hsu has worked for Mocha Clubs since September 2003. She was Mocha's former Financial Controller and most recently the Chief Administrative Officer overseeing finance, treasury, audit, legal compliance, procurement and administration and human resources functions. Ms Hsu obtained her Bachelor of Arts degree in Business Administration with major in Accounting in the United States and a Master of Business Administration degree (with concentration on Financial Services) from University of Science and Technology in Hong Kong. Ms Hsu is qualified as a Certified Public Accountant in the State of Washington, United States; a member of the American Institute of Certified Public Accountants; and an associate member of Hong Kong Institute of Certified Public Accountants.

Mr. Greg Hawkins has served as the chief executive officer of the Crown Macau since January 2006 and has been supervising the pre-opening and business planning activities of the project. Prior to joining us 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 Melbourne 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 its board of directors. Prior to joining us, Ms. Cheung was of counsel at the Hong Kong office of US based law firm Troutman Sanders, primarily advising North American multinational corporations in their acquisitions in Asia and expansion into Hong Kong, mainland China and other countries in Asia, as well as

providing general corporate advice to US listed companies in their operations and transactions in Asia. Between 1990 and 2002, while in private practice in the Hong Kong, Singapore and Toronto offices of major law firms, including Freshfields Bruckhaus Deringer and Baker & McKenzie, Ms. Cheung advised international financial institutions in syndicated loan transactions, PRC and Indonesian airlines in aircraft financing and leasing transactions, project companies in Malaysia and the Philippines involved in the development of toll roads, power plants and newsprint mills in their development work and limited recourse project financing. Ms. Cheung was also involved in the initial public offerings of Asian infrastructure companies, including airlines and mass transit companies based in Hong Kong, Thailand and the PRC. Ms. Cheung holds a bachelor of laws degree from Osgoode Hall Law School, Ontario, Canada and a master of business administration degree (finance) from York University, Ontario, Canada.

Mr. Nigel Dean has served as our group internal audit director since December 2006. Prior to joining us, Mr. Dean was General Manager—Corporate Governance at Coles Myer Ltd, Australia's second largest retailer, where he was responsible for the implementation of Sarbanes-Oxley and other corporate governance compliance programs. Other positions held at Coles Myer include the Head of Group Internal Audit for 7 years and Head of Internal Audit of the Supermarkets Division for 4 years. Previous experience in external and internal audit includes positions with Peat Marwick Mitchell & Co (now KPMG), Ford Asia-Pacific, CRA (now RioTinto) and Elders IXL Group. Mr. Dean is a Fellow of the Australian Institute of CPA's and a Certified Internal Auditor. He holds a Bachelor of Laws degree from Deakin University, a Diploma of Business Studies (Accounting) from Swinburne College and an MBA from Monash University.

Ms. Akiko Takahashi has served as our group human resources director since December 2006. Prior to joining us, she was the global group director, human resources for Shangri-la Hotels and Resorts, an international luxury hotel group with over 24,000 employees, headquartered in Hong Kong. In this role, she was responsible for developing the luxury brand's service culture and human resources strategy. Between 1993 and 1995, she was also senior vice president, human resources and services for Bank of America, Hawaii, FSB. Her most recent assignment was leading the human resources integration for the largest international hotel joint venture in Japan. She began her career in the fashion retail industry in merchandising, operations and was VP Human Resources for a major retail group owned by Charles Feeney, founder of Duty Free Shoppers. She attended the University of Hawaii.

Composition of Board of Directors

Our board of directors consists 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. Walkers, our Cayman Islands counsel, has provided 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 has established an audit committee, a compensation committee and a corporate governance and nominating committee.

Audit Committee

Our audit committee consists of Messrs. Thomas Jefferson Wu, Alec Tsui and David Elmslie, and is 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 oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is 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 consists of Messrs. Thomas Jefferson Wu, Alec Tsui and Robert Mactier, and is 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

Our corporate governance and nominating committee consists of Messrs. Thomas Jefferson Wu, Alec Tsui and Robert Mactier, and is chaired by Mr. Tsui. All of them satisfy the "independence" requirements of the Nasdaq Marketplace Rules. The corporate governance and nominating committee is 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 assists 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 the executive officers of MPBL Entertainment. 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 2006 and for the six months ended June 30, 2007, we paid aggregate cash compensation of approximately US$186,530 and US$2,607,937, respectively, to our directors and executive officers as a group. We have employment contracts with our executive officers that provide certain compensation (such as severance payments) to them upon termination and subject to certain conditions. We also have pension plans and other benefits for our officers.

2006 Share Incentive Plan

We have adopted 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.

As of September 30, 2007, we had issued options to acquire 3,408,930 of our ordinary shares pursuant to our 2006 Plan.

Our board of directors approved the grant, in December 2006, of restricted shares to the following persons. The total number of restricted shares that was granted to these persons at the time of the initial public offering of the ADSs was 2,532,010.

The table below sets forth the grants of restricted shares and options made to our directors and executive officers pursuant to our 2006 Plan as of September 30, 2007.

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)
Garry Saunders	*(4)
Stephanie Cheung	*(1)
Other 42 individuals as a group	*(1)(2)

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

The following paragraphs describe the principal terms included 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 administers the plan and determines the provisions and terms and conditions of each award grant.

Award Agreement. Awards granted are 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 determines 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 ordinary 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 ordinary shares on the date of that grant.

The term of each award is stated in the award agreement. The term of an award can 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

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	41.4	500,000,000	[•]
PBL Asia Investments Limited[6]	500,000,000	41.4	500,000,000	[•]

(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 ADSs 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 September 30, 2007. In addition, 115,509,024 shares are held by Lasting Legend Ltd., and 288,532,606 shares are held by Better Joy Overseas Ltd., both of which companies are owned by persons and trusts affiliated with Mr. Lawrence 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 September 30, 2007. 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 September 30, 2007, Dr. Ho personally held 18,587,789 ordinary shares of Melco. In addition, 3,127,107 shares of Melco are held by Lanceford Company Limited, a company 100% owned by Dr. Stanley Ho. Therefore, for purposes of Rule 13d-3, Dr. Ho may be deemed to beneficially own 21,714,896 ordinary shares representing 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.

(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, 2007, PBL was approximately 37.98% owned by Consolidated Press Holdings Group, which is a group of companies owned by the Packer family.

As of October 12, 2007, a total of 402,681,216 ADSs were outstanding. As of October 12, 2007, 1,208,043,646 ordinary shares were registered in the name of a nominee of Deutsche Bank Trust Company Americas, the depositary under the deposit agreement. We have no further information as to shares held, or

beneficially owned, by U.S. persons. Since the completion of our initial public offering in December 2006, all ordinary shares underlying the ADSs quoted on the Nasdaq Global Market, Inc. have been held in Hong Kong by the custodian, Deutsche Bank AG, Hong Kong Branch, on behalf of the depositary.

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 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 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."

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.

Memorandum of 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. Mr. Lawrence Ho has been appointed to serve as the Managing Director 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 MPBL (Crown Macau) Developments Limited and MPBL COD Developments 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-IPO Shareholders' Deed

Melco and PBL entered into a new shareholders' deed with us, which became effective upon the completion of our initial public offering of ADSs in December 2006. The current 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; and (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.

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.

Deed of Variation and Amendment

On May 8, 2007, PBL announced its intention to separate into two listed entities being Crown Limited, an entity that will hold all of PBL's existing gaming assets, and Consolidated Media Holdings Limited, which will hold all of its media assets. On completion of the PBL separation, PBL Asia Investments Limited, which holds PBL's interest in MPEL, will become a wholly-owned subsidiary of Crown Limited. The PBL separation is subject to shareholder and court approvals.

In anticipation of the PBL separation, we have entered into a deed of variation and amendment with Melco, PBL and Crown Limited whereby PBL will assign all of its rights and obligations under the shareholders deed to Crown Limited effective upon the completion of the PBL separation and the approval of the Macau government for the share transfer of PBL Asia Investments Limited from PBL to Crown Limited.

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 Melco and PBL, PBL and Melco 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 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 December 15, 2006 among our subsidiary, MPBL Investments, which holds the Class B shares, PBL Asia, the managing director of MPBL Gaming and MPBL Gaming under which, among other things, PBL Asia 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. PBL Asia transferred its 1,799,999 Class A shares in MPBL Gaming to MPBL Investments and its one class A share to MPBL International on June 12, 2007 and MPBL International transferred its one class A share in MPBL Gaming to MPBL Nominee Three on August 13, 2007.

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% control, 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 3 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 wholly-owned 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 years ended December 31, 2005 and 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 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), which was fully repaid as of June 30, 2007.

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 transferred all of the business assets of Mocha to 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 MPBL Crown Macau Developments (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. MPBL Crown Macau Developments, 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 MPBL Crown Macau Developments from STDM in a series of transactions between 2004 and 2005.

In connection with the formation of its joint venture with PBL, in March 2005, Melco transferred 70% of its interest in MPBL Crown Macau Developments 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 MPBL Crown Macau Developments the land concession for the Crown Macau site. In November 22, 2006, MPBL (Greater China) transferred its interest in MPBL Crown Macau Developments to our subsidiary MPBL Gaming.

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 MPBL COD Developments, our 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 in Cotai through MPBL COD Developments, 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 MPBL COD Developments would purchase from Great Respect the remaining 49.2% interest in the City of Dreams project. MPBL COD Developments also accepted in principle an offer from the Macau government to grant to MPBL COD Developments a long term lease of land parcels in Cotai 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 all administrative procedures are completed. See "Risk Factors—Risks Relating to the Completion and Operation of Our Projects—We are developing 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 City of Dreams and would not be able to open and operate that facility as planned."

Melco PBL COD Developments is the entity through which we are developing and constructing, and will own City of Dreams. Melco PBL COD Hotels will operate the property upon completion.

Other Transactions with Melco and PBL

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

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. PBL also provided loans to us as working capital loans. The outstanding balances of working capital loans as of December 31, 2005 and 2006 and June 30, 2007 were US$94.6 million, US$144.7 million and US$74.6 million, respectively. The loans are unsecured and repayable on demand with the exception of US$74.6 million outstanding as at December 31, 2006 and June 30, 2007, which is repayable in May 2009. As of December 31, 2005 and 2006 and June 30, 2007, the outstanding balances of these loans included amounts of US$67.1 million, US$74.4 million and US$74.6 million, respectively, which bore interest at 9% per annum, 9% per annum, and three-months HIBOR per annum, respectively. The remaining balance is non-interest bearing. Interest of US$2.0 million, US$2.2 million and US$1.5 million was paid or payable for the years ended December 31, 2005 and 2006 and the six months ended June 30, 2007, respectively. In 2006 and the six months ended June 30, 2007, PBL provided loans to us as working capital loans. As of June 30, 2007, the outstanding balance due to PBL was US$41.3 million, which bears interest at three-months HIBOR per annum and is repayable in May 2009.

Support Arrangements

PBL and Melco currently provide us with administrative support and technical expertise in connection with the development of the City of Dreams and Macau Peninsula projects and the operation of the Mocha Clubs and Crown Macau businesses. 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 2006 and the six months ended June 30, 2007, we paid service fees of US$132,000 and US$1.4 million, respectively, to Melco Services Limited, a wholly owned subsidiary of Melco, for the provision of general administrative services to our projects.

In 2006 and the six months ended June 30, 2007, we paid project management fees of US$1.4 million and US$525,000, which were based on actual costs incurred, for services provided by Melco Services Limited in connection with our projects.

Service Fee paid to Publishing and Broadcasting (Finance) Limited

In 2006 and the six months ended June 30, 2007, we paid service fees of US$1.6 million and US$nil, respectively, to Publishing and Broadcasting (Finance) Limited, a subsidiary of PBL, for the provision of general administrative services to our projects.

Consultancy Fee paid to Crown Melbourne Limited

In 2006 and the six months ended June 30, 2007, we paid consulting fees of US$5.3 million and US$3.8 million, respectively, to Crown Melbourne Limited, a subsidiary of PBL, for consulting services in connection with the Crown Macau Project. As of June 30, 2007, the outstanding balance due to Crown Melbourne Limited of US$3.0 million was unsecured, non-interest bearing and repayable on demand.

Transactions with Elixir and iAsia

In connection with the services agreements between Mocha and SJM, each of Mocha and SJM, on the one hand, and Elixir Group (Macau) Limited, or Elixir, a wholly owned subsidiary of Melco, in the other, entered into service agreements for systems integration and related maintenance services, in April 2005 and December 2005, respectively. In 2006 and for the six months ended June 30, 2007, Mocha purchased US$6.7 million and US$nil of equipment for operation of the Mocha Clubs from Elixir, pursuant to these service agreements. MPBL Crown Macau Developments also entered into service agreements with Elixir for systems integration and related maintenance services. In 2006 and the six months ended June 30, 2007, we paid approximately US$397,000 and US$67,000, respectively to Elixir for these services. In addition, we purchased US$549,000 and US$7.9 million of equipment from iAsia Online Systems Limited, a wholly-owned subsidiary of Melco. In 2006 and the six months ended June 30, 2007, we paid US$12,000 and nil, respectively, to Elixir for the provision of general administrative services to our projects. As of June 30, 2007, the outstanding balance due to iAsia of US$1.7 million was unsecured, non-interest bearing and repayable on demand.

Guarantees and Support

In connection with the signing of the City of Dreams Project Facility in September 2007, Melco and PBL each provided an undertaking to Deutsche Bank, as agent under the City of Dreams Project Facility, to contribute additional equity up to an aggregate of US$250 million (divided equally between Melco and PBL) to MPBL Gaming to pay any costs (i) associated with construction of the City of Dreams Project and (ii) for which Deutsche Bank as agent has determined there is no other available funding. In support of such contingent equity commitment, each of Melco and PBL has agreed to maintain a direct or standby letter of credit in favor of the security agent for the City of Dreams Project Facility in an amount equal to the amount of contingent equity it is obliged to ensure is provided to MPBL Gaming. These letters of credit are required to be maintained until the final completion date of the City of Dreams Project has occurred and certain debt service reserve accounts have been funded. Subject to the approval of the lenders, the Company may in the future elect to replace the contingent equity commitments provided by Melco and PBL with its own contingent equity commitment in favor of MPBL Gaming, along with a similar letter of credit in favor of the security agent in an amount equal to US$250 million, or another form of security (which could include cash) satisfactory to the lenders, although there is no plan to do so as of the date of this prospectus.

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 2006 and for the six months ended June 30, 2007, Mocha paid US$334,000 and US$220,000, respectively to this subsidiary of Melco for the lease of this property. In addition, we paid US$350,000 in 2006 and US$215,000 in the six months ended June 30, 2007, respectively, to Lisboa Holdings, a related company for leasing of and service provided to Mocha Club at Sintra.

Rental of Office Space

In 2007, we paid rental expenses to Wonderful Scenery Properties Limited and Shun Tak Centre Limited, companies in which a relative of Mr. Lawrence Ho has beneficial interest, for the setup of marketing office and VIP lounge for Crown Macau. US$46,000 and US$120,000 rent was paid to Wonderful Scenery Properties Limited and Shun Tak Centre Limited respectively in the six months ended June 30, 2007.

Transactions with Melco Services Ltd. and Melco Services (Macau) Limited

In 2006, we paid US$126,000 and US$1,000 traveling expenses to Melco Services Limited and Melco Services (Macau) Limited, a wholly owned subsidiaries of Melco, respectively. In addition, we paid contractor fee of US$16,000 to Melco Services (Macau) Limited, a subsidiary of Melco, as traveling expenses and financial advisory fees, respectively. In the six months ended June 30, 2007, we paid US$130,000 traveling expenses to Melco Service Limited.

Licensing Agreement

We have entered into a license agreement with Crown Melbourne 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 have entered into a registration rights agreement with Melco and PBL pursuant to which we have granted Melco and PBL customary registration rights, including two demand registration rights, piggyback registration rights, and Form F-3 registration rights.

Other transactions with SJM and STDM

We paid traveling expenses to STDM of approximately, US$248,000 in 2006 and US$133,000 in the six months ended June 30, 2007. These traveling expenses were incurred as reimbursements to STDM, which made the accommodation and transport arrangements for employees traveling between Hong Kong and Macau. The outstanding balances due to STDM as of December 31, 2006 and June 30, 2007 were US$122,000 and US$nil, respectively. The outstanding balances 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 have entered 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.

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. On December 1, 2006, 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 pursuant to a capitalization issue. As of the date hereof, there are 1,208,043,647 ordinary shares issued and outstanding.

Our founding shareholders have approved an amended and restated memorandum and articles of association of our company. 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 not 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 set out in our amended and restated memorandum and articles of association, as amended from time to time.

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 or abrogated 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 resolution:

- 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 amended and restated memorandum and articles of association 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 have entered into indemnification agreements with our directors and senior executive officers that 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; • 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.	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 have entered 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
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.
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.

Delaware corporate law	Cayman Islands law
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 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	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 not with the effect of constituting a fraud on the minority shareholders.

Delaware corporate law	Cayman Islands law
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.	
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 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 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.
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.

On December 1, 2006, 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 for no additional consideration.

In December 18, 2006, we issued 60,250,000 ADSs in our initial public offering, and in January 2007, the underwriters for our initial public offering exercised their overallotment option to purchase 9,037,500 additional ADSs.

Registration Rights

See "Shares Eligible for Future Sale—Registration Rights."

We have entered into a Registration Rights Agreement dated July 30, 2007, pursuant to which we have granted customary registration rights to holders of $250 million in aggregate principal amount of exchangeable bonds issued by Melco and PBL, acting through a 50/50 special purpose vehicle, Melco PBL SPV Limited, which bonds are exchangeable into ADSs during the period July 2008 through July 2012 at an initial exchange price of $17.19 per ADS, subject to adjustment in certain circumstances.

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 on file with the SEC under cover of a registration statement on Form F-6 (File No. 333-139159). 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. The deposit agreement 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 distribute to you any other distribution 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.

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. 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, 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 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.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have [•] outstanding ADSs representing approximately [•]% 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. Our ordinary shares are not listed on any exchange or quoted for trading on any over-the-counter trading system. See "Risk Factors —Risks relating to the ADSs—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 and we have entered into the lock-up agreements described in "Underwriting." In addition, in connection with an offering in July 2007 of an aggregate of US$250 million of exchangeable bonds by Melco and PBL, acting though a 50/50 special purpose vehicle, the foregoing parties also entered into a lock up agreement with Merrill Lynch International. Merrill Lynch International has agreed to waive its lock up agreement in connection with this offering.

Rule 144

In general, under Rule 144 as currently in effect, 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 [•] 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 proceeding 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

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

In July 2007 Melco and PBL, acting through a 50/50 special purpose vehicle, Melco PBL SPV Limited, offered an aggregate of US$250 million of exchangeable bonds due 2012. Under the terms of these exchangeable bonds, bond holders have the right, among other things, to exchange their bonds into ADSs during the period July 2008 through July 2012 at an initial exchange price of US$17.19 per ADS, subject to adjustment in certain circumstances. We have entered into a registration rights agreement to register the ADSs to be exchanged for these bonds. To the extent that the holders of these bonds exchange them for ADSs, and sell those ADSs into the market, the market price of our ADSs could decline.

Certain holders of our ordinary shares, in the form of ADSs or otherwise, or their transferees, as well as the trustee for the exchangeable bonds, on behalf of bondholders, are entitled to request that we register their shares under the Securities Act. See "Related Party Transactions—Other Transactions with Melco and PBL—Registration Rights." Following registration, such shares, in the form of ADSs or otherwise, will be freely transferable. See "Risk Factors—Risks Relating to the ADSs—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 describes the material United States federal income tax consequences of an investment in the ADSs to U.S. Holders (defined below) that purchase the ADSs at their offering price pursuant to this offering. This summary 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 hereof and on U.S. Treasury regulations in effect or, in some cases, proposed, on the date hereof, 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 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.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- insurance companies;
- dealers in securities;
- certain former citizens or residents of the United States;
- persons that elect to mark to market;
- tax-exempt entities;
- real estate investment trusts;
- regulated investment companies;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or other integrated transaction;
- persons that actually or constructively own 10% or more of our voting stock or;
- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation.

This discussion does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal estate, gift or alternative minimum tax consequences.

U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS U.S. STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE ADSs OR ORDINARY SHARES.

The discussion below of U.S. federal income tax consequences to "U.S. Holders" will apply if you are a beneficial owner of the 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 organized under the laws of the United States, any State thereof 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 an entity taxable as a partnership holds the ADSs or ordinary shares, the tax treatment of such entity and each partner thereof generally will depend on the status and activities of the entity and the partner.

Tax Treatment of the ADSs

If you hold the ADSs, you generally 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 depositary shares similar to the 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 foreign tax credits and 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.

Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of any distribution to you with respect to the ADSs or ordinary shares generally will be included in your gross income as 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, 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 generally 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 generally will be treated as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, you should expect that any distribution from us generally will be treated as a dividend. The dividends from us will not be eligible for the dividends-received deduction generally allowed to corporations in respect of dividends received from 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. For this purpose, ADSs listed on the Nasdaq will be considered to be readily tradable on an established securities market in the United States. You should consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to the ADSs or ordinary shares and certain special rules that apply to such dividends (including rules relating to foreign tax credit limitations).

Dividends from us generally will constitute non-U.S. source income for foreign tax credit limitation purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us generally will be treated as "passive category income" or, in the case of certain U.S. Holders, as "general category income."

Sale, Exchange or Other Disposition of the ADSs or Ordinary Shares

Subject to the passive foreign investment company rules discussed below, you generally will recognize gain or loss on any sale, exchange or other disposition of an ADS or ordinary share equal to the difference between the amount realized for such ADS or ordinary share and your tax basis in such ADS or ordinary share. Such 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 such ADS or ordinary share for more than one year, you generally 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. Any such loss, however, could be resourced to the extent of dividends treated as received with respect to such ADS or ordinary share within the preceeding 24-month period.

Passive Foreign Investment Company

We believe that we were not in 2006, and we do not currently expect to be in 2007, a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our control, including the value of our assets and the amount and type of our income, there can be no assurance that we will not become a PFIC or that the Internal Revenue Service will agree with our conclusion regarding our PFIC status. If we are a PFIC in any year, U.S. Holders of the ADSs or ordinary shares could suffer adverse consequences as discussed below.

In general, a corporation organized outside the United States will be treated as a PFIC in any taxable year in which either (1) at least 75% of its gross income is "passive income" or (2) on average at least 50% of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

If we are a PFIC in any year during which you own the ADSs or ordinary shares, you could be liable for additional taxes and interest charges upon certain distributions by us or upon a sale, exchange or other disposition of the ADSs or ordinary shares at a gain, whether or not we continue to be a PFIC. The tax will be determined by allocating such distributions or gain ratably to each day of your holding period. The amount allocated to the

current taxable year and any portion of your holding period prior to the first taxable year for which we are a PFIC will be taxed as ordinary income (rather than capital gain) earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates applicable to ordinary income for each such taxable year, and an interest charge will also be imposed on the amount of taxes for each such taxable year. In addition, if we are a PFIC, a person who acquires the ADSs or ordinary shares from you upon your death generally will be denied the step-up of the tax basis for U.S. federal income tax purposes to fair market value at the date of your death, which would otherwise generally be available with respect to a decedent dying in any year other than 2010. Instead, such person will have a tax basis equal to the lower of such fair market value or your tax basis.

The tax consequences described above in respect of the ADSs or ordinary shares that would apply if we were a PFIC may be eliminated if a "mark-to-market" election is available and you validly make such an election as of the beginning of your holding period of the ADSs or ordinary shares. If such election is validly made, (1) you generally will be required to take into account the difference, if any, between the fair market value of, and your tax basis in, the ADSs or ordinary shares at the end of each taxable year as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to your tax basis in the ADSs or ordinary shares and (2) any gain from a sale, exchange or other disposition of the ADSs or ordinary shares will be treated as ordinary income, and any loss will be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. A mark-to-market election is available only if the ADSs or ordinary shares, as the case may be, are considered "marketable stock". Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. Nasdaq constitutes a qualified exchange, and a non-U.S. securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in U.S. Treasury regulations. Since the ordinary shares are not themselves listed on any securities exchange, the mark-to-market election may not be available for the ordinary shares even if the ADSs are traded on Nasdaq.

The tax consequences in respect of the ADSs or ordinary shares described above that would apply if we were a PFIC may also be eliminated if a valid qualified electing fund ("QEF") election in respect of us has been in effect during your entire holding period of such ADSs or ordinary shares. A QEF election with respect to us would be available only if we agree to provide you with certain information. As we do not intend to provide you with the required information, you should assume that a QEF election is unavailable.

If you hold the ADSs or ordinary shares in any year in which we are a PFIC, you generally will be required to file Internal Revenue Service Form 8621 regarding distributions from us and any gain realized on the disposition of the ADSs or ordinary shares.

You are urged to consult your tax advisor regarding the potential application of the PFIC rules to your investment in the ADSs or ordinary shares.

Information Reporting and Backup Withholding

Distributions on the ADSs or ordinary shares and proceeds from the sale, exchange or other disposition of the 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 generally 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. You should consult your tax advisor 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.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated [•] 2007, we have agreed to sell to the underwriters named below, for whom UBS AG, Deutsche Bank Securities Inc., and Citigroup Global Markets Inc. are acting as representatives and the joint bookrunners of this offering, the following number of our ADSs:

Underwriter	Number of ADSs
UBS AG	
Deutsche Bank Securities Inc.	
Citigroup Global Markets Inc.	
Total	

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 [•] 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, as the case may be.

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 ADS. No further discount will be allowed to dealers or re-allowed by dealers to other dealers. After the initial public offering, the underwriters may change the public offering price and concession and discount to broker/dealers.

The following tables summarize 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 [•]% 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 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 relating to, any ordinary shares or securities convertible into or exchangeable or exercisable for any ordinary shares, 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 [•] days after the date of this prospectus. 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 of our ordinary shares or securities convertible into or exchangeable or exercisable for any of our ordinary shares, 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 ordinary shares 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 [•] days after the date of this prospectus. 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.

The ADSs are listed for quotation on The NASDAQ Global Market under the symbol "MPEL".

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 [•], 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.

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. 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 also be used in connection with resales of such ADSs in the United States to the extent such resales 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 prospectus 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 prospectus 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 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.

Certain 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, affiliates of UBS AG, Deutsche Bank Securities Inc., and Citigroup Global Market Inc. are lenders under the City of Dreams Project Facility.

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 Financial Industry Regulatory Authority filing fee, all amounts are estimates.

SEC registration fee	US$
Nasdaq Global Market listing fee	
Financial Industry Regulatory Authority filing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Miscellaneous	
Total	US$

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 Debevoise & Plimpton 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 & Notários. Debevoise & Plimpton 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 & Notários, 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 years ended December 31, 2005 and 2006, 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 statements on Form F-1 (Registration Number 333-139159, including relevant exhibits and schedules under the Securities Act with respect to the underlying ordinary shares represented by the ADSs to be sold in this offering. A related registration statement on F-6 (Registration Number 333-139159) 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.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are 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 are 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

Consolidated Financial Statements
For the years ended December 31, 2005 and 2006
Report of Independent Registered Public Accounting Firm

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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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, 2005 and 2006, 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 years ended December 31, 2005 and 2006. 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 as of December 31, 2005 and 2006, and the results of their operations and their cash flows for the period from June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006 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 statement 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 30, 2007, except for Note 22 which is as of October 18, 2007

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

	December 31, 2005 (Successor)	December 31, 2006 (Successor)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 19,769	$ 583,996
Accounts receivable	37	414
Amounts due from affiliated companies (Note 19(a))	1,398	152
Inventories (Note 4)	87	196
Prepaid expenses and other current assets (Note 5)	641	1,790
Total current assets	21,932	586,548
PROPERTY AND EQUIPMENT, NET (Note 6)	67,794	279,885
GAMING SUBCONCESSION (Note 7)	—	885,691
INTANGIBLE ASSETS, NET (Note 8)	11,089	4,220
GOODWILL (Note 1, 3(a) & (b))	34,417	81,915
LONG TERM PREPAYMENT	—	1,100
OTHER ASSETS (Note 19(d))	150,641	—
DEPOSIT FOR ACQUISITION OF LAND INTEREST (Note 9)	—	12,853
LAND USE RIGHTS, NET (Note 1, 19(d) & (e))	132,424	423,066
RENTAL DEPOSITS	528	1,066
DEPOSITS FOR ACQUISITION OF PROPERTY AND EQUIPMENT	2,383	3,576
TOTAL	$421,208	$2,279,920
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 149	$ 2,509
Accrued expenses and other current liabilities (Note 10)	11,879	97,369
Income tax payable	615	259
Capital lease obligations, due within one year (Note 11)	3	6
Amounts due to affiliated companies/person (Note 19(b))	31,518	10,611
Amounts due to shareholders (Note 19(c))	94,577	96,859
Total current liabilities	138,741	207,613
DEFERRED TAX LIABILITIES (Note 13)	14,997	24,046
CAPITAL LEASE OBLIGATIONS, DUE AFTER ONE YEAR (Note 11)	8	10
LOANS FROM SHAREHOLDERS (Note 19(c))	—	115,647
LAND USE RIGHTS PAYABLE (Note 18(a))	9,278	42,238
MINORITY INTERESTS	19,492	—
COMMITMENTS AND CONTINGENCIES (Note 18)		
SHAREHOLDERS' EQUITY		
Ordinary shares at US$0.01 par value per share (Authorized—1,500,000,000 shares and issued—500,000,000 and 1,180,931,146 shares as of December 31, 2005 and 2006 (Note 12))	5,000	11,809
Additional paid-in capital	237,779	1,955,383
Accumulated other comprehensive income	—	740
Accumulated losses	(4,087)	(77,566)
Total shareholders' equity	238,692	1,890,366
TOTAL	$421,208	$2,279,920

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)	1.1.2006 to 12.31.2006 (Successor)
REVENUE				
Fees for services provided to gaming machine lounges				
- Affiliated customer (Note 19(a))	$ 1,764	$ 5,619	$ 16,433	$ 16,276
- External customers	103	135	136	—
Slot lounge gaming revenue	—	—	—	19,108
Sub-total	1,867	5,754	16,569	35,384
Food, beverage and others	29	317	759	717
Total revenue	1,896	6,071	17,328	36,101
OPERATING COSTS AND EXPENSES				
Provision of services to gaming machine lounges	(864)	(4,286)	(11,255)	(16,289)
Slot lounge operating expenses	—	—	—	(11,847)
Food, beverage and others	(48)	(250)	(596)	(530)
Amortization of gaming subconcession	—	—	—	(14,309)
Amortization of land use rights	—	(130)	(3,535)	(12,358)
Impairment loss recognized on slot lounge services agreement (Note 8)	—	—	—	(7,640)
General and administrative	(197)	(1,970)	(4,400)	(15,591)
Selling and marketing	(81)	(166)	(534)	(3,511)
Pre-opening costs	(96)	(199)	(730)	(11,679)
Total operating costs and expenses	(1,286)	(7,001)	(21,050)	(93,754)
OPERATING INCOME (LOSS)	610	(930)	(3,722)	(57,653)
NON-OPERATING INCOME (EXPENSES)				
Interest income	—	—	2,516	816
Interest expenses	(97)	(217)	(2,028)	(11,184)
Written off deferred financing costs	—	—	—	(12,698)
Foreign exchange gain (loss), net	5	32	(570)	55
Other, net	2	54	146	285
Total non-operating (expenses) income	(90)	(131)	64	(22,726)
INCOME (LOSS) BEFORE INCOME TAX	520	(1,061)	(3,658)	(80,379)
INCOME TAX (EXPENSE) CREDIT (Note 13)	(26)	(37)	91	1,885
INCOME (LOSS) BEFORE MINORITY INTERESTS	494	(1,098)	(3,567)	(78,494)
MINORITY INTERESTS	—	91	308	5,015
NET INCOME (LOSS)	$ 494	$ (1,007)	$ (3,259)	$ (73,479)
LOSS PER SHARE (Note 15):				
Basic		$ (0.002)	$ (0.006)	$ (0.116)
SHARES USED IN LOSS PER SHARE CALCULATION:				
Basic		625,000,000	522,945,205	633,228,439

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	Accumulated other comprehensive income	Retained earnings (accumulated losses)	Total shareholders' equity	Comprehensive income (loss)
	Shares	Amount					
Predecessor—Mocha Slot Group Limited:							
BALANCE AT JANUARY 1, 2004	100	$ —	$ —	$ —	$ 137	$ 137	$ —
Net income for the period	—	—	—	—	494	494	494
BALANCE AT JUNE 8, 2004	100	$ —	$ —	$ —	$ 631	$ 631	$ 494
Successor—Melco PBL Entertainment (Macau) Limited:							
Contribution of Mocha Slot 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)	(1,007)
BALANCE AT DECEMBER 31, 2004	625,000,000	6,250	76,989	—	(1,007)	82,232	$ (1,007)
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)	(3,259)
BALANCE AT DECEMBER 31, 2005	500,000,000	5,000	237,779	—	(4,087)	238,692	$ (3,259)
Shares issued during the year (note 1)	500,000,000	5,000	315,000	—	—	320,000	$ —
Capital contributions from shareholders (note 19(c))	—	—	150,000	—	—	150,000	—
Contribution from Melco (note 1)	—	—	109,170	—	—	109,170	—
Contribution of MPBL Gaming from PBL (note 1)	—	—	77,491	—	—	77,491	—
Shares issued upon initial public offering, net of offering expenses	180,931,146	1,809	1,065,665	—	—	1,067,474	—
Share-based compensation (restricted shares)	—	—	278	—	—	278	—
Net loss for the year	—	—	—	—	(73,479)	(73,479)	(73,479)
Foreign currency translation adjustment	—	—	—	740	—	740	740
BALANCE AT DECEMBER 31, 2006	1,180,931,146	$ 11,809	$1,955,383	$ 740	$ (77,566)	$ 1,890,366	$ (72,739)

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)	1.1.2006 to 12.31.2006 (Successor)
OPERATING ACTIVITIES				
Net income (loss)	$ 494	$ (1,007)	$ (3,259)	$ (73,479)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Compensation expense paid to the management of Mocha Slot	—	1,374	—	—
Impairment loss recognized on slot lounge services agreement	—	—	—	7,640
Share-based compensation	—	—	—	278
Depreciation and amortization	154	1,872	8,503	36,512
(Gain) loss on disposal of property and equipment	—	—	(35)	1,140
Minority interests	—	(91)	(308)	(5,015)
Changes in operating assets and liabilities:				
Accounts receivable	(61)	21	8	(377)
Amounts due from affiliated companies	(479)	(389)	(313)	1,276
Inventories	—	(15)	(72)	(109)
Prepaid expenses and other current assets	(25)	(64)	(547)	10,330
Rental deposits	(57)	(128)	(297)	(538)
Long term prepayment	—	—	—	(1,100)
Accounts payable	26	542	(419)	2,360
Accrued expenses and other current liabilities	479	61	719	3,015
Income tax payable	26	124	445	(356)
Amounts due to affiliated companies/person	—	5	407	—
Deferred tax liabilities	—	(88)	(548)	(1,814)
Net cash provided by (used in) operating activities	557	2,217	4,284	(20,237)
INVESTING ACTIVITIES				
Acquisition of property and equipment	(6,151)	(4,305)	(46,088)	(22,743)
Deposits for acquisition of property and equipment	(294)	(1,170)	(919)	(3,555)
Acquisition of other assets	—	—	(102,564)	—
Payment for land use rights	—	—	(31,870)	(12,371)
Proceeds from disposal of property and equipment	—	—	183	24
Net cash used in investing activities	(6,445)	(5,475)	(181,258)	(38,645)
FINANCING ACTIVITIES				
Amounts due to shareholders	7,503	2,934	8,088	75,544
Amounts due to affiliated companies/person	817	3,142	20,225	(45,643)
Payment of principal of capital leases	(53)	(46)	(107)	(5)
Cash contribution from PBL	—	—	163,000	—
Issue of share capital	—	—	—	1,067,474
Cash from contribution of MPBL Gaming from PBL	—	—	—	25,739
Repayment of bank loan	—	—	—	(500,000)
Net proceeds from acquisition of Mocha	—	2,765	—	—
Net cash provided by financing activities	8,267	8,795	191,206	623,109
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,379	5,537	14,232	564,227
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	386	—	5,537	19,769
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	$ 2,765	$ 5,537	$ 19,769	$ 583,996
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS				
Cash paid for interest (net of capitalized interest)	$ (3)	$ (7)	$ (495)	$ (10,328)
Cash paid for tax	$ —	$ (1)	$ (12)	$ (285)
NON-CASH INVESTING ACTIVITIES				
Construction costs funded through accrued expenses and other current liabilities	$ —	$ —	$ 7,441	$ 61,383
Construction costs funded through amounts due to shareholders	$ —	$ —	$ —	$ 127,287
Inception of capital leases on property and equipment	$ —	$ —	$ 13	$ 10
Land use rights cost funded through land use rights payable, accrued expenses and other current liabilities and amounts due to shareholders	$ —	$ —	$ 38,012	$ 63,411
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	$ 5,616
Acquisition of additional 20% share 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	$ —	$ —	$ —	$ 12,853
Contribution of MPBL Gaming from PBL	$ —	$ —	$ —	$ 77,491
Contribution of interest in MPBL (Greater China)	$ —	$ —	$ —	$ 109,170

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 (formerly named Melco PBL Holdings Limited and known as the "Company" hereafter) 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") were principally engaged in the operation of electronic gaming machine lounges in Macau. Mocha Slot became inactive after the group restructuring as detailed below. Great Wonders, Investments, Limited ("Great Wonders") and Melco Hotels and Resorts (Macau) Limited ("Melco Hotels") hold 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 Profits Investments Limited and known as "MPBL Peninsula" hereafter) is in the process of obtaining a third piece of land in Macau for further development. Melco PBL Gaming (Macau) Limited ("MPBL Gaming") holds a gaming subconcession for the operation of casino games of chance and other casino games in Macau.

Mocha Slot

On September 26, 2003, Better Joy Overseas Limited ("Better Joy"), which was 77% owned by Mr. Lawrence Ho, the Chief Executive Officer of the Company and 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. The financial statements reflect Melco's basis of accounting for the initial 80% acquisition of Mocha. The 20% minority interest was accounted for at historical cost until it was purchased from Dr. Stanley Ho on May 9, 2006. (see Note 3(a)).

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 flows 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 (see Note 3(b)).

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 19(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 19(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 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 19(d)). The transaction was completed on September 5, 2005. Melco Hotels had begun the construction of the integrated entertainment resort by December 31, 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 $192,802, which is payable in cash and the acquisition is expected to be completed in 2007 (see Note 19(j)).

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 the carryover basis of accounting is adopted.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

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.

Group restructuring upon acquisition of gaming subconcession

On March 4, 2006, PBL entered into an agreement with Wynn Resorts (Macau) S.A. ("Wynn Macau") to obtain a Macau gaming subconcession for the operation of casino games of chance and other casino games in Macau (the "Gaming Subconcession") for $900,000. PBL Asia Investments Limited ("PBL Asia"), which is owned by PBL, formed MPBL Gaming to hold the Gaming Subconcession.

Pursuant to a Memorandum of Agreement dated March 5, 2006 and a Supplemental Agreement dated May 26, 2006 (the "Agreements"), entered into between Melco and PBL, Melco and PBL each agreed to contribute $160,000 for a total of $320,000 to the Company to subscribe for Class B shares of MPBL Gaming. In addition, PBL agreed to subscribe or cause its subsidiary to subscribe for $80,000 of equity of MPBL Gaming. In aggregate with the proceeds of a $500,000 external credit facility, the above funds were used to pay Wynn Macau for the Gaming Subconcession.

Pursuant to the Agreements, Melco and PBL agreed to adjust their existing ownership interests throughout their agreed territory, including in Macau through the Company, from 60% held by Melco (40% via its interest in the Company and 20% via its interest in MPBL (Greater China)) and 40% held by PBL to be 50% owned each by Melco and PBL ("Group Restructuring").

As part of the Group Restructuring, the Company acquired the remaining 20% minority interest in MPBL (Greater China) previously held by Melco. The Company accounted for this acquisition using the purchase method. The aggregate fair values of the 20% minority interest in MPBL (Greater China) were as follows:

Land use rights related to Crown Macau Project and City of Dreams Project	$ 88,221
Goodwill	16,952
Trademark	795
Net tangible assets attributable to 20% equity interest in MPBL (Greater China)	13,884
Deferred tax liabilities in relation to land use rights and trademark	(10,682)
Total	$109,170

At the date the Company acquired MPBL Gaming from PBL, MPBL Gaming owned the Gaming Subconcession with a fair value of $900,000, subconcession bank loan of $500,000, loans from Melco and PBL of $320,000 (subsequently converted to equity), cash and cash equivalents of $25,739 and other net liabilities of $28,248. MPBL Gaming had no operations. The Company accounted for this acquisition at the fair values of the underlying assets acquired and liabilities assumed. The estimated fair value of the Gaming Subconcession was derived from the purchase consideration paid by MPBL Gaming to obtain the Gaming Subconcession.

The Mocha Slot assets and business together with the holding subsidiaries for the Crown Macau and the City of Dreams projects were transferred to MPBL Gaming to be operated under the Gaming Subconcession immediately following the Group Restructuring. In October 2006, the Macau Government approved the transfer of control of MPBL Gaming to the Company.

As of December 31, 2006, the Company held a 100% interest in MPBL (Greater China), MPBL Peninsula and MPBL Gaming. Mocha Slot is held by MPBL (Greater China) and Melco PBL International Limited as to 80% and 20%, respectively. Great Wonders and Melco Hotels are 100% held by MPBL Gaming.

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, 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	Inactive	40 class A shares and 160 class B shares of US$0.01 each	100%	100%
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 shares of US$0.01 each	100%	100%
Melco PBL Investments Limited[2] ("MPBL Investments")	Cayman Islands	Investment holding in Macau	202 ordinary shares 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[2]	British Virgin Islands	Inactive	100 ordinary shares of US$1 each	100%	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	Inactive	2 quota shares of Macau Patacas ("MOP") 24,000 and MOP1,000 each	100%	100%
Mocha Café Limited[2]	Macau	Inactive	2 quota shares of MOP24,000 and MOP1,000 each	100%	100%
Melco Hotels[2]	Macau	Integrated entertainment resort development in Macau	2 quota shares of MOP24,000 and MOP1,000 each	100%	100%
Melco PBL Hotel (Crown Macau) Limited[2]	Macau	Hotel related business	2 quota shares of MOP24,000 and MOP1,000 each	100%	100%
Great Wonders[2]	Macau	Casino and hotel development in Macau	10,000 ordinary shares of MOP100 each	100%	100%
MPBL Gaming[2]	Macau	Investment holding, slot lounge and casino operation in Macau	2,800,000 class A shares and 7,200,000 class B shares of MOP100 each	100% (Note)	72%
Melco PBL Services Limited[1]	Hong Kong	Inactive	10,000 ordinary shares of HK$1 each	100%	100%

1 Share held directly by the Company
2 Share 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)

Note: The Company held 72% voting control of MPBL Gaming and the rights to virtually all the profits and proceeds of any winding up or liquidation of MPBL Gaming. The minority shareholder of MPBL Gaming representing 28% voting control has agreed to vote along with the Company and are entitled to an aggregate of MOP 1 in dividends and MOP 1 in proceeds of any winding up or liquidation of MPBL Gaming.

2. 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 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.

(d) Fair Value of Financial Instruments

The carrying values of 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 and amounts due to shareholders approximate their fair value.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist 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

Inventories are 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.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

(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.

The slot lounge services agreement intangible has a finite useful life and is amortized over the estimated useful life.

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 measures fair value based either on internal models or independent valuations.

(h) Gaming Subconcession

The Gaming Subconcession is capitalized based on the fair value of the Gaming Subconcession agreement as at the date of acquisition of MPBL Gaming, and amortized using the straight-line method over its term which is due to expire in June 2022.

(i) Land use rights, net

Land use rights are recorded at cost less accumulated amortization. Amortization is provided over the 25 year term of the land use right agreement on a straight-line basis.

(j) 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.

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 provided on a straight-line basis over the estimated useful lives of the assets, which do not exceed the respective land use rights term, and 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 the statement of operations for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006 were $154, $1,142, $3,939 and $8,606, respectively. The depreciation expense included $152, $1,132, $3,875 and $5,545 which were recorded in the operating costs for the provision of services to gaming machine lounge, respectively, for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006. The depreciation expense included $2, $10, $64 and $486 which were 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 for the years ended December 31, 2005 and 2006. For the year ended December 31, 2006, depreciation expense of $2,575 was recorded in slot lounge operating expenses.

(k) 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.

(l) 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 was recognized on the slot lounge services agreement for the year ended December 31, 2006 (see Note 8). In addition, an impairment loss of $1,116 was recognized because of the relocation of a slot lounge during the year ended December 31, 2006, as determined based on the net book values of the property and equipment involved.

(m) 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 termination of the SJM service agreement, revenue from fees for provision of services to electronic gaming machine lounges was recognized on an accrual basis in accordance with the contractual terms of the respective service agreement. 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.

Following termination of the SJM service agreement, the Company, through its wholly-owned subsidiary MPBL Gaming, generates slot lounge gaming revenue under the Gaming Subconcession. Slot lounge gaming revenue is measured as the aggregate net 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.

(n) Total revenue

The retail value of food and beverage, and other services furnished to guests without charge is included in gross revenue and then deducted as promotional allowances. During the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006, the cost of providing such promotional allowances of nil, $61, $470 and $596, respectively, was included in the cost of provision of services to gaming machine lounges.

(o) Operating cost

Operating cost includes direct costs associated with the casino revenues and provision of catering services, including salaries, employee benefits and overhead costs associated with employees providing the related services.

(p) 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 years ended December 31, 2005 and 2006 of nil, nil, $841 and $2,286, respectively, has been added to the cost of the underlying assets during the year and is amortized over the respective useful life of the assets.

(q) Advertising expenses

The Company expenses all advertising costs as incurred. These costs were $66, $145, $471 and $1,582 for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006, respectively.

(r) Income tax

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 carry forwards 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.

(s) 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.

(t) Comprehensive income (loss)

Comprehensive income (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 income (loss) represents its net income (loss) and the foreign exchange difference arising from the translation of subsidiaries' financial statements.

(u) 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 functional currency of the Company was U.S. dollar and the functional currencies of its major subsidiaries were U.S. dollar or the Macau Patacas. 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).

(v) Share-based compensation expenses

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes that cost over the service period. Compensation is attributed to the periods of associated service and such expense is being recognized on a straight-line basis over the vesting period of the awards. Forfeitures are estimated at the time of grant, with such estimate updated periodically and with actual forfeitures recognized currently to the extent they differ from the estimate.

Further information on the Company's share-based compensation arrangements is included in Note 14 to the financial statements.

(w) Deferred financing costs

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the terms of the related debt agreements. During the year ended December 31, 2006, deferred financing cost of $12,698 was written off.

(x) Recent changes in accounting standards

In June 2006, the FASB 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.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

In September 2006 the FASB issued FASB Statement No. 157, ("SFAS 157"), "Fair Value Measurement." SFAS 157 addresses standardizing the measurement of fair value for companies who are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, of SFAS 157 on its financial position, results of operations and cash flows.

In September 2006, the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No.108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The SEC staff believes that registrants should quantify errors using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB 108 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

3. 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.

(a) 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 was owned by Dr. Stanley Ho, is presented at historical cost. The aggregate purchase price of $46,114 was allocated as follows:

Net tangible assets acquired	$ 631
Intangible assets:	
Goodwill	34,417
Trademark	2,424
Slot lounge services agreement	10,294
Deferred tax liabilities	(1,526)
Minority interests	(126)
Total	$46,114

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

The amortization period for the slot lounge services agreement is based on an estimate of its useful life.

(b) On May 9, 2006, Melco PBL International Limited acquired a 20% interest in Mocha Slot for a total cash consideration of $32,051, which was financed by advances from Melco and PBL, equally, and which was allocated as follows:

Net tangible assets acquired	$ 631
Intangible assets:	
Goodwill	30,380
Trademark	992
Slot lounge service agreement	191
Deferred tax liabilities	(143)
Total	$32,051

The amortization period for the slot lounge services agreement is based on an estimate of its useful life.

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 the 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:

	1.1.2004 to 12.31.2004 (Unaudited)
REVENUE	
Fee for services provided to gaming machine lounges	
- Affiliated customer	$ 7,383
- External customers	238
Sub-total	7,621
Food and beverage	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)

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.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

4. INVENTORIES

	December 31, 2005 (Successor)	December 31, 2006 (Successor)
Inventories consist of the following:		
Food and beverage	$ 22	$ 52
Players Club redemption inventories	65	144
	$ 87	$ 196

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31, 2005 (Successor)	December 31, 2006 (Successor)
Deferred charges, net	$ 78	$ 850
Refundable deposits	558	533
Others	5	407
	$ 641	$ 1,790

6. PROPERTY AND EQUIPMENT, NET

	December 31, 2005 (Successor)	December 31, 2006 (Successor)
Cost		
Furniture, fixtures and equipment	$ 3,430	$ 7,601
Gaming machines	21,932	29,922
Leasehold improvements	3,739	11,286
Machinery	3,214	5,192
Motor vehicles	49	299
Sub-total	$ 32,364	$ 54,300
Less: Accumulated depreciation	(4,991)	(12,993)
Sub-total	$ 27,373	$ 41,307
Construction in progress	40,421	238,578
Property and equipment, net	$ 67,794	$279,885

As of December 31, 2006, construction in progress included interest on amounts advanced from shareholders and other direct incidental costs capitalized amounted to $3,127 (December 31, 2005: $841) and $7,138 (December 31, 2005: $1,877), respectively, in connection with the Crown Macau Project and the City of Dreams Project. Other direct incidental costs represented salaries and wages and certain professional charges incurred for the Crown Macau Project and the 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)

7. GAMING SUBCONCESSION

	December 31, 2006
Deemed cost (Note)	$ 900,000
Less: Accumulated amortization	(14,309)
Gaming Subconcession, net	$ 885,691

Note: The deemed cost was determined based on the estimated fair value of the Gaming Subconcession at the time of the restructuring mentioned in Note 1. The Gaming Subconcession is amortized on a straight-line basis over the term of the Gaming Subconcession agreement which expires in June 2022.

8. INTANGIBLE ASSETS, NET

It consists of the following:

	December 31,	
	2005	2006
	(Successor)	(Successor)
Trademark	$ 2,424	$ 4,220
Slot lounge services agreement	10,294	10,485
	$ 12,718	$ 14,705
Less: Accumulated amortization	(1,629)	(2,845)
Impairment loss recognized	—	(7,640)
Intangible assets, net	$ 11,089	$ 4,220

The trademark is not amortized.

During the year ended December 31, 2006, Mocha Slot entered into an agreement with SJM ("Termination Agreement") to terminate the slot lounge services agreement, subject to certain condition precedents, in contemplation of the grant of a Gaming Subconcession to MPBL Gaming. As a result of the termination of the slot lounge services agreement, an impairment loss of $7,640 was recognized on the slot lounge services agreement with reference to a valuation determined by the management. Before the entering of the Termination Agreement, the slot lounge services agreement was amortized over its estimated useful life of 10 years. Subsequent to the entering of the Termination Agreement, the remaining carrying value of the slot lounge services agreement was amortized until the termination date of the slot lounge services agreement. Amortization expenses charged to the consolidated statements of operations for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006 were nil, $600, $1,029 and $1,239, respectively.

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 $192,802, which is payable in cash and the acquisition is expected to be completed in 2007. An amount of $12,853 was paid as a

(In thousands of U.S. dollars, except share and per share data)

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

	December 31,	
	2005	2006
	(Successor)	(Successor)
Construction costs payable	$ 7,441	$ 61,383
Rental payable	342	228
Land use rights payable	3,093	21,173
Operating expense accruals	1,003	14,585
	$ 11,879	$ 97,369

11. CAPITAL LEASE OBLIGATIONS

The Company leases certain equipment under capital leases. The capital lease obligations outstanding as of December 31, 2005 and 2006 related to certain equipment amounted to $11 and $16, respectively. Future minimum lease payments under capital lease obligations as of December 31, 2006 are as follows:

Year ended December 31, 2006:	
- 2007	$ 7
- 2008	7
- 2009	6
- 2010	1
Total minimum lease payments	$21
Less: amounts representing interest	(5)
Present value of minimum lease payments	$16
Current portion	(6)
Non-current portion	$10

12. 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. 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. In December 2006, the Company offered 60,250,000 American depository shares ("ADSs"), representing 180,750,000 ordinary shares, to the public and listed the ADSs on the NASDAQ stock market. In addition, the Company issued 60,382 ADSs, representing 181,146 ordinary shares, to Melco shareholders as an assured entitlements distribution. As of December 31, 2005 and 2006, the Company had 500,000,000 and 1,180,931,146 ordinary shares issued and outstanding, respectively. Subsequent to December 31, 2006, the Company issued additional shares pursuant to an underwriters option (see Note 22).

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

13. INCOME TAX EXPENSE (CREDIT)

The Company, Melco PBL International Limited, MPBL (Greater China), Melco PBL Holdings Limited and MPBL Investments are tax exempt in the Cayman Islands, where they are incorporated. Melco PBL Services Limited is subject to Hong Kong Profits Tax, where it is incorporated, but the company has not started operations. Always Prosper Investments Limited and MPBL Peninsula are tax exempt in the British Virgin Islands, where they are incorporated. Mocha Slot is exempt from tax in the British Virgin Islands, where it is incorporated, but is subject to Macau Complementary Tax on its activities 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)	For the year ended December 31, 2005 (Successor)	For the year ended December 31, 2006 (Successor)
Macau complementary tax:				
Current period/year	$ 26	$ 125	$ 458	$ —
Overprovision in prior years	—	—	(1)	(71)
	26	125	457	(71)
Deferred tax credit	—	(88)	(548)	(1,814)
	$ 26	$ 37	$ (91)	$ (1,885)

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)	For the year ended December 31, 2005 (Successor)	For the year ended December 31, 2006 (Successor)
Income (loss) before income tax	$ 520	$ (1,061)	$ (3,658)	$(80,379)
Macau complementary tax rate	12%	12%	12%	12%
Income tax expense (credit) at Macau complementary tax rate	62	(127)	(439)	(9,645)
Overprovision in prior year	—	—	(1)	(71)
Effect of income for which no income tax expense is payable	(36)	(16)	(89)	(255)
Effect of expense for which no income tax benefit is receivable	—	180	361	1,404
Increase in valuation allowance	—	—	77	6,682
	$ 26	$ 37	$ (91)	$ (1,885)

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

The deferred income tax assets and liabilities as of December 31, 2005 and 2006, consisted of the following:

	December 31,	
	2005 (Successor)	2006 (Successor)
Deferred income tax assets		
Net operating loss carryforwards	$ 72	$ 6,086
Depreciation and amortization	5	673
	77	6,759
Valuation allowance	(77)	(6,759)
Total net deferred income tax assets	—	—
Deferred income tax liabilities		
Land use rights	(13,659)	(23,541)
Intangible assets	(1,330)	(505)
Unrealized capital allowance	(8)	—
Net deferred income tax liabilities	$(14,997)	$(24,046)

A full 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 December 31, 2006, operating loss carryforwards amounting to $604 and $50,121 will expire in 2008 and 2009, respectively.

Macau complementary tax has been provided at 12% on the estimated taxable income earned in or derived from Macau during the relevant 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.

14. SHARE-BASED COMPENSATION

The Company has adopted a share incentive plan in 2006, to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentives to employees, directors and consultants and to promote the success of its business. Under the share incentive plan, the Company may grant options to purchase the Company's ordinary shares and restricted shares. 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 the Company grants 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 an award shall not exceed 10 years from the date of the grant. 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.

The Company has granted restricted shares to certain personnel in December 2006. The total number of restricted shares that were granted to those persons equal $16,080 divided by the initial public offering price (as adjusted for the three ordinary shares to one ADS ratio), or approximately 2,540,000 restricted shares. These restricted shares have a vesting period ranging from six months to five years. The Company recorded compensation

expenses of approximately $278 as general and administrative expense for the year ended December 31, 2006. All the restricted shares are unvested as of December 31, 2006 and the grant date fair value is determined with reference to the initial public offering price as adjusted by the factor that these restricted shares are not entitled to dividends during the vesting period. The weighted average number of restricted shares which has not been included in the calculation of the diluted net loss per share for the year ended December 31, 2006 was 138,015.

15. 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. The weighted-average number of common shares outstanding does not include any unvested restricted shares of common stock. These unvested restricted shares are considered contingently returnable until the restrictions lapse and will not be included in the basic net loss per share calculation until the shares are vested. Diluted loss per share does not assume the effect of restricted shares as the effect resulted in a decrease in loss per share.

16. 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, 2005 and 2006, the balance of the legal reserve amounted to $2 and $2, respectively.

17. MAJOR NON-CASH TRANSACTIONS

(a) As disclosed in Note 1 and Note 19(e), 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 1 and Note 19(d), 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 and PBL, which remained outstanding as of December 31, 2006.

(c) As disclosed in Note 1 and Note 19(e), out of the consideration of $51,282 for the acquisition of the remaining 30% equity interest in Great Wonders, $25,641 was financed by an advance from Melco and PBL, which remained outstanding as of December 31, 2006.

(d) As disclosed in Note 1 and Note 3(b), the consideration of $32,051 and $5,859 for the acquisition of the remaining 20% interest in Mocha Slot and the Loan Sale was financed by advances from Melco and PBL, equally, which remained outstanding as of December 31, 2006.

(e) As disclosed in Note 9, the payment of deposit for acquisition of land interest of $12,853 was financed by advances from Melco and PBL, equally, which remained outstanding as of December 31, 2006.

(f) As disclosed in Note 1, MPBL Gaming was transferred to the Company after MPBL Gaming obtained the Gaming Subconcession in October 2006.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

(g) As disclosed in Note 1, the 20% shares of MPBL (Greater China) indirectly owned by Melco were transferred to Melco PBL International Limited, resulting in a contribution of 20% equity interest in MPBL (Greater China) to the Company by Melco.

18. COMMITMENTS AND CONTINGENCIES

(a) *Capital Commitments*

At December 31, 2006, 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 $167,606.

In addition, Melco Hotels has accepted in principle an offer from the Macau Government to acquire the Cotai Land in Macau for approximately $63,411, with $21,173 payable at signing of the government lease and the remaining balance of approximately $42,238 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 December 31, 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, 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 of the City of Dreams Project commenced in April 2006. The Company has recorded the land use right of $63,411 and the related payable to the Macau Government in accrued expenses and other current liabilities of $21,173 and land use right payable of $42,238 at December 31, 2006.

At December 31, 2006, the Macau Government had officially granted the Taipa Land to Great Wonders for $18,600. The Group had paid $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. The outstanding balance was settled during the year ended December 31, 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 which held the rights to a land lease in respect of a plot of land on the Macau peninsula. The aggregate consideration is $192,802, which is payable in cash and the acquisition is expected to be completed in 2007. An amount of $12,853 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. The completion of the acquisition is subject to conditions that are not under control of the Company.

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(b) *Lease Commitments*

The Group leases office space, slot lounges and certain equipment under non-cancellable operating lease agreements that expire at various dates through December 2016. The Group's office lease and slot lounge leases provide 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 years ended December 31, 2005 and 2006, the Group made rental payments amounting to $401, $619, $1,156 and $3,375, respectively.

As of December 31, 2006, minimum lease payments under all non cancellable leases were as follows:

Operating Leases

Year	
2007	$ 4,273
2008	4,057
2009	3,632
2010	2,657
2011	2,498
Over 2011	8,383
Total minimum lease payments	$ 25,500

In addition, as of December 31, 2006, there were certain minimum lease payments under the land lease of the Taipa Land and Cotai Land (see Note 18(a)).

(c) *Other Commitments*

On September 8, 2006, the Macau Government granted a Gaming Subconcession to MPBL Gaming to operate the gaming business in Macau. Pursuant to the gaming sub-concession agreement, MPBL Gaming has committed to the following:

i) To make a minimum investment in Macau of $499,164 (MOP 4,000,000,000) by December 2010.

ii) To pay the Macau Government a fixed annual premium of $3,744 (MOP 30,000,000) starting from the earlier of June 26, 2009 or completion of the hotel, casino and resort projects operated by the Company's subsidiaries.

iii) To pay the Macau Government a variable premium depending on the number and type of gaming tables and gaming machines that the Company operates. The variable premium will be calculated as follows:

- $37 (MOP 300,000) per year for each gaming table (subject to a minimum of 100 tables) reserved exclusively for certain kind of games or to certain players;
- $19 (MOP 150,000) 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
- $1 (MOP 1,000) per year for each electrical or mechanical gaming machine.

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iv) To pay the Macau Government a sum of 1.6% of the gross revenues of the gaming business operations on a monthly basis, that will be made available to a public foundation for the promotion, development and study of social, cultural, economic, educational, scientific, academic and charity activities, to be determined by the Macau Government.

v) To pay the Macau Government a sum of 2.4% of the gross revenues of the gaming business operations on a monthly basis, which will be used for urban development, tourist promotion and the social security of Macau.

vi) To pay special gaming tax to the Macau Government of an amount equal to 35% of the gross revenues of the gaming business operations on a monthly basis.

vii) MPBL Gaming must maintain a bank guarantee issued by a specific bank with the Macau Government as the beneficiary in a maximum amount of $62,395 (MOP 500,000,000) from September 8, 2006 to September 8, 2011 and in a maximum amount of $37,437 (MOP 300,000,000) from that date until the 180th day after the termination date of the Gaming Subconcession. A sum of 1.75% of the guarantee amount will be payable by the Company quarterly to such bank.

In addition, in 2006, the Group entered into principles of understanding to engage a general contractor for the City of Dreams project for contractor fee of $70,694 and is currently negotiating the definitive contract between the parties. As contemplated in the principles of understanding, it is expected that each of the parties forming the general contractor will provide the Group, 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, the Group is expected to provide a guarantee to the contractors guaranteeing the due performance of Melco Hotel's obligations under the definitive contract.

(d) *Contingencies*

At of December 31, 2006, the MPBL Gaming has issued a promissory note ("livranca") of $68,635 (MOP550,000,000) to a bank in respect of bank guarantees issued to the Macau Government as disclosed in Note 18(c)(vii).

19. RELATED PARTY TRANSACTIONS

(a) *Amounts due from affiliated companies*

(i) Before MPBL Gaming obtained the Gaming Subconcession in September 2006, the Group provided services to certain electronic gaming lounges of SJM. The services fee was 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 years ended December 31, 2005 and 2006, the service fees received or receivable from SJM were $1,764, $5,619, $16,433 and $16,276, 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 years ended December 31, 2005 and 2006, amounting to nil, nil, $1,023 and $2,188, respectively.

The outstanding balances of the amount due from SJM as at December 31, 2005 and 2006 were $1,398 and nil, respectively, and were unsecured, non-interest bearing and repayable on demand.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—continued
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(ii) The Group paid certain expenses on behalf of Publishing and Broadcasting (Finance) Limited, a subsidiary of PBL. As of December 31, 2005 and 2006, the outstanding balance due from Publishing and Broadcasting (Finance) Limited of nil and $30 were unsecured, non-interest bearing and repayable on demand.

(iii) The Group paid certain expenses on behalf of STDM. As of December 31, 2005 and 2006, the outstanding balance due from STDM of nil and $122 were unsecured, non-interest bearing and repayable on demand.

(b) *Amounts due to affiliated companies/person*

(i) The Group paid travelling expenses to STDM, which made the accommodation and transport arrangements for Mocha Slot, MPBL Gaming and Company employees travelling between Hong Kong and Macau of nil, $34, $113 and $248 for the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006, respectively. The outstanding balances as at December 31, 2005 and 2006 were $26 and nil, 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/period:

	1.1.2004 to 6.8.2004	6.9.2004 to 12.31.2004	For the year ended December 31,	
			2005	2006
	(Predecessor)	(Successor)	(Successor)	(Successor)
Purchase of property and equipment	$ 5,599	$ 1,158	$ 14,620	$ 9,803
Management fee paid/payable	—	—	197	144
Project management fee paid/payable	—	—	1,077	1,420
Network support fee paid/payable	—	28	92	193
Rental expenses paid/payable	—	—	135	334
Travelling expenses paid/payable	—	—	11	127
Financial advisory fee paid/payable	—	—	48	—
Consultancy fee paid/payable	—	—	—	281
Contractor fee paid/payable	—	—	—	16

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 year ended December 31, 2005 and was based on actual cost incurred during the year ended December 31, 2006. The project management fee and consultancy fee were paid for services provided by wholly-owned subsidiaries of Melco in connection with the Crown Macau Project and the 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 balances due to affiliated companies as of December 31, 2005 and 2006, were $25,443 and $8,349, respectively, and were unsecured and repayable on demand. As at December 31, 2005, the balances included an amount of $16,857 which bore interest at 9% per annum and had been charged up to June 2006 from which date onwards the amounts due ceased to be interest bearing. The remaining balances as at December 31,

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2005 and all balances as at December 31, 2006 were non-interest bearing. During the years ended December 31, 2005 and 2006, the interest paid/payable in respect of the balances were $694 and $333, respectively.

(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, 2005 and 2006 were $5,780 and nil, respectively. During the periods from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006, the interest paid to Dr. Stanley Ho was nil, $3, $138 and $80, 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 to Mr. Chang Wang was $12.

(iv) The Group paid service fees to Publishing and Broadcasting (Finance) Limited, a subsidiary of PBL, for the years ended December 31, 2005 and 2006, amounting to $538 and $1,638, 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, 2005 and 2006 were $269 and nil, respectively, and were unsecured, non-interest bearing and repayable on demand.

(v) The Group paid rental expenses of $139 and service fee of $350 to Lisboa Holdings Limited, a company in which a relative of Mr. Lawrence Ho has beneficial interest, during the year ended December 31, 2006 for a Mocha slot gaming lounge. As of December 31, 2006, the outstanding balance due to Lisboa Holdings Limited of $529 was unsecured, non-interest bearing and repayable on demand.

(vi) The Group paid consultancy fees of $5,259 to Crown Limited, a subsidiary of PBL, for the year ended December 31, 2006 for consulting services of the Crown Macau Project. Out of the total charges, $2,734 was capitalized in construction in progress. As of December 31, 2006, the outstanding balance due to Crown Limited of $1,570 was unsecured, non-interest bearing and repayable on demand.

(vii) The Group purchased property and equipment from SJM of $2,188 during 2006. The outstanding balance due to SJM as of December 31, 2006 of $163 was unsecured, non-interest bearing and repayable on demand.

(c) *Amounts due to/Loans from 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.

The outstanding balances due to Melco as of December 31, 2005 and 2006 were $94,577 and $144,663, respectively and are unsecured. As of December 31, 2005 and 2006, the outstanding balances amounting to $67,138 and $74,367 were interest bearing at 9% per annum and 3-months HIBOR per annum, respectively, and the remaining balances were non-interest bearing. As of December 31, 2005 and 2006, the outstanding balances were repayable on demand except for the balance of $74,367 as at December 31, 2006 which was repayable in 18 months from the balance sheet date and therefore classified as non-current liabilities.

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Interest of nil, $198, $2,031, $2,191 was paid/payable for the period January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and for the years ended December 31, 2005 and 2006, respectively. The interest paid/payable to Melco of $2,191 for the year ended December 31, 2006 included an amount of $377 which was capitalized in construction in progress.

The Group also received funds from PBL, for working capital purposes, acquisition of interests in the Taipa Land and Cotai Land, construction of the Crown Macau Project and the City of Dreams Project, acquisition of an additional 20% interest in Mocha Slot and the Loan Sale and payment of the deposit for acquisition of land interest. The outstanding balances due to PBL as of December 31, 2005 and 2006 were nil and $67,843, respectively, and were unsecured. As at December 31, 2006, the outstanding amount included an amount of $41,280, which was interest bearing at 3-months HIBOR per annum and repayable in 18 months from the balance sheet date and therefore classified as a non-current liability. All the remaining balances were non-interest bearing and repayable on demand. Interest of $209 was paid/payable for the year ended December 31, 2006 and was capitalized in construction in progress.

During the year ended December 31, 2006, Melco and PBL agreed to convert the working capital loan of a total of $150,000, contributed in equal proportions, into equity.

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) 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 commenced in April 2006, the amount was reclassified to the land use right as of that date.

On April 21, 2005, a consent was issued by the Macau Government to Melco Hotels pursuant to which the Macau Government offered to Melco Hotels the right to be granted a medium term lease of Cotai Land, to construct and develop the City of Dreams Project. The construction work for the City of Dreams Project commenced in April 2006 The land use right and related payable to the Macau Government of $63,411 has been included in the land use right, accrued expenses and other current liabilities, and land use right payable as of December 31, 2006.

As of December 31, 2006, Melco Hotels was in the process of obtaining the official title of this land use right.

(e) 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

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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 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 was included in the amount of land use rights as of December 31, 2006. As at December 31, 2005, Great Wonders had paid $6,229 for the Taipa Land. The remaining balance of approximately $12,371 was fully settled as of December 31, 2006.

The expiry dates of the lease 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 to their expiry dates. Total amortization charges of nil, $130, $3,535 and $12,358 were recognized during the periods from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 to December 31, 2004 and the years ended December 31, 2005 and 2006, respectively.

(e) 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

(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 acquire a Gaming Subconcession under Wynn Macau's concession.

(g) As disclosed in Note 1, the Company completed its reorganization in October 2006. As a result of the restructuring, the Company acquired MPBL Gaming, the holder of the Gaming Subconcession in Macau, and Melco's 20% interest in MPBL (Greater China), the holding company of Mocha Slot, Great Wonders and Melco Hotels.

(h) On March 15, 2006, in contemplation of the grant of the Gaming Subconcession to MPBL Gaming, as mentioned in Note 1, and for the purposes of continuity of the slot lounge services provision business, Melco, Mocha Slot, Mocha Management and SJM entered into an agreement for the conditional termination of all existing services agreements of Mocha Slot. The termination became effective subsequent to the grant of Gaming Subconcession to MPBL Gaming in September 2006.

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In contemplation of the acquisition of MPBL Gaming by the Group (see Note 1 and 19(g) for details of the transfer), Mocha Slot has made use of the Gaming Subconcession of MPBL Gaming before MPBL Gaming was contributed to the Company, at nil consideration, to operate the slot lounge business, in accordance with an arrangement letter signed.

(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 was completed on the same date on which the Sale and Purchase Agreement was signed.

(j) 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 $192,802, which is payable in cash and the acquisition is expected to be completed in 2007. An amount of $12,853 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.

20. 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 the provision of services to gaming machines lounges. 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, the Crown Macau Project and the City of Dreams Project and determined that the Company has three reportable units. However, as at December 31, 2006, Mocha Slot is the sole business of the Company as the Crown Macau Project and the City of Dreams Project are still in the development and construction phase and no revenues were generated at them.

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, 2005 and 2006.

As of December 31, 2005 and 2006, the Company's total assets by segments are as follows:

	December 31,	
	2005	2006
	(Successor)	(Successor)
Mocha Slot	$ 85,429	$ 138,029
Crown Macau	171,102	435,875
City of Dreams	152,593	475,907
Corporate and others	12,084	1,230,109
Total consolidated assets	$ 421,208	$ 2,279,920

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For the period from January 1, 2004 to June 8, 2004 (predecessor), June 9, 2004 and the years ended December 31, 2005 and 2006, one customer, SJM, accounted for 93%, 93%, 95% and 45%, respectively, of total revenues.

The Company's segment information on its results of operations for the following period/year is as follows:

	1.1.2004 to 6.8.2004 (Predecessor)	6.9.2004 to 12.31.2004 (Successor)	For the year ended December 31, 2005 (Successor)	For the year ended December 31, 2006 (Successor)
REVENUE				
Fees for services provided to gaming machine lounges	$ 1,867	$ 5,754	$ 16,569	$ 16,276
Slot lounge gaming revenue	—	—	—	19,108
Sub-total	1,867	5,754	16,569	35,384
Food, beverage and others	29	317	759	717
Total revenue	1,896	6,071	17,328	36,101
OTHER OPERATING COSTS AND EXPENSES				
Operating EBITDA (Mocha) (Note)	771	1,119	7,430	13,178
Depreciation of property and equipment:				
Mocha Slot	(154)	(1,142)	(3,928)	(8,190)
Crown Macau	—	—	—	(339)
City of Dreams	—	—	—	(62)
Corporate and other	—	—	(11)	(15)
Amortization of slot lounge services agreements: Mocha Slot	—	(600)	(1,029)	(1,239)
Amortization of land use right:				
Crown Macau	—	(130)	(3,535)	(5,357)
City of Dreams	—	—	—	(7,001)
Impairment loss recognized on slot lounge services agreement: Mocha Slot	—	—	—	(7,640)
Amortization of Gaming Subconcession	—	—	—	(14,309)
Other expenses incurred other than Mocha Slot:				
Crown Macau	—	—	(318)	(11,487)
City of Dreams	—	—	(238)	(2,720)
Corporate and other	—	—	(2,753)	(10,098)
Other non-operating income of Mocha Slot included in Operating EBITDA	(7)	(86)	(302)	(423)
Minority interest of Mocha Slot included in Operating EBITDA	—	(91)	962	(1,951)
Total	(161)	(2,049)	(11,152)	(70,831)
Operating income (loss)	610	(930)	(3,722)	(57,653)
Other non-operating income and expenses				
Interest income	—	—	2,516	816
Interest expenses	(97)	(217)	(2,028)	(11,184)
Written off of deferred financing costs	—	—	—	(12,698)
Foreign exchange gain (loss), net	5	32	(570)	55
Other, net	2	54	146	285
Total	(90)	(131)	64	(22,726)
INCOME (LOSS) BEFORE INCOME TAX	520	(1,061)	(3,658)	(80,379)
INCOME TAX (EXPENSE) CREDIT	(26)	(37)	91	1,885
INCOME (LOSS) BEFORE MINORITY INTERESTS	494	(1,098)	(3,567)	(78,494)
MINORITY INTERESTS	—	91	308	5,015
NET INCOME (LOSS)	$ 494	$ (1,007)	$ (3,259)	$(73,479)

Notes: (1) Since the 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 the slot lounge services agreement. The Operating EBITDA (Mocha) is presented for results of Mocha Slot only. The management of the Company does not use Operating EBITDA on the Crown Macau and City of Dreams Projects to measure its operating performance since they are still under development stage.

21. FINANCING ARRANGEMENT

On February 13, 2006, Great Wonders entered into a two-tranche $164,524 term loan facility agreement ("Facility") with certain lenders in relation to the construction of the Crown Macau Project. MPBL (Greater China) currently guarantees all payment obligations of Great Wonders arising under any drawdown against the Facility.

The maturity date for any amounts drawn under this facility is February 13, 2013 and the applicable interest rate any such amounts is Hong Kong Interbank Offered Rate, or HIBOR, plus 2.2% per annum. As of December 31, 2006, no amounts 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.

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 covenants and events 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.

In September 2006, MPBL Gaming entered into a $500,000 term loan facility ("Subconcession Facility") with certain lenders to pay the remaining purchase price payable upon the Macau Government's approval of the issuance of a Gaming Subconcession to MPBL Gaming. MPBL Gaming, along with Melco and PBL, 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. PBL and Melco, as sponsors of the 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 to cover as yet to be agreed amounts of contingent and deferred equity. However, the granting of this facility is subject to conditions set forth in the commitment letter and the finalization of the negotiation of certain material terms and will be terminated if facility documents are not executed by June 30, 2007.

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(In thousands of U.S. dollars, except share and per share data)

22. POST BALANCE SHEET EVENTS

(a) On January 9, 2007, the Company issued an additional 9,037,500 ADSs, representing 27,112,500 ordinary shares, pursuant to the underwriters' option to subscribe these additional ADSs from the Company at the initial public offering price of $19 per ADS less the underwriting commission to cover over-allotments of the ADSs. Net proceeds of $160,551 were received on January 9, 2007.

(b) As of March 19, 2007, the Company has fully repaid the current amounts due to shareholders of $96,859.

(c) On July 5, 2007, Great Wonders cancelled its two-tranche $164,524 term loan facility with certain lenders in relation to the construction of the Crown Macau Project and all securities granted with respect to such facility have been released.

(d) In September 2007, MPBL Gaming entered into a senior secured credit facility (the "Senior Secured Credit Facility") with certain lenders in an aggregate amount of $1,750,000. The Senior Secured Credit Facility consists of a $1,500,000 term loan facility (the "Term Loan Facility") and a $250,000 revolving credit facility (the "Revolving Credit Facility"). The Term Loan Facility matures in September 2014 and is subject to quarterly amortization payments commencing on September 5, 2010. The Revolving Credit Facility matures in September 2012 and has no interim amortisation. Borrowings under the Senior Secured Credit Facility bear interest at London Interbank Offered Rate (LIBOR) or HIBOR plus a margin of 2.75% per annum until substantial completion of the City of Dreams Project, at which time the interest rate is reduced to LIBOR or HIBOR plus a margin of 2.50% per annum. The Senior Secured Credit Facility also provides for further reductions in the margin if the borrower group satisfies certain prescribed leverage ratio tests upon completion of the City of Dreams Project.

On September 24, 2007, MPBL Gaming drew down $500,000 on the Term Loan Facility. As a result of this draw, the amount available for drawdown is $1,000,000 on the Term Loan Facility and $250,000 on the Revolving Credit Facility.

The indebtedness under the Senior Secured Credit Facility is guaranteed by certain subsidiaries of the Company and MPBL Gaming. Security for the Senior Secured Credit Facility include a first priority mortgage over the land where the Crown Macau Project is located and will include a first priority mortgage over the land where the City of Dreams Project is to be located upon obtaining the land grant, such mortgages also cover all present and any future buildings on, and fixtures to, the relevant land; an assignment of any land use rights under land concession agreements, leases or equivalent; as well as other customary security. The Senior Secured Credit Facility agreement contains affirmative, negative and financial covenants customary to such financings.

MPBL Gaming is required to hedge 50% of the outstanding indebtedness on the Senior Secured Credit Facility, which is achieved through interest rate swap agreements to limit the impact of increases in interest rates on its floating rate debt derived from the Senior Secured Credit Facility. To meet this requirement, the Company entered into five interest rate swap agreements in September 2007 each with a notional amount of $49,897 (HK$389,200,000) that expire on September 24, 2010.

In connection with the signing of the Senior Secured Credit Facility in September 2007, Melco and PBL each provided an undertaking to an agent under the Senior Secured Credit Facility, to contribute additional equity up to an aggregate of $250 million (divided equally between Melco and PBL) to MPBL Gaming to pay any costs (i) associated with construction of the Senior Secured Credit and (ii) for which the agent has determined there is no other available funding. In support of such contingent equity commitment, each of Melco and PBL has agreed to maintain a direct or standby letter of credit in favor of the security agent for the Senior Secured Credit Facility in an amount equal to the amount of contingent equity it is obliged to ensure is provided to MPBL Gaming. These letters of credit are required to be maintained until the final completion date of the City of Dreams Project has occurred and certain debt service reserve accounts have been funded.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

Unaudited Condensed Consolidated Financial Statements
For the six months ended June 30, 2006 and 2007

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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MELCO PBL ENTERTAINMENT (MACAU) LIMITED

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands of U.S. dollars, except share and per share data)

	June 30, 2007
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 275,147
Accounts receivable	33,042
Amounts due from affiliated companies (Note 10(a))	152
Inventories	1,877
Prepaid expenses and other current assets	8,179
Total current assets	318,397
PROPERTY AND EQUIPMENT, NET (Note 3)	661,624
GAMING SUBCONCESSION, NET	854,875
INTANGIBLE ASSET, NET (Note 4)	4,209
GOODWILL	81,705
LONG TERM PREPAYMENT	4,909
DEFERRED FINANCING COST	5,468
DEPOSIT FOR ACQUISITION OF LAND INTEREST	12,821
LAND USE RIGHTS, NET	413,506
OTHER LONG TERM DEPOSITS	5,103
TOTAL	$2,362,617
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	$ 8,358
Accrued expenses and other current liabilities (Note 5)	220,219
Income tax payable	258
Capital lease obligations, due within one year	5
Amounts due to affiliated companies (Note 10(b))	5,685
Amounts due to shareholders (Note 10(c))	115,892
Total current liabilities	350,417
DEFERRED TAX LIABILITIES	22,226
CAPITAL LEASE OBLIGATIONS, DUE AFTER ONE YEAR	8
LAND USE RIGHTS PAYABLE	37,398
COMMITMENTS AND CONTINGENCIES (Note 9)	
SHAREHOLDERS' EQUITY	
Ordinary shares at US$0.01 par value per share (Authorized—1,500,000,000 shares and issued —1,208,043,646 shares as of June 30, 2007 (Note 6))	12,080
Additional paid-in capital	2,118,865
Accumulated other comprehensive loss	(4,402)
Accumulated losses	(173,975)
Total shareholders' equity	1,952,568
TOTAL	$2,362,617

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data)

	Six Months Ended June 30,	
	2006	2007
OPERATING REVENUES		
Casino		
- Affiliated customer (Note 10(a))	$ 10,567	$ —
- External customers	—	64,261
Sub-total	10,567	64,261
Rooms	—	102
Food and beverage	680	1,776
Entertainment, retail and other	—	160
Gross revenues	11,247	66,299
Less: promotional allowances	(303)	(860)
Net revenues	10,944	65,439
OPERATING COSTS AND EXPENSES		
Casino	(5,710)	(48,811)
Rooms	—	(4,018)
Food and beverage	(302)	(952)
General and administrative	(2,431)	(21,361)
Selling and marketing	(392)	(18,372)
Pre-opening costs	(2,403)	(35,276)
Amortization of gaming subconcession	—	(28,594)
Amortization of land use rights	(4,703)	(8,503)
Depreciation and amortization	(4,628)	(11,992)
Impairment loss recognized on slot lounge services agreement (Note 4)	(7,640)	—
Total operating costs and expenses	(28,209)	(177,879)
OPERATING LOSS	(17,265)	(112,440)
NON-OPERATING INCOME (EXPENSES)		
Interest income	315	11,617
Interest expenses	(940)	(1)
Foreign exchange gain, net	119	2,508
Other, net	130	147
Total non-operating (expenses) income	(376)	14,271
LOSS BEFORE INCOME TAX	(17,641)	(98,169)
INCOME TAX CREDIT (Note 7)	1,579	1,760
LOSS BEFORE MINORITY INTERESTS	(16,062)	(96,409)
MINORITY INTERESTS	3,273	—
NET LOSS	$ (12,789)	$ (96,409)
LOSS PER SHARE:		
Basic	$ (0.026)	$ (0.080)
SHARES USED IN LOSS PER SHARE CALCULATION:		
Basic	500,000,000	1,206,995,096

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars, except share and per share data)

	Common shares		Accumulated Additional paid-in capital	Other comprehensive income (loss)	Accumulated losses	Total shareholders' equity	Comprehensive loss
	Shares	Amount					
BALANCE AT JANUARY 1, 2006	500,000,000	$5,000	$ 237,779	$ —	$ (4,087)	$ 238,692	$ —
Net loss for the period	—	—	—	—	(12,789)	(12,789)	(12,789)
BALANCE AT JUNE 30, 2006	500,000,000	$5,000	$ 237,779	$ —	$ (16,876)	$ 225,903	$ (12,789)

	Common shares		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated losses	Total shareholders' equity	Comprehensive loss
	Shares	Amount					
BALANCE AT JANUARY 1, 2007	1,180,931,146	$11,809	$1,955,383	$ 740	$ (77,566)	$1,890,366	$ —
Share-based compensation (restricted shares)	—	—	3,183	—	—	3,183	
Net loss for the period	—	—	—	—	(96,409)	(96,409)	(96,409)
Shares issued, net of expenses during the period	27,112,500	271	160,299	—	—	160,570	—
Foreign currency translation adjustment	—	—	—	(5,142)	—	(5,142)	(5,142)
BALANCE AT JUNE 30, 2007	1,208,043,646	12,080	$2,118,865	$ (4,402)	$(173,975)	$1,952,568	$ (101,551)

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

	Six Months Ended June 30,	
	2006	2007
OPERATING ACTIVITIES		
Net loss	$ (12,789)	$ (96,409)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Impairment loss recognized on slot lounge services agreement	7,640	—
Share-based compensation	—	3,183
Depreciation and amortization	9,331	49,089
Loss on disposal of property and equipment	24	595
Minority interests	(3,273)	—
Changes in operating assets and liabilities:		
Accounts receivable	6	(32,629)
Amounts due from affiliated companies	(58)	—
Inventories	2	(1,682)
Prepaid expenses and other current assets	(2,367)	(6,273)
Rental deposits	(72)	(942)
Long term prepayment	—	(3,800)
Accounts payable	(34)	5,855
Accrued expenses and other current liabilities	(2,074)	100,811
Deferred tax liabilities	(1,579)	(1,758)
Net cash (used in) provided by operating activities	(5,243)	16,040
INVESTING ACTIVITIES		
Acquisition of property and equipment	(41,714)	(378,338)
Deposits for acquisition of property and equipment	(1,069)	(3,107)
Proceeds from disposal of property and equipment	9	—
Net cash used in investing activities	(42,774)	(381,445)
FINANCING ACTIVITIES		
Amounts due to shareholders	54,039	(98,370)
Amounts due to affiliated companies/person	(22,167)	(3,756)
Payment of principal of capital leases	(2)	(3)
Issue of share capital	—	160,570
Deferred financing cost	—	(388)
Net cash provided by financing activities	31,870	58,053
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,147)	(307,352)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	19,769	583,996
Effect of foreign exchange on cash and cash equivalents	—	(1,497)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,622	$ 275,147
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
Cash paid for interest (net of capitalized interest)	$ 87	$ 1
NON-CASH INVESTING ACTIVITIES		
Construction costs funded through accrued expenses and other current liabilities	15,257	73,252
Inception of capital leases on property and equipment	10	—
Land use rights cost funded through land use rights payable, accrued expenses and other current liabilities and amounts due to shareholders	63,429	—
Costs of property and equipment funded through amount due to an affiliated company	2,993	6,415
Acquisition of additional 20% share 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 unaudited condensed consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

1. COMPANY INFORMATION

The Company and its consolidated subsidiaries (collectively the "Group") are principally engaged in the gaming and hospitality business. As a result of a series of group restructuring that occurred in October 2006, Mocha Slot Group Limited and its subsidiaries ("Mocha Slot") which were previously principally engaged in the operation of electronic gaming machine lounges in Macau transferred its assets and businesses to Melco PBL Gaming (Macau) Limited ("MPBL Gaming"), which holds a gaming subconcession for the operation of casino games of chance and other casino games in Macau, and thereafter, Mocha Slot became inactive. Melco PBL (Crown Macau) Developments Limited ("MPBL Crown Macau Developments") was principally engaged in the construction of a casino and hotel in Macau ("Crown Macau Project") which opened in May 2007. Melco PBL (COD) Developments Limited ("COD Developments") holds project for the construction of an integrated entertainment resort complex in Macau ("COD Project"). Melco PBL (Macau Peninsula) Limited ("MPBL Peninsula") is in the process of obtaining a third piece of land in Macau for further development. The major shareholders of the Company are Melco International Development Limited ("Melco") and Publishing and Broadcasting Limited ("PBL").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

The condensed financial statements with respect to the six months period ended June 30, 2006 and 2007 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 of the six months period ended June 30, 2007 are not necessary indicative of results to be expected for the full year.

(b) 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 termination of the services agreement with Sociedade de Jogos de Macau, S.A. ("SJM"), slot lounge gaming revenue was recognized on an accrual basis in accordance with the contractual terms of the respective service agreement. 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.

Following termination of the services agreement with SJM, the Company, through its wholly-owned subsidiary MPBL Gaming, generates slot lounge gaming revenue under the Gaming Subconcession. Slot lounge gaming revenue is measured as the aggregate net difference between gaming wins and losses less the accruals for the anticipated payouts of progressive slot jackpots.

Other casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession.

Rooms, food and beverage and entertainment, retail and other revenues are recognized when services are provided.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

Revenues are recognized net of certain sales incentives in accordance with the Emerging Issues Task Force ("EITF") consensus on Issue 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)." EITF 01-9 requires that sales incentives be recorded as a reduction of revenue; consequently, the Company's casino revenues are reduced by discounts, commission and points earned in customer loyalty programs, such as the player's club loyalty program.

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenue and then deducted as promotional allowances. During the six months ended June 30, 2006 and 2007, the cost of providing such promotional allowances of $243 and $1,088, respectively, was included in the casino operating expenses.

(c) Accounts receivable and credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of "markers" to approved casino customers following investigations of creditworthiness.

Accounts receivable, including casino receivables, is typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their carrying amount, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as management's experience with collection trends in the casino industry and current economic and business conditions.

(d) Income tax

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 carry forwards 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.

Income taxes related to ordinary income for interim periods are computed at an estimated annual effective tax rate and the income taxes related to all other items are individually computed and recognized when the items occur. The estimated effective tax rate is used in providing for income taxes on a current year-to-date basis.

Effective January 1, 2007, the Group adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes— an interpretation of FASB Statement No. 109 ("FIN 48"), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined in that statement. See note 7 for additional information including the impact of adopting FIN 48 on the Group's consolidated financial statements.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

(e) Recent changes in accounting standards

In September 2006 the FASB issued FASB Statement No. 157, ("SFAS 157"), "Fair Value Measurement." SFAS 157 addresses standardizing the measurement of fair value for companies who are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, of SFAS 157 on its financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "Fair Value Option for Financial Assets and Financial Liabilities". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Group is currently evaluating the impact of SFAS No. 159.

3. PROPERTY AND EQUIPMENT, NET

	June 30, 2007
Cost	
Buildings	$ 318,803
Furniture, fixtures and equipment	54,629
Machinery	57,982
Leasehold improvements	17,742
Motor vehicles	1,326
Sub-total	$ 450,482
Less: Accumulated depreciation	(24,720)
Sub-total	$ 425,762
Construction in progress	235,862
Property and equipment, net	$ 661,624

As of June 30, 2007, construction in progress included interest on amounts advanced from shareholders and other direct incidental costs capitalized amounted to $1,787 and $6,082, respectively, in connection with the COD Project. Other direct incidental costs represented rental payment, salaries and wages and certain professional charges incurred for the COD Project.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

4. INTANGIBLE ASSET, NET

Intangible asset consist of trademark of Mocha Slot for the operation of electronic gaming lounges in Macau.

During the six months ended June 30, 2006, Mocha Slot entered into an agreement with SJM ("Termination Agreement") to terminate the slot lounge services agreement, subject to certain condition precedents, in contemplation of the grant of a Gaming Subconcession to MPBL Gaming (see note 10(f)). As a result of the termination of the slot lounge services agreement, an impairment loss of $7,640 was recognized on the slot lounge services agreement with reference to a valuation determined by management. Before the entering of the Termination Agreement, the slot lounge services agreement was amortized over its estimated useful life of 10 years. Subsequent to the entering of the Termination Agreement, the remaining carrying value of the slot lounge services agreement was amortized until the termination date of the slot lounge services agreement. Amortization expenses charged to the unaudited condensed consolidated statements of operations for six months ended June 30, 2006 and 2007 were $814 and nil, respectively.

5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2007
Construction costs payable	$ 112,143
Land use rights payable	25,851
Customer deposits	14,459
Outstanding gaming chips and tokens	24,530
Operating expense accruals	43,236
	$ 220,219

6. CAPITAL STRUCTURE

On January 9, 2007, the Company issued an additional 9,037,500 ADS, representing 27,112,500 ordinary shares, pursuant to the underwriters' option to subscribe these additional ADSs from the Company at the initial public offering price of $19 per ADS less the underwriting commission to cover over-allotments of the ADS. As of June 30, 2007, the Company had 1,208,043,646 ordinary shares issued and outstanding.

7. INCOME TAXES CREDIT

The Company, Melco PBL International Limited, Melco PBL (Greater China) Limited ("MPBL (Greater China)"), Melco PBL Holdings Limited, Melco PBL Investments Limited, Melco PBL Nominee One Limited, Melco PBL Nominee Two Limited, Melco PBL Nominee Three Limited are tax exempt in the Cayman Islands, where they are incorporated. Melco PBL Services Limited is subject to Hong Kong Profits Tax, where it is incorporated. Always Prosper Investments Limited and MPBL Peninsula are tax exempt in the British Virgin Islands, where they are incorporated. Mocha Slot is exempt from tax in the British Virgin Islands, where it is incorporated, but is subject to Macau Complementary Tax on its activities conducted in Macau. Melco PBL Services (US) Limited and Melco PBL (Delaware) LLC are subject to US tax but the companies have not started operations. The Company's remaining subsidiaries are all incorporated in Macau and are subject to Macau Complementary Tax on their activities conducted in Macau.

The Macau government has granted to MPBL Gaming the benefit of a corporate tax holiday on its operation of casino games of chance and other casino games in Macau for the period starting on May 12, 2007, the date such operation began, and expiring in 2011.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

The Macau government has granted to a subsidiary of the Company, Melco PBL Hotel (Crown Macau) Limited ("MPBL (Crown Macau)"), the declaration of utility purpose benefit, pursuant to which it is entitled to a vehicle tax holiday and, for a period of 12 years, property tax holiday, on any vehicles and immovable property that it owns or has been granted. Under such tax holiday, it will also be allowed to double the maximum rates applicable regarding depreciation and reintegration for purposes of assessment of corporate income tax.

The Company's provision for income taxes represents deferred tax credit of $1,579 and $1,760 for the six months ended June 30, 2006 and 2007, respectively.

The deferred income tax assets and liabilities as of June 30, 2007, consisted of the following:

	June 30, 2007
Deferred income tax assets	
Net operating loss carryforwards	$ 15,677
Depreciation and amortization	(358)
	15,319
Valuation allowance	(15,319)
Total net deferred income tax assets	—
Deferred income tax liabilities	
Land use rights	(21,721)
Intangible assets	(505)
Net deferred income tax liabilities	$ (22,226)

A full 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 June 30, 2007, Macau entities collectively incurred operating loss carried forward amounted to $604, $50,121 and $49,481 will expire in 2008, 2009 and 2010, respectively. For Hong Kong entities, operating loss carried forward amounted to $20,872 as of June 30, 2007.

Deferred tax, where applicable, is provided under the liability method at the enacted income tax rate of the respective tax jurisdictions, applicable to the respective financial years, on the difference between the financial statement carrying amounts and income tax base of assets and liabilities.

MPBL Gaming and MPBL (Crown Macau) are the only companies which tax holidays have been granted. During the six months ended June 30, 2007, net loss was incurred for these companies and accordingly, no additional tax that would otherwise have been payable without tax holidays and no impact on the basic and diluted net loss per share for the six months ended June 30, 2007.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109 (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined in that statement. FIN 48 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods in income tax disclosures.

The Group adopted the provisions of FIN 48 effective January 1, 2007. The Group has made its assessment of the level of tax authority for each tax position (including the potential application of interest and penalties) based on the technical merits, and has measured the unrecognized tax benefits associated with the tax positions. Based on the evaluation by the Group, it is concluded that there are no significant uncertain tax positions requiring recognition in financial statements. The Group has no material unrecognized tax benefit which would favorably affect the effective income tax rate in future periods. As of June 30, 2007, there was no interest and penalties related to uncertain tax positions being recognized in the unaudited condensed consolidated financial statements.

8. SHARE-BASED COMPENSATION

The Company has adopted a share incentive plan in 2006, to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentives to employees, directors and consultants and to promote the success of its business. Under the share incentive plan, the Company may grant options to purchase the Company's ordinary shares and restricted shares. 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 the Company grants 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 an award shall not exceed 10 years from the date of the grant. 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. As of June 30, 2007, no share option was granted.

The Company has granted restricted shares to certain personnel in December 2006. The total number of restricted shares that were granted to those persons equal $16,080 divided by the initial public offering price (as adjusted for the three ordinary shares to one ADS ratio), or approximately 2,540,000 restricted shares. These restricted shares have a vesting period ranging from six months to five years. The Company recorded compensation expenses of approximately $3,183 as general and administrative expense for six months period ended June 30, 2007 and the grant date fair value is determined with reference to the initial public offering price as adjusted by the factor that these restricted shares are not entitled to dividends during the vesting period. Of the restricted shares granted, 175,400 shares were vested as of June 30, 2007.

9. COMMITMENTS AND CONTINGENCIES

(a) *Capital Commitments*

At June 30, 2007, the Company had capital commitments contracted for but not provided in respect of construction of the COD Project and acquisition of property and equipment totalling to $180,243.

COD Developments has accepted in principle an offer from the Macau Government to acquire the Cotai Land in Macau. 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, 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. At June 30, 2007, the Company had commitments of annual rent for the COD Project of $12,137.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

In 2006, the Macau Government had officially granted the Taipa Land to MPBL Crown Macau Developments. 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 MPBL Crown Macau Developments, using the applicable market rates in effect at the time of the rent adjustment. At June 30, 2007, the Company had commitments of annual rent for the Crown Macau Project of $3,970.

MPBL Peninsula entered into an agreement to purchase the entire issued share capital of a company which held the rights to a land lease in respect of a plot of land on the Macau Peninsula. The aggregate consideration is $192,308, which is payable in cash and the acquisition is expected to be completed through July 2008. 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. The completion of the acquisition is subject to conditions that are not under control of the Company.

(b) *Lease Commitments*

The Group leases office space, slot lounges and certain equipment under non-cancellable operating lease agreements that expire at various dates through December 2021. The Group's office lease and slot lounge leases provide for periodic rental increases based on the general inflation rate. During the six months ended June 30, 2006 and 2007, the Group made rental payments amounting to $1,363 and $3,090 respectively.

(c) *Other Commitments*

On September 8, 2006, the Macau Government granted a Gaming Subconcession to MPBL Gaming to operate the gaming business in Macau. Pursuant to the gaming sub-concession agreement, MPBL Gaming has committed to the following:

i) To make a minimum investment in Macau of $497,884 (MOP 4,000,000,000) by December 2010.

ii) To pay the Macau Government a fixed annual premium of $3,734 (MOP 30,000,000) starting from the earlier of June 26, 2009 or completion of the hotel, casino and resort projects operated by the Company's subsidiaries.

iii) To pay the Macau Government a variable premium depending on the number and type of gaming tables and gaming machines that the Company operates. The variable premium will be calculated as follows:

- $37 (MOP 300,000) per year for each gaming table (subject to a minimum of 100 tables) reserved exclusively for certain kind of games or to certain players;
- $19 (MOP 150,000) 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
- $1 (MOP 1,000) per year for each electrical or mechanical gaming machine.

iv) To pay the Macau Government a sum of 1.6% of the gross revenues of the gaming business operations on a monthly basis, that will be made available to a public foundation for the promotion, development and study of social, cultural, economic, educational, scientific, academic and charity activities, to be determined by the Macau Government.

v) To pay the Macau Government a sum of 2.4% of the gross revenues of the gaming business operations on a monthly basis, which will be used for urban development, tourist promotion and the social security of Macau.

vi) To pay special gaming tax to the Macau Government of an amount equal to 35% of the gross revenues of the gaming business operations on a monthly basis.

vii) MPBL Gaming must maintain a bank guarantee issued by a specific bank with the Macau Government as the beneficiary in a maximum amount of $62,235 (MOP 500,000,000) from September 8, 2006 to September 8, 2011 and in a maximum amount of $37,341 (MOP 300,000,000) from that date until the 180th day after the termination date of the Gaming Subconcession. A sum of 1.75% of the guarantee amount will be payable by the Company quarterly to such bank.

In addition, in 2006, the Group entered into principles of understanding to engage a general contractor for the COD Project for contractor fee of $70,513 and is currently negotiating the definitive contract between the parties. As contemplated in the principles of understanding, it is expected that each of the parties forming the general contractor will provide the Group, 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, the Group is expected to provide a guarantee to the contractors guaranteeing the due performance of COD Developments's obligations under the definitive contract.

(d) *Contingencies*

At of June 30, 2007, MPBL Gaming has issued a promissory note ("livranca") of $68,459 (MOP550,000,000) to a bank in respect of bank guarantees issued to the Macau Government as disclosed in Note 9(c)(vii).

10. RELATED PARTY TRANSACTIONS

(a) Amounts due from affiliated companies

(i) Before MPBL Gaming obtained the Gaming Subconcession in September 2006, the Group provided services to certain electronic gaming lounges of SJM. The services fee was calculated based on a pre-determined rate stipulated in the respective agreement of the gaming revenue from the gaming machines. During the six months ended June 30, 2006 and 2007, the service fees received or receivable from SJM were $10,567 and nil respectively. In addition, the Group purchased property and equipment from SJM during the six months ended June 30, 2006 and 2007, amounting to $2,188 and nil, respectively. As at June 30, 2007, there is no outstanding balances due from SJM.

(ii) The Group paid certain expenses on behalf of Publishing and Broadcasting (Finance) Limited, a subsidiary of PBL, and Melco. As of June 30, 2007, the outstanding balances due from Publishing and Broadcasting (Finance) Limited and Melco of $30 and $122, respectively were unsecured, non-interest bearing and repayable on demand.

(b) Amounts due to affiliated companies/person

(i) The Group paid travelling expenses to Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), which made the accommodation and transport arrangements for the Group employees travelling between Hong Kong and Macau of $103 and $133 for the six months ended June 30, 2006 and 2007 respectively. As at June 30, 2007, there was no outstanding balances due to STDM.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

(ii) In addition, the Group entered into the following transactions with certain wholly owned subsidiaries of Melco during the periods:

	Six months ended June 30,	
	2006	2007
Purchase of property and equipment	$5,592	$7,894
Management fee paid/payable	333	1,440
Project management fee paid/payable	525	525
Network support fee paid/payable	115	67
Rental expenses paid/payable	135	220
Travelling expenses paid/payable	28	130
Consultancy fee paid/payable	—	62

The management fee was paid for general administrative services provided by a wholly-owned subsidiary of Melco, which was based on actual cost incurred during the six months ended June 30, 2006 and 2007. The project management fee and consultancy fee were paid for services provided by wholly-owned subsidiaries of Melco in connection with the Crown Macau Project and the COD Project and were 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 June 30, 2007 was $2,683, and non-interest bearing, unsecured and repayable on demand. As at June 30, 2006, the balances included an amount of $121 which bore interest at 9% per annum and had been charged up to June 30, 2006 from which date onwards the amounts due ceased to be interest bearing. The remaining balances as at June 30, 2006 were non-interest bearing. During the six months period ended June 30, 2006 and 2007, the interest paid/payable in respect of the balances was $333 and nil, respectively.

(iii) During the six months period ended June 30, 2006, 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. There was no outstanding balances of June 30, 2007. During the six months ended June 30, 2006 and 2007, the interest paid to Dr. Stanley Ho was $80 and nil, respectively.

(iv) The Group paid rental expenses of $15 and $215 to Lisboa Holdings Limited, a company in which a relative of Mr. Lawrence Ho has beneficial interest, during the six months ended June 30, 2006 and 2007 for a Mocha Slot gaming lounge. In additions, the Group paid management fees of $213 and nil to Lisboa Holdings Limited during the six months ended June 30, 2006 and 2007. As of June 30, 2007, there was no outstanding balance due to Lisboa Holdings Limited.

(v) The Group paid consultancy fees of $3,763 to Crown Melbourne Limited, a subsidiary of PBL, for the six months ended June 30, 2007 for consulting services of the Crown Macau Project. Out of the total charges, $1,578 was capitalized in connection with the Crown Macau Project. As of June 30, 2007, the outstanding balance due to Crown Melbourne Limited of $3,002 was unsecured, non-interest bearing and repayable on demand.

(vi) The Group paid rental expenses of $46 to Wonderful Scenery Properties Limited, a company in which a relative of Mr. Lawrence Ho has beneficial interest, during the six months ended June 30, 2007 for a marketing office. As of June 30, 2007, there was no outstanding balance due to Wonderful Scenery Properties Limited.

(vii) The Group paid rental expenses of $120 to Shun Tak Centre Limited, a company in which a relative of Mr. Lawrence Ho has beneficial interest, during the six months ended June 30, 2007 for a Crown VIP lounge. As of June 30, 2007, there was no outstanding balance due to Shun Tak Centre Limited.

(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 COD Project, acquisition of additional 20% interest in Mocha Slot and Loan Sale and payment of the deposit for acquisition of land interest.

As of June 30, 3007, the outstanding balance amounting $74,597 was interest bearing at 9% per annum and 3-months HIBOR per annum, was repayable in 12 months from the balance sheet date. Subsequently in September 2007, the final maturity date of the balances with shareholders was extended to May 2009.

Interest of $1,933 and 1,541 was paid/payable for the six months ended June 30, 2006 and 2007. The interest paid/payable to Melco of $1,541 for the six months ended June 30, 2007 and was capitalized in the construction in progress.

The Group also received funds from PBL, for working capital purposes, acquisition of interests in the Taipa Land and Cotai Land, construction of the Crown Macau Project and the COD Project, acquisition of an additional 20% interest in Mocha Slot and the Loan Sale and payment of the deposit for acquisition of land interest. The outstanding balance due to PBL as of June 30, 2007 was $41,295, which was interest bearing at 3-months HIBOR per annum and repayable within 12 months from the balance sheet date. Interest of $856 was paid/payable for the six months ended June 30, 2007 and was capitalized in construction in progress.

(d) On November 11, 2004, MPBL Crown Macau Developments 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 MPBL Crown Macau Developments 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 acquire a Gaming Subconcession under Wynn Macau's concession.

(e) The Company completed its reorganization in October 2006. As a result of the restructuring, the Company acquired MPBL Gaming, the holder of the Gaming Subconcession in Macau, and Melco's 20% interest in MPBL (Greater China), the holding company of Mocha Slot, MPBL Crown Macau Developments and COD Developments.

(f) On March 15, 2006, in contemplation of the grant of the Gaming Subconcession to MPBL Gaming, and for the purposes of continuity of the slot lounge services provision business, Melco, Mocha Slot, Mocha Management and SJM entered into an agreement for the conditional termination of all existing services agreements of Mocha Slot. The termination became effective subsequent to the grant of Gaming Subconcession to MPBL Gaming in September 2006. In contemplation of the acquisition of MPBL Gaming by the Group, Mocha Slot has made use of the Gaming Subconcession of MPBL Gaming before MPBL Gaming was contributed to the Company, at nil consideration, to operate the slot lounge business, in accordance with an arrangement letter signed.

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

(g) 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 was completed on the same date on which the Sale and Purchase Agreement was signed.

(h) 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 $192,308, which is payable in cash and the acquisition is expected to be completed through July 2008. 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.

11. SEGMENT INFORMATION

The Company is principally engaged in the gaming and hospitality business. 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 COD Project and determined that the Company has three reportable units. As at June 30, 2007, Mocha Slot and Crown Macau are the two primary businesses of the Company and the COD Project is still in the development and construction phase. No revenue was generated by the COD Project up to June 30, 2007.

As of June 30, 2007, the Company's total assets by segments are as follows:

	June 30, 2007
Mocha Slot	$ 141,063
Crown Macau	597,365
COD	533,970
Corporate and others	1,090,219
Total consolidated assets	$ 2,362,617

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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

For the six months period ended June 30, 2006, one customer SJM accounted for 100% of total revenues. For the six months period ended June 30, 2007, there was no single customer contributed more than 10% of the total revenues.

The Company's segment information on its results of operations for the following periods is as follows:

	Six months ended June 30,	
	2006	2007
NET REVENUES		
Crown Macau	$ —	$ 25,927
Mocha Slot	10,944	39,512
Total net revenues	10,944	65,439
ADJUSTED EBITDA[1]		
Crown Macau	282	(16,249)
Mocha Slot	5,023	11,378
Total adjusted EBITDA	5,305	(4,871)
OTHER OPERATING COSTS AND EXPENSES		
Pre-opening costs		
Crown Macau	(1,432)	(34,590)
City of Dreams	(904)	(686)
Mocha Slot	(67)	—
Depreciation and amortization		
Crown Macau	(2,746)	(8,078)
City of Dreams	(2,057)	(6,889)
Mocha Slot	(4,528)	(5,378)
Corporate and others	—	(28,744)
Stock-based compensation: Corporate and other	—	(3,183)
Marketing Expense relating to Crown Macau Opening	—	(11,581)
Impairment loss recognized on slot lounge services agreement: Mocha Slot	(7,640)	—
Other expenses		
Crown Macau	—	—
City of Dreams	(221)	(345)
Mocha Slot	—	—
Corporate and other	(478)	(8,095)
Minority interest included in operating EBITDA		
Crown Macau	(1,680)	—
Mocha Slot	(817)	—
Total	(22,570)	(107,569)
Operating loss	(17,265)	(112,440)
OTHER NON OPERATING COSTS AND EXPENSE		
Interest income	315	11,617
Interest expenses	(940)	(1)
Foreign exchange gain, net	119	2,508
Other, net	130	147
Total	(376)	14,271
LOSS BEFORE INCOME TAX	(17,641)	(98,169)
INCOME TAX CREDIT	1,579	1,760
LOSS BEFORE MINORITY INTERESTS	(16,062)	(96,409)
MINORITY INTERESTS	3,273	—
NET LOSS	$(12,789)	$ (96,409)

Notes (1): "Adjusted EBITDA" is earnings before interest, taxes, depreciation, amortization, other expenses (including pre-opening costs, stock-based compensation, marketing expense relating to Crown Macau Opening, non-operating income (expenses) and impairment loss recognized on the slot lounge services agreement). The Adjusted EBITDA are presented for results of Mocha Slot and Crown Macau Project. Prior to the grand opening of the casino and hotel of Crown Macau in May 2007, the management of the Company used Adjusted EBITDA for Mocha Slot to measure the operating performance of the Company as Mocha Slot was the Company's business until then. Subsequent to the grand opening of the casino and hotel of Crown Macau in May 2007, the management of the Company used Adjusted EBITDA of Mocha Slot and Crown Macau to measure their operating performance as they are the two primary operations of the Company. The management of the Company does not use Adjusted EBITDA on the COD Project to measure its operating performance since it is still under development stage.

12. POST BALANCE SHEET EVENTS

(a) On July 5, 2007, MPBL Crown Macau Developments cancelled its two-tranche $164,524 term loan facility with certain lenders in relation to the construction of the Crown Macau Project and all securities granted with respect to such facility have been released.

(b) In September 2007, MPBL Gaming entered into a senior secured credit facility (the "Senior Secured Credit Facility") with certain lenders in an aggregate amount of $1,750,000. The Senior Secured Credit Facility consists of a $1,500,000 term loan facility (the "Term Loan Facility") and a $250,000 revolving credit facility (the "Revolving Credit Facility"). The Term Loan Facility matures in September 2014 and is subject to quarterly amortization payments commencing on 5 September 2010. The Revolving Credit Facility matures in September 2012 and has no interim amortisation. Borrowings under the Senior Secured Credit Facility bear interest at London Interbank Offered Rate (LIBOR) or HIBOR plus a margin of 2.75% per annum until substantial completion of the COD Project, at which time the interest rate is reduced to LIBOR or HIBOR plus a margin of 2.50% per annum. The Senior Secured Credit Facility also provides for further reductions in the margin if the borrower group satisfies certain prescribed leverage ratio tests upon completion of the COD Project.

On September 24, 2007, MPBL Gaming drew down $500,000 on the Term Loan Facility. As a result of this draw, the amount available for drawdown is $1,000,000 on the Term Loan Facility and $250,000 on the Revolving Credit Facility.

The indebtedness under the Senior Secured Credit Facility is guaranteed by certain subsidiaries of the Company and MPBL Gaming. Security for the Senior Secured Credit Facility include a first priority mortgage over the land where the Crown Macau Hotel Casino is located and will include a first priority mortgage over the land where the COD Developments is to be located upon obtaining the land grant, such mortgages also cover all present and any future buildings on, and fixtures to, the relevant land; an assignment of any land use rights under land concession agreements, leases or equivalent; as well as other customary security. The Senior Secured Credit Facility agreement contains affirmative, negative and financial covenants customary to such financings.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—continued
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MPBL Gaming is required to hedge 50% of the outstanding indebtedness on the Senior Secured Credit Facility, which is achieved through interest rate swap agreements to limit the impact of increases in interest rates on its floating rate debt derived from the Senior Secured Credit Facility. To meet this requirement, the Company entered into five interest rate swap agreements in September 2007 each with a notional amount of $49,897 (HK$389,200,000) that expire on September 24, 2010.

In connection with the signing of the Senior Secured Credit Facility in September 2007, Melco and PBL each provided an undertaking to an agent under the Senior Secured Credit Facility, to contribute additional equity up to an aggregate of $250 million (divided equally between Melco and PBL) to MPBL Gaming to pay any costs (i) associated with construction of the Senior Secured Credit and (ii) for which the agent has determined there is no other available funding. In support of such contingent equity commitment, each of Melco and PBL has agreed to maintain a direct or standby letter of credit in favor of the security agent for the Senior Secured Credit Facility in an amount equal to the amount of contingent equity it is obliged to ensure is provided to MPBL Gaming. These letters of credit are required to be maintained until the final completion date of the COD Project has occurred and certain debt service reserve accounts have been funded.

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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 was adopted on December 1, 2006, provides for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own willful neglect or default.

Under the form of indemnification agreements filed as Exhibit 10.1 to this registration statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

The form of Underwriting Agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES

Since our inception, we have issued the following securities, representing all our outstanding share capital prior to this offering in equal amounts to Melco Leisure and Entertainment Group Limited, a wholly owned subsidiary of Melco, and PBL Asia Investments Limited, a wholly owned subsidiary of PBL. We believe that those issuances were exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act or under Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Purchaser	Date of Sale or Issuance	Number of Securities[1]	Consideration (US$)	Underwriting Discount and Commission
Melco Leisure and Entertainment Group Limited	January 2005	100 Class A shares	US$1	N/A
PBL Asia Investments Limited	March 2005	100 Class B shares	US$163 million	N/A
Melco Leisure and Entertainment Group Limited	September 2006	100 Class A shares	US$160 million	N/A
PBL Asia Investments Limited	September 2006	100 Class B shares	US$160 million	N/A
Melco Leisure and Entertainment Group Limited	December 1, 2006	499,999,800		N/A
PBL Asia Investments Limited	December 1, 2006	499,999,800		N/A

(1) As of the date hereof, the issued 200 Class A shares, the issued 200 Class B Shares and all unissued Class A and Class B shares have been redesignated and re-classified as ordinary shares. As of the date hereof, there are 1,000,000,000 ordinary shares issued and outstanding.

ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

See Exhibit Index at page II-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 of 1933, as amended, 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 October 18, 2007.

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

By: /s/ Lawrence (Yau Lung) Ho
Name: Lawrence (Yau Lung) Ho
Title: Co-Chairman and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitutes and appoints Lawrence (Yau Lung) Ho, as his true and lawful attorney-in-fact and agent, with the full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign this Registration Statement and any and all amendments thereto (including post-effective amendments), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on October 18, 2007.

Signature	Title
/s/ Lawrence (Yau Lung) Ho **Name: Lawrence (Yau Lung) Ho**	Co-Chairman/Chief Executive Officer (principal executive officer)
/s/ James D. Packer **Name: James D. Packer**	Co-Chairman
/s/ Simon Dewhurst **Name: Simon Dewhurst**	Chief Financial Officer (principal financial and accounting officer)
/s/ John Wang **Name: John Wang**	Director
/s/ Clarence (Yuk Man) Chung **Name: Clarence (Yuk Man) Chung**	Director
/s/ John H. Alexander **Name: John H. Alexander**	Director

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Signature	Title
/s/ Rowen B. Craigie **Name: Rowen B. Craigie**	Director
/s/ Thomas Jefferson Wu **Name: Thomas Jefferson Wu**	Director
/s/ Alec Tsui **Name: Alec Tsui**	Director
/s/ David E Elmslie **Name: David E Elmslie**	Director
/s/ Robert W. Mactier **Name: Robert W. Mactier**	Director
/s/ Donald Puglisi **Name: Donald Puglisi** **Title: Managing Director** **Puglisi & Associates**	Authorized U.S. Representative

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1•	Form of Underwriting Agreement
3.1*	Memorandum and Articles of Association of the Registrant, as currently in effect
3.2*	Form of Amended and Restated Memorandum and Articles of Association of the Registrant
4.1*	Form of Registrant's American Depositary Receipt (included in Exhibit 4.3)
4.2*	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement among the Registrant, the depositary and Owners and Beneficial Owners of the American Depositary Shares issued thereunder
4.4*	Holdco 1 Subscription Agreement dated December 23, 2004 among the Registrant (formerly known as Melco PBL Holdings Limited), Melco, PBL and PBL Asia Investments Limited
4.5*	Shareholders' Deed Relating to the Registrant (formerly known as Melco PBL Holdings Limited) dated March 8, 2005 among the Registrant, Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL
4.6*	Memorandum of Agreement dated March 5, 2006 between Melco and PBL
4.7*	Supplemental Agreement to the Memorandum of Agreement dated May 26, 2006 between Melco and PBL
4.8*	Restated and Amended Shareholders' Deed Relating to the Registrant (formerly known as Melco PBL Holdings Limited) dated December 1, 2006 among the Registrant, Melco Leisure and Entertainment Group Limited, Melco, PBL Asia Investments Limited and PBL
4.9†	Amended and Restated Shareholders' Deed relating to Melco PBL Entertainment (Macau) Limited dated December 11, 2006 among the Registrant, Melco Leisure and Entertainment Group Limited, Melco International Development Limited, PBL Asia Investments Limited and PBL
4.10*	Form of Registration Rights Agreement among the Registrant, Melco and PBL
4.11†	Deed of Variation and Amendment relating to Melco PBL Entertainment (Macau) Limited dated July 27, 2007
5.1†	Opinion of Walkers regarding the validity of the ordinary shares being registered
8.1†	Opinion of Debevoise & Plimpton 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

Exhibit Number	Description of Document
10.7*	Facility Agreement dated September 4, 2006 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
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 the 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 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*	2006 Share Incentive Plan

Exhibit Number	Description of Document
10.23*	Trade Mark License dated November 30, 2006 between Crown Limited and the Registrant as the licensee
10.24#	Hotel Trademark License Agreement by and between Hard Rock Holdings Limited and Melco Hotels dated January 22, 2007
10.25#	Casino Trademark License Agreement by and between Hard Rock Holdings Limited and MPBL Gaming dated January 22, 2007
10.26#	Memorabilia Lease (casino) between Hard Rock Cafe International (STP) Inc. and MPBL Gaming dated January 22, 2007
10.27#	Memorabilia Lease (hotel) between Hard Rock Cafe International (STP) Inc. and MPBL Gaming dated January 22, 2007
10.28#	Letter dated December 15, 2006 in connection with appointment of Mr. Lawrence Ho as the managing director of Melco PBL Gaming (Macau) Limited
10.29#	Shareholders' Agreement relating to MPBL Gaming dated December 15, 2006 among PBL Asia Limited, MPBL Investments, Lawrence Ho and MPBL Gaming
10.30#	Agreement between the Registrant and Melco Leisure and Entertainment Group Limited dated March 27, 2007
10.31#	Agreement between the Registrant and PBL Asia Investments Limited dated March 27, 2007
10.32†	Senior Facilities Agreement dated September 5, 2007 for Melco PBL Gaming (Macau) Limited as the Original Borrower arranged by Australia and New Zealand Banking Group Limited, Bank of America Securities Asia Limited, Barclays Capital, Deutsche Bank AG, Hong Kong Branch and UBS AG Hong Branch as Coordinating Lead Arrangers with Deutsche Bank AG, Hong Kong Branch acting as Agent and DB Trustees (Hong Kong) Limited acting as Security Agent
10.33†	Construction Management Agreement dated August 22, 2007 for the Construction and Commissioning of City of Dreams, Macau for Melco PBL (COD) Developments Limited
21.1†	Subsidiaries of the Registrant
23.1†	Consent of Deloitte Touche Tohmatsu, Independent Registered Public Accounting Firm
23.2†	Consent of Walkers (included in Exhibit 5.1)
23.3†	Consent of Debevoise & Plimpton LLP
23.4†	Consent of Manuela António Law Office
24.1†	Powers of Attorney (included on signature page)
99.1#	Code of Business Conduct and Ethics of the Registrant

† Filed herewith.
* Incorporated by reference to exhibit included with the Registrant's registration statement on Form F-1 (File No. 333-139088) as amended, initially filed with the SEC on December 1, 2006.
Incorporated by reference to exhibit included with the Registrant's annual report on Form 20-F for the year ended December 31, 2006, as amended, initially filed with the SEC on March 30, 2007.
• To be filed by amendment.

Exhibit 4.9

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

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DATE: 11th December 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 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:

/s/ Ho, Lawrence Yau Lung	/s/ Tsui Che Yin, Frank
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 AS A DEED
by **MELCO INTERNATIONAL**
DEVELOPMENT LIMITED by:

/s/ Ho, Lawrence Yau Lung	/s/ Tsui Che Yin, Frank
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/ Geoff Kleemann	/s/ Anthony Klok
Signature of Director	Signature of Director
Geoff Kleemann	Anthony Klok
Name of Director (print)	Name of Director (print)

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

/s/ John Alexander	/s/ Guy Jalland
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/ Ho, Lawrence Yau Lung	/s/ Chung Yuk Man
Signature of Director	Signature of Director
Ho, Lawrence Yau Lung	Chung Yuk Man
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 4.11

DEED OF VARIATION AND AMENDMENT
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
CROWN LIMITED
MELCO PBL ENTERTAINMENT (MACAU) LIMITED

DATE: 27 July 2007

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 (interchangeably **PBLSub** and **CrownSub**)

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. **CROWN LIMITED** (**ACN 125 709 953**) a company incorporated under the laws of Victoria of 8 Whiteman St, Southbank VIC 3006 (**Crown**)

6. **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**)

(collectively, **the Parties**)

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. The principles regulating the relationship between the various Parties in respect to the Company are set out in the Principal Agreement.

B. PBL has announced on 8 May 2007 in a media release to the Australian Stock Exchange (the "**Media Release**") of its intention to split its businesses into two publicly listed companies, consisting of a gaming company (Crown) and a media company (PBL to be renamed Consolidated Media Holdings) pursuant to the PBL Scheme and the Demerger Scheme (the "**Transaction**"), particulars of which are set out in the Media Release and the overview of the Transaction (the "**Overview**") attached as Attachment B and C to this Agreement respectively.

C. Subject to the PBL Scheme becoming effective, PBL will transfer its gaming business and assets, including but not limited to its interest in PBLSub, to Crown or a wholly owned subsidiary of Crown.

D. The Parties have agreed to amend and restate the terms of the Principal Agreement on the terms of this deed to reflect the result of the Transaction.

THE PARTIES AGREE

1. DEFINED TERMS AND INTERPRETATION

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter which is defined in the Dictionary in Schedule 1 (Dictionary) has the meaning given to it in the Dictionary.

1.2 Interpretation

The interpretation clause in Schedule 1 (Dictionary) sets out rules of interpretation for this deed.

2. ACKNOWLEDGEMENT

The Continuing Members acknowledge that the Transaction contemplated by PBL and Crown may cause a change of control of the PBLSub for the purposes of the Principal Agreement and will require the consent or ratification by the Continuing Members under the terms of the Principal Agreement. The Continuing Members hereby agree to the change of control of PBLSub which will occur pursuant to the Transaction and agree to amend and restate the Principal Agreement in accordance with the terms hereof.

3. VARIATION OF PRINCIPAL AGREEMENT

3.1 Variation

The Parties agree that the Principal Agreement shall be amended and restated with effect from the Effective Date in the manner provided in the Amended Agreement contained in Attachment A to this document on the basis that text which is struck through is deleted and text which is underlined is added to that document. For ease of reference, the Continuing Members will sign a clean copy of the Amended Agreement within 5 business days from the Effective Date.

3.2 **Variations not to affect rights or obligations**

Subject to clause 4, nothing in this deed affects any of the accrued rights under the Principal Agreement or the Amended Agreement.

4. **UNDERTAKING**

4.1 PBL shall transfer by way of novation to Crown, as of the Effective Date, all past, present and future liabilities and obligations and undertakings of PBL under or in respect of the Principal Agreement (the "**Novated Obligations**") and Crown agrees to irrevocably assume, perform and comply with the Novated Obligations on the condition that Melco, MelcoSub and the Company provide the undertaking referred to in paragraph 4.2 below (the "**Novation**").

4.2 In consideration of Crown assuming the Novated Obligations, each of Melco, MelcoSub and the Company hereby consent to the Novation and irrevocably undertake that it would not make any claim against PBL as of the Effective Date for any claim, loss, liability, cost or expense in relation to the failure of PBL or PBLSub to perform an obligation under the Principal Agreement and hereby releases and discharges PBL from all past, present and future liabilities under the guarantee as contained in the Principal Agreement and discharges PBL from all undertakings contained in the Principal Agreement provided that Melco, MelcoSub and the Company can instead take action against Crown in respect of those matters.

4.3 PBL and Crown hereby represent and warrant to each of Melco, MelcoSub and the Company that the Novation (if it takes effect upon the Effective Date) is legally permitted and will comply with all relevant requirements under the applicable laws and regulations in Australia.

4.4 The Parties hereto acknowledge and agree that in case the issued shares in PBLSub are not, for whatever reasons, transferred by PBL (or its wholly owned subsidiary) to Crown (or its wholly-owned subsidiary) as contemplated under the Transaction, on or before 31 December 2007, or such later date as the Parties may agree in writing, this Deed shall terminate and cease to have any effect and in which case all terms and conditions of the Principal Agreement shall remain valid and binding on the Existing Members.

5. GENERAL

5.1 Counterparts

This deed may be executed in any number of counterparts, each of which, when executed, is an original. Those counterparts together make one instrument.

5.2 Costs, expenses and duties

Except as expressly provided in this deed each Party must pay its own costs and expenses of negotiating, preparing and executing this deed and any other instrument executed under this deed.

5.3 Cumulative rights

Except as expressly provided in this deed, the rights of a Party under this deed are in addition to and do not exclude or limit any other rights or remedies provided by law.

5.4 Entire agreement

This deed is the entire agreement between the parties about its subject matter and replaces all previous agreements, understandings, representations and warranties about that subject matter.

5.5 Further assurances

Except as expressly provided in this deed, each Party must, at its own expense, do all things reasonably necessary to give full effect to this deed and the matters contemplated by it.

5.6 Governing law

This deed is governed by the laws of Hong Kong.

5.7 Jurisdiction

Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of Hong Kong.

SCHEDULE 1

Dictionary

1. **DICTIONARY**

In this deed:

Business Day means a day on which banks are open for business excluding Saturdays, Sundays and public holidays in Hong Kong.

Continuing Members means:

(a) Melco Leisure and Entertainment Group Limited

(b) Melco International Development Limited

(c) PBL Asia Investments Limited

(d) Crown Limited

(e) Melco PBL Entertainment (Macau) Limited

Demerger Scheme means the proposed scheme of arrangement between Crown Limited and its shareholders under Part 5.1 of the Corporations Act (Australia) for the demerger of PBL, (to be renamed Consolidated Media Holdings Limited) and its media business from Crown as described in the Media Release and Step 3 of the Overview.

Effective Date means, provided that the approval of the Macau Government has been obtained for the transfer, the date on which all the issued shares in PBLSub are transferred by PBL (or its wholly owned subsidiary) to Crown (or its wholly owned subsidiary) pursuant to the PBL Scheme.

Existing Members means:

(a) Melco Leisure and Entertainment Group Limited

(b) Melco International Development Limited

(c) PBL Asia Investments Limited

(d) Publishing and Broadcasting Limited

(e) Melco PBL Entertainment (Macau) Limited

Media Release means the PBL media release dated 8 May 2007 attached as Attachment B to this Agreement.

Overview means the overview setting out the key steps in the PBL Scheme and the Demerger Scheme attached as Attachment C to this Agreement.

PBL Shares means the issued share capital in PBL.

PBL Scheme means the proposed scheme of arrangement between PBL and its members under Part 5.1 of the Corporations Act for the transfer of all the ordinary shares in PBL to Crown Limited ACN 125 709 953 as described in the Media Release and Step 1 of the Overview.

Principal Agreement means the Amended and Restated Shareholders Agreement in respect of the Company and its business in Macau dated 11 December 2006.

Amended Agreement means the agreements set out in Attachment A.

Transaction means the Demerger Scheme and the PBL Scheme.

ATTACHMENT A

Amended Agreement

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

CROWN LIMITED

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

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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 (**CrownSub**)

4. **CROWN LIMITED** (**ACN 125 709 953**) a company incorporated under the laws of Victoria of 8 Whiteman St, Southbank VIC 3006 (**Crown**)

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 CrownSub 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, Crown, MelcoSub, CrownSub 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 CrownSub 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 CrownSub.

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 CrownSub, each of MelcoSub and CrownSub 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 CrownSub 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 CrownSub.

4. GROUP COMPANIES

4.1 Group Companies

Each of Melco, MelcoSub, Crown and CrownSub 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, Crown and CrownSub 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, Crown 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, Crown 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 Crown, CrownSub, 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 [intentionally omitted]

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 CrownSub or any CrownSub Transferee to which CrownSub has transferred Shares in accordance with clause 7.1(b), CrownSub or the CrownSub Transferee ceases to be a direct or indirect Wholly-Owned Subsidiary of Crown unless all the Shares are transferred to a Wholly-Owned Subsidiary of Crown 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 Crown, CrownSub, 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 Crown 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, Crown 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, CrownSub or Crown 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, Crown, 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), Crown 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 Crown 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 CrownSub 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 CrownSub 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 CrownSub 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 CrownSub against any claim, loss, liability, cost or expense which CrownSub 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 CrownSub or Crown and notwithstanding any act, omission, neglect or default of CrownSub or Crown 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 CrownSub may hold concerning any obligation of MelcoSub.

(b) CrownSub 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 CrownSub and Crown have been fully performed or satisfied and the guarantee has been finally discharged.

(b) If required by CrownSub, 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 CrownSub, 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 CrownSub.

12. CROWN GUARANTEE, INDEMNITY AND UNDERTAKING

12.1 **Guarantee**

(a) Crown unconditionally and irrevocably guarantees to MelcoSub the performance of CrownSub's obligations under this Deed.

(b) If CrownSub fails to perform or observe its obligations under this Deed in full and on time, Crown must immediately on demand from MelcoSub perform such obligation (or procure the performance or observance by CrownSub 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 CrownSub under this Deed.

12.2 **Indemnity**

Crown hereby indemnifies MelcoSub against any claim, loss, liability, cost or expense which MelcoSub suffers or incurs in relation to the failure of Crown or CrownSub to perform an obligation under this Deed or the failure of Crown to cause CrownSub to perform an obligation under this Deed.

12.3 **Extent of guarantee and indemnity**

This clause 12 applies and the obligations of Crown under clause 12 shall remain in full force and effect so long as Crown and CrownSub 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 CrownSub'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 CrownSub (wholly or partly) or which would have afforded CrownSub any legal or equitable defence;

(f) any release of or granting of time or any other indulgence to CrownSub; 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 Crown 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 CrownSub.

(b) MelcoSub may enforce this clause 12 against Crown:

(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 CrownSub or any other person.

12.5 **No competition**

(a) Subject to clause 12.5(b), Crown must not, either directly or indirectly, prove in, claim or receive the benefit of a distribution, dividend or payment from an Insolvency Event affecting CrownSub until the obligations of CrownSub 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, Crown must prove in a liquidation of CrownSub or otherwise participate in another Insolvency Event of CrownSub for amounts owed to Crown.

(c) Crown must hold in trust for MelcoSub, amounts recovered by Crown from an Insolvency Event or under a Security Interest from CrownSub to the extent of the unsatisfied liability of Crown under this clause 12.

12.6 **Continuing guarantee and indemnity**

The guarantee under this clause 12 is a continuing obligation of Crown, despite a settlement of account or the occurrence of any other thing, and remains fully effective until:

(a) the obligations of CrownSub 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 Crown Group Company from a Regulatory Authority**

In the event that:

(a) a Regulatory Authority directs Crown, CrownSub or any other Crown 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 Crown, CrownSub or any other Crown Group Company, which would have, or which (in the reasonable opinion of Crown) would be likely to have, a material adverse effect on any of the rights or benefits of Crown, CrownSub or any other Crown Group Company either under any of the Definitive Documents or in respect of any other business carried on by Crown in respect of which the Regulatory Authority has or purports to have authority,

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

(i) then, notwithstanding other provisions of this Deed, CrownSub 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 Crown Regulatory Notice. Where the Regulatory Authority requires the sale of some only of the Shares, CrownSub 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 CrownSub 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 Crown Group Company or Affiliates or Related Parties of a Crown 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 Crown 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 CrownSub 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 Crown 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 the Company marked to the attention of the 'General Counsel' and a copy to each of Melco and Crown at the addresses set out for them in this clause.

D. if to CrownSub:

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 Crown at the address set out for it in this clause.

E. if to Crown:

Address: 8 Whiteman St, Southbank VIC 3006

Attention: Company Secretary

Facsimile: +61 3 9292 7295

(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.

Crown and CrownSub 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 amended and restated shareholders deed dated [11 December 2006] 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 Crown 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

Name of Director (print)

Signature of Director

Name of Director (print)

SIGNED AS A DEED
by **CROWN LIMITED**
by:

Signature of Director

Name of Director(print)

Signature of Company Secretary

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 CrownSub, Crown and any Person which is directly or indirectly Controlled by Crown; 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.

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

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

CrownSub Transferee means a Wholly-Owned Subsidiary of CrownSub or Crown.

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 Crown, then CrownSub and if the party is default is Melco, then MelcoSub.

Definitive Document means:

(a) this Deed; and

(b) any other agreement between a Crown 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 Crown, 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 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.

Permitted Transferee means a MelcoSub Transferee or a CrownSub 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 CrownSub.

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 **i**ncluding 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

ATTACHMENT B

Media Release

MEDIA RELEASE
FOR IMMEDIATE RELEASE
8 May 2007

PBL ANNOUNCES SPLIT INTO SEPARATE LISTED GAMING AND MEDIA COMPANIES

SYDNEY: Publishing and Broadcasting Limited (ASX: PBL) today announced its intention to split its businesses into two publicly listed companies: a gaming company ("Crown") and a media company ("Consolidated Media Holdings").

PBL believes the split will better facilitate recognition of the value of the underlying assets in the group, and will create two "pure-play" companies with attractive investment characteristics:

- **Crown** will own a diversified portfolio of market-leading gaming assets, including full ownership of Crown and Burswood casinos, a 41.4% stake in Melco PBL Entertainment Limited (MPEL) and investments in other international gaming assets. Its experienced management team will have significant financial flexibility to drive Crown's continued investment in gaming assets worldwide.
- **Consolidated Media Holdings (CMH)** will hold investments in a diversified portfolio of market-leading media assets including PBL Media (50%), Foxtel (25%), Fox Sports (50%), Seek (27.1%) and Ticketek (100%), with approximately 65% of earnings being generated from high-growth new media assets

UBS, financial advisers to PBL, expect Crown to hold a position in the S&P / ASX 50, and CMH a position in the S&P / ASX 100.

In addition to shares in Crown and CMH, shareholders will also receive cash of approximately A$2 billion (equivalent to $3 00 per share) as part of the restructure.

In announcing the transaction, the Executive Chairman of PBL, Mr James Packer, said:

"Over the past 12 months we have successfully recapitalised our investment in PBL Media and at the same time we have seen strong earnings growth in our new media businesses including our Pay TV Interests."

"Having consolidated Crown's leading position in the Australian market with the successful acquisition of Burswood in late 2004, our focus turned to leveraging our gaming expertise offshore with the Group's significant investment in Macau, and more recent investments in the UK and North America."

"It is now time to let these two successful businesses prosper in their own right investors will have the opportunity to invest in a strong and growing pure play media company and also in a world class gaming company."

Commenting on the restructure, PBL Chief Executive John Alexander said:

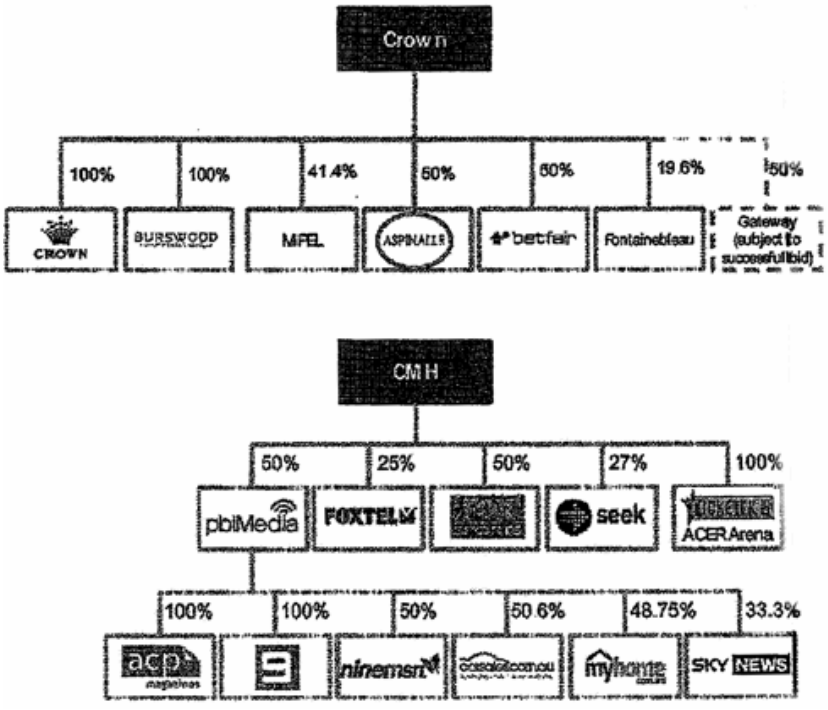
"The gaming and media businesses have different operating characteristics and capital requirements. The Board and management believe that separating the businesses is the best way to create shareholder value through harnessing the significant growth opportunities available to each business."

"The restructure will offer shareholders a clear choice of investment, providing each business with improved flexibility, a clear mandate, and an appropriate cost of capital. It will also provide shareholders a more direct and efficient avenue to access our exciting investments in Foxtel and FoxSports."

Both businesses will be operated separately, each with its own Board of Directors. James Packer will become the Executive Chairman of Crown and the Deputy Chairman of CMH. John Alexander will become the Executive Chairman of CMH and the Deputy Chairman of Crown, Rowen Craigie will become the Chief Executive Officer & Managing Director of Crown, which will be based in Melbourne.

Proposed business structure post restructure

After the restructure is implemented PBL's existing assets will be separated between Crown and CMH as set out below:



As part of the proposed restructure PBL will look to sensibly monetize its ownership interests in Hoyts and New Regency.

Implementation

The restructure is intended to be implemented through schemes of arrangement in PBL and Crown.

Standard consideration received through the schemes of arrangement will comprise one share in each of Crown and CMH plus $3.00 cash for each PBL share held.

Shareholders will be able to elect to receive a greater proportion of the consideration in cash or in shares. The actual consideration mix for those shareholders electing to receive more cash or shares will depend on the electrons of all shareholders as the total share and cash consideration will be fixed. Shareholders will hold the same number of shares in Crown and CMH after the schemes are fully implemented

Consolidated Press Holdings Limited, a 37% shareholder in PBL, has indicated an intention to elect to receive the standard consideration under the PBL Scheme. Accordingly, it will maintain its current percentage interest in both Crown and CMH.

The PBL scheme of arrangement is expected to be put to PBL shareholders for approval in August 2007. In addition to shareholder and Court approvals, the restructure is conditional on various government and regulatory approvals (both from Australia and overseas regulators), a number of waivers being granted by the ASX, a satisfactory ruling being received from the ATO, relevant third party consents or waivers being received including under PBL's existing financial arrangements and Crown obtaining third party finance to fund the cash payments under the PBL Scheme

Further details on the proposal will be provided to shareholders in a Scheme Booklet, expected to be distributed in July 2007

PBL is being advised on the restructure by UBS, Gilbert + Tobin and Ernst & Young

-ENDS-

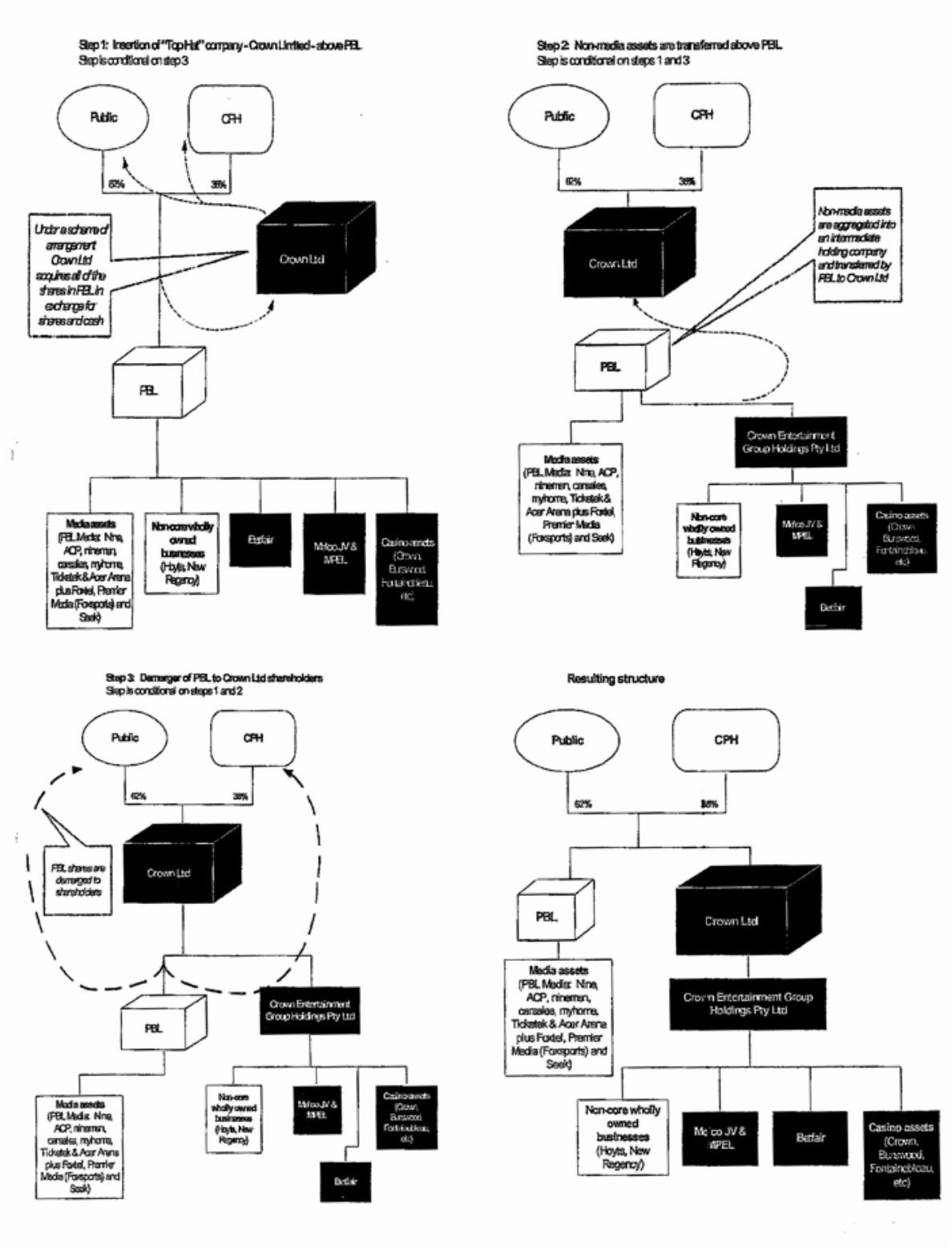
COPIES OF RELEASES

Copies of previous media and ASX announcements issued by PBL are available on the company website at www.pbl.com.au

ATTACHMENT C

Overview

PBL Separation



Execution page

Signed and delivered by Melco Leisure and Entertainment Group Limited by:

/s/ Lawrence Ho	/s/ Frank Tsui
Signature of director	Signature of director/secretary
Lawrence Ho	Frank Tsui
Name of director (print)	Name of director/secretary (print)

Signed and delivered by Melco International Development Limited by

by:

/s/ Lawrence Ho	/s/ Frank Tsui
Signature of director	Signature of director/secretary
Lawrence Ho	Frank Tsui
Name of director (print)	Name of director/secretary (print)

Signed and delivered by Publishing and Broadcasting Limited by:

/s/ JOHN HENRY ALEXANDER	/s/ GUY JALLAND
Signature of director	Signature of director/secretary
JOHN HENRY ALEXANDER	GUY JALLAND
Name of director (print)	Name of director/secretary (print)

Signed and delivered by PBL Asia Investments Limited by:

/s/ GEOFFREY RAYMOND KLEEMANN
Signature of director

GEOFFREY RAYMOND KLEEMANN
Name of director (print)

/s/ THOMAS GALLAGHER
Signature of director

THOMAS GALLAGHER
Name of director (print)

Signed and delivered by Crown Limited by:

/s/ JOHN HENRY ALEXANDER
Signature of director

JOHN HENRY ALEXANDER
Name of director (print)

/s/ MICHAEL NEILSON
Signature of secretary

MICHAEL NEILSON
Name of secretary (print)

Signed and delivered by Melco PBL Entertainment (Macau) Limited by:

/s/ Lawrence Ho
Signature of director

Lawrence Ho
Name of director (print)

/s/ JOHN HENRY ALEXANDER
Signature of director

JOHN HENRY ALEXANDER
Name of director (print)

Exhibit 5.1

18 October 2007 Our Ref: LY/M3100-H02189

Melco PBL Entertainment (Macau) Limited
The Penthouse
36th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

Dear Sirs

MELCO PBL ENTERTAINMENT (MACAU) LIMITED

We have acted as Cayman Islands legal advisers to Melco PBL Entertainment (Macau) Limited (the "**Company**") in connection with the Company's registration statement on Form F-1 (the "**Registration Statement**"), filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933 on 18 October 2007 relating to the offering of American Depositary Shares by the Company (the "**Offering**"). We are furnishing this opinion as exhibit 5.1 to the Registration Statement.

For the purposes of giving this opinion, we have examined copies or originals of the following documents:

1. the Certificate of Incorporation dated 17 December 2004, the Certificate of Incorporation on Change of Name dated 9 August 2006, the Memorandum and Articles of Association as registered on 17 December 2004**,** the Amended and Restated Memorandum and Articles of Association as registered on 26 January 2005**,** the Amended and Restated Memorandum of Association as adopted by special resolution on 1 December 2006, the Amended and Restated Articles of Association as conditionally adopted by special resolution on 1 December 2006 and effective on 18 December 2006, the minute book, the Register of Members, Register of Directors and the Register of Mortgages and Charges of the Company, copies of which have been provided to us by its registered office in the Cayman Islands on 17 October 2007;
2. a Certificate of Good Standing dated 31 May 2007 issued by the Registrar of Companies;
3. a copy of executed written resolutions of the directors of the Company dated 17 October 2007; and
4. the agreed form of Registration Statement provided to us on 17 October 2007.

18 October 2007

We are Attorneys-at-Law in the Cayman Islands and express no opinion as to any laws other than the laws of the Cayman Islands in force and as interpreted at the date of this opinion.

Based on the foregoing and subject to the assumptions below, we are of the opinion that under, and subject to, the laws of the Cayman Islands:

1. The Company has been duly incorporated as an exempted company with limited liability and is validly existing under the laws of the Cayman Islands.
2. The authorised share capital of the Company is US$15,000,000 divided into 1,500,000,000 ordinary shares of a nominal or par value US$0.01 each (each a "**Share**").
3. The issue and allotment of all the Shares pursuant to the Offering has been duly authorised. When allotted, issued and paid for as contemplated in the Registration Statement and when appropriate entries have been made in the register of members of the Company, the Shares will be legally issued and allotted, fully paid and non-assessable (meaning that no further sums are payable to the Company with respect to the holding of such Shares).

We hereby consent to the use of this opinion in, and the filing hereof, as an exhibit to the Registration Statement and to the reference to our firm under the headings "Taxation", "Enforceability of Civil Liabilities", "Legal Matters" and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

We have assumed that:

1. The originals of all documents examined in connection with this opinion are authentic, all signatures, initials and seals are genuine, all such documents purporting to be sealed have been so sealed and all copies are complete and conform to their originals.
2. There is no contractual or other provision (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from enter into and performing its obligations as contemplated in the Offering.
3. The Certificate of Incorporation dated 17 December 2004, the Certificate of Incorporation on Change of Name dated 9 August 2006, the Memorandum and Articles of Association as registered on 17 December 2004**,** the Amended and Restated Memorandum and Articles of Association as registered on 26 January 2005**,** the Amended and Restated Memorandum of Association as adopted by special resolution on 1 December 2006, the Amended and Restated Articles of Association as conditionally adopted by special resolution on 1 December 2006 and effective on 18 December 2006, the minute book, the Register of Members, Register of Directors and the Register of Mortgages and Charges of the Company, copies of which have been provided to us by its registered office in the Cayman Islands on 17 October 2007 are true and correct copies of the originals

of the same and are complete and accurate and constitute a complete and accurate record of the business transacted by the Company and all matters required by law and the Memorandum and Articles of Association of the Company to be recorded therein are so recorded.

To maintain the Company in good standing under the laws of the Cayman Islands, annual filing fees must be paid and returns made to the Registrar of Companies.

This opinion is limited to the matters referred to herein and shall not be construed as extending to any other matter or document not referred to herein.

This opinion shall be construed in accordance with the laws of the Cayman Islands.

Yours faithfully

/s/ WALKERS

WALKERS

Exhibit 8.1

DEBEVOISE & PLIMPTON LLP
American & International Lawyers
德普美國律師事務所 有限責任合夥

13/F Entertainment Building
30 Queen's Road Central
Hong Kong
Tel (852) 2160 9800
Fax (852) 2810 9828
www.debevoise.com

Thomas M. Britt III
Andrew M. Ostrognai
Resident Partners

October 18, 2007

Melco PBL Entertainment (Macau) Limited
36th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

Re: Offering of up to an aggregate of US$800 million of American Depositary Shares of Melco PBL Entertainment (Macau) Limited (the "Company")

Ladies and Gentlemen:

In connection with the intended public offering of up to an aggregate of US$800 million of American Depositary Shares ("ADSs"), each of which represents three ordinary shares, par value $0.01 per share (the "Ordinary Shares"), of the Company, pursuant to the registration statement on Form F-1 under the Securities Act of 1933, as amended (the "Securities Act"), filed by the Company with the Securities and Exchange Commission (the "Commission") on the date hereof (the "F-1 Registration Statement"), you have requested our opinion concerning the statements in the F-1 Registration Statement under the caption "Taxation—United States Federal Income Taxation."

The facts, as we understand them, and upon which with your permission we rely in rendering the opinion herein, are set forth in the F-1 Registration Statement.

In our capacity as counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents, the conformity to authentic original documents of all documents submitted to us as copies and the accuracy and enforceability of the preceding documents. For the purpose of our opinion, we have not made an independent investigation or audit of the facts set forth in the above-referenced documents.

We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or any other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state.

Based on such facts and subject to the limitations, qualifications and assumptions set forth herein and in the F-1 Registration Statement, the statements of law or legal conclusions in the F-1 Registration Statement under the caption "Taxation—United States Federal Income Taxation" constitute the opinion of Debevoise & Plimpton LLP.

No opinion is expressed as to any matter not discussed herein or therein.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the F-1 Registration Statement may affect the conclusions stated herein.

This opinion is furnished to you, and is for your use in connection with the transactions set forth in the F-1 Registration Statement. This opinion may not be relied upon by you for any other purpose, or relied upon by any other person, firm or corporation, for any purpose, without our prior written consent.

We hereby consent to the filing of this opinion as an exhibit to the F-1 Registration Statement and to the use of our name under the caption "Legal Matters" in the prospectus included in the F-1 Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules or regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Debevoise & Plimpton LLP

Debevoise & Plimpton LLP

Exhibit 10.32

SENIOR FACILITIES AGREEMENT

dated 5 September 2007

for

MELCO PBL GAMING (MACAU) LIMITED
as Original Borrower

arranged by

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED,
BANC OF AMERICA SECURITIES ASIA LIMITED,
BARCLAYS CAPITAL,
DEUTSCHE BANK AG, HONG KONG BRANCH
and UBS AG HONG KONG BRANCH
as Coordinating Lead Arrangers

WITH

DEUTSCHE BANK AG, HONG KONG BRANCH
acting as Agent

and

DB TRUSTEES (HONG KONG) LIMITED
acting as Security Agent

USD1,750,000,000 SENIOR SECURED TERM LOAN AND
REVOLVING CREDIT FACILITIES AGREEMENT

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THIS AGREEMENT is dated 5 September 2007 and made between:

(1) **MELCO PBL GAMING (MACAU) LIMITED**, a company incorporated under the laws of the Macau S.A.R. (registered number 24325 (SO)), whose registered office is at Av. Dr. Mário Soares, n.°25, Edificio Montepio, 1. andar, comp. 13, Macau (the "**Company**");

(2) **THE PERSONS** listed in Part C of Schedule 1 (*Original Parties*) as guarantors (together with the Company, the "**Original Guarantors**");

(3) **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, BANC OF AMERICA SECURITIES ASIA LIMITED, BARCLAYS CAPITAL, DEUTSCHE BANK AG, HONG KONG BRANCH** and **UBS AG HONG KONG BRANCH** as coordinating lead arrangers (the "**Original Arrangers**");

(4) **THE FINANCIAL INSTITUTIONS** listed in Part A and Part B of Schedule 1 (*Original Parties*) as lenders (the "**Original Lenders**");

(5) **DEUTSCHE BANK AG, HONG KONG BRANCH** as facility agent of the other Finance Parties (the "**Agent**");

(6) **DB TRUSTEES (HONG KONG) LIMITED** as agent and security trustee for the Secured Parties (the "**Security Agent**");

IT IS AGREED as follows:

SECTION 1
INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Acceptable Bank**" means:

(a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 or higher by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency;

(b) Banco Nacional Ultramarino, S.A.;

(c) Bank of China, Macau Branch; or

(d) any other bank or financial institution approved by the Agent.

"**Accession Letter**" means a document substantially in the form set out in Schedule 12 (*Form of Accession Letter*).

"**Account**" means each of the other accounts specified in or permitted by paragraph 1 of Schedule 7 (*Accounts*).

"**Account Bank**" means, in relation to an Account, the bank or financial institution with which the Account is maintained.

"**Account Bank Notices and Acknowledgements**" mean the notices and acknowledgements to be delivered to and executed by each Account Bank in respect of each Account in accordance with the Security Documents and this Agreement.

"**Additional Borrower**" means a company which becomes a Borrower in accordance with Clause 24 (*Changes To The Obligors*).

"**Additional Guarantor**" means a company which becomes a Guarantor in accordance with Clause 24 (*Changes To The Obligors*).

"**Additional Obligor**" means an Additional Borrower or an Additional Guarantor.

"**Advisers**" means the Technical Adviser, the Insurance Adviser, the Gaming Market Adviser, the Project Appraiser, the Hotel Market Adviser and the Environmental Adviser.

"**Affiliate**" means, in relation to any person, any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such person. For purposes of this definition, "control" means, in relation to a person, the power, directly or indirectly, to (a) vote 20% or more of the shares or other securities having ordinary voting power for the election of the Board of Directors (or persons performing similar functions) of such person or (b) direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

"**Affiliate Agreement**" means any agreement entered into by a Relevant Obligor with an Affiliate which is not a Relevant Obligor in connection with the supply of goods or services to such Relevant Obligor by such Affiliate (or by such Relevant Obligor to such Affiliate) involving the payment or expenditure by any party thereto or any other flow of funds in excess of a Base Currency Amount of USD1,000,000 **provided that** any such payment or expenditure is in an amount not exceeding the actual cost for such goods and services paid by the Affiliate (or the Relevant Obligor) plus a margin of not more than five per cent., and shall include any Service Agreement.

"**Agent's Spot Rate of Exchange**" means the Agent's spot rate of exchange for the purchase of the relevant currency with the Base Currency in the Hong Kong foreign exchange market at or about 11:00 a.m. on a particular day.

"**APLMA**" means the Asia Pacific Loan Market Association.

"**Arrangers**" means the Original Arrangers and any additional Arranger which may become a Party hereto pursuant to Clause 23.9(i) (*Hedge Counterparties and Additional* Arranger).

"**Assignment Agreement and Lender Accession Undertaking**" means an agreement substantially in the form set out in Schedule 11 (*Form of Assignment Agreement and Lender Accession Undertaking*) or any other form agreed between the relevant assignor and assignee.

"**Auditors**" means Deloitte Touche Tohmatsu.

"**Australian Sponsor**" means PBL or, upon completion of the reorganisation of the business of PBL being split into separate listed gaming and media companies as described in its announcement dated 8th May 2007, the listed gaming company.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Availability Period**" means:

(a) in relation to Facility A, the period from and including the date of this Agreement up to and including the date falling 28 months thereafter; and

(b) in relation to the Revolving Credit Facility, the period from and including the date of this Agreement up to and including one month prior to the Final Repayment Date for the Revolving Credit Facility.

"**Available Commitment**" means, in relation to a Facility, a Lender's Commitment under that Facility minus:

(a) the Base Currency Amount of its participation in any outstanding Utilisations under that Facility; and

(b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any other Utilisations that are due to be made under that Facility on or before the proposed Utilisation Date.

"**Available Facility**" means, in relation to a Facility, the aggregate for the time being of each Lender's Available Commitment in respect of that Facility.

"**Available Funding**" means, on any date, the aggregate (without double counting) US dollar equivalent of:

(a) the undrawn and uncancelled Available Commitments under the Term Loan Facility and the Revolving Credit Facility (other than in the case of the Revolving Credit Facility an amount of USD50,000,000) each Lender (other than any Lender in breach of any obligation under the Finance Documents to fund or maintain its participation in any Loan thereunder);

(b) any Subordinated Debt which is unconditionally available to be drawn down to meet Remaining Costs (but excluding any amount of Contingent Equity, including any amounts available to be drawn under the Sponsor's Letters of Credit or any cash cover provided pursuant to paragraph 3.34(b) (*Sponsor Support*) of Schedule 6 (*Covenants*);

(c) forecast operating cashflow (as set out in the cashflow statement contained in the most recent Projections) in an amount equal to:

(i) a Base Currency Amount of USD450,000,000;

(ii) less actual operating cashflow utilised within the Group,

provided that:

(iii) City of Dreams Phase I Construction Completion continues to be projected by the Company to be achieved by not later than 31 March 2009,

and which the Agent, acting reasonably, is satisfied will be available to meet Remaining Costs;

(d) the amount standing to the credit of the Accounts to the extent such balances are available to meet Remaining Costs;

(e) delay liquidated damages payable by the relevant Construction Contractor under a Construction Contract which the Agent is reasonably satisfied will be received by the relevant Project Company during the relevant indemnity period or, if earlier, during the period before the estimated date of Construction Completion used for determining the amount of Remaining Costs; and

(f) any other committed funds comprised in Financial Indebtedness under any agreement which has been approved by the Agent, is permitted under paragraph 3.22 of Schedule 6 (*Covenants*) and which are unconditionally available to be drawn down to meet Remaining Costs and not otherwise included in paragraph (a) above.

"**Available Funding from Cashflow**" means, at any time, the amount determined, as at that time, under paragraph (c) of the definition of Available Funding.

"**Base Currency**" means US dollars.

"**Base Currency Amount**" means:

(a) in relation to a Utilisation, the amount specified in the Utilisation Request delivered by a Borrower for that Utilisation (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request in accordance with the terms of this Agreement), as adjusted to reflect any repayment, prepayment, consolidation or division of a Utilisation; and

(b) in relation to any other amount as at any date which is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on that date.

"**Base Equity**" means Equity in a Base Currency Amount of not less than USD2,000,000,000 paid up, advanced or subscribed in kind to or in the Group (of which not less than USD1,000,000,000 shall be in cash funded from the IPO) and applied towards payment of Project Costs.

"**Borrower**" means the Company or an Additional Borrower.

"**Borrowings**" has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**Break Costs**" means the amount (if any) by which:

(a) the interest excluding the Margin which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in the Macau SAR, the Hong Kong SAR, Singapore, Sydney, London and New York.

"**Capital Expenditure**" has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**Capital Stock**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all classes of membership interests in a limited liability company, any and all classes of partnership interests in a partnership, any and all equivalent ownership interests in a person and any and all agreements, warrants, rights or options to acquire any of the foregoing.

"**Cash Equivalent Investments**" means at any time:

(a) deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;

(b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America or Hong Kong SAR or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;

(c) commercial paper not convertible or exchangeable to any other security:

(i) for which a recognised trading market exists;

(ii) issued by an issuer incorporated in the United States of America;

(iii) which matures within one year after the relevant date of calculation; and

(iv) which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(d) any investment accessible within 30 days in money market funds which have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or Fitch Rating Ltd or P-1 or higher by Moody's Investor Services Limited and which invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above; or

(e) any other debt security approved by the Majority Lenders,

in each case, to which any member of the Group is beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than one arising under the Transaction Security Documents).

"**Cashflow**" has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**Certificate of Practical Completion**" means a certificate, issued under and in accordance with, a Construction Contract, that Practical Completion has been achieved.

"**Change of Control**" means the occurrence of any of the following:

(a) the Sponsors cease collectively to beneficially own, directly or indirectly, at least 51%, of the outstanding Capital Stock of the Company (measured, in each case, by both voting power and size of equity interest); or

(b) the Australian Sponsor ceases to beneficially own, directly or indirectly at least 50% of the Sponsors' combined percentage of the outstanding Capital Stock of the Company (measured in each case by both voting power and size of equity interest);

(c) a person other than a Sponsor owns, directly or indirectly Capital Stock of the Company (measured in each case by both voting power and size of equity interest) which is in excess of any Sponsor's percentage of the outstanding Capital Stock in the Company;

(d) there ceases to be a majority of directors on the board of the Company who were elected with the approval of a majority of the directors of MPBL Entertainment whose election to the board of MPBL Entertainment was in turn approved by the Sponsors collectively (or by directors whose election was approved by the Sponsors collectively).

"**Charged Property**" means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

"**City of Dreams Construction Contracts**" means:

(a) City of Dreams Construction Management Contract; and

(b) each contract or sub-contract entered into between City of Dreams Construction Manager and/or the City of Dreams Project Company with a Contractor.

"**City of Dreams Construction Management Contract**" means the construction management contract between the City of Dreams Construction Manager and the City of Dreams Project Company to be entered into in connection with the construction and fit out of the City of Dreams Project in substantially the same form as the draft dated 25 July 2007.

"**City of Dreams Construction Manager**" means the Leighton-China State-John Holland Joint Venture, comprising Leighton Contractors (Asia) Limited, China State Construction International Holdings Ltd and John Holland Pty. Ltd.

"**City of Dreams Phase I**" means phase I of the City of Dreams Project comprising the casino, the first phase of retail and restaurants, Crown Towers Hotel and Hard Rock Hotel.

"**City of Dreams Phase I Construction Completion**" means Construction Completion of City of Dreams Phase I.

"**City of Dreams Phase I Construction Completion Date**" means the date upon which City of Dreams Phase I Construction Completion occurs.

"**City of Dreams Phase II Construction Completion**" means Construction Completion of the entire City of Dreams Project.

"**City of Dreams Phase II Construction Completion Date**" means the date upon which City of Dreams Phase II Construction Completion occurs.

"**City of Dreams Project**" means the design, development and construction in accordance with the Subconcession, the relevant Reorganisation Agreement, the relevant Reorganisation Permits, Finance Documents and the City of Dreams Construction Contracts of a resort-hotel-casino on the City of Dreams Site, the ownership and maintenance thereof by the City of Dreams Project Company, the ownership or leasing and the operation and management of any casino or gaming area comprised therein by the Company (including the ownership, operation and maintenance of any associated gaming equipment and utensils) in accordance with the Subconcession and a Lease Agreement to be made between the City of Dreams Project Company and the Company, and the leasing, operation and maintenance of the remainder of the City of Dreams Project by the City of Dreams

Project Operating Company in accordance with a lease agreement to be made between the City of Dreams Project Company and the City of Dreams Project Operating Company and, for the avoidance of doubt, shall not include the construction and development of any apartment hotel tower.

"**City of Dreams Project Costs**" means Project Costs relating to the City of Dreams Projects.

"**City of Dreams Project Works**" means the design, development and construction of the City of Dreams Project or the relevant part thereof and any other works contemplated by any of the City of Dreams Construction Contracts.

"**City of Dreams Site**" means the land described in the City of Dreams Land Concession.

"**City of Dreams Tranche**" means that part of the Term Loan Facility made available under this Agreement for the purposes described in paragraph (a) (ii) and (iii) of Clause 3.1 (*Purpose*).

"**COD Obligors**" means Melco PBL (COD) Hotel Limited and Melco PBL (COD) Development Limited.

"**Commitment**" means a Facility A Commitment or Revolving Credit Facility Commitment.

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule 13 (*Form of Compliance Certificate*).

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the APLMA or in any other form agreed between the Company and the Agent.

"**Consolidated EBITDA**" has the meaning given to such term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**Consolidated Total Debt**" has the meaning given to such term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**Constitutional Documents**" means, collectively, in relation to any person, any certificate of incorporation, memorandum and articles of association, bylaws, shareholders' agreement, certificate of formation, limited liability company agreement, partnership agreement and any other formation or constituent documents applicable to such person.

"**Construction Completion**" shall occur, in respect of any Project or any part thereof, when the following conditions are, in the reasonable opinion of the Agent, satisfied:

(a) Practical Completion has been achieved and Certificates of Practical Completion have been issued in accordance with the Construction Contracts for that Project or the relevant part thereof and the Finance Documents;

(b) all Project Costs for that Project or the relevant part thereof have been paid in full other than such Project Costs consisting of:

(i) Retainage Amounts and other amounts that are being withheld from Contractors in accordance with the provisions of the relevant Construction Contracts or other Project Documents;

(ii) amounts being contested in good faith by the Project Company so long as, where such amounts (other than those sought by way of claims against the relevant Project Company which the Technical Adviser has certified as being spurious, vexatious or otherwise without foundation) exceed, in aggregate, a Base Currency Amount of USD1,000,000, adequate reserves have been established;

(iii) amounts payable in respect of Project Punchlist Items to the extent not covered by the foregoing sub-paragraph (i); and

(iv) amounts incurred by the relevant Construction Contractor or any other Contractors under a Major Project Document within the last 30 days and to be paid under any Utilisation Request which has been submitted but not yet disbursed);

(c) all documents relating to construction of that Project or the relevant part thereof which are required under articles 13(1), 35(2)(4), 35(2)(11), 36(1), 37(3), 37(4), 37(5), 37(6), 37(7), 67, 85(3) of the Subconcession or the Reorganisation Permits have been submitted by the relevant Construction Contractor to the Company or the relevant Project Company;

(d) the Opening Date of that Project or the relevant part thereof has been achieved, the Opening Conditions relating to that Project or the relevant part thereof have been satisfied and the Project or the relevant part thereof is fully open for business to the general public;

(e) Macau SAR approval and classification of the casino and gaming zones relating to that Project or the relevant part as required by article 9 of the Subconcession and the Reorganisation Permits;

(f) delivery by the Company of the list and inventory of that Project or the relevant part required to be delivered under articles 10 and 44 of the Subconcession in accordance with the provisions thereof and the relevant Reorganisation Permits;

(g) definitive registration with the Macau Real Estate Registry has been completed in respect of all the land described in the Land Concession for that Project or the relevant part and all horizontal property (including the horizontal property comprising the casino) comprised in that Project or the relevant part; and

(h) registration with the Commercial and Movables Property Registry of the Macau SAR of a list of all gaming equipment and utensils used in connection with that Project or the relevant part thereof by the Company in the form required by and in accordance with the relevant Transaction Security Documents.

"**Construction Contractor**" means:

(a) in the case of the City of Dreams Project, the City of Dreams Construction Manager and each Contractor that has entered into or will enter into a Construction Contract with the City of Dreams Project Company and/or City of Dreams Construction Manager; and

(b) in the case of the Crown Macau Project, Paul Y Construction Company Limited.

"**Construction Contractor's Completion Guarantee**" means each completion guarantee given or which may be required to be given in favour of a Project Company in support of the relevant Construction Contractor's obligations under a Construction Contract.

"**Construction Contractor's Performance Bond**" means each Payment and Performance Bond delivered or which may be delivered to a Project Company in support of the relevant Construction Contractor's obligations under a Construction Contract.

"**Construction Contract**" means the Crown Macau Construction Contract or each of the City of Dreams Construction Contracts.

"**Construction Period Insurances**" means, in relation to a Project, the insurances identified as such in Appendix 2 (*Construction Period Insurances*) to Schedule 8 (*Insurance*) and effected in accordance with the terms of Schedule 8 (*Insurance*).

"**Contingent Equity**" means the amounts of Equity up to a maximum Base Currency Amount of, in aggregate, USD250,000,000 that the Sponsors are severally obliged to ensure are provided, upon the request of the Agent, to the Company in accordance with the Sponsor Group Shareholder's Undertakings to which they are party.

"**Contractors**" means, in relation to any Project, any architects, consultants, designers, contractors, suppliers or any other persons party to a Major Project Document and engaged by the Project Company or the Project Operating Company or in the case of the City of Dreams Project, the City of Dreams Construction Manager in connection with the design, engineering, development, construction, installation, maintenance or operation of the Project.

"**Contractual Obligation**" means, as to any person, any provision of any security issued by such person or of any agreement, instrument or other undertaking to which such person is a party or by which it or any of its assets are bound.

"**Corporate Structure Chart**" means the corporate structure chart in the agreed form prepared by the Company and dated on or about the date hereof, describing the ownership structure of the Group and the Sponsor Group Shareholders, certain of the Group's assets (including the Subconcession, the Projects and the Mocha Slot Business) as at the date hereof and addressed to and capable of being relied upon by the Finance Parties.

"**Crown Macau Construction Contracts**" means the guaranteed maximum price contract dated 24 November 2004 between the Crown Macau Construction Contractor and the Crown Macau Project Company for the construction and fit out of the Crown Macau Project as amended and supplemented by a Supplemental Agreement dated 16 January 2006.

"**Crown Macau Project**" means the design, development and construction in accordance with the Subconcession, the relevant Reorganisation Agreement, the relevant Reorganisation Permits, Finance Documents and the Crown Macau Construction Contracts of a hotel and casino on the Crown Macau Site, the ownership and maintenance thereof by the Crown Macau Project Company and the leasing, operation and management of any casino or gaming area comprised therein by the Company (including the ownership, operation and maintenance of any associated gaming equipment and utensils) in accordance with the Subconcession and a Lease Agreement dated 16 April 2006 made between the Crown Macau Project Company and the Company.

"**Crown Macau Project Costs**" means Project Costs relating to the Crown Macau Project.

"**Crown Macau Site**" means the land described in the Crown Macau Land Concession.

"**Crown Macau Tranche**" means that part of Facility A made available under this Agreement for the purposes described in paragraph (a)(i) of Clause 3.1 (*Purpose*).

"**Debt Service Accrual Account**" means the Account so designated in Schedule 7 (*Accounts*).

"**Debt Service Reserve Account**" means the Account so designated in Schedule 7 (*Accounts*).

"**Deed of Appointment**" means the deed of appointment dated on or about the date of this Agreement entered into between, amongst others, the Company, the Agent, the Security Agent, POA Agent and the Original Lenders.

"**Deed of Priority**" means the deed of priority in the agreed form to be entered into between, amongst others, the Agent, Security Agent and the Subconcession Bank Guarantor.

"**Default**" means an Event of Default or any event or circumstance specified in Schedule 9 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination in accordance with the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

"**Direct Insurances**" means a contract or policy of insurance of any kind from time to time taken out or effected by, on behalf of or in favour of a Relevant Obligor (whether or not in conjunction with any other person) with one or more insurers in accordance with the terms of Schedule 8 (*Insurance*).

"**Direct Insurer**" means the insurer(s) with whom a Direct Insurance is placed from time to time in accordance with Schedule 8 (*Insurance*).

"**Disbursement Account**" means any of the Accounts so designated in Schedule 7 (*Accounts*).

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"**Enforcement Notice**" has the meaning given in the Deed of Appointment.

"**Environmental Adviser**" means Franklin + Andrews (Hong Kong) Ltd as environmental adviser for the Finance Parties.

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

"**Environmental Law**" means any applicable law or regulation which relates to:

(a) the pollution or protection of the environment;

(b) harm to or the protection of human health;

(c) the conditions of the workplace; or

(d) any emission or substance capable of causing harm to any living organism or the environment.

"**Environmental Permits**" means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

"**Equity**" means, at any time, the aggregate of the Base Currency Amounts of:

(a) the amounts paid up or, in the case of Base Equity, subscribed in kind, by each Sponsor Group Shareholder by way of subscription for shares in the Group; and

(b) the amounts advanced to the Group and outstanding at such time by way of Sponsor Group Loans.

"**Event of Default**" means any event or circumstance specified as such in Schedule 9 (*Events of Default*).

"**Event of Loss**" means, with respect to any property or asset (tangible or intangible, real or personal), any of the following:

(a) any loss, destruction or damage of such property or asset;

(b) any actual condemnation, seizure or taking by exercise of the power of eminent domain or otherwise of such property or asset, or confiscation of such property or asset or the requisition of the use of such property or asset; or

(c) any settlement in lieu of paragraph (b) above.

"**Excess Cashflow**" has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**Excluded Project**" means:

(a) the "Project", including the "Casino" proposed to be operated by the Company therein, each as defined in, and, subject to compliance with the Finance Documents, implemented in accordance with, the New Cotai Agreement and the transactions contemplated thereby;

(b) solely in respect of the Company and subject to compliance with the Finance Documents, any similar project contemplated by an agreement or arrangement on substantially the same terms as the New Cotai Agreement subsequently entered into by the Company with any third party the identity of which is approved by the Majority Lenders (such approval not to be unreasonably withheld or delayed), other than as may form part of the Mocha Slot Business or be comprised in any of the Projects;

(c) the design, development, construction, ownership, operation, management and maintenance of a casino hotel, resort or retail complex or a stand alone casino other than any part of the Mocha Slot Business or that comprised in any of the Projects or the project or transactions contemplated by the New Cotai Agreement or any other such agreement or arrangement referred to in paragraph (b) above by a person outside the Group and, in respect of any casino or gaming area therein, the leasing, operation and management thereof by the Company (including the ownership, operation and

maintenance of any associated gaming equipment and utensils) in accordance with the Subconcession, a Lease Agreement made between such person as Excluded Project Lessor and the Company and such other Macau SAR Government Authorisations where:

(i) the Excluded Project Lessor has no right, claim, interest or recourse of any kind (whether present or future, actual or contingent, direct or indirect) in or against any Project, the Mocha Slot Business, any of the Transaction Security or any of the Obligors (other than, solely in respect of the Company and subject to the Finance Documents, including the sub-paragraphs hereof, under and in accordance with such Lease Agreement);

(ii) none of the liabilities or other obligations of the Excluded Project Lessor of any kind (whether present or future, actual or contingent, direct or indirect) or the beneficiaries or claimants thereof benefit from or involve in any way any such right, claim, interest or recourse save as provided in sub-paragraph (i) in relation to the Excluded Project Lessor;

(iii) the Excluded Project Lessor is responsible for (and obliged to indemnify the Company and the other Obligors in relation to) all claims, costs, losses, liabilities or other obligations of any kind (whether present or future, actual or contingent, direct or indirect) arising in connection with the Excluded Project (including the leasing, operation and management of any casino or gaming area comprised therein);

(iv) the identity of the Excluded Project Lessor has been approved by the Majority Lenders (such approval not to be unreasonably withheld or delayed); and

(v) the Lease Agreement:

(A) ensures, to the reasonable satisfaction of the Agent, compliance with all Subconcession requirements relevant to the Excluded Project (including those relating to the maintenance of title to any casino or gaming area and any associated gaming equipment and utensils by the Company and its ability to transfer such title to the Macau SAR) and all other relevant Legal Requirements ;

(B) provides for a Revenue Split Percentage after deduction of the amounts referred to in sub-paragraph (ii) above and which are required to be paid which is commercially reasonable;

(C) has otherwise been entered into on an arm's length, commercially reasonable basis.

(d) any other arrangement the terms of and party or parties to which have been agreed by the Majority Lenders (such agreement not to be unreasonably withheld or delayed).

"**Excluded Project Lessor**" means, in relation to an Excluded Project, the developer and owner of such Excluded Project and the lessor under the Lease Agreement entered into with the Company in respect of such Excluded Project.

"**Excluded Subsidiary**" means any Subsidiary of the Company:

(a) which is Melco PBL (Macau Peninsula) Developments Limited or Melco PBL (Macau Peninsula) Hotel Limited or which becomes a Subsidiary of such Obligor after the date of this Agreement;

(b) which has been designated as such by the Company by written notice to the Agent;

(c) which is a company or corporation incorporated in the Macau SAR or any other jurisdiction reasonably acceptable to the Agent with limited liability;

(d) whose assets and business form no part of nor are in any way necessary to ensure the full benefit of any Project or the Mocha Slot Business to the Group;

(e) which has no right, claim, interest or recourse of any kind (whether present or future, actual or contingent, direct or indirect) in or against any Project, the Mocha Slot Business, any of the Transaction Security or any of the Obligors (other than, solely in respect of the Company, under a Lease Agreement entered into in accordance with the Finance Documents); and

(f) none of whose liabilities or other obligations of any kind (whether present or future, actual or contingent, direct or indirect) or the beneficiaries or claimants thereof benefit from or involve in any way any such right, claim, interest or recourse (including any obligation to subscribe for Capital Stock, provide loans or otherwise incur Financial Indebtedness (other than, solely in respect of any such liabilities and obligations of the Company, any such right, claim, interest or recourse against the Company under a Lease Agreement entered into in accordance with the Finance Documents.

"**Facility**" means a Term Loan Facility or the Revolving Credit Facility.

"**Facility A**" means the term loan facility made available under this Agreement as described in paragraph (a) of Clause 2.1 (*The Facilities*).

"**Facility A Commitment**" means:

(a) in relation to an Original Lender, the aggregate of the amounts in the Base Currency set opposite its name under the heading "Facility A Commitment" in Part A of Schedule 1 (*Original Parties*) and the amount of any other Facility A Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount in the Base Currency of any Facility A Commitment transferred to it under this Agreement.

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Facility A General Project Tranche**" means that portion of Facility A made available to fund Project Costs under this Agreement as described in Clause 2.1(a)(i) (*The Facilities*).

"**Facility A Lender**" means:

(a) a lender identified as such in Part A of Schedule 1 (*Original Parties*); or

(b) any person, bank, financial institution, trust, fund or other entity which has become a Party as a Lender under Facility A in accordance with Clause 23 (*Changes To The Lenders*),

which, in each case, has not ceased to be a Party in accordance with the terms of this Agreement.

"**Facility A Loan**" means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

"**Facility A Non-Gaming Tranche**" means that portion of Facility A made available for non-gaming purposes under this Agreement as described in Clause 2.1(a)(ii) (*The Facilities*).

"**Facility Office**" means:

(a) in respect of a Lender, the office or offices notified by that Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement; or

(b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

"**Fee Letter**" means the Arrangement Fee Letter dated on or about the date of this Agreement between, amongst others, the Arrangers and the Company, and any letter or letters dated on or about the date of this Agreement between the Arrangers and the Company (or the Agent and the Company or the Security Agent and the Company) setting out, amongst other things, any of the fees referred to in Clause 13 (*Fees*).

"**Final Completion**" shall occur, in relation to a Project, when the following conditions are satisfied:

(a) Construction Completion has occurred;

(b) the Project Works as a whole, including any Punch List Items and any outstanding furnishing, fit out or other work of any kind, has been completed;

(c) the Project has been fully taken over and occupied by the Project Company;

(d) any Liquidated Damages and other amounts due from the Construction Contractor have been paid or allowed;

(e) all Project Costs have been paid;

(f) all Contractor construction equipment and supplies, including any residual materials, have been removed from the Site (other than those in use for the purpose of discharging any Contractor obligation to remedy defects);

(g) the Construction Contractor has certified the release of all Contractor, workmen's, supplier or similar liens or claims in respect of the Project Works; and

(h) any certificate of final completion has been issued in accordance with the Construction Contract.

"**Final Completion Date**" means, in relation to a Project, the date on which Final Completion of that Project occurs.

"**Final Repayment Date**" means:

(a) in relation to the Term Loan Facility, the seventh anniversary of the date of this Agreement; and

(b) in relation to the Revolving Credit Facility, the fifth anniversary of the date of this Agreement or, if earlier, the date of repayment, prepayment or cancellation in full of the Term Loan Facility.

"**Finance Document**" means:

(a) this Agreement;

(b) any Accession Letter;

(c) any Compliance Certificate;

(d) any Fee Letter;

(e) the Hedging Letter;

(f) any Hedging Agreement;

(g) any Selection Notice;

(h) any Sponsor Group Shareholder's Undertaking;

(i) the Subordination Deed;

(j) the Deed of Priority;

(k) the Deed of Appointment;

(l) any Transaction Security Document;

(m) any Transfer Certificate and Lender Accession Undertaking, Assignment Agreement and Lender Accession Undertaking or Hedge Counterparty Accession Undertaking;

(n) any Utilisation Request; and

(o) any other document designated as a "Finance Document" by the Agent and the Company.

"**Finance Party**" means the Agent, the Arrangers, the Security Agent, a Lender or a Hedge Counterparty.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) monies borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value as at the relevant date on which Financial Indebtedness is calculated (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);

(g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;

(i) any arrangement pursuant to which an asset sold or otherwise disposed of by that person may be re-acquired by a member of the Group (whether following the exercise of an option or otherwise);

(j) any amount raised by the issue of redeemable shares;

(k) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and

(l) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (k) above.

"**Financial Model**" means the financial model in connection with the Projects, as initialled on or about the date of this Agreement by the Agent and the Company for the purposes of identification.

"**Financial Quarter**" has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**Financial Year**" has the meaning given to that term in paragraph 2.1 of Schedule 6 (*Covenants*).

"**First Repayment Date**" means, in relation to the Term Loan Facility, the date which is thirty six months from the date of this Agreement.

"**Forecast Funding Shortfall**" means, at any time, the amount, if any, by which all Remaining Costs exceed Available Funding.

"**GAAP**" means, in respect of MPBL Entertainment, the Company and other members of the Group, generally accepted accounting principles in the United States of America as in effect from time to time.

"**Gaming Market Adviser**" means The Innovation Group as the gaming market adviser for the Finance Parties appointed pursuant to the engagement letter dated 12 March 2007.

"**Gaming Market Report**" means the report by the Gaming Advisor dated May 2007, together with any supplements thereto, addressed to and capable of being relied upon by the Finance Parties.

"**Governmental Authority**" means, as to any person, the government of the Macau SAR, any other national, state, provincial or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, in each case having jurisdiction over such person, or any arbitrator with authority to bind such person at law.

"**Grantor**" means:

(a) other than an Obligor, each person that has granted Security under any Transaction Security Document;

(b) each Sponsor Group Shareholder;

(c) the Subconcession Bank Guarantor

(d) each Subordinated Creditor; and

(e) each Direct Insurer.

"**Group**" means Melco PBL Nominee One Limited, Melco PBL Nominee Two Limited, Melco PBL Nominee Three Limited, Melco PBL Investments Limited, Melco PBL Gaming (Macau) Limited and each of its Subsidiaries for the time being (other than any Excluded Subsidiary).

"**Group Budget**" means the Group Budget delivered to the Agent pursuant to paragraph 15(e) of Part A of Schedule 2 (*Conditions Precedent*) and referred to in paragraph 1.5 of Schedule 6 (*Covenants*), each substantially in the form set out in Schedule 17 (*Form of Group Budget*).

"**Guarantor**" means an Original Guarantor or an Additional Guarantor.

"**Hedge Counterparty**" means a counterparty to a Hedging Agreement which has become a Party to this Agreement and a party to the Deed of Appointment in accordance with the Hedging Letter, Schedule 15 (*Hedging Arrangements*), Clause 23.9 (*Hedge Counterparties and Additional Arranger)* and the provisions of the Deed of Appointment.

"**Hedge Counterparty Accession Undertaking**" means a deed substantially in the form set out in Part B of Schedule 15 (*Hedging Arrangements*) or any other form acceptable to the Agent.

"**Hedge Voting Right Event**" means, in relation to a Hedge Counterparty, the occurrence and continuation of each of the following events:

(a) the serving of a notice by the Agent pursuant to Clause 22.1(b) (*Acceleration*); and

(b) any amount due is unpaid (other than default interest) under the Hedging Agreement to which such Hedge Counterparty is party following its early termination in accordance with Schedule 15 (*Hedging Arrangements*).

"**Hedging Agreement**" means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by a Borrower and a Hedge Counterparty for the purpose of hedging interest rate liabilities and/or any exchange rate risks in relation to the Facilities in accordance with the Hedging Letter delivered to the Agent under paragraph 2(i) of Part A of Schedule 2 (*Conditions Precedent*) and in accordance with Schedule 15 (*Hedging Arrangements*).

"**Hedging Letter**" means the hedging letter entered into or to be entered into on or about the date hereof between the Company and the Arrangers.

"**HIBOR**" means, in relation to any Loan denominated in HK dollars:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for HK dollars or the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the Hong Kong interbank market,

at or about 11:00 a.m. (Hong Kong time) on the Quotation Day for the offering of deposits in HK dollars for a period comparable to the Interest Period for that Loan.

"**HKD**" or "**HK dollars**" denotes the lawful currency of the Hong Kong SAR.

"**Holdco**" means each of Melco PBL Nominee One Limited, Melco PBL Nominee Two Limited and Melco PBL Nominee Three Limited.

"**Holding Account**" means an account:

(a) held in Macau SAR or Hong Kong SAR by a member of the Group with the Agent or Security Agent;

(b) identified in a letter between the Company and the Agent as a Holding Account; and

(c) subject to Security in favour of the Security Agent which Security is in form and substance satisfactory to the Agent and the Security Agent,

as the same may be redesignated, substituted or replaced from time to time.

"**Holding Company**" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"**Hong Kong SAR**" means the Hong Kong Special Administrative Region.

"**Hotel Management Agreement**" means a hotel management agreement entered into by a Project Company or a Project Operating Company with a person for the operation and management of any hotel in connection with a Project (including Hyatt of Macau in the case of the City of Dreams Project).

"**Hotel Market Adviser**" means:

(a) HVS International as the hotel market adviser for the Finance Parties appointed pursuant to the engagement letter dated 3 April 2007; or

(b) the hotel market adviser appointed by the Agent and, unless an Event of Default has occurred and is continuing, approved by the Company (such approval not to be unreasonably withheld or delayed), to advise the Finance Parties as and when required in respect of any of the Projects or the Group's other Permitted Businesses.

"**Hotel Market Report**" means the report by the Hotel Market Adviser dated 9 May 2007, together with any supplements thereto, addressed to and capable of being relied upon by the Finance Parties.

"**Information Memorandum**" means each document so entitled and any supplement thereto in the form approved by the Company concerning the Permitted Businesses, the Projects, the Sponsor Group Shareholders, the Obligors and their Subsidiaries which, at the request of the Company and on its behalf, is to be prepared in relation to the transactions contemplated herein and in the other Finance Documents, approved by the Company and distributed by the Arrangers prior to the Syndication Date in connection with the syndication of the Facilities.

"**Information Package**" means the Reports and the Financial Model.

"**Insurance**" means a Direct Insurance or a Reinsurance.

"**Insurance Adviser**" means, as the case may be:

(a) Jardine Lloyd Thompson as the insurance adviser for the Finance Parties appointed pursuant to the engagement letter dated 6 June 2007; or

(b) the insurance adviser appointed by the Agent and, unless an Event of Default has occurred and is continuing, approved by the Company (such approval not to be unreasonably withheld or delayed), to advise the Finance Parties as and when required in respect of any of the Projects or the Group's other Permitted Businesses.

"**Insurance Broker's Letter of Undertaking**" means a letter of undertaking in substantially the form set out in Appendix 5 to Schedule 8 (*Insurance*) or in such other form as may be approved by the Agent acting in consultation with the Insurance Adviser, such approval not to be unreasonably withheld.

"**Insurance Proceeds Account**" means the Mandatory Prepayment Account or Holding Account into which Insurance Proceeds or, as the case may be, Excluded Insurance Proceeds are required to be paid pursuant to Schedule 4 (*Mandatory Prepayment*).

"**Insurance Requirements**" means all material terms of any insurance policy required pursuant to the Finance Documents for the construction and operational phases for each Project and the Group's other Permitted Businesses based on the recommendations of the Insurance Adviser (including Schedule 8 (*Insurance*)).

"**Insurance Reports**" means the insurance report prepared by the Insurance Adviser and dated on or about the date of this Agreement and the insurance report prepared by the Insurance Adviser after the date of this Agreement in relation to the City of Dreams Project, together with any supplements thereto, addressed to and capable of being relied upon by the Finance Parties.

"**Insurer**" means a Direct Insurer or a Reinsurer.

"**Insurer Notices and Acknowledgements**" means the notices and acknowledgements to be delivered to and executed by each Insurer and Reinsurer in accordance with the Transaction Security Documents (including those referred to in paragraphs 2.3.2 and 2.4.2 of Schedule 8 (*Insurance*)).

"**Intellectual Property**" means:

(a) any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered; and

(b) the benefit of all applications and rights to use any such assets referred to in paragraph (a) above,

of each member of the Group.

"**Interest Payment Date**" means each date on which an Interest Period ends.

"**Interest Period**" means, in relation to a Loan, each period determined in accordance with Clause 11 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 10.3 (*Default interest*).

"**IPO**" means the initial primary offering to the public of ordinary shares in MPBL Entertainment and the listing thereof on the NASDAQ Stock Market.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Land Concession**" means in relation to:

(a) the Crown Macau Project, the land concession between the Macau SAR and the Crown Macau Project Company dated 20 February 2006 which forms an integral part of Dispatch number 20/2006; and

(b) the City of Dreams Project, the land concession to be made between the Macau SAR and the City of Dreams Project Company pursuant to a request for the grant of a plot of land pursuant to which the City of Dreams Project Company will be granted a lease by the Macau SAR of a plot of land with an area of 113,325 sq. meters located in Taipa, near the Estrada do Istmo, in the Zona de Aterro entre Taipa e Coloane, marked with letter "A" and "B" in plan no. 6328/2005 issued by the Cartography and Cadastre Bureau.

"**Land Concession Direct Agreement**" means the agreement relating to security in the agreed form to be entered into between the Macau S.A.R., the Company, Melco PBL (Crown Macau) Developments Limited, Melco PBL (COD) Developments Limited and the Security Agent.

"**Lease Agreement**" means an agreement between the Company and the developer and owner of an Excluded Project in connection with the leasing (including by way of Occupational Lease), operation and management of a casino or gaming area by the Company in such Excluded Project and which sets out in full the terms of the arrangements between them in respect of such casino or gaming area, including the terms of the Company's lease of such premises and the obligations required to be assumed by the owner and developer (including those specified in the Finance Documents), and includes the New Cotai Agreement and any other agreement or arrangement in substantially the same terms referred to in paragraph (b) of the definition of "Excluded Project".

"**Legal Opinion**" means any legal opinion delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or Clause 24 (*Changes To The Obligors*).

"**Legal Requirements**" means all laws, statutes, orders, decrees, injunctions, licenses, permits, approvals, agreements and regulations of any Governmental Authority having jurisdiction over the matter in question.

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under statutes of limitation;

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction;

(d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**Lender**" means a Facility A Lender or Revolving Credit Facility Lender.

"**LIBOR**" means, in relation to any Loan denominated in US dollars:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for US dollars or the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

as of 11:00 a.m. (London time) on the Quotation Day for the offering of deposits in US dollars for a period comparable to the Interest Period for that Loan.

"**Line Item**" means, in relation to a Project, each of the following line item categories of costs:

(a) Construction Costs:

  (i) Base construction;

  (ii) Preliminaries;

  (iii) Insurance;

  (iv) Contingency;

  (v) Inflation;

  (vi) Contractor's Fee;

(b) Other Project Costs:

  (i) ELV;

  (ii) Bubble and Special Effects;

  (iii) FF&E and mock-ups;

  (iv) Consultants' Fees;

(c) Land Cost;

(d) Pre-Opening Expenses; and

(e) Sponsor and Developer Costs.

"**Liquidated Damages**" means any liquidated damages paid by any party (other than an Obligor) pursuant to any obligation, default or breach under the Project Documents (other than any Termination Proceeds), in each case net of any Taxes, costs and expenses incurred by any Obligor or its agents pursuant to arm's length transactions in connection with the collection, adjustment or settlement thereof.

"**Loan**" means a Facility A Loan or Revolving Credit Facility Loan.

"**Loss Proceeds**" means all amounts and proceeds in respect of any Event of Loss, including proceeds of any Insurance required to be maintained by a Relevant Obligor under this Agreement, less any Taxes, costs and expenses incurred by any Obligor or its agents pursuant to arm's length transactions in connection with the collection, adjustment or settlement thereof.

"**Macau Gaming Laws**" means Law No. 16/2001 and Administrative Regulation No. 26/2001, as amended from time to time, and other laws promulgated by any Governmental Authority of the Macau SAR and applying to gaming operations in the Macau SAR.

"**Macau SAR**" means the Macau Special Administrative Region.

"**Major Construction Contract**" means any Construction Contract:

(a) under which the total contract price payable by a Project Company, Relevant Obligor or City of Dreams Construction Manager (or expected aggregate amount in the case of "cost plus" contracts) or which may otherwise involve liabilities, actual or contingent, incurred by the Project Company, Relevant Obligor or City of Dreams Construction Manager, in an amount in excess of HKD100,000,000; or

(b) which the Technical Adviser reasonably determines forms part of a critical works program or is otherwise material for the purposes of the Group Budget or Schedule.

"**Major Project Document**" means:

(a) the Subconcession;

(b) the Subconcession Bank Guarantee Facility Agreement;

(c) the Subconcession Bank Guarantee;

(d) each Lease Agreement;

(e) each Land Concession;

(f) any licence or other agreement or arrangement for the use or grant of any interest in any Intellectual Property to which any Relevant Obligor is party;

(g) each Major Construction Contract;

(h) each Construction Contractor's Completion Guarantee;

(i) each Construction Contractor's Performance Bond;

(j) each Hotel Management Agreement;

(k) the Reorganisation Agreements;

(l) the New Cotai Agreement;

(m) the Shareholders Agreement;

(n) each Occupational Lease which involves amounts of rent or other liabilities, actual or contingent, incurred by or payable to a Relevant Obligor in an amount or of a value in excess of an Optional Currency Amount of HKD100,000,000 or its equivalent, including any Mocha Lease and any other Occupational Lease granted to the Company over any Project premises used or proposed to be used for gaming operations (including any premises classified as casino or gaming areas under Article 9 of the Subconcession); and

(o) any other document with a total contract price payable by an Obligor (or expected aggregate amount to be paid by a Relevant Obligor in the case of "cost plus" contracts) or which may otherwise involve liabilities, actual or contingent, incurred by or payable to a Relevant Obligor or a grant or disposal of a property interest, in each case in an amount or of a value in excess of an Optional Currency Amount of HKD100,000,000 or its equivalent,

each as the same may be amended from time to time in accordance with the terms and conditions of this Agreement and thereof.

"**Major Project Participants**" means:

(a) each Relevant Obligor;

(b) the Macau SAR; and

(c) each other Person who is party to a Major Project Document except for parties to the New Cotai Agreement and parties to other agreements similar to the New Cotai Agreement referred to in paragraph (b) of the definition of "Excluded Project" and Wynn Macau in its capacity as a party to the Subconcession.

"**Majority Lenders**" means a Lender or Lenders (and, after the occurrence and continuation of a Hedging Voting Right Event in relation to any Hedging Counterparty, that Hedging Counterparty) who hold in aggregate more than 50% of the Voting Entitlements of all such Finance Parties.

"**Managing Director**" means Mr. Lawrence Yau Lung Ho.

"**Mandatory Prepayment Account**" means any of the Accounts so designated in Schedule 7 (*Accounts*).

"**Margin**" means, in relation to any Loan or Unpaid Sum, 2.75 per cent. per annum but if:

(a) Practical Completion and satisfaction of the Opening Conditions in respect of City of Dreams Phase I has been achieved, it shall, with effect from the first full Quarter Date falling on the date that is 6 months therefrom, be 2.50 per cent. per annum; and

(b) no Event of Default or (save where the Lenders are satisfied, acting reasonably, that the Default will either be cured or otherwise not become an Event of Default within any applicable grace or cure period (if any) and the Obligors are acting diligently to make such cure) Default has occurred and is continuing (in which case the margin will revert to 2.50%) and provision for retrospective increase where any calculation made by reference to unaudited accounts is not justified by subsequent audited accounts, adjustments to the margin will take effect from the first full Quarter Date falling on the date that is 6 months after Practical Completion and satisfaction of the Opening Conditions in respect of City of Dreams Phase I or, as the case may be, the date of receipt by the Agent of the relevant quarterly compliance certificate; and

(c) thereafter, Leverage (determined, in the case of each Relevant Period which ends less than one full Financial Quarter after Practical Completion and satisfaction of the Opening Conditions in respect of the City of Dreams Project, on the basis that the Facilities are fully drawn) in respect of the most recently completed Relevant Period is within a range set out below,

then the Margin will be the percentage per annum set out below opposite that range:

Leverage	Margin
Equal to or less than 4.5:1 but greater than 4.0:1	2.00%
Equal to or less than 4.0:1 but equal to or greater than 3.0:1	1.75%
Less than 3.0:1	1.50%

and **provided that**:

(i) any increase or decrease in the Margin for a Loan shall take effect on the date (the "**reset date**") which is the first day of the next Interest Period for that Loan following receipt by the Agent of the Compliance Certificate for that Relevant Period pursuant to paragraph 1.3 of Schedule 6 (*Covenants*);

(ii) if, following receipt by the Agent of the annual audited financial statements of the Group and related Compliance Certificate, those statements and Compliance Certificate do not confirm the basis for a reduced Margin, then the provisions

of Clause 10.2 (*Payment of interest*) shall apply and the Margin for that Loan shall be the percentage per annum determined using the table above and the revised Leverage calculated using the figures in the Compliance Certificate; and

(iii) for the purpose of determining the Margin, Leverage and Relevant Period shall be determined in accordance with paragraph 2 of Schedule 6 (*Covenants*).

"**Material Adverse Effect**" means a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole; or

(b) the ability of an Obligor to perform its obligations under the Finance Documents to which it is a party; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

"**Melco**" means Melco International Development Limited.

"**Mocha Lease**" means any Occupational Lease entered into in connection with the Mocha Slot Business;

"**Mocha Slot Business**" means the Mocha Slot electronic gaming machine lounge business carried on at the date hereof by the Company and previously carried on by the Mocha Slot Group.

"**Mocha Slot Group**" means Mocha Slot Group Limited, Mocha Slot Management Limited and Mocha Café Limited.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above rules will only apply to the last Month of any period. "**Monthly**" shall be construed accordingly.

"**Monthly Construction Period Report**" has the meaning given in paragraph 1.7(c) of Schedule 6 (*Covenants*).

"**Monthly Construction Progress Report**" means each of any regular construction progress reports required to be prepared by the Construction Contractor under any Construction Contract.

"**Moody's**" means Moody's Investors Service, Inc or its successor.

"**MPBL Entertainment**" means Melco PBL Entertainment (Macau) Limited.

"**MPBL Investments**" means MPBL Investments Limited.

"**New Cotai Agreement**" means the services and the rights to use agreement dated 11 May 2007 between, amongst others, the Company and New Cotai Entertainment (Macau) Limited.

"**Notice to Proceed**" means a notice, issued by a Project Company in accordance with a Construction Contract, requiring the Construction Contractor thereunder to proceed with Project Works.

"**Notional Amount**", in relation to a Hedging Agreement, has the meaning given in paragraph 9 of Part A of Schedule 15 (*Hedging Arrangements*).

"**Obligor**" means a Borrower, a Guarantor or the Managing Director.

"**Obligors' Agent**" means the Company, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.3 (*Obligors' Agent*).

"**Occupational Lease**" means any lease, sub-lease, licence, tenancy or right to occupy or use (or any agreement for the grant of any of the foregoing) to which a Relevant Obligor's interest in a Property may be subject from time to time or which may be granted to a Relevant Obligor.

"**Onshore Security Documents**" means any Transaction Security Document governed by or expressed to be governed by Macau SAR law.

"**Opening Conditions**" means, collectively, in relation to a Project or part thereof the following:

(a) the Agent shall have received from the Project Company a certificate, substantially in the form set out in Schedule 21 (*Forms of Opening Conditions Certificates*), pursuant to which the Project Company certifies that:

  (i) furnishings, fixtures and equipment necessary to use and occupy the various portions of the Project or the relevant part thereof for their intended uses shall have been installed and shall be operational;

  (ii) the Project Certificates of Occupancy shall have been issued, each area of the Project or part thereof in which any operation of casino games of chance or other forms of gaming will be carried out shall to the extent required have been classified as a casino or gaming zone in accordance with article 9 of the Subconcession and (other than any Permit made or issued by or with a Governmental Authority the failure of which to obtain could not reasonably be

expected to affect the operations of the Project or relevant part thereof, in any material respect) each other Permit made or issued by or with a Governmental Authority required under applicable Legal Requirements to be obtained prior to the Opening Date shall have been obtained;

(iii) the Project or part thereof shall be fully open for business to the general public and at least, notwithstanding the foregoing, in the case of City of Dreams Phase I, 80% of the floor space comprised in City of Dreams Phase I shall have been occupied and open to the general public (save for facilities which by their nature are not open to the general public in the ordinary course of business but are operating) and, in the case of the City of Dreams Project as a whole, at least 100% of the floor space comprised in City of Dreams Phase I and 80% of the floor space comprised in the remainder of the City of Dreams Project shall have been occupied and open to the general public (save for facilities which by their nature are not open to the general public in the ordinary course of business but are operating);

(iv) any remaining work shall be such that it will not materially affect the operation of the Project or such part;

(v) the failure to complete the remaining work will not materially affect the operation of the Project or such part; and

(vi) the Project Company shall have available a fully trained staff to operate the Project or such part; and

(b) the Agent shall have received from the Technical Adviser a certificate, substantially in the form set out in Schedule 21 (*Forms of Opening Conditions Certificates*) in respect of the Project or such part.

"**Opening Date**" means, in relation to a Project or the relevant part thereof, the date on which all the Project Certificates of Occupancy for that Project or the relevant part thereof have been issued.

"**Operating Period Insurances**" means, in relation to a Project or any Obligor the insurances listed in Appendix 1 to Schedule 8 (*Insurance*) and effected in accordance with the terms of Schedule 8 (*Insurance*).

"**Optional Currency**" means HK dollars.

"**Original Financial Statements**" means the audited consolidated financial statements for the financial year ended 31 December 2006 and the unaudited consolidated financial statements for the financial half year ended 30 June 2007 of MPBL Entertainment.

"**Original Obligor**" means the Original Borrower, an Original Guarantor or the Managing Director.

"**Party**" means a party to this Agreement.

"**Parent**" means Melco PBL Nominee One Limited.

"**Patacas**" or "**MOP**" denotes the lawful currency of the Macau SAR.

"**Payment and Performance Bond**" means any payment or performance bond delivered under any Major Project Document in favour of a Project Company and supporting the Contractor's obligations under any such Major Project Document (including any relevant Construction Contractor's Completion Guarantee and Construction Contractor's Performance Bond).

"**PBL**" means Publishing and Broadcasting Limited.

"**PBL Assurance**" means the deed of assurance in the agreed form to be granted by PBL in favour of the Finance Parties.

"**Permits**" means all approvals, licences, consents, permits, Authorisations, registrations and filings, necessary in connection with the execution, delivery, completion, implementation, perfection or performance, admission into evidence or enforcement of the Transaction Documents and the Reorganisation on the terms thereof and all material approvals, licences, consents, permits, Authorisations, registrations and filings required for the design, development, construction, ownership, maintenance, operation or management of the Projects and Permitted Businesses as contemplated under the Transaction Documents, including those listed in Schedule 16 (*Permits*).

"**Permitted Acquisition**" means:

(a) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal;

(b) an acquisition of shares pursuant to a Permitted Share Issue;

(c) an acquisition of fully paid shares in an Excluded Subsidiary subscribed for using the proceeds of Equity or any other amounts which would otherwise be available for distribution as a Permitted Distribution pursuant to paragraph (b) of the definition thereof and which, in each case, is neither comprised or included in Base Equity or Available Funding nor required for any other purposes under the Finance Documents;

(d) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments become subject to the Transaction Security as soon as is reasonably practicable; and

(e) the incorporation of a company in the Macau S.A.R. or other jurisdiction acceptable to the Agent with limited liability which on incorporation becomes:

  (i) an Excluded Subsidiary; or

  (ii) a member of the Group, but only if that company is or becomes an Additional Obligor for the purposes of carrying out all or any part of a Project or the Mocha Slot Business and the shares in, and assets of, which become subject to Security in form and substance satisfactory to the Agent within 30 days of incorporation.

"**Permitted Businesses**" means:

(a) the Mocha Slot Business;

(b) each Project; and

(c) the operation and management of casinos pursuant to Lease Agreements in respect of Excluded Projects.

"**Permitted Disposal**" means any sale, lease, licence, transfer or other disposal (each of the foregoing a "**Disposal**"), which is on arm's length terms and for fair market value:

(a) comprised in the grant of any lease, licence or right to occupy or equivalent interest made by the Crown Macau Project Operating Company or the City of Dreams Project Operating Company or any Subsidiary (which is an Obligor) of a Project Company or a Project Operating Company in respect of that Project in the ordinary course of trading of the disposing entity with respect to any part of any Real Property of the disposing entity including, without limitation, in respect of restaurants, retail outlets, hotel rooms or other facilities;

(b) of trading stock, inventory or cash made by any member of the Group in the ordinary course of trading of the disposing entity;

(c) of obsolete or redundant vehicles, plant, tools, equipment, fittings, furnishings, utensils or other assets used in the ordinary course of trading for cash or in exchange for replacement assets comparable or superior as to type, value or quality subject, in the case of exchange or replacement, to equivalent security to that being given over such assets being provided over such exchanged or replaced assets;

(d) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments subject to equivalent security to that being given over such assets being provided in the case of exchange for Cash Equivalent Investments;

(e) of cash or non-cash prizes and other complimentary items by the Company, the Crown Macau Project Operating Company or the City of Dreams Project Operating Company in the ordinary course of trading for customers or patrons customary in the Permitted Business activities of the type conducted by that person;

(f) of the registered strata title to any casino in either of the Crown Macau Project or the City of Dreams Project by the relevant Project Company to the Company in accordance with or, as the case may be, after an amendment is made to and in accordance with, the relevant Land Concession to permit the registration of strata title and any such Disposal and subject to complying with the Subconcession and all other Legal Requirements, and the granting of Security in favour of, and in form and substance reasonably satisfactory to, the Security Agent, in respect thereof;

(g) arising as a result of any Permitted Security, Permitted Payment or Permitted Distribution or (subject to the provisions of Schedule 9 (*Events of Default*)) in connection with an Event of Eminent Domain;

(h) of any moneys by the Company comprising gaming receipts or any share thereof to which, in either case, the Company is not exclusively entitled derived from the operation by it of a casino pursuant to the terms of the New Cotai Agreement into accounts not held by any Obligor in accordance with the terms set out in the New Cotai Agreement;

(i) of such portion of the Real Property of the City of Dreams Project Company comprised in the City of Dreams Project on which, if it is proposed to construct the apartment hotel tower contemplated by the Construction Management Contract, such tower is to be constructed (including such relevant portion of the podium as is comprised in the apartment hotel tower), such Disposal is to be for fair market value and subject always to the Agent being reasonably satisfied, after taking account of the terms upon which it is to be made and the amount of any Disposal Proceeds, that neither any such Disposal nor the construction and development of the apartment hotel tower will in any material way adversely affect either the City of Dreams Project or any interest of the Finance Parties therein;

(j) in addition to other Disposals permitted above, of assets at fair market value for valuable consideration in the ordinary course of trading not in excess of a Base Currency Amount of USD2,000,000 or its equivalent in any other currency or currencies in the aggregate in any Financial Year; and

(k) not falling within any of the above paragraphs but made with the prior written consent of the Agent such consent not to be unreasonably withheld or delayed (other than in respect of any assets subject to any fixed security created under any Transaction Security Document).

"**Permitted Distribution**" means:

(a) the payment of a dividend to the Company or any member of the Group;

(b) the payment of a dividend by the Parent **provided that**:

(i) such payment is made from Excess Cashflow within fifteen days after prepayment in respect thereof pursuant to paragraph 2(a)(viii) of Schedule 4 (*Mandatory Prepayment*) and not made more frequently than semi-annually in any Financial Year;

(ii) the provisions of paragraph 2 (*Financial Covenants)* of Schedule 6 (*Covenants*) are being (and, following such payment, would continue to be) complied with;

(iii) the Debt Service Reserve Account and Debt Service Accrual Accounts have been funded to the required level under the terms of this Agreement;

(iv) the first Repayment Instalment under the Term Loan Facility has been made; and

(v) no Event of Default or Default is continuing or is likely to occur as a result of making of any such payment.

"**Permitted Financial Indebtedness**" means Financial Indebtedness:

(a) arising under the Subconcession Bank Guarantee Facility Agreement or any Sponsor Group Loan, subject always to the terms of this Agreement, the Deed of Priority and the Subordination Deed;

(b) arising under a Permitted Loan or a Permitted Guarantee or as permitted by paragraph 3.30 (*Hedging and Treasury Transactions*) of Schedule 6 (*Covenants*);

(c) under finance or capital leases of vehicles, plant, equipment or computers, **provided that** the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed a Base Currency Amount of USD10,000,000 at any time; and

(d) not permitted by the preceding sub-paragraphs or as a Permitted Transaction and the outstanding amount of which does not exceed a Base Currency Amount of USD20,000,000 in aggregate for the Group at any time.

"**Permitted Guarantee**" means:

(a) any guarantee under or in respect of any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade **provided that** the aggregate amount of all such guarantees outstanding at any time does not exceed a Base Currency Amount of USD20,000,000;

(b) any guarantee permitted under paragraph 3.22 (*Financial Indebtedness*) of Schedule 6 (*Covenants*);

(c) any guarantee reimbursement obligations under the Subconcession Bank Guarantee Facility in an aggregate amount not exceeding MOP550,000,000;

(d) any guarantees for the arrangement of cash or deposit collateral for any Land Concession in an aggregate amount not exceeding MOP1,371,890; or

(e) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (b) of the definition of Permitted Security.

"**Permitted Loan**" means:

(a) any trade credit extended by any member of the Group to its customers (including patrons of any casino or gaming business comprised in a Project or the Mocha Slot Business) on normal commercial terms, in the ordinary course of its

trading activities and provided always that such extensions of credit comply with all applicable Legal Requirements (including any such Legal Requirements concerning money lending in any jurisdiction in which an Account is situate) in an aggregate amount not exceeding USD10,000,000;

(b) any loan made to an Obligor for the purposes of enabling an Obligor to meet its payment obligations under the Finance Documents;

(c) any other loan made by an Obligor to another Obligor;

(d) any loan made by an Obligor to an Excluded Subsidiary using the proceeds of Equity or any other amounts which would otherwise be available for distribution as a Permitted Distribution pursuant to paragraph (b) of the definition thereof and which, in each case, is neither comprised nor included in Base Equity or Available Funding nor required for any other purpose under the Finance Documents; or

(e) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by members of the Group does not exceed a Base Currency Amount of USD1,000,000 at any time.

"**Permitted Payment**" means:

(a) a scheduled payment of fees, commission or interest under the Subconcession Bank Guarantee Facility Agreement provided that such payment shall not exceed MOP10,000,000 per annum;

(b) a scheduled interest payment under any Sponsor Group Loan **provided that**:

(i) such payment is made from Excess Cashflow within fifteen days after prepayment in respect thereof pursuant to paragraph 2(a)(viii) of Schedule 4 (*Mandatory Prepayment*) and not made more frequently than semi-annually in any Financial Year;

(ii) the provisions of paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*) are being (and, following such payment, would continue to be) complied with;

(iii) the Debt Service Reserve Account and Debt Service Accrual Accounts have been funded to the required level under the terms of this Agreement;

(iv) the first Repayment Instalment under the Term Loan Facility has been made; and

(v) no Event of Default or Default is continuing or is likely to occur as a result of making of any such payment.

(c) a repayment of Sponsor Group Loans from the proceeds of Utilisations permitted to be applied for this purpose pursuant to Clause 3.1(a) (*Purpose*) **provided that** such Sponsor Group Loans were made and used (i) to meet City of Dreams Project

Costs after initial Utilisation under this Agreement and (ii) pending initial Utilisation under the City of Dreams Tranche.

"**Permitted Security**" means:

(a) any Security which is to be irrevocably discharged or released in full by an Obligor on the date of first Utilisation under this Agreement;

(b) any Transaction Security or Security permitted under the Finance Documents;

(c) any lien arising or subsisting by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;

(d) any netting or set-off arrangement entered into by any member of the Group with Citibank, N.A., Banco Nacional Ultramarino, S.A. or Bank of China, Macau Branch in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group but only so long as:

  (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of persons which are not Obligors; and

  (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of persons which are not Obligors;

(e) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group **provided that** the aggregate value of all assets subject to any such Security shall not exceed a Base Currency Amount of USD5,000,000;

(f) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;

(g) any Security or Quasi-Security arising as a consequence of any finance or capital lease permitted pursuant to paragraph (c) of the definition of "Permitted Financial Indebtedness";

(h) any Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under paragraphs (a) to (g) above) does not exceed a Base Currency Amount of USD5,000,000;

(i) any Security created in favour of a plaintiff or defendant in any proceedings as security for costs or expenses;

(j) any Security securing unpaid Taxes and arising by law but only if such unpaid taxes are contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets are available to pay the amount of those unpaid Taxes;

(k) any Security over goods, documents of title to goods and related documents and insurances and their proceeds to secure liabilities of any member of the Group in respect of a letter of credit, trust receipts, import loans or shipping guarantees issued or granted for all or part of the purchase price and costs of shipment, insurance and storage of goods acquired by a member of the Group in the ordinary course of trading;

(l) easements, rights-of-way, restrictions, encroachments, and other similar Security or Quasi-Security and other minor defects and irregularities in title, incurred in the ordinary course of trading;

(m) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Security arising in the ordinary course of trading for amounts which are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate measures;

(n) Security in favour of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods in the ordinary course of trading;

(o) any Security or deposits in connection with workers' compensation, unemployment insurance and other social security legislation of all applicable laws provided that such Security is contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets are available to discharge such Security;

(p) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of the Site and the Site Easements;

(q) any Security of cash collateral required in respect of Permitted Guarantees for Subconcession and Land Concession;

(r) any Security over any assets of the Company to the extent that it is acquired at the request of and funded by New Cotai (or any casino owner in respect of any arrangements if entered into by the Company on terms similar to the New Cotai Agreement and referred to in paragraph (b) of the definition of "Excluded Project") in favour of the lenders of New Cotai or such other casino owner referred to in this paragraph (r) securing obligations up to the value of such assets.

"**Permitted Share Issue**" means an issue of shares by a member of the Group which is a Subsidiary to its immediate Holding Company where (if the existing shares of the Subsidiary are the subject of Transaction Security) the newly-issued shares also become subject to Transaction Security on the same terms.

"**Permitted Transaction**" means:

(a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;

(b) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms;

(c) any payments for goods and services under a Service Agreement or Affiliate Agreement provided that any such payment is in an amount not exceeding the actual, arm's length cost or better of such goods and services paid by the supplier plus a margin of not more than five per cent; or

(d) any Permitted Share Issue.

"**Plans and Specifications**" means, in relation to a Project or part thereof, the plans, specifications, design documents, schematic drawings and related items for the design, architecture and construction of that Project provided to the Technical Adviser in accordance with paragraph 6 of Part A of Schedule 2 (*Conditions Precedent*) or paragraph 5 of Part B of Schedule 2 (*Conditions Precedent*) (as the case may be), each as may be amended in accordance with any variation permitted pursuant to paragraph 3.29 of Schedule 6 (*Covenants*).

"**Practical Completion**" means, in relation to a Project or part thereof, practical completion of the relevant Project Works or part thereof under the terms of the Construction Contract, which in the case of the City of Dreams Project shall be City of Dreams Construction Management Contract.

"**Practical Completion Date**" means, in relation to a Project or part thereof, the date upon which Practical Completion occurs.

"**Project**" means:

(a) the City of Dreams Project; or

(b) the Crown Macau Project.

"**Project Appraisal Report**" means the report by the Project Appraiser dated 9 May 2007, together with any supplements thereto, addressed to and capable of being relied upon by the Finance Parties.

"**Project Appraiser**" means:

(a) HVS International as the project appraiser for the Finance Parties appointed pursuant to the engagement letter dated 3 April 2007; or

(b) the project appraiser appointed by the Agent and, unless an Event of Default has occurred and is continuing, approved by the Company (such approval not to be unreasonably withheld or delayed), to advise the Finance Parties as and when required in respect of any of the Projects or the Group's other Permitted Businesses.

"**Project Certificates of Occupancy**" means, in relation to a Project or part thereof, the Licenças de Ocupação issued by the Macau SAR pursuant to applicable Legal Requirements for that Project or part.

"**Project Company**" means:

(a) in the case of the City of Dreams Project, Melco PBL (COD) Developments Limited; or

(b) in the case of the Crown Macau Project, Melco PBL (Crown Macau) Developments Limited.

"**Project Costs**" means, in respect of a Project or the relevant part thereof, all costs incurred, or to be incurred in accordance with the Group Budget therefor, which costs shall include, without double counting:

(a) all costs incurred under the Construction Contracts for that Project or the relevant part thereof;

(b) interest, commissions, fees and other finance payments payable under the Finance Documents prior to the Opening Date;

(c) fees payable under the Subconcession Bank Guarantee Facility thereof prior to the Opening Date;

(d) guarantee fees, legal fees and expenses, financial advisory fees and expenses, technical fees and expenses (including fees and expenses of the Advisers), commitment fees, management fees and corporate overhead agency fees (including fees and expenses of the Agent and the Security Agent), interest, Taxes (including value added tax) and other out-of-pocket expenses payable by the relevant Project Company under any documents related to the financing and administration of that Project or the relevant part thereof and in accordance with the Group Budget prior to the Opening Date;

(e) the costs of acquiring Permits for that Project or the relevant part thereof prior to the Opening Date;

(f) costs incurred in settling insurance claims in connection with Events of Loss in respect of the Project or relevant part thereof and collecting Loss Proceeds at any time prior to the Opening Date;

(g) working capital costs incurred for that Project or the relevant part thereof in accordance with the Pre-Opening Working Capital Line Item in the Group Budget prior to the Opening Date; and

(h) cash to collateralise Permitted Guarantees of the kind comprised in sub-paragraph (a) of the definition thereof in respect of the Project or relevant part thereof.

"**Project Documents**" means:

(a) each Major Project Document;

(b) each Payment and Performance Bond;

(c) each Affiliate Agreement; and

(d) any other contract with a total contract price payable by a Relevant Obligor (or expected aggregate amount to be paid by a Relevant Obligor in the case of "cost plus" contracts) or which may otherwise involve liabilities, actual or contingent, incurred by or payable to a Relevant Obligor or a grant or a disposal of a property interest, in each case in an amount in excess of a Base Currency Amount of USD2,500,000,

each as the same may be amended from time to time in accordance with the terms and conditions of this Agreement and thereof.

"**Project Operating Company**" means:

(a) in the case of the City of Dreams Project, Melco PBL (COD) Hotels Limited; or

(b) in the case of the Crown Macau Project, Melco PBL Hotel (Crown Macau) Limited.

"**Project Punchlist Items**" means, in relation to a Project or the relevant part thereof, minor or insubstantial details of construction or mechanical adjustment, the non-completion of which, when all such items are taken together, will not interfere in any material respect with the use or occupancy of the Project Site Facilities for their intended uses or the ability of the owner, lessee or licensee, as applicable, of any portion of the Site Facilities to perform work that is necessary or desirable to prepare such portion of the Site Facilities for such use or occupancy **provided that**, in all events, "Project Punchlist Items" shall include (to the extent not already completed), without limitation, the items set forth in any punch list to be delivered by the Project Company in connection with Practical Completion under the relevant Construction Contract.

"**Project Schedule**" means, in respect of the City of Dreams Project or the relevant part thereof, the schedule for completion of the Project referred to in paragraph 5(c) of Part B of Schedule 2 (*Conditions Precedent*) as updated from time to time in accordance with Schedule 2 (*Conditions Precedent*) or Schedule 6 (*Covenants*), each as in the agreed form.

"**Project Utilisation**" means a Facility A and/or Revolving Credit Facility Utilisation for the purposes of financing or refinancing Project Costs.

"**Project Works**" means the City of Dreams Project Works or, as the case may be, the Crown Macau Project Works.

"**Projections**" has the meaning given in paragraph 1.5 of Schedule 6 (*Covenants*).

"**Properties**" means the land described in the Land Concessions, and any other Real Property acquired by a Relevant Obligor after the date of this Agreement. A reference to a "**Property**" is a reference to any of the Properties.

"**Qualifying Lender**" has the meaning given to that term in Clause 14 (*Tax Gross-Up And Indemnities*).

"**Quarter Date**" means the last day of a Financial Quarter.

"**Quasi-Security**" has the meaning given to that term in paragraph 3.15 (*Negative pledge*) of Schedule 6 (*Covenants*).

"**Quotation Date**" means, in relation to any period for which an interest rate is to be determined, two London Business Days before the first day of that period for LIBOR and the first day of that Period for HIBOR.

"**RCF General Project Tranche**" means that portion of the Revolving Credit Facility made available to fund Project Costs under this Agreement as described in Clause 2.1(b)(i) (*The Facilities*).

"**RCF Non-Gaming Tranche**" means that portion of the Revolving Credit Facility made available for non gaming purposes under this Agreement as described in Clause 2.1(b)(ii) (*The Facilities*).

"**Real Property**" means:

(a) any freehold, leasehold or immovable property, including the land described in the Land Concessions and the Occupational Leases relating to the Mocha Slot Business, and

(b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property.

"**Receiver**" means a receiver, receiver and manager, administrative receiver or analogous person in any Relevant Jurisdiction of the whole or any part of the Charged Property.

"**Reference Banks**" means, in relation to LIBOR the principal London offices of Bank of America, N.A., Deutsche Bank, AG and UBS, AG, and, in relation to HIBOR, the principal office in Hong Kong of Bank of America, N.A., Deutsche Bank, AG and UBS, AG or such other banks as may be appointed by the Agent in consultation with the Company.

"**Reinsurance**" means any contract or policy of reinsurance from time to time required by paragraph 1.2 of Schedule 8 (*Insurance*) to be taken out or effected in respect of any Direct Insurance.

"**Reinsurance Broker's Letter of Undertaking**" means a letter of undertaking in substantially the form set out in Appendix 6 to Schedule 8 (*Insurance*) or in such other form as may be approved by the Agent acting in consultation with the Insurance Adviser, such approval not to be unreasonably withheld.

"**Reinsurer**" means an international reinsurer of good standing and responsibility with whom a Reinsurance is placed from time to time in accordance with Schedule 8 (*Insurance*).

"**Related Fund**", in relation to a fund (the "**first fund**"), means a fund which is managed or advised by the same investment manager or adviser or an Affiliate thereof as the first fund.

"**Relevant Date**" means the date falling 12 months after the date of this Agreement.

"**Relevant Interbank Market**" means the London interbank market or, in relation to the HK dollar, the Hong Kong interbank market.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

"**Relevant Obligors**" means the Obligors other than the Managing Director.

"**Relevant Period**" has the meaning given to that term in paragraph 2.1 (*Financial definitions*) of Schedule 6 (*Covenants*).

"**Remaining Costs**" means, at any given time (and without double counting), the sum of all Remaining Project Costs in respect of each Project at that time together with the sum of all the "Balance to Complete" amounts set forth in respect of the "Crown Macau Project expansion capex", "Mocha Slot Business expansion capex" and "Maintenance capex" items in the Group Budget (as in effect from time to time).

"**Remaining Project Costs**" means, in respect of a Project or a relevant part thereof, at any given time for that Project or part, the sum of all the "Balance to Complete" amounts set forth in respect of all Line Items in the Group Budget (as in effect from time to time) in respect of the Project or part.

"**Reorganisation**" means the reorganisation of the ownership structure of the Group, including in respect of the Holding Companies, the Project Companies and the Project Operating Companies and certain of their assets (including the Subconcession, the Projects and the Mocha Slot Business) as at the date hereof, including pursuant to the Reorganisation Agreements.

"**Reorganisation Agreements**" means the Transfer of Obligations Agreements between:

(a) the Company and Melco PBL (Crown Macau) Developments, Limited dated 27 June 2007; and

(b) the Company and Melco PBL (COD) Development, Limited, dated 30 June 2007.

"**Reorganisation Permits**" means all Macau SAR Government approvals in connection with the transactions effected or contemplated in connection with the Reorganisation, including under the Reorganisation Agreements.

"**Repayment Date**" means, in relation to the Term Loan Facility:

(a) the First Repayment Date for such Term Loan Facility; and

(b) each subsequent date falling three months thereafter.

"**Repayment Instalment**" means each instalment for repayment of the Loans under the Term Loan Facility referred to in Clause 6 (*Repayment*).

"**Repeating Representations**" means each of the representations set out in paragraphs 1 (*Status*) to 34 (*Affiliate Agreements*) (excluding paragraphs 10 (*No filing or stamp taxes*), 11 (*Deduction of Tax*), 14(a) to (f) (*No Misleading Information*), 15(c) (*Financial Statements*) and 22 (*Business*)) of Schedule 5 (*Representations and Warranties*).

"**Reports**" means the Environmental Report, the Gaming Market Report, the Hotel Market Report, the Insurance Reports, the Project Appraisal Report and the Technical Reports.

"**Retainage Amounts**" means, at any given time, amounts which have accrued and are owing to a Contractor under the terms of a Project Document for work or services already provided but which at such time (and in accordance with the terms of such Project Document) are being withheld from payment to the Contractor, until certain subsequent events (such as, for example, completion benchmarks) have been achieved under the Project Document.

"**Revenues**" means all Group income and receipts, including those derived from the ownership, operation or management of the Projects or any other Permitted Businesses, including payments received by any Relevant Obligor under any Project Document, net payments, if any, received under Hedging Agreements, Liquidated Damages, Insurance Proceeds, Eminent Domain Proceeds, together with any receipts derived from the sale or disposal of rights of any other property pertaining to the Projects or the Permitted Businesses or incidental to the operation or management of the Projects or the Permitted Businesses, all as determined in conformity with cash accounting principles, and the proceeds of any condemnation awards relating to any Project or the Permitted Businesses.

"**Revolving Credit Facility**" means the revolving credit facility made available pursuant to this Agreement as described in Clause 2.1(b) (*The Facilities*).

"**Revolving Credit Facility Commitment**" means:

(a) in relation to an Original Lender, the aggregate of the amounts in the Base Currency set opposite its name under the heading "Revolving Credit Facility Commitment" in Part B of Schedule 1 (*Original Parties*) and the amount of any other Revolving Credit Facility Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount in the Base Currency of any Revolving Credit Facility Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Revolving Credit Facility Lender**" means:

(a) a lender identified as such in Part B of Schedule 1 (*Original Parties*); or

(b) any person, bank, financial institution, trust, fund or other entity which has become a Party as a Lender under the Revolving Credit Facility in accordance with Clause 23 (*Changes To The Lenders*),

which, in each case, has not ceased to be a Party in accordance with the terms of this Agreement.

"**Revolving Credit Facility Loan**" means a loan made or to be made under Revolving Credit Facility or the principal amount outstanding for the time being of that loan.

"**Screen Rate**" means in relation to:

(a) LIBOR, the British Bankers' Association Interest Settlement Rate for US dollars for the relevant period, displayed on the appropriate page (being currently "LIBOR01") of the Reuters Monitor Money Rates Service screen; and

(b) HIBOR, the rate designated as "FIXING@11:00" (or any other designation which may from time to time replace that designation or, if no such designation appears, the arithmetic average (rounded upwards, to four decimal places) of the displayed rates for the relevant period) appearing under the heading "HONG KONG INTERBANK OFFERED RATES (HK DOLLAR)" on the Reuters Screen HIBOR1=R Page.

If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Lenders.

"**Secured Obligations**" has the meaning given in the Deed of Appointment.

"**Secured Parties**" has the meaning given in the Deed of Appointment.

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Selection Notice**" means a notice substantially in the form set out in Part C of Schedule 3 (*Requests*) given in accordance with Clause 11 (*Interest Periods*) in relation to a Facility.

"**Service Agreement**" means any of:

(a) the services agreement dated 1 January 2007 and made between Melco PBL Gaming (Macau) Limited and Melco PBL Services Limited;

(b) the services agreement dated 1 January 2007 and made between Melco PBL Hotel (Crown Macau) Limited (under its former name of Great Wonders Investments Limited) and Melco PBL Services Limited;

(c) the services agreement dated 1 January 2007 and made between Melco PBL (Crown Macau) Developments Limited and Melco PBL Services Limited;

(d) the services agreement dated 1 January 2007 and made between Melco PBL (COD) Developments Limited (under its former name Melco Hotels and Resorts (Macau) Limited) and Melco PBL Services Limited;

(e) the services agreement dated 29 May 2007 and made between Melco PBL (COD) Hotels Limited and Melco PBL Services Limited;

(f) the services agreement dated 1 January 2007 and made between Melco PBL Investments Limited and Melco PBL Services Limited;

(g) the services agreements dated 1 January 2007 and made between Melco PBL Entertainment (Macau) Limited and the Company;

(h) the services agreement dated 29 May 2007 and made between Melco PBL (Mocha) Services Limited and Melco PBL Services Limited;

(i) the services agreement dated 29 May 2007 and made between Melco PBL Services (Macau) Limited and Melco PBL Services Limited; and

any other agreement which a member of the Group may enter into from time to time with an Affiliate outside the Group for the supply of goods or services at the actual, arm's length cost or better to that Affiliate of such goods or services plus a margin of not more than five per cent.

"**Shareholders Agreement**" means the shareholders agreement dated 15 December 2006 between PBL Asia Limited, Melco PBL Investments Limited, Mr Lawrence Ho and the Company, and any amendment and restatement agreement thereto on terms and in form and substance satisfactory to the Agent.

"**Site**" means the City of Dreams Site or the Crown Macau Site.

"**Site Easements**" means, in relation to a Site and a Project, the easements appurtenant, easements in gross, licence agreements and other rights running for the benefit of the Project Company and/or appurtenant to the Site.

"**Site Facilities**" means, in relation to a Site and a Project,

(a) the Site; and

(b) the Project Works (whether completed or uncompleted).

"**Sponsor Group Loans**" means Financial Indebtedness advanced by one or more of the Sponsor Group Shareholders to a Relevant Obligor and that is subordinated in accordance with the terms provided by the Subordination Deed.

"**Sponsor Group Shareholder**" means any direct or indirect shareholder of the Parent which is a Sponsor, a Subsidiary of a Sponsor or which would be a Subsidiary of a Sponsor were the rights and interests of each Sponsor in respect thereof combined.

"**Sponsor Group Shareholder's Undertakings**" means the undertakings in the agreed form given by the Sponsor Group Shareholders in favour of the Finance Parties.

"**Sponsor Support Document**" means a Sponsor Group Shareholder's Undertaking or Sponsor's Letter of Credit.

"**Sponsor's Letter of Credit**" means each on demand or standby letter of credit to be maintained pursuant to the respective Sponsor Group Shareholder's Undertakings.

"**Sponsors**" means MPBL Entertainment, Melco and the Australian Sponsor and "**Sponsor**" means each of them.

"**Standard & Poor's**" or "**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or its successor.

"**Subconcession**" means the trilateral agreement dated 8 September 2006 entered into by and between Macau SAR, Wynn Resorts (Macau), S.A. ("**Wynn Macau**") (as concessionaire for the operation of casino games of chance and other casino games in the Macau SAR, under the terms of a concession contract dated 24th June 2002 between the Macau SAR and Wynn Macau) and the Company comprising a set of instruments from which shall flow an integrated web of rights, duties and obligations by and for all and each of the Macau SAR, Wynn Macau and the Company (the nominative administrative contract known as the subconcession contract for the operation of casino games of chance and other casino games in the Macau SAR, executed by Wynn Macau and the Company, to be the most significant instrument thereof), pursuant to the terms of which the Company shall be entitled to operate casino games of chance and other casino games in the Macau SAR as an autonomous subconcessionaire in relation to Wynn Macau, and including any supplemental letters or agreements entered into or issued by Macau SAR and any member of Group or MPEL.

"**Subconcession Bank Guarantee**" means the bank guarantee provided under article 61 of the Subconcession.

"**Subconcession Bank Guarantee Facility**" means the facility extended to the Company by the Subconcession Bank Guarantor in accordance with the terms of the Subconcession Bank Guarantee Facility Agreement for the issuance of the Subconcession Bank Guarantee.

"**Subconcession Bank Guarantee Facility Agreement**" means the agreement dated 6 September 2006 between the Subconcession Bank Guarantor and the Company.

"**Subconcession Bank Guarantor**" means Banco Nacional Ultramarino, S.A.

"**Subconcession Direct Agreement**" means the agreement relating to security (with the exclusion of land concession and immovable property) in the agreed form to be entered into between the Macau S.A.R., the Company and the Security Agent.

"**Subcontract**" means any subcontract or purchase order entered into with any Subcontractor.

"**Subcontractor**" means any direct or indirect subcontractor of any tier under any Project Document.

"**Subordinated Creditor**" has the meaning given to it in the Subordination Deed;

"**Subordinated Debt**" means Financial Indebtedness that is subordinated in accordance with the terms provided in respect thereof by the Subordination Deed.

"**Subordination Deed**" means the subordination deed in the agreed form to be entered into between, amongst others, the Agent, Security Agent, the Obligors and the Sponsor Group Shareholders.

"**Subsidiary**" means in relation to any company or corporation, a company or corporation:

(a) which is controlled, directly or indirectly, by the first mentioned company or corporation;

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Syndication Date**" means the day on which the Arrangers confirm that the general syndication of the Facilities has been completed.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Technical Adviser**" means, as the case may be:

(a) Franklin + Andrews (Hong Kong) Limited as the technical adviser for the Finance Parties; or

(b) the technical adviser appointed by the Agent and, unless an Event of Default has occurred and is continuing, approved by the Company (such approval not to be unreasonably withheld or delayed) to advise the Finance Parties as and when required in respect of any of the Projects or the Group's other Permitted Businesses.

"**Technical Adviser's Monthly Report**" means, in relation to a Project, a monthly status report, in form and substance acceptable to the Agent, delivered to the Agent on or before the 10th day of each calendar month up to and including the calendar month immediately following the Final Completion Date of the Project and describing in reasonable detail the progress of the construction of the Project, including reviews and assessments of the relevant Group Budget, the relevant Project Schedule and the relevant Monthly Construction Period Report and each of its attachments delivered during the preceding calendar month.

"**Technical Report**" means each report by the Technical Adviser dated on or about the date hereof, together with any supplements thereto, addressed to and capable of being relied upon by the Finance Parties.

"**Term Loan Facility**" means Facility A.

"**Termination Date**" means, in relation to a Facility, the Final Repayment Date therefor.

"**Termination Proceeds**" means compensation or other proceeds paid by the Macau SAR in relation to the termination, redemption or rescission of the Subconcession.

"**Total Commitments**" means the aggregate of the Total Facility A Commitments and the Total Revolving Credit Facility Commitments at the date of this Agreement.

"**Total Facility A Commitments**" means the aggregate of the Facility A Commitments, being a Base Currency Amount of USD1,500,000,000 at the date of this Agreement.

"**Total Revolving Credit Facility Commitments**" means the aggregate of the Revolving Facility Commitments, being a Base Currency Amount of USD250,000,000 at the date of this Agreement.

"**Trade Contractor**" means, in respect of a Project, any firm or company of trade contractors or suppliers appointed by a Construction Contractor or a Project Company for a Project.

"**Trade Professional**" means, in respect of a Project, any consultant with a design responsibility in respect of the Project appointed by a Construction Contractor or a Project Company for a Project.

"**Transaction Documents**" means:

(a) the Finance Documents;

(b) the Subconcession Bank Guarantee Facility Agreement;

(c) the Project Documents; and

(d) the Constitutional Documents of each Relevant Obligor.

"**Transaction Security**" means the Security created, evidenced or expressed to be created or evidenced pursuant to the Transaction Security Documents.

"**Transaction Security Documents**" means each of the documents listed as being a Transaction Security Document in paragraph 2(e) of Part A and paragraph 2(a) of Part B of Schedule 2 (*Conditions Precedent*) together with any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents.

"**Transfer Certificate and Lender Accession Undertaking**" means an agreement substantially in the form set out in Schedule 10 (*Form of Transfer Certificate and Lender Accession Undertaking*) or any other form agreed between the Agent and the Company.

"**Transfer Date**" means, in relation to an assignment or transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Assignment Agreement and Lender Accession Undertaking or Transfer Certificate and Lender Accession Undertaking; and

(b) the date on which the Agent executes the relevant Assignment Agreement and Lender Accession Undertaking or Transfer Certificate and Lender Accession Undertaking.

"**Treasury Transactions**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

"**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under the Finance Documents.

"**USD**" or "**US dollars**" denotes the lawful currency of the United States of America.

"**Utilisation**" means a Loan.

"**Utilisation Date**" means the date on which a Utilisation is made.

"**Utilisation Request**" means, in relation to any Utilisation in respect of the Crown Macau Tranche and under the Revolving Credit Facility, a notice substantially in the form set out in Part A of Schedule 3 (*Requests*) and, in relation to any Project Utilisation, a notice substantially in the form set out in Part B of Schedule 3 (*Requests*).

"**Voting Entitlement**" means, at any time:

(a) in relation to a Lender, the sum of the Base Currency Amounts of its participation in any outstanding Utilisations and its aggregate undrawn Available Commitments under the Facilities; and

(b) in relation to each Hedge Counterparty (after a Hedge Voting Right Event has occurred in relation to such Hedge Counterparty and is continuing), the Base Currency Amount of any amount due but unpaid (other than default interest) under the Hedging Agreement to which such Hedge Counterparty is party following its early termination in accordance with the Hedging Agreement.

"**Voting Stock**" means, with respect to any Person as of any date, the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

1.2 **Construction**

(a) Unless a contrary indication appears a reference in this Agreement to:

(i) the "**Agent**", an "**Arranger**", any "**Finance Party**", any "**Lender**", any "**Hedge Counterparty**", any "**Obligor**", any "**Party**", any "**Secured Party**", the "**Security Agent**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;

(ii) "**Barclays Capital**" means the investment banking division of Barclays Bank PLC;

(iii) a document in "**agreed form**" is a document which is in a form previously agreed in writing by or on behalf of the Company and the Agent or, if not so agreed, is in the form specified by the Agent;

(iv) "**assets**" includes present and future properties, revenues and rights of every description;

(v) a "**Finance Document**" or a "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended, replaced or restated (in each case, however fundamentally);

(vi) "**guarantee**" means (other than in Clause 19 (*Guarantee And Indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

(vii) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(viii) a "**person**" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) of two or more of the foregoing;

(ix) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(x) a provision of law is a reference to that provision as amended or re-enacted; and

(xi) a time of day is a reference to Hong Kong time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default (other than an Event of Default) is "**continuing**" if it has not been remedied or waived and an Event of Default is "**continuing**" if it has not been waived.

1.3 **Third Party Rights**

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or enjoy the benefit of any term of any Finance Document.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary any Finance Document at any time.

SECTION 2
THE FACILITIES

2. **THE FACILITIES**

2.1 **The Facilities**

Subject to the terms of this Agreement, the Lenders make available:

(a) a term loan facility of USD1,500,000,000 or its equivalent comprising an Optional Currency tranche of not less than USD500,000,000, further Base Currency and Optional Currency tranches in amounts to be determined by the Arrangers during Syndication following consultation with the Company and including:

(i) a Facility A General Project Tranche of USD300,000,000 or its equivalent;

(ii) a Facility A Non-Gaming Tranche of USD1,200,000,000 or its equivalent; and

(b) a revolving credit facility of USD250,000,000 or its equivalent comprising a Base Currency tranche and an Optional Currency tranche in amounts to be determined by the Arrangers during syndication following consultation with the Company and including:

(i) an RCF General Project Tranche of USD50,000,000 or its equivalent; and

(ii) a Non-Gaming Tranche of USD200,000,000 or its equivalent.

2.2 **Finance Parties' rights and obligations**

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.3 **Obligors' Agent**

(a) Each Relevant Obligor (other than the Company) by its execution of this Agreement or an Accession Letter irrevocably

appoints the Company to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:

(i) the Company on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, Utilisation Requests), to execute on its behalf any Accession Letter, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Relevant Obligor notwithstanding that they may affect the Relevant Obligor, without further reference to or the consent of that Relevant Obligor; and

(ii) each Finance Party to give any notice, demand or other communication to that Relevant Obligor pursuant to the Finance Documents to the Company,

and in each case the Relevant Obligor shall be bound as though the Relevant Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

(b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Relevant Obligor or in connection with any Finance Document (whether or not known to any other Relevant Obligor and whether occurring before or after such other Relevant Obligor became a Relevant Obligor under any Finance Document) shall be binding for all purposes on that Relevant Obligor as if that Relevant Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Relevant Obligor, those of the Obligors' Agent shall prevail.

3. PURPOSE

3.1 Purpose

(a) Subject to Clause 5.5 (*Limitations on Utilisations*), the relevant Borrower shall apply the Term Loan Facility specified towards:

(i) (*Crown Macau Tranche*): prior to the date upon which the initial conditions precedent relevant to the City of Dreams Tranche set out in Part B of Schedule 2 (*Conditions Precedent*) are satisfied or waived and up to a maximum of USD500,000,000, the financing of City of Dreams Project Costs;

(ii) (*City of Dreams Tranche*): the financing of City of Dreams Project Costs (including, on the initial drawing of this tranche, refinancing of Sponsor Group Loans made after the initial Utilisation under this Agreement to meet such

City of Dreams Project Costs pending satisfaction of the initial conditions precedent to this tranche and, thereafter, the refinancing of Sponsor Group Loans made and used after the initial drawing of this tranche to meet subsequent City of Dreams Project Costs; and

(iii) (*City of Dreams Tranche*): financing agreed fees, costs and other expenses associated with the Facilities.

(b) Subject to Clause 5.5 (*Limitations on Utilisations*), the Company shall apply the Revolving Credit Facility towards:

(i) meeting cost overruns and contingencies associated with the City of Dreams Project; or

(ii) general working capital purposes.

3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. **CONDITIONS OF UTILISATION**

4.1 **Initial conditions precedent**

(a) The Company may not deliver a Utilisation Request for the Crown Macau Tranche under Facility A unless the Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent.

(b) No Borrower may deliver a Utilisation Request for the City of Dreams Tranche under Facility A unless the Agent has received all of the relevant documents and other evidence listed in Part A, Part B and Part C of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent.

(c) The Agent shall, in each case, notify the Company and the Lenders promptly upon being so satisfied.

4.2 **Further conditions precedent**

Subject to Clause 4.1 (*Initial conditions precedent*), the Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to a Utilisation under a Facility if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the proposed Utilisation; and

(b) all the Repeating Representations in Schedule 5 (*Representations and Warranties*) are true in all material respects; and

(c) in the case of each Project Utilisation, the Agent has received all of the documents and other evidence listed in Part C of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent.

4.3 **Maximum number of Utilisations**

A Borrower may not request that a Facility A Loan be divided.

SECTION 3
UTILISATION

5. UTILISATION REQUESTS AND LENDER PARTICIPATION

5.1 Delivery of a Utilisation Request

A Borrower (or the Company on its behalf) may utilise a Facility in accordance with Clause 2.1 (*The Facilities*) by delivery to the Agent of a Utilisation Request, including all information, attachments, certifications and other supporting documents required thereby, all duly completed and signed by an authorised signatory, not later than:

(a) in the case of a Loan under a Base Currency; 11.00 a.m. on the fifth Business Day; and

(b) in the case of a Loan under an Optional Currency, 11.00 a.m. on the fifth Business Day,

prior to the proposed Utilisation Date.

5.2 Completion of a Utilisation Request

(a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless it:

(i) identifies each Facility to be utilised;

(ii) specifies the purpose for which the Utilisation shall be applied;

(iii) certifies:

(1) that the Utilisation will be applied for the purpose specified and:

(A) save in the case of the initial Utilisation under this Agreement, where to be applied for financing and refinancing of Project Costs, costs have been incurred or will be due and payable in next 30 days; and

(B) any drawing from the Facility A Non-Gaming Tranche or the RCF Non-Gaming Tranche will be applied to financing or refinancing non-gaming Project Costs and, in any event, when added to all other amounts which are outstanding under the Facility A Non-Gaming Tranche or the RCF Non-Gaming Tranche will not exceed the aggregate of all non-gaming costs incurred; and

(2) compliance with each of the requirements set out in Clause 4.2 (*Further conditions precedent*);

(iv) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility;

(v) no other Utilisation Request has been delivered during the same month;

(vi) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);

(vii) the proposed Interest Period complies with Clause 11 (*Interest Periods*); and

(viii) in the case of a Project Utilisation, is accompanied by originals or certified copies of all of the documents or evidence listed in Part C of Schedule 2 (*Conditions Precedent*).

(b) Utilisations under Facility A and/or the Revolving Credit Facility may be requested in the same Utilisation Request. Otherwise, only one Utilisation may be requested in a Utilisation Request.

(c) The Company shall ensure that save in the case of the initial Utilisation under this Agreement where a Utilisation is requested under Facility A or the Revolving Credit Facility:

(i) in a Base Currency, a Utilisation, as a proportion of the Available Commitments under such Facility, in an Optional Currency equivalent amount pro rata with that requested has also been requested to be made on the same Utilisation Date under that Facility; and

(ii) in an Optional Currency, a Loan, as a proportion of the Available Commitments under such Facility, in a Base Currency equivalent amount pro rata with that requested has also been requested to be made on the same Utilisation Date under that Facility.

5.3 **Currency and amount**

(a) Subject to Clause 5.2(c), the currency specified in a Utilisation Request must be the Base Currency or the Optional Currency.

(b) The amount of the proposed Utilisation must be:

(i) an amount equal to USD500,000,000 for the Crown Macau Tranche under Facility A or, if less, the Available Facility; or

(ii) for each other Facility:

(1) if the currency selected is the Base Currency, a minimum of USD5,000,000 or, if less, the Available Facility; or

(2) if the currency selected is the Optional Currency, a minimum of HKD40,000,000 or, if less, the Available Facility.

5.4 **Lenders' participation**

(a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.

(b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

(c) The Agent shall determine the Base Currency Amount of each Facility A Loan or Revolving Credit Facility Loan which is to be made in the Optional Currency and notify each Lender of the Optional Currency amount and the Base Currency Amount of each such Loan and the amount of its participation in that Loan by 2.00 p.m. on the third Business Day prior to the proposed Utilisation Date.

5.5 **Limitations on Utilisations**

(a) The Crown Macau Tranche may only be utilised under Facility A.

(b) Any amounts utilised under the Facility A Non-Gaming Tranche or the RCF Non-Gaming Tranche shall not exceed, when aggregated with all outstanding Utilisations under the Facility A Non-Gaming Tranche and the RCF Non-Gaming Tranche, the aggregate of all non-gaming Project Costs incurred.

(c) A Utilisation under the Revolving Credit Facility may only be made for the purposes of meeting potential cost overruns and contingencies associated with the City of Dreams Project or for the purpose of general working capital purposes of the Group once the Term Loan Facility has been fully utilised.

(d) The first Utilisation under this Agreement shall be made on or prior to 31 October 2007.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

6.1 Term Loan Facility

Each Borrower shall repay the Loans made to it under the Term Loan Facility in instalments by repaying on each Repayment Date an amount which reduces the amount of each outstanding Loan under the Term Loan Facility by an amount equal to the relevant percentage of the amount of that Loan borrowed as at the close of business in Hong Kong on the last day of the quarter falling thirty-six months after the date of this Agreement in relation to the Term Loan Facility as set out in the table below:

Quarterly Repayment Date	Percentage of Facility to be Repaid Facility A Term Loan
Year 4	
1	3.0%
2	3.0%
3	5.0%
4	5.0%
Year 5	
1	5.0%
2	5.0%
3	5.0%
4	6.0%
Year 6	
1	6.0%
2	6.0%
3	6.0%
4	7.0%
Year 7	
1	7.0%
2	7.0%
3	7.0%
4	17.0%
Total	**100.0%**

6.2 Revolving Credit Facility

The Company shall repay each Revolving Credit Facility Loan made to it in full on the last day of its Interest Period.

7. ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION

7.1 Illegality

If ,at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Company, the Commitment of that Lender will be immediately cancelled;

(c) each Borrower shall repay that Lender's participation in the Utilisations made to that Borrower on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent; and

(d) the amount of the Repayment Instalment, for each Repayment Date falling after such prepayment, in relation to each Facility under which such Utilisations were made, shall be reduced *pro rata* by the amount prepaid in respect of such Facility.

7.2 Voluntary cancellation

(a) Subject to paragraph (b) below, the Company may, after the City of Dreams Phase II Construction Completion Date, if it gives the Agent not less than 10 Business Days' prior notice, cancel the whole or any part (being a minimum Base Currency Amount of USD20,000,000) of an Available Facility. Any cancellation under this Clause 7.2 shall reduce the Commitments of the Lenders rateably under that Facility.

(b) No Borrower may, prior to the City of Dreams Phase II Construction Completion Date, cancel any Facility unless each Facility is prepaid and cancelled in full at the same time (including under Clause 7.3(b)).

(c) Any notice of cancellation of the Revolving Credit Facility shall be accompanied by evidence satisfactory to the Agent that the Group will have sufficient Working Capital available following such cancellation.

7.3 Voluntary prepayment

(a) Subject to paragraphs (b) and (c) below, a Borrower under a Facility may, if it gives the Agent not less than 5 Business Days' prior notice, prepay the whole or any part of a Loan outstanding thereunder (but, if in part, being an amount that, whether alone or with any such prepayment made by any other Borrower at such time, reduces the aggregate Base Currency Amount of such Loans by a minimum amount of USD20,000,000).

(b) Loans under a Facility may only be so prepaid:

(i) prior to the Construction Completion Date in relation to the City of Dreams Phase II if all outstanding Loans under each Facility are prepaid and the Available Commitments under each Facility are cancelled in full; and

(ii) at any time thereafter, in the case of any prepayment in part, in amounts which reduce the amounts thereof by the same proportion.

(c) The amount of the Repayment Instalment, for each Repayment Date falling after such prepayment, in relation to each Facility shall be reduced *pro rata* by the amount prepaid in respect of such Facility.

7.4 **Right of cancellation and repayment in relation to a single Lender**

If:

(a) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of Clause 14.2 (*Tax gross-up*); or

(b) any Lender claims indemnification from the Company or an Obligor under Clause 14.3 (*Tax indemnity*) or Clause 15.1 (*Increased costs*),

(any such Lender, an "**Affected Lender**") the Company may:

(c) prior to the City of Dreams Phase II Construction Completion Date, (without prejudice to any obligation to make such increased payment or indemnification) designate a willing non-Affected Lender or other bank or financial institution reasonably acceptable to the Agent (the "**Replacement Lender**") to accept a transfer in accordance with Clause 23 (*Changes To The Lenders*) of the Affected Lender's rights, benefits and obligations under the Finance Documents and, promptly following such designation, the Affected Lender shall be obliged to execute and deliver to the Replacement Lender a Transfer Certificate and Lender Accession Undertaking duly completed accordingly; or

(d) after the City of Dreams Phase II Construction Completion Date:

(i) whilst the circumstance giving rise to the requirement for indemnification continues, give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations.

(ii) on receipt of a notice referred to in sub-paragraph (i) above in relation to a Lender, the Commitment of that Lender shall immediately be reduced to zero; and

(iii) on the last day of each Interest Period which ends after the Company has given notice under sub-paragraph (i) above in relation to a Lender (or, if earlier, the date specified by the Company in that notice), each Borrower to which a Utilisation is outstanding shall repay that Lender's participation in that Utilisation together with all interest and other amounts accrued under the Finance Documents.

8. **MANDATORY PREPAYMENT**

Each Borrower shall prepay Utilisations and/or cancel Available Commitments under the facilities on the dates and in accordance, and otherwise comply, with the provisions of Schedule 4 (*Mandatory Prepayment*).

9. **RESTRICTIONS**

9.1 **Notices of Cancellation or Prepayment**

Any notice of cancellation or prepayment, authorisation or other election given by any Party under Clause 7 (*Illegality, Voluntary Prepayment And Cancellation*), Clause 9.8 (*Prepayment elections*) or paragraph 3(d) of Schedule 4 (*Mandatory Prepayment*) shall be irrevocable and, unless a contrary indication appears in this Agreement, any such notice shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

9.2 **Interest and other amounts**

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

9.3 **No reborrowing of Facilities**

No Borrower may reborrow any part of a Term Loan Facility which is prepaid.

9.4 **Prepayment in accordance with Agreement**

No Borrower shall repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

9.5 **No reinstatement of Commitments**

No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

9.6 **Agent's receipt of Notices**

If the Agent receives a notice under Clause 7 (*Illegality, Voluntary Prepayment And Cancellation*) or an election under Clause 9.8 (*Prepayment elections*) or paragraph 3(d) of Schedule 4 (*Mandatory Prepayment*), it shall promptly forward a copy of that notice or election to either the Company or the affected Lender, as appropriate.

9.7 **Hedging**

If, following any prepayment hereunder, the Base Currency Amount of the aggregate of the Notional Amounts of the Hedging Agreements is more than 100% of the aggregate Base Currency Amount of the Loans outstanding following such prepayment, the Company shall reduce each such Notional Amount *pro rata* so that the aggregate Base Currency Amount is not less than 50% of the aggregate Base Currency Amount of the Loans (and, if the Loans are prepaid in full, the Company shall, subject to

Schedule 15 (*Hedging Arrangements*), unwind all remaining transactions under the Hedging Agreements.

9.8 Prepayment elections

The Agent shall notify the Lenders and the Hedge Counterparties in respect of a Facility as soon as possible of any proposed prepayment of that Facility under Clause 7.3 (*Voluntary prepayment*) or paragraph 2(a) of Schedule 4 (*Mandatory Prepayment*).

SECTION 5
COSTS OF UTILISATION

10. INTEREST

10.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin;

(b) LIBOR or, in relation to any Loan in the Optional Currency, HIBOR.

10.2 Payment of interest

(a) The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period, or if the Interest Period is greater than three Months, each date falling three Months after the first date of that Interest Period and at the end of each successive three Month period ending with that Interest Period.

(b) If the annual audited financial statements of the Group and related Compliance Certificate received by the Agent show that a higher Margin should have applied during a certain period, then the Company shall (or shall ensure the relevant Borrower shall) promptly pay to the Agent any amounts necessary to put the Agent and the Lenders in the position they would have been in had the appropriate rate of the Margin applied during such period.

10.3 Default interest

(a) If a Relevant Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 10.3 shall be immediately payable by the Relevant Obligor on demand by the Agent.

(b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:

(i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

(ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 2 per cent. higher than the rate which would have applied if the overdue amount had not become due.

(c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

10.4 **Notification of rates of interest**

The Agent shall promptly notify the Lenders and the relevant Borrower (or the Company) of the determination of a rate of interest under this Agreement.

11. INTEREST PERIODS

11.1 **Selection of Interest Periods and Terms**

(a) A Borrower (or the Company on behalf of a Borrower) may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan is a Term Loan and has already been borrowed) in a Selection Notice.

(b) Each Selection Notice for a Loan is irrevocable and must be delivered to the Agent by the Borrower (or the Company on behalf of the Borrower) to which that Loan was made not later than 11.00 a.m. on the 5th Business Day prior to the commencement of the next Interest Period.

(c) If a Borrower (or the Company) fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will, subject to Clause 11.2 (*Changes to Interest Periods*), be one Month.

(d) Subject to this Clause 11, a Borrower (or the Company) may select an Interest Period of one, two, three or six Months or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders).

(e) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.

(f) Each Interest Period for a Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.

(g) Prior to the Syndication Date, Interest Periods shall be one month or such other period as the Agent and the Company may agree and any Interest Period which would otherwise end during the month preceding or extend beyond the Syndication Date shall end on the Syndication Date.

11.2 **Changes to Interest Periods**

(a) Prior to determining the interest rate for a Loan under a Facility, the Agent may shorten an Interest Period for any Loan thereunder to ensure there are sufficient Loans (with an aggregate Base Currency Amount equal to or greater than the relevant Repayment Instalment) which have an Interest Period ending on a Repayment Date for that Facility for each Borrower thereunder to make the relevant Repayment Instalment due on that date.

(b) If the Agent makes any of the changes to an Interest Period referred to in this Clause 11.2, it shall promptly notify the Company and the Lenders and the Hedge Counterparties.

11.3 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

11.4 **Consolidation and division of Loans**

(a) Subject to paragraph (b) below, if two or more Interest Periods:

(i) relate to Loans under the same Facility;

(ii) end on the same date; and

(iii) are made to the same Borrower,

those Loans will, unless that Borrower (or the Company on its behalf) specifies to the contrary in the Selection Notice for the next Interest Period, be consolidated into, and treated as, a single Loan on the last day of the Interest Period.

(b) A Borrower may not request that a Loan be divided.

11.5 **Hedging**

Each Borrower shall use reasonable efforts to select the duration of Interest Periods so as to ensure that, in respect of at least Loans outstanding in an aggregate amount of not less than the aggregate of the Notional Amounts specified in the Hedging Agreements, the Interest Payment Dates for such Loans coincide with (and are no more frequent than) the selected dates for payment of amounts to the Company under the Hedging Agreements.

12. **CHANGES TO THE CALCULATION OF INTEREST**

12.1 **Absence of quotations**

Subject to Clause 12.2 (*Market disruption*), if LIBOR or, if applicable, HIBOR, is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by 11:00 a.m. (London time, in the case of LIBOR, or Hong Kong time, in the case of HIBOR) on the Quotation Day, the applicable LIBOR or HIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

12.2 **Market disruption**

(a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.

(b) In this Agreement "**Market Disruption Event**" means:

(i) at or about noon on the Quotation Day for the relevant Interest Period for the relevant Loan the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR or, if applicable, HIBOR, for the relevant currency and Interest Period; or

(ii) before close of business in London or, in the case of any Loan denominated in the Optional Currency, Hong Kong on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed 35 per cent. of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR or, if applicable, HIBOR.

12.3 **Alternative basis of interest or funding**

(a) If a Market Disruption Event occurs and the Agent or the Company so requires, the Agent and the Company shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Company, be binding on all Parties.

12.4 **Break Costs**

(a) Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

13. **FEES**

13.1 **Commitment fee**

(a) The Company shall pay to the Agent (for the account of each Lender) a commitment fee in the Base Currency computed at the following rates:

(i) in the case of Facility A, 40 per cent. of the Margin for the Availability Period applicable to Facility A on that Lender's Available Commitment; and

(ii) in the case of the Revolving Credit Facility, 40 per cent. of the Margin per annum on that Lender's Available Commitment under the Revolving Credit Facility for the Availability Period applicable to Revolving Credit Facility.

(b) If the initial conditions precedent relevant to the City of Dreams Tranche set out in Part B of Schedule 2 (*Conditions Precedent*) are not satisfied or waived by the Relevant Date, the commitment fees payable, on and from that date, in respect of Facility A and the Revolving Credit Facility shall increase to 100 per cent. of the applicable Margin on the Available Commitment.

(c) The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the relevant period specified in sub-paragraph (a) above, on the last day of the relevant Availability Period and if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time such cancellation is effective.

13.2 **Arrangement fee**

The Company shall pay to the Arrangers an arrangement fee in the amount and at the times agreed in a Fee Letter.

13.3 **Agency fee**

The Company shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

13.4 **Security Agent fee**

The Company shall pay to the Security Agent (for its own account) the Security Agent fee in the amount and at the times agreed in a Fee Letter.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

14. **TAX GROSS-UP AND INDEMNITIES**

14.1 **Definitions**

(a) In this Agreement:

"**Protected Party**" means a Finance Party (other than a Hedge Counterparty) which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document (other than a Hedging Agreement).

"**Tax Credit**" means a credit against, relief or remission for, or repayment of, any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document (other than a Hedging Agreement).

"**Tax Payment**" means either the increase in a payment made by an Obligor to a Finance Party under Clause 14.2 (*Tax gross-up*) or a payment under Clause 14.3 (*Tax indemnity*).

Unless a contrary indication appears, in this Clause 14 a reference to "**determines**" or "**determined**" means a determination made in the absolute discretion of the person making the determination.

14.2 **Tax gross-up**

(a) Each Relevant Obligor shall make all payments to be made by it under a Finance Document (other than a Hedging Agreement) without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Company shall promptly upon a Relevant Obligor becoming aware that such Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Company and that Relevant Obligor.

(c) If a Tax Deduction is required by law to be made by a Relevant Obligor, the amount of the payment due from that Relevant Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If a Relevant Obligor is required to make a Tax Deduction, that Relevant Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Relevant Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

14.3 **Tax indemnity**

(a) The Company shall (within five Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(1) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(2) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause 14.2 (*Tax gross-up*).

(c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Company.

(d) A Protected Party shall, on receiving a payment from a Relevant Obligor under this Clause 14.3, notify the Agent.

14.4 **Tax Credit**

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part or to that Tax Payment; and

(b) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Relevant Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Relevant Obligor.

14.5 **Stamp taxes**

The Company shall pay and, within five Business Days of demand, indemnify each Secured Party and Arranger against any cost, loss or liability that Secured Party or Arranger incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

15. **INCREASED COSTS**

15.1 **Increased costs**

(a) Subject to Clause 15.3 (*Exceptions*) the Company shall, within five Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.

(b) In this Agreement "**Increased Costs**" means:

(i) a reduction in the rate of return from a Facility or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

15.2 **Increased cost claims**

(a) A Finance Party intending to make a claim pursuant to Clause 15.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.

(b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

15.3 **Exceptions**

(a) Clause 15.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by a Relevant Obligor;

(ii) compensated for by Clause 14.3 (*Tax indemnity*) (or would have been compensated for under Clause 14.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 14.3 (*Tax indemnity*) applied);

(iii) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or

(iv) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement ("**Basel II**") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

(b) In this Clause 15.3 reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 14.1 (*Definitions*).

16. OTHER INDEMNITIES

16.1 Currency indemnity

(a) If any sum due from a Relevant Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Relevant Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Relevant Obligor shall as an independent obligation, within five Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Relevant Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

16.2 **Other indemnities**

(a) The Company shall (or shall procure that a Relevant Obligor will), within five Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by it as a result of:

(i) the occurrence of any Event of Default;

(ii) a failure by a Relevant Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 27 (*Sharing Among The Finance Parties*);

(iii) funding, or making arrangements to fund, its participation in a Utilisation requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(iv) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Company.

(b) The Company shall (or shall procure that a Relevant Obligor will), within five Business Days of demand, indemnify each Finance Party, each Affiliate of a Finance Party, each officer, director, employee, agent, advisor, and representative of a Finance Party (each, an "**Indemnified Party**") from and against any and all claims, damages, losses, liabilities, costs and expenses (including, without limitation, fees and disbursements of legal counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defence with respect thereto, arising out of or in connection with or relating to the Finance Documents or the transactions contemplated by the Finance Documents or any use made or proposed to be made of the proceeds of the Facilities, whether or not such investigation, litigation or proceeding is brought by a member of the Group, any shareholder or creditor of any member of the Group, an Indemnified Party or any other person, except to the extent that such claim, damage, loss, liability, cost or expense is found in a final, non-appealable judgement by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct. Any third party referred to in this paragraph (b) may rely on this Clause 16.2 subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.

16.3 **Indemnity to the Agent**

The Company shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

16.4 **Indemnity to the Security Agent**

(a) Each Relevant Obligor shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:

(i) the taking, holding, protection or enforcement of the Transaction Security,

(ii) the exercise of any of the rights, powers, discretions and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law; and

(iii) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents.

(b) The Security Agent may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

17. **MITIGATION BY THE LENDERS**

17.1 **Mitigation**

(a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 14 (*Tax Gross-Up And Indemnities*) or Clause 15 (*Increased Costs*), including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

17.2 **Limitation of liability**

(a) The Company shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 17.1 (*Mitigation*).

(b) A Finance Party is not obliged to take any steps under Clause 17.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

18. **COSTS AND EXPENSES**

18.1 **Transaction expenses**

The Company shall within five Business Days (other than in respect of costs and expenses required to be paid as a condition to Utilisation) on demand pay the Agent, the Arrangers and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

(a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and

(b) any other Finance Documents executed after the date of this Agreement.

18.2 **Amendment costs**

If an Obligor requests an amendment, waiver or consent, the Company shall, within five Business Days of demand, reimburse each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

18.3 **Security Agent's ongoing costs**

(a) In the event of (i) a Default or (ii) the Security Agent considering it necessary or expedient or (iii) the Security Agent being requested by an Obligor or the Majority Lenders to undertake duties which the Security Agent and the Company agree to be of an exceptional nature and/or outside the scope of the normal duties of the Security Agent under the Finance Documents, the Company shall pay to the Security Agent any additional remuneration that may be agreed between them.

(b) If the Security Agent and the Company fail to agree upon the nature of the duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Company or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of Hong Kong (the costs of the nomination and of the investment bank being payable by the Company) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.

18.4 **Enforcement and preservation costs**

The Company shall, within five Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

SECTION 7
GUARANTEE

19. **GUARANTEE AND INDEMNITY**

19.1 **Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

19.2 **Continuing Guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

19.3 **Reinstatement**

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

(a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

(b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

19.4 **Waiver of defences**

The obligations of each Guarantor under this Clause 19 will not be affected by any act, omission, matter or thing which, but for this Clause 19, would reduce, release or prejudice any of its obligations under this Clause 19 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or security, including without limitation, any amendments or waiver contemplated under the Arrangement Fee Letter;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

19.5 **Guarantor Intent**

Without prejudice to the generality of Clause 19.4 (*Waiver of defences*), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental and of whatsoever nature and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for or in connection with any purpose whatsoever, including without limitation, any of the following: any amendment or waiver contemplated under the Arrangement Fee Letter, any Project expansion; acquisitions of any nature; increasing working capital; enabling dividends or distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and expenses associated with any of the foregoing.

19.6 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 19. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

19.7 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any money received from any Guarantor or on account of any Guarantor's liability under this Clause 19.

19.8 **Deferral of Guarantors' rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents; and/or

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

If any Obligor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all the Secured Obligations to be repaid or discharged in full, on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 28 (*Payment Mechanics*).

19.9 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

20. REPRESENTATIONS

20.1 General

Each Relevant Obligor makes the representations and warranties set out in Schedule 5 (*Representations and Warranties*) at the times set out herein.

20.2 Times when representations made

(a) All the representations and warranties in Schedule 5 (*Representations and Warranties*) are made by each Relevant Obligor on the date of this Agreement except for the representations and warranties set out in paragraph 14 (*No misleading information*) thereof which are deemed to be made by each Relevant Obligor (i) with respect to each Information Memorandum or supplement thereto, on the date the Information Memorandum or supplement is approved by the Company and, (ii) with respect to the information provided by or on behalf of an Obligor for the preparation of the Information Package, on the date of this Agreement and on any later date on which the Information Package (or any part of it) is released to the Arrangers for distribution in connection with syndication.

(b) Unless otherwise stated to have been made as of a specific date, each of the representations and warranties in Schedule 5 (*Representations and Warranties*) are deemed to be made by each Relevant Obligor on:

(i) the date of the first Utilisation Request hereunder;

(ii) the first Utilisation Date hereunder; and

(iii) the first Utilisation Date under the City of Dreams Tranche.

(c) The representations and warranties in paragraph 14 (*No misleading information*) of Schedule 5 (*Representations and Warranties*) are deemed to be made by each Relevant Obligor on the Syndication Date.

(d) The Repeating Representations are deemed to be made by each Relevant Obligor on:

(i) the date of each Utilisation Request;

(ii) each Utilisation Date; and

(iii) the first day of each Interest Period.

(e) All the representations and warranties in Schedule 5 (*Representations and Warranties*) except paragraph 14 (*No misleading information*) thereof are deemed to be made by each Additional Obligor on the day on which it becomes (or it is proposed that it becomes) an Additional Obligor.

(f) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

21. COVENANTS

21.1 Content

The Relevant Obligors undertake to each Finance Party that they shall comply with the covenants set out in Schedule 6 (*Covenants*).

21.2 Duration

The covenants in Schedule 6 (*Covenants*) remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

22. EVENTS OF DEFAULT

Each of the events or circumstances set out in Schedule 9 (*Events of Default*) is an Event of Default.

22.1 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Company:

(a) cancel the Total Commitments, whereupon they shall immediately be cancelled;

(b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable;

(c) declare that all or part of the Utilisations be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders;

(d) notify the Security Agent that an Event of Default has occurred and continuing and instruct the Security Agent to issue one or more Enforcement Notices; and/or

(e) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents (including, following the issue of an Enforcement Notice, any such rights, remedies, powers or discretions which first require the issue of such a notice).

SECTION 9
CHANGES TO PARTIES

23. CHANGES TO THE LENDERS

23.1 Assignments and transfers by the Lenders

Subject to this Clause 23, a Lender (the "**Existing Lender**") may:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations,

in each case of an amount not less than a Base Currency amount of USD1,000,000 under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (in each case, the "**New Lender**").

23.2 Conditions of assignment or transfer

(a) An assignment will only be effective on:

(i) receipt by the Agent (whether in the Assignment Agreement and Lender Accession Undertaking or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender;

(ii) the New Lender entering into the documentation required for it to accede as a party to the Deed of Appointment; and

(iii) performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.

(b) A transfer will only be effective if the New Lender enters into the documentation required for it to accede as a party to the Deed of Appointment and if the procedure set out in Clause 23.5 (*Procedure for transfer*) is complied with.

(c) If, after the Syndication Date:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 14 (*Tax Gross-Up And Indemnities*) or Clause 15 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

23.3 **Assignment or transfer fee**

Unless the Agent otherwise agrees and excluding an assignment or transfer (i) to an Affiliate of a Lender, (ii) to a Related Fund or (iii) made in connection with primary syndication of the Facilities, the New Lender shall, on the date upon which an assignment, transfer or accession takes effect, pay to the Agent (for its own account) a fee of USD3,500 in respect of any New Lender acceding after the Syndication Date.

23.4 **Limitation of responsibility of Existing Lenders**

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents, the Transaction Security or any other documents;

(ii) the financial condition or other circumstances of the Project, any Obligor or any other person;

(iii) the performance and observance by any Obligor or any other person of its obligations under the Transaction Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial and other condition, circumstances and affairs of each Project, each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 23; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Transaction Documents or otherwise.

23.5 **Procedure for transfer**

(a) Subject to the conditions set out in Clause 23.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate and Lender Accession Undertaking delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate and Lender Accession Undertaking appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate and Lender Accession Undertaking.

(b) The Agent shall only be obliged to execute a Transfer Certificate and Lender Accession Undertaking delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar other checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) On the Transfer Date:

(i) to the extent that in the Transfer Certificate and Lender Accession Undertaking the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the "**Discharged Rights and Obligations**");

(ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Agent, the Arrangers, the Security Agent, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arranger, the Security Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "Lender".

23.6 **Procedure for assignment**

(a) Subject to the conditions set out in Clause 23.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement and Lender Accession Undertaking delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement and Lender Accession Undertaking appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement and Lender Accession Undertaking.

(b) The Agent shall only be obliged to execute an Assignment Agreement and Lender Accession Undertaking delivered to it by the Existing Lender and the New Lender upon its completion of all "know your customer" or other checks relating to any person that it is required to carry out in relation to the assignment to such New Lender.

(c) On the Transfer Date:

(i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement and Lender Accession Undertaking;

(ii) the Existing Lender will be released from the obligations (the "**Relevant Obligations**") expressed to be the subject of the release in the Assignment Agreement and Lender Accession Undertaking (and any corresponding obligations by which it is bound in respect of the Transaction Security); and

(iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

(d) Lenders may utilise procedures other than those set out in this Clause 23.6 to assign their rights under the Finance Documents **provided that** they comply with the conditions set out in Clause 23.2 (*Conditions of assignment or transfer*).

23.7 **Copy of Assignments, Transfer and Accession Documents to Company**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate and Lender Accession Undertaking, an Assignment Agreement and Lender Accession Undertaking or a Hedge Counterparty Accession Undertaking, send to the Company a copy of that Transfer Certificate and Lender Accession Undertaking or Assignment Agreement and Lender Accession Undertaking.

23.8 **Disclosure of information**

(a) Any Lender may disclose to any of its Affiliates, head office and any other branch, any Obligor (or any person permitted by any Obligor), any other Finance Party, any of its professional advisers and other persons providing services to it (provided such person is under a duty of confidentiality (contractual or otherwise) to the Finance Party disclosing the information) and any other person:

(i) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under the Finance Documents;

(ii) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to the Finance Documents or any Obligor; or

(iii) to any of its agents, contractors, or third party service providers who are under a duty of confidentiality to that Finance Party and who provide services or facilities to that Finance Party in connection with that Finance Party's business or operations and to that Finance Party's host server and storage provider for the purpose of processing transactions and storing statements of account, advices, transaction records and other documents, data or records; or

(iv) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation or in connection with any litigation, arbitration or administrative proceedings; or

(v) for whose benefit that Lender creates Security (or may do so) pursuant to Clause 23.10 (*Security Interests over Lenders' rights*); and

(b) any Finance Party may disclose to a rating agency or its professional advisers, or (with the consent of the Company) any other person,

any information about any Obligor, the Group, the Project, the Permitted Businesses and the Finance Documents as that Lender or other Finance Party shall consider appropriate if, in relation to paragraphs (a)(i) and (ii) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

Any Confidentiality Undertaking signed by a Finance Party pursuant to this Clause 23.8 shall supersede any prior confidentiality undertaking signed by such Finance Party for the benefit of any member of the Group.

23.9 **Hedge Counterparties and Additional Arranger**

(a) A counterparty to a Hedging Agreement may become a Party to this Agreement by executing and delivering to the Agent a Hedge Counterparty Deed of Accession.

(b) A Hedge Counterparty may, at any time, assign all or any of its rights and benefits or transfer all or any of its rights, benefits and obligations under and in accordance with the Finance Documents subject to delivery to the Agent of a duly completed Hedge Counterparty's Deed of Accession executed by the assignee or transferee.

(c) With effect from the date of acceptance by the Agent and the Security Agent of a Hedge Counterparty Deed of Accession or, if later, the date specified in that Hedge Counterparty Deed of Accession:

(i) any Party ceasing entirely to be a Hedge Counterparty shall be discharged from further obligations towards the other Parties under this Agreement and their respective rights against one another shall be cancelled (except in each case for those rights which arose prior to that date); and

(ii) as from that date, the replacement or new Hedge Counterparty shall assume the same obligations, and become entitled to the same rights, as if it had been an original Party to this Agreement.

(d) The obligations of the Obligors owed to each Hedging Counterparty shall be secured by the Transaction Security and each Hedge Counterparty shall be entitled to share in any proceeds arising from the enforcement thereof in accordance with the Deed of Appointment and this Agreement.

(e) Nothing in this Clause 23.9 nor any other provisions of any Finance Document shall be deemed to entitle any Hedge Counterparty in its capacity as such under any Hedging Agreement to exercise any voting, consent, approval or similar right under the Finance Documents (other than the Hedging Agreements) **provided that**:

(i) each Hedge Counterparty shall have the right to participate in all decisions after the occurrence of a Hedge Voting Right Event in relation to such Hedge Counterparty that is continuing; and

(ii) the consent of all Hedge Counterparties shall be required in respect of each of the matters referred to in Clause 34.2 (*Exceptions*) and for any amendment to this Clause 23.9.

(f) Each Hedge Counterparty agrees that, except with the prior written consent of the Agent, no amendment may be made to a Hedging Agreement to an extent which would result in:

(i) any payment under that Hedging Agreement being required to be made by the Company on any date other than the dates originally provided for in that Hedging Agreement; or

(ii) the Company becoming liable to make an additional payment under any Hedging Agreement which liability does not arise from the original provisions of that Hedging Agreement; or

(iii) the Company becoming liable to make any payment under that Hedging Agreement in any currency other than in the currency provided for under the original provisions of that Hedging Agreement.

(g) No Hedge Counterparty may terminate a hedging facility or close out any hedging transaction under a Hedging Agreement prior to its stated maturity except in accordance with the terms thereof and Schedule 15 (*Hedging Arrangements*).

(h) After a notice has been given by the Agent pursuant to Clause 22.1 (*Acceleration*) (which notice shall be copied by the Agent to each Hedge Counterparty), a Hedge Counterparty shall, at the written request of the Agent, terminate the hedging facility or close out any hedging transaction under the Hedging Agreement to which it is party in accordance with the terms of such Hedging Agreement.

(i) Any other financial institution contemplated under the Arrangement Fee Letter made between, amongst others, the existing Arrangers and the Company may become a Party to this Agreement as an Arranger if the conditions set out in paragraph 12 (other than the condition requiring it to accede hereto as a Coordinating Lead Arranger) of the Arrangement Fee Letter have been satisfied. With effect from the date upon which those conditions are satisfied, it shall assume the same obligations, and become entitled to the same rights, as if it had been an Original Arranger and Party to this Agreement.

23.10 **Security Interests over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 23, each Lender may without consulting with or obtaining consent from any Obligor, at any time create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any Security to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any Security granted to any holders (or trustee or representatives of holders) of

obligations owed, or securities issued, by that Lender as security for those obligations or securities, except that no such Security shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant Security for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

24. CHANGES TO THE OBLIGORS

24.1 Assignment and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

24.2 Additional Borrower

(a) Subject to compliance with the provisions of sub-paragraphs (c) and (d) of paragraph 1.9 (*"Know your customer" checks*) of Schedule 6 (*Covenants*), the Company may request that any of its wholly owned or controlled Subsidiaries becomes an Additional Borrower. The relevant Subsidiary shall become an Additional Borrower if:

(i) it is (and has been since incorporation) a wholly owned Subsidiary of the Company;

(ii) it has not traded nor carried on any kind of business whatsoever (other than any such activities as may be required to maintain its corporate status and existence);

(iii) the Company and the relevant Subsidiary deliver to the Agent a duly completed and executed Accession Letter;

(iv) the relevant Subsidiary is (or becomes) a Guarantor prior to becoming a Borrower;

(v) the Company confirms that no Default is continuing or would occur as a result of the relevant Subsidiary becoming an Additional Borrower; and

(vi) the Agent has received all of the relevant documents and other evidence listed in Part D of Schedule 2 (*Conditions Precedent*) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent.

(b) The Agent shall notify the Company and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part D of Schedule 2 (*Conditions Precedent*).

24.3 **Additional Guarantors**

(a) Subject to compliance with the provisions of sub-paragraphs (c) and (d) of paragraph 1.9 (*"Know your customer" checks*) of Schedule 6 (*Covenants*), the Company may request that any of its wholly owned Subsidiaries become an Additional Guarantor.

(b) The Company shall procure that any other member of the Group (other than an Excluded Subsidiary) shall, as soon as possible after becoming a member of the Group, become an Additional Guarantor and grant such Security as the Agent may require and shall accede to the Deed of Appointment.

(c) A member of the Group shall become an Additional Guarantor if:

(i) the Company and the proposed Additional Guarantor deliver to the Agent a duly completed and executed Accession Letter; and

(ii) the Agent has received all of the documents and other evidence listed in Part D of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.

(d) The Agent shall notify the Company, the Lenders and the Hedge Counterparties promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part D of Schedule 2 (*Conditions Precedent*).

24.4 **Repetition of Representations**

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the representations and warranties referred to in paragraph (e) of Clause 20.2 (*Times when representations made*) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

SECTION 10
THE FINANCE PARTIES

25. ROLE OF THE AGENT, THE ARRANGERS AND OTHERS

25.1 Appointment of the Agent

(a) Each of the Arrangers, the Lenders and the Hedge Counterparties appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the Arrangers, the Lenders and the Hedge Counterparties authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

25.2 Duties of the Agent

(a) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(d) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, the Arranger or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.

(e) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature. The Agent shall have no duties save as expressly provided under or in connection with any Finance Document.

25.3 Role of the Arrangers

Except as specifically provided in the Finance Documents, the Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

25.4 No fiduciary duties

(a) Nothing in this Agreement constitutes the Agent or the Arranger as a trustee or fiduciary of any other person.

(b) None of the Agent, the Security Agent or the Arrangers shall be bound to account to any Lender or Hedge Counterparty for any sum or the profit element of any sum received by it for its own account.

25.5 **Business with the Group**

The Agent, the Security Agent and the Arrangers may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

25.6 **Rights and discretions**

(a) The Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders and Hedge Counterparties) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under paragraph 1 (*Non-payment*) of Schedule 9 (*Events of Default*);

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(iii) any notice or request made by the Company (other than a Utilisation Request or Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors.

(c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or the Arrangers is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

25.7 **Majority Lenders' instructions**

(a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not

be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders. Without prejudice to any other provision hereof, it may also exercise any such right, power, authority or discretion in respect of such matters as it determines to be of a minor technical or administrative or of a non-credit related nature.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties other than the Security Agent.

(c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders and Hedge Counterparties) until it has received such security as it may require for any cost, loss or liability which it may incur in complying with the instructions.

(d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders and Hedge Counterparties) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) The Agent is not authorised to act on behalf of a Lender or Hedge Counterparty (without first obtaining that Lender or Hedge Counterparty's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

25.8 **Responsibility for documentation**

None of the Agent or the Arrangers:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, any Arranger, an Obligor or any other person given in or in connection with any Finance Document or the Information Memorandum or the Reports or the transactions contemplated in the Finance Documents; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security.

25.9 **Exclusion of liability**

(a) Without limiting paragraph (b) below, the Agent will not be liable for any action taken by it under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party (other than the Agent may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Agent may rely on this Clause subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.

(c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Agent or the Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender or Hedge Counterparty and each Lender and Hedge Counterparty confirms to the Agent and the Arrangers that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arrangers.

25.10 **Lenders' indemnity to the Agent and the Security Agent**

(a) Each Lender and Hedge Counterparty shall rateably in accordance with the proportion that the US dollar equivalent of the sum of its Available Commitments and its participations in any outstanding Loans bear to the US dollar equivalent of the aggregate of the Available Commitments and such participations of all the Secured Parties (or, if all such amounts have been reduced to zero, such proportion determined immediately prior to such reduction) for the time being, indemnify each of the Agent and Security Agent, within three Business Days of demand (accompanied by reasonable written certification), against any cost, loss or liability incurred by the Agent or the Security Agent (other than by reason of the fraud, negligence or wilful misconduct of the Agent or the Security Agent) in acting as Agent and Security Agent under the Finance Documents (unless the Agent or the Security Agent has been reimbursed by, or indemnified to its satisfaction by, an Obligor pursuant to a Finance Document or otherwise in writing). For the purposes of this Clause 25.10, each Hedging Counterparty shall, in respect of each Hedging Agreement entered into by it, be deemed to have made a Loan to the Company in an amount equal to the Base Currency Amount of any amount due but unpaid (other than default interest) under the Hedging Agreement to which such Hedge Counterparty is party following its early termination in accordance with the Hedging Letter.

(b) Clause 25.10 shall not apply to the extent that the Agent is otherwise actually indemnified or reimbursed by any Party under any other provision of the Finance Documents.

(c) Provided that if an Obligor is required to reimburse or indemnify any Secured Party for such cost, loss or liability in accordance with the terms of the Finance Documents, the Company shall, within ten Business Days of demand in writing by the relevant Secured Party, indemnify such Secured Party in relation to any payment actually made by such Secured Party pursuant to Clause 25.10(a) above.

25.11 **Resignation of the Agent**

(a) The Agent may resign and appoint one of its Affiliates acting through an office in Hong Kong as successor by giving notice to the Lenders, the Hedge Counterparties and the Company.

(b) Alternatively the Agent may resign by giving notice to the Lenders, the Hedge Counterparties and the Company, in which case the Majority Lenders (after consultation with the Company) may appoint a successor Agent.

(c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent (after consultation with the Company) may appoint a successor Agent (acting through an office in Hong Kong).

(d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(e) The Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 25. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Company, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.

25.12 **Confidentiality**

(a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

(c) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent and the Arrangers are obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

25.13 **Relationship with the Lenders and the Hedge Counterparties**

(a) The Agent may treat each Lender and Hedge Counterparty as a Lender or Hedge Counterparty, entitled to payments under the Finance Documents and acting through its Facility Office unless it has received not less than five Business Days prior notice from that Lender or Hedge Counterparty to the contrary in accordance with the terms of this Agreement.

(b) Each Lender and Hedge Counterparty shall supply the Agent with any information that the Security Agent may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Lender and Hedge Counterparty shall deal with the Security Agent exclusively through the Agent and shall not deal directly with the Security Agent.

25.14 **Credit appraisal by the Lenders and Hedge Counterparties**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender and Hedge Counterparty confirms to the Agent and the Arrangers that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

(c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security or the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(d) the adequacy, accuracy and/or completeness of the Information Memorandum, the Reports and any other information provided by the Agent to any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

25.15 **Reference Banks**

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Company) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

25.16 **Agent's management time**

Any amount payable to the Agent under Clause 16.3 (*Indemnity to the Agent*), Clause 18 (*Costs And Expenses*) and Clause 25.10 (*Lenders' indemnity to the Agent and the Security Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Company and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 13 (*Fees*).

25.17 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

25.18 **Reliance and engagement letters**

Each Finance Party and Secured Party confirms that each of the Arrangers and the Agent has authority to accept on its behalf and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arrangers or Agent, the terms of any reliance letter or engagement letters relating to the Reports or any reports or letters provided by any advisers in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those Reports, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

26. **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

27. SHARING AMONG THE FINANCE PARTIES

27.1 Payments to Finance Parties

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 28 (*Payment Mechanics*) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 28 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 28.5 (*Partial payments*).

27.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 28.5 (*Partial payments*).

27.3 Recovering Finance Party's rights

(a) On a distribution by the Agent under Clause 27.2 (*Redistribution of payments*), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.

(b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

27.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 27.2 (*Redistribution of payments*) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

(b) that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Finance Party for the amount so reimbursed.

27.5 **Exceptions**

(a) This Clause 27 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified the other Finance Party of the legal or arbitration proceedings; and

(ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

28. PAYMENT MECHANICS

28.1 Payments to the Agent

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Agent specifies.

28.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 28.3 (*Distributions to an Obligor*) and Clause 28.4 (*Clawback*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account (subject to, in the case of the Obligors, the provisions of Schedule 7 (*Accounts*)) as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency.

28.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 29 (*Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

28.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

28.5 **Partial payments**

(a) If the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:

(i) **firstly**, following the delivery of an Enforcement Notice, in payment of all costs and expenses incurred by or on behalf of the Agent or Security Agent in connection with such enforcement or recovery and which have been certified, in writing, as having been incurred by the Agent or Security Agent;

(ii) **secondly**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent, the Arrangers and the Security Agent under those Finance Documents;

(iii) **thirdly**, in payment pro rata of all amounts paid by any Secured Party under Clause 25.10 (*Lenders' indemnity to the Agent and the Security Agent*) but which have not been reimbursed by the Company;

(iv) **fourthly**, in or towards payment *pro rata* of:

(1) all accrued interest, costs, fees and expenses due and payable to the Lenders under the Finance Documents; and

(2) all amounts (not being any amount payable as a result of termination or closing out of all or any part of any Hedging Agreement) due and payable to the Hedge Counterparties under the Finance Documents;

(v) **fifthly**, payment *pro rata* of:

(1) any principal due and payable under the Term Loan Facility to the extent due and payable to the Lenders;

(2) any principal due but unpaid under the Revolving Credit Facility; and

(3) all amounts payable to the Hedge Counterparties as a result of the termination or closing out of all or any part of any Hedging Agreement; and

(vi) **sixthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Lenders, vary the order set out in paragraphs (a)(iii) to (vi) above.

(c) Paragraph (a) above will override any appropriation made by an Obligor.

28.6 **No set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

28.7 **Business Days**

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

28.8 **Currency of account**

(a) Subject to paragraphs (b) to (e) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.

(c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

(d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

29. **SET-OFF**

Without prejudice to the provisions of Schedule 7 (*Accounts*) and subject to the terms of Clause 27 (*Sharing Among The Finance Parties*), a Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

30. **NOTICES**

30.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

30.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Company and each other Obligor, that identified with its name in the signing pages below;

(b) in the case of each Lender, Hedge Counterparty or any other Obligor, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

(c) in the case of the Agent or the Security Agent, that identified with its name in the signing pages below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than ten Business Days' notice.

30.3 **Delivery**

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 30.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the Company in accordance with this Clause 30.3 will be deemed to have been made or delivered to each of the Obligors.

30.4 **Notification of address and fax number**

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 30.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

30.5 **Electronic communication**

(a) Any communication to be made between the Agent or the Security Agent and a Lender or Hedge Counterparty under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent, the Security Agent and the relevant Lender or Hedge Counterparty:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Agent and a Lender, a Hedge Counterparty or the Security Agent will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender or a Hedge Counterparty to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.

30.6 **English language**

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

30.7 **Hedging Agreement**

Clauses 30.1 (*Communications in writing*) to 30.5 (*Electronic communication*) shall not apply to any Hedging Agreement.

31. CALCULATIONS AND CERTIFICATES

31.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

31.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

31.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days (where due in the Base Currency) or 365 days (where due in the Optional Currency).

32. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

33. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

34. AMENDMENTS AND WAIVERS

34.1 Required consents

(a) Subject to Clause 23.9 (*Hedge Counterparties*), Clause 34.2 (*Exceptions*) and paragraph (b) below, any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Company and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 34 and, pursuant to Clause 25.7(a) (*Majority Lenders' instructions*), any waiver of, or in respect of, such matters as it determines to be of a minor technical or administrative matters or of a non-credit related nature.

(c) The Agent, on the instructions of the Arrangers, may effect on behalf of any Finance Party, any amendment or waiver contemplated by the Arrangement Fee Letter and the Obligors agree (and authorise the Company to execute on their behalf as Obligor's Agent) any such amendment or waiver.

(d) Each Obligor agrees to any such amendment or waiver permitted by this Clause 34 which is agreed to by the Company; this includes any amendment or waiver which would, but for this paragraph (d), require the consent of all of the Guarantors.

34.2 **Exceptions**

(a) An amendment, waiver or other exercise of any right, power or discretion that has the effect of changing or which relates to:

(i) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(iv) a change in currency of payment of any amount under the Finance Documents;

(v) an increase in or an extension of any Commitment or the Total Commitments or any additional obligation on a Lender to lend money or provide any other form of credit;

(vi) a change to the Borrowers or Guarantors other than in accordance with Clause 24 (*Changes To The Obligors*);

(vii) any provision which expressly requires the consent of all the Lenders or Hedge Counterparties;

(viii) Clause 2.2 (*Finance Parties' rights and obligations*), Clause 4.1 (*Initial conditions precedent*), Clause 8 (*Mandatory Prepayment*) and Schedule 4 (*Mandatory Prepayment*), Clause 23 (*Changes To The Lenders*) or this Clause 34;

(ix) the nature or scope of the Charged Property or the manner in which the proceeds of enforcement of the Transaction Security are distributed (except insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);

(x) the release of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document; or

(xi) any amendment to the order of priority or subordination under the Subordination Deed or the Deed of Priority.

shall not be made without the prior consent of all the Lenders and, where required under Clause 23.9 (*Hedge Counterparties and Additional Arranger*), the Hedge Counterparties.

(b) An amendment or waiver which relates to the rights or obligations of the Agent, the Arrangers, or the Security Agent may not be effected without the consent of the Agent, the Arrangers, or the Security Agent.

35. **COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12
GOVERNING LAW AND ENFORCEMENT

36. **GOVERNING LAW**

This Agreement is governed by English law.

37. **ENFORCEMENT**

37.1 **Jurisdiction of English courts**

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a "**Dispute**").

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 37.1 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

37.2 **Service of process**

(a) Without prejudice to any other mode of service allowed under any relevant law, each Relevant Obligor:

(i) irrevocably appoints Law Debenture Corporate Service Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(ii) agrees that failure by an agent for service of process to notify the Relevant Obligor of the process will not invalidate the proceedings concerned.

(b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Company (on behalf of all the Obligors) must immediately (and in any event within three Business Days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

ORIGINAL PARTIES

Part A

Original Facility A Lenders

Name of Original Facility A Lender	Facility A Commitment	
	General Project Tranche	Non-Gaming Tranche
Australia and New Zealand Banking Group Limited	USD 60,000,000	USD 240,000,000
Bank of America, N.A.	USD 60,000,000	USD 240,000,000
Barclays Bank PLC	USD 60,000,000	USD 240,000,000
Deutsche Bank AG, Hong Kong Branch	USD 60,000,000	USD 240,000,000
UBS AG, Singapore Branch	USD 60,000,000	USD 240,000,000
Total	**USD300,000,000**	**USD1,200,000,000**

Part B

Original Revolving Facility Lenders

Name of Original Revolving Credit Facility Lender	Revolving Credit Facility Commitment	
	General Project Tranche	Non-Gaming Tranche
Australia and New Zealand Banking Group Limited	USD 10,000,000	USD 40,000,000
Bank of America, N.A.	USD 10,000,000	USD 40,000,000
Barclays Bank PLC	USD 10,000,000	USD 40,000,000
Deutsche Bank AG, Hong Kong Branch	USD 10,000,000	USD 40,000,000
UBS AG, Singapore Branch	USD 10,000,000	USD 40,000,000
Total	**USD 50,000,000**	**USD 200,000,000**

Part C

Guarantors

Guarantor	Jurisdiction of Incorporation	Registration Number (or equivalent)
Melco PBL Nominee One Limited	Cayman Islands	187717
Melco PBL Nominee Two Limited	Cayman Islands	187718
Melco PBL Nominee Three Limited	Cayman Islands	187898
Melco PBL Investments Limited	Cayman Islands	168835
Melco PBL Hotel (Crown Macau) Limited	Macau SAR	24789
Melco PBL (Crown Macau) Developments Limited	Macau SAR	19596
Melco PBL (COD) Hotels Limited	Macau SAR	27817
Melco PBL (COD) Developments Limited	Macau SAR	19157
Melco PBL (Mocha) Limited	Macau SAR	27811
Golden Future (Management Services) Limited	Macau SAR	27808

SCHEDULE 2

CONDITIONS PRECEDENT

Part A

Conditions Precedent to Initial Utilisation under Crown Macau Tranche

For the purposes of this Part A only, references to "Finance Documents", "Transaction Documents" and "Transaction Security Documents" shall, to the extent they comprise or include "Finance Documents", include only those Finance Documents referred to in paragraph 2 hereof.

1. **Corporate Documents**

(a) A copy of the Constitutional Documents of each Relevant Obligor and Grantor (other than the Direct Insurers and the Subconcession Bank Guarantor).

(b) A copy of a resolution of the board of directors of each Relevant Obligor:

(i) save if such resolution is not required under the law of incorporation or the articles of association of the Relevant Obligor, approving the terms of, and the transactions contemplated by, the relevant Transaction Documents to which it is a party and resolving that it execute, deliver and perform the Transaction Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including any Utilisation Request and Selection Notice in respect of any Facility provided to it) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party (each, for the purposes of this Schedule 2 and for so long as such authorisation remains effective, an "authorised signatory" of such Relevant Obligor),

and, in the case of each Direct Insurer a certified copy of the relevant board minutes, power of attorney, notario privado or Macau SAR Commercial Registry certificate and in the case of the Subconcession Bank Guarantor, a certified copy of the relevant power of attorney, authorising a specified person or persons to execute the Finance Documents to which it is party on its behalf.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above in relation to and, who will be executing, the Finance Documents and related documents.

(d) A certificate (signed by a director or other authorised signatory) of each Relevant Obligor and Grantor (other than Direct Insurers and the Subconcession Bank Guarantor), confirming (or declaration of a director or other authorised signatory in the case of any Relevant Obligor incorporated in Macau confirming) that borrowing or guaranteeing or securing, as appropriate, the Total Commitments or the entry into or performance under any of the relevant Transaction Documents to

which it is a party would not cause any borrowing, guarantee, security or similar limit or any other Legal Requirement binding on it, to be exceeded.

(e) A certificate of an authorised signatory of each Relevant Obligor and Grantor (other than Direct Insurers and the Subconcession Bank Guarantor), certifying (or declaration of a director or other authorised signatory in the case of any Relevant Obligor incorporated in Macau confirming) that each document, copy document and other evidence relating to it (and, in the case of the Company, each other document, copy document or other evidence) specified in this Part A (other than those referred to in paragraph 2 below) is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the initial Facility A Utilisation Request.

2. **Finance Documents**

(a) This Agreement executed by each Relevant Obligor party to this Agreement.

(b) The Fee Letters executed by the Company.

(c) The PBL Assurance executed by PBL.

(d) The Deed of Appointment executed by each Relevant Obligor party thereto.

(e) At least four originals of the following Transaction Security Documents (other than each Mortgage and each Power of Attorney, which shall be executed in one original) in agreed form executed by the Obligors, other Grantors, Sponsor Group Shareholders and other persons specified below opposite the relevant Transaction Security Document:

Obligor etc.	**Transaction Security Document**
Company	1. Assignment of Onshore Contracts 2. Pledge over Gaming Equipment and Utensils 3. Pledge over Onshore Accounts 4. Floating Charge 5. Livranças and Livrança Covering Letter 6. Pledge over Enterprise
Company and Melco PBL Nominee Two Limited	Share Pledges over quota in: 1. Golden Future (Management Services) Limited 2. Melco PBL (Mocha) Limited 3. Melco PBL (COD) Hotels Limited 4. Melco PBL (COD) Developments Limited 5. Melco PBL Hotel (Crown Macau) Limited

Obligor etc.	Transaction Security Document
Company, Melco PBL Nominee Two Limited and Melco PBL Nominee Three Limited	Share Pledge over shares in Melco PBL (Crown Macau) Developments Limited
• Company • Melco PBL (Crown Macau) Developments Limited • Melco PBL Hotel (Crown Macau) Limited • Golden Future (Management Services) Limited • Melco PBL (Mocha) Limited • Melco PBL Investments Limited • Melco PBL Nominee One Limited • Melco PBL Nominee Two Limited • Melco PBL Nominee Three Limited	Debenture
Melco PBL (Crown Macau) Developments Limited	1. Assignment of Onshore Contracts 2. Land Security Assignment 3. Mortgage 4. Pledge over Onshore Accounts 5. Floating Charge 6. Power of Attorney 7. Pledge over Enterprise
Melco PBL Hotel (Crown Macau) Limited	1. Assignment of Onshore Contracts 2. Pledge over Onshore Accounts 3. Floating Charge 4. Pledge over Enterprise
Melco PBL (Mocha) Limited	1. Assignment of Onshore Contracts 2. Pledge over Onshore Accounts 3. Floating Charge 4. Pledge over Enterprise

Obligor etc.	Transaction Security Document
Golden Future (Management Services) Limited	1. Assignment of Onshore Contracts 2. Pledge over Onshore Accounts 3. Floating Charge 4. Pledge over Enterprise
Managing Director	1. Share Pledge over shares in the Company 2. Sponsor Group Shareholder's Undertaking
MPBL Investments and Melco PBL Nominee Three Limited	Share Pledge over shares in the Company
Melco PBL International Limited	Share Charge over shares in the Parent
Parent	Share Charges over shares in: 1. Melco PBL Nominee Two Limited 2. Melco PBL Nominee Three Limited 3. Melco PBL Investments Limited
Macau S.A.R. and Company	Subconcession Direct Agreement
Macau S.A.R., Company and Melco PBL (Crown Macau) Developments Limited	Land Concession Direct Agreement
• Macau Insurance Company Ltd • Ace Seguradora S.A. • Asia Insurance Co., Ltd. • QBE Insurance (International) Limited • QBE Hongkong & Shanghai Insurance Limited • Liberty Mutual Insurance Europe Ltd., Hong Kong Branch • Brit Insurance Ltd. • ACE Insurance	Assignments of Reinsurances

Obligor etc.	Transaction Security Document
• Company • Melco PBL (Crown Macau) Developments Limited • Melco PBL Hotel (Crown Macau) Limited • Melco PBL (COD) Developments Limited • Melco PBL (COD) Hotels Limited • Golden Future (Management Services) Limited • Melco PBL (Mocha) Limited • Melco PBL Investments Limited • Melco PBL Nominee One Limited • Melco PBL Nominee Two Limited • Melco PBL Nominee Three Limited	Subordination Deed (including assignment of Subordinated Debt therein by Subordinated Creditors)
• Publishing and Broadcasting Limited • Mancon Nominees Pty Limited • PBL Asia Investments Limited	Sponsor Group Shareholder's Undertaking
• Melco PBL Investments • Melco PBL Nominee Three Limited • Parent • Melco PBL International Limited • Melco PBL Holdings Limited • Melco PBL Entertainment (Macau) Limited	Sponsor Group Shareholder's Undertaking
• Melco International Development Limited • Melco Leisure and Entertainment Group Limited	Sponsor Group Shareholder's Undertaking

Obligor etc.	Transaction Security Document
Issuers	Sponsor's Letters of Credit
Publishing and Broadcasting Limited	PBL Assurance

(f) All Sponsor's Letters of Credit to be delivered by Melco and PBL pursuant to the terms of their respective Sponsor Group Shareholder's Undertakings.

(g) All notices and requests for undertakings required to be sent under the Transaction Security Documents executed by the appropriate Obligor and duly acknowledged and agreed by the addressee.

(h) All share certificates and documents of title, transfers and stock transfer forms or equivalent duly executed by the appropriate Obligor in blank in relation to the assets subject to or expressed to be subject to the Transaction Security (except in relation to shares or quotas in any Relevant Obligor incorporated in Macau) and all other documents to be provided under the Transaction Security Documents.

(i) The Hedging Letter and a copy of each Hedging Agreement (and each confirmation thereunder) required to be entered into in accordance with the Hedging Letter and in Schedule 15 (*Hedging Arrangements*).

(j) Evidence of the discharge of any Financial Indebtedness incurred or Security granted by any member of the Group which is not permitted by paragraph 3 of Schedule 6 (*Covenants*).

(k) Evidence that each relevant Finance Document has been duly authorised, executed and delivered by the parties to those documents and duly filed, recorded, stamped and registered and any other Permit obtained and maintained in relation thereto or the transactions contemplated thereunder as may be required.

3. **Transaction Documents**

(a) A copy of each of the relevant Transaction Documents relating to the Crown Macau Project and the Mocha Slot Business (other than the Finance Documents and Constitutional Documents of any Relevant Obligor required to be provided under paragraph 1 or 2 above) executed by the parties to those documents.

(b) Evidence that each Major Project Document relating to the Crown Macau Project and the Mocha Slot Business and any other Major Project Document to which the Company, Melco PBL (Mocha) Limited, Melco PBL Hotel (Crown Macau) Limited, Melco PBL (Crown Macau) Developments Limited, MPBL Investments, Melco PBL Nominee One Limited, Melco PBL Nominee Two Limited or Melco PBL Nominee Three Limited is a party, has been duly authorised, executed

and delivered by the Relevant Obligors that are parties to those documents and duly filed, recorded, stamped and registered and any other Permit obtained and maintained in relation thereto or the transactions contemplated thereunder as may be required.

4. **Subconcession**

(a) Evidence that:

(i) the capital requirement under article 15 of the Subconcession has been complied with;

(ii) the procedural requirements under the Subconcession concerning the granting of the Transaction Security have been complied with;

(iii) the Company has obtained approval from the Macau SAR in respect of the Facilities and the Transaction Security and provided copies of the Finance Documents to the Macau SAR in accordance with article 34 of the Subconcession;

(iv) each area on which any operation of casino games of chance or other forms of gaming will be carried out by the Company has been authorised as a casino or gaming zone by the Macau SAR in accordance with article 9 of the Subconcession;

(v) the Subconcession Bank Guarantee has been issued under the Subconcession Bank Guarantee Facility as required by article 61 of the Subconcession; and

(vi) Reorganisation Permits have been obtained.

(b) Copies of all documents submitted to the Macau SAR as required under article 21 of the Subconcession and evidence that approval of the Company's delegation of management authority (including the appointment of the Managing Director, the scope of his power and the form of his authorisation) has been granted pursuant to article 21.

(c) A certified true copy of a signed letter from an authorised representative of the Government of the Macau SAR confirming that there is no requirement for Government approval for the execution of any Pledge over Enterprise comprised in the Transaction Security Documents by the Relevant Obligor party thereto.

5. **Real Property**

Evidence that:

(a) the Crown Macau Land Concession has been registered with the Macau Real Estate Agency and published in the Official Bulletin; and

(b) the bank guarantee or cash collateral in the required amount has been provided as required by the Land Concession.

6. **Construction**

(a) A certificate from the Technical Adviser (or such other evidence) confirming that it has received or (on such terms as it may reasonably require) had made available to him in Hong Kong or Macau all plans, specifications, design documents, schematic drawings and related items for the design, architecture and construction of the Crown Macau Project.

(b) A certificate from the Technical Adviser (or such other evidence) that the practical completion for the Crown Macau Project has occurred and that the Crown Macau Project has opened and is fully operational.

(c) A certificate (signed by a director) of the Company certifying that the Crown Macau Construction Contractor is no longer in possession of the property and that to the best of his knowledge and belief (having made all due and proper enquiry) none of the assets to be subject to Transaction Security in respect of the Crown Macau Project is subject to any lien in favour of any unpaid contractor or sub-contractor.

7. **Permits**

(a) A copy of each of the relevant Permits described in Part A of Schedule 16 (*Permits*).

(b) Evidence, including a director's certificate or declaration, that all relevant Permits described in Part A of Schedule 16 (*Permits*) have been issued, are in full force and effect and are not subject to any proceedings or any unsatisfied conditions that might reasonably be expected to adversely modify any relevant Permit in any material way, revoke any relevant Permit, restrain or prevent the operation of the Crown Macau Project and the Mocha Slot Business or otherwise impose adverse conditions on the Crown Macau Project and the Mocha Slot Business or any of the transactions contemplated by the relevant Transaction Documents and all applicable appeal periods with respect thereto have expired.

(c) Evidence, including a director's certificate or declaration, in respect of each relevant Permit described in Part B of Schedule 16 (*Permits*) that:

(i) each such relevant Permit is of a type that is routinely granted on application and compliance with the conditions for issuance; and

(ii) there are no facts or circumstances which indicate that any such Permit will not be obtainable without undue expense or delay prior to the time it is required.

(d) Evidence, including a director's certificate or declaration, that all other Permits have been obtained or effected as required and, in respect of those which are not yet required:

(i) each such Permit is of a type that is routinely granted on application and compliance with the conditions for issuance; and

(ii) there are no facts or circumstances which indicate that any such Permit will not be obtainable without undue expense or delay prior to the time it is required.

8. **Insurance**

(a) Certified true copies of all Insurance policies in relation to the Crown Macau Project and the Mocha Slot Business and all other Insurance policies subject to or expressed to be subject to the Transaction Security relating to the relevant Charged Property.

(b) Evidence that all Insurances in relation to the Crown Macau Project and the Mocha Slot Business (and any Reinsurances in respect thereof required under the Finance Documents) are in full force and effect, all premia due and payable have been paid, each policy has been endorsed as required by Schedule 8 (*Insurances*) and (in the case of the Direct Insurances) the Finance Parties named as a co-insureds.

(c) Insurance Brokers' Letters of Undertaking and Reinsurance Brokers' Letters of Undertaking in respect of such Insurances and Reinsurances.

9. **Accounts**

Evidence that each of the Accounts specified in paragraph 1.1 of Schedule 7 (*Accounts*) has been established in accordance with Schedule 7 (*Accounts*).

10. **Financial Statements**

Copies of the Original Financial Statements of MPBL Entertainment, together with a certificate from an authorised signatory, certifying that each copy is true and correct and that no material adverse change has occurred in the assets, liabilities, operations or financial condition of the Group since the date of the financial statements.

11. **Reports and Advisers**

(a) The Reports relating to the Crown Macau Project (as updated or supplemented by each of the Advisers).

(b) Confirmation from the Technical Adviser in relation to the inputs in the Financial Model.

(c) Evidence that the Insurance Adviser and the Technical Adviser have been appointed to continue to act on terms and with a scope of work reasonably acceptable to the Agent.

12. **Legal opinions**

The following legal opinions (in each case, in substantially the form circulated to the Lenders prior to initial Utilisation):

(a) A legal opinion or opinions of Manuela António Advogados & Notários, legal advisers to the Obligors, or such other Macau Counsel appointed by the Agent as to Macanese law including, without limitation, with respect to none of the assets to be subject to Transaction Security in respect of the Crown Macau Project being subject to any lien in favour of any unpaid contractor or sub-contractor;

(b) A legal opinion of Henrique Saldanha Advogados & Notários, legal advisers to the Agent, the Security Agent and the Arrangers, as to Macanese law including, without limitation, with respect to the New Cotai Agreement and the issuance of all necessary approvals in respect thereof;

(c) A legal opinion of Conyers Dill & Pearman, legal advisers to the Agent, the Security Agent and the Arrangers, as to the laws of the Cayman Islands;

(d) A legal opinion of Conyers Dill & Pearman, legal advisers to the Agent, the Security Agent and the Arrangers, as to the laws of the British Virgin Islands;

(e) A legal opinion of Allens Arthur Robinson, legal advisers to the Agent, the Security Agent and the Arrangers, as to Australian State and Commonwealth laws;

(f) A legal opinion of Clifford Chance, legal advisers to the Agent, the Security Agent and the Arrangers, as to English law; and

(g) A legal opinion of Clifford Chance, legal advisers to the Agent, the Security Agent and the Arrangers, as to Hong Kong law.

13. **Representations and Warranties**

A directors' or authorised signatory's certificate or declaration of each Relevant Obligor (or such other evidence) confirming:

(a) that the representations and warranties expressed to be made by each Obligor or Sponsor Group Shareholder in any Transaction Document are true and correct in all material respects;

(b) that no other event or circumstance is outstanding which constitutes (or with the expiry of a grace period, the giving of notice, the making of any determination or the satisfaction of any other applicable condition will constitute) a default or termination event (howsoever described) under any Transaction Document;

(c) that there is no action, suit, proceedings or investigation of any kind pending or threatened, including actions or proceedings of or before any Governmental Authority, to which any Obligor or Sponsor Group Shareholder or any of its assets or the Project is party or subject which, in each case, might reasonably be expected to have a Material Adverse Effect; and

(d) that no Material Adverse Effect has occurred and is continuing nor might reasonably be expected to occur as a result of the first Utilisation.

14. **Base Equity**

A certificate from the Chief Finance Officer or a director of the Company certifying that the Sponsors have, in aggregate and without double counting, capitalised MPBL Investments and its subsidiaries (but excluding the Excluded Subsidiaries) (the "**MPBL Investments Group**") to an amount equal to or greater than USD2.0 billion (of which a minimum of USD1.0 billion comes from the IPO), whether by way of equity injection, subordinated shareholders' loans and/or through accounting for acquisitions and other consolidation entries within the MPBL Investments Group).

15. **Other documents and evidence**

(a) Evidence that the fees, costs and expenses then due from and invoiced to the Company pursuant to Clause 13 (*Fees*) or Section 6 (*Additional Payment Obligations*) have been paid or will be paid by the first Utilisation Date.

(b) Evidence that any agent for service of process referred to in Clause 37.2 (*Service of process*) has accepted its appointment.

(c) The Financial Model.

(d) The Projections.

(e) The Group Budget.

(f) A certificate (signed by the Chief Financial Officer) of the Company confirming that the existing Crown Macau loan facilities have been cancelled and that all existing security interests associated therewith have been released, together with copies of extracts from the commercial registry of the Macau SAR showing the release of any mortgage granted in connection with such existing Crown Macau loan facilities and letters from the facility agent under such existing Crown Macau loan facilities confirming their cancellation.

(g) Evidence that the Company has a credit rating of BB- or higher by Standard & Poor's Rating Services and Ba3 or higher by Moody's Investor Services Limited.

(h) The Corporate Structure Chart.

(i) A copy of each of the executed Reorganisation Agreements and the Reorganisation Permits, together with a certificate (signed by the Chief Financial Officer) of the Company confirming that the Reorganisation has been completed in accordance with the Reorganisation Agreements and the Reorganisation Permits.

(j) A copy of any other authorisation, Permit or document, opinion or assurance which the Agent notifies the Company in writing is necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document in accordance with its terms.

Part B

Conditions Precedent to Initial Utilisation under City of Dreams Tranche

1. **Corporate Documents**

(a) A copy of the Constitutional Documents of each COD Obligor.

(b) A copy of a resolution of the board of directors of each COD Obligor and Grantor (other than the Direct Insurers and the Subconcession Bank Guarantor):

(i) save if such resolution is not required under the law of incorporation or the articles of association of that COD Obligor or Grantor, approving the terms of, and the transactions contemplated by, the relevant Transaction Documents to which it is a party and resolving that it execute, deliver and perform the Transaction Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including any Utilisation Request and Selection Notice in respect of any Facility provided to it) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party (each, for the purposes of this Schedule 2 and for so long as such authorisation remains effective, an "authorised signatory" of such Relevant Obligor),

and, in the case of each Direct Insurer a certified copy of the relevant board minutes, power of attorney, notario privado or Macau SAR Commercial Registry certificate authorising a specified person or persons to execute the Finance Documents to which it is party on its behalf.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above in relation to and, who will be executing, the Finance Documents and related documents.

(d) A declaration of a director or other authorised signatory of each COD Obligor that the guaranteeing or securing, as appropriate, the Total Commitments or the entry into or performance under any of the relevant Transaction Documents to which it is a party would not cause any guarantee, security or similar limit or any other Legal Requirement binding on it, to be exceeded.

(e) A declaration of a director or other authorised signatory of each COD Obligor confirming that each document, copy document and other evidence relating to it specified in this Part B (other than those referred to in paragraph 2 below) is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the initial Utilisation Request in respect of the City of Dreams Tranche under Facility A.

2. **Finance Documents**

(a) At least four originals of the following Transaction Security Documents (other than any Mortgage or Power of Attorney, which shall be executed in one original each) in agreed form executed by the COD Obligor, Grantor or other persons specified below opposite the relevant Transaction Security Document:

	Transaction Security Document
Melco PBL (COD) Developments Limited	1. Assignment of Onshore Contracts 2. Land Security Assignment 3. Mortgage 4. Pledge over Onshore Accounts 5. Floating Charge 6. Power of Attorney 7. Pledge over Enterprise 8. Debenture
Melco PBL (COD) Hotels Limited	1. Assignment of Onshore Contracts 2. Pledge over Onshore Accounts 3. Floating Charge 4. Pledge over Enterprise 5. Debenture
Company	Power of Attorney
Company	Assignment of Leases and other Rights to Use
Company	Mortgage
Managing Director MPBL Investments Melco PBL Nominee Three Limited Company	Assignment of Shareholders Agreement
Relevant Obligors	Assignment and Pledge over Intellectual Property
• Macau Insurance Company Ltd • Ace Seguradora S.A. • Asia Insurance Co., Ltd. • QBE Insurance (International) Limited Macau	Assignments of Reinsurances (in respect of City of Dreams Project related Insurances)

- QBE Hongkong & Shanghai Insurance Limited
- Liberty Mutual Insurance Europe Ltd., Hong Kong Branch
- Brit Insurance Ltd.
- ACE Insurance

Subconcession Bank Guarantor Deed of Priority

(b) A certified true copy of a signed letter from an authorised representative of the Government of the Macau SAR confirming that there is no requirement for Government approval for the execution of any Pledge over Enterprise comprised in the Transaction Security Documents by the Relevant Obligor party thereto.

(c) All notices, requests for undertakings and direct agreements required to be sent or executed and delivered under the Transaction Security Documents executed by the appropriate Relevant Obligor and duly acknowledged, agreed, executed and delivered by each addressee or counterparty thereto.

(d) All share certificates and documents of title, transfers and stock transfer forms or equivalent duly executed by the appropriate COD Obligor in blank in relation to the assets subject to or expressed to be subject to the Transaction Security (except in relation to shares or quotas in any COD Obligor incorporated in Macau) and all other documents to be provided under the Transaction Security Documents.

(e) A copy of each Hedging Agreement (and each confirmation thereunder) required to be entered into in accordance with the Hedging Letter in Schedule 15 (*Hedging Arrangements*).

(f) Evidence that each relevant Finance Document has been duly authorised, executed and delivered by the parties to those documents and duly filed, recorded, stamped and registered and any other Permit obtained and maintained in relation thereto or the transactions contemplated thereunder as may be required.

3. **Transaction Documents**

(a) A copy of each of the relevant Transaction Documents relating to the City of Dreams Project (other than the Finance Documents and Constitutional Documents of any Relevant Obligor required to be provided under paragraph 1 or 2 above) executed by the parties to those documents.

(b) Evidence that each Major Project Document relating to the City of Dreams Project and any other Major Project Document to which a COD Obligor is a party, has been duly authorised, executed and delivered by the COD Obligors that are

parties to those documents and duly filed, recorded, stamped and registered and any other Permit obtained and maintained in relation thereto or the transactions contemplated thereunder as may be required.

4. **Real Property**

Evidence that:

(a) the City of Dreams Land Concession has been registered with the Macau Real Estate Agency and published in the Official Bulletin; and

(b) the bank guarantee or cash collateral in the required amount has been provided as required by the Land Concession.

5. **Construction**

(a) A certificate from the Technical Adviser (or such other evidence) confirming that it has received or (on such terms as it may reasonably require) had made available to it in Hong Kong or Macau all plans, specifications, design documents, schematic drawings and related items for the design, architecture and construction of the City of Dreams Project.

(b) Evidence that fixed price City of Dreams Construction Contracts have been entered into for City of Dreams Project Work comprising not less than 40% of the sum of the following Project Line Items budgeted as at the date of this Agreement: Base Construction, Preliminaries, Insurance, Contractor's Fee, ELV, Bubble and Special Effect, Consultant's Fees and Sponsor and Developer Costs.

(c) The Project Schedule for the City of Dreams Project.

6. **Permits**

(a) A copy of each of the relevant Permits described in Part C of Schedule 16 (*Permits*).

(b) Evidence, including a director's or authorised signatory's certificate or declaration, that all relevant Permits described in Part C of Schedule 16 (*Permits*) have been issued, are in full force and effect and are not subject to any proceedings or any unsatisfied conditions that might reasonably be expected to adversely modify any relevant Permit in any material way, revoke any relevant Permit, restrain or prevent the operation of the City of Dreams Project or otherwise impose adverse conditions on the City of Dreams Project or any of the transactions contemplated by the relevant Transaction Documents and all applicable appeal periods with respect thereto have expired.

(c) Evidence, including a director's or authorised signatory's certificate or declaration, in respect of each relevant Permit described in Part D of Schedule 16 (*Permits*) that:

(i) each such relevant Permit is of a type that is routinely granted on application and compliance with the conditions for issuance; and

(ii) there are no facts or circumstances which indicate that any such Permit will not be obtainable without undue expense or delay prior to the time it is required.

(d) Evidence, including a director's or authorised signatory's certificate or declaration, that all other Permits have been obtained or effected as required and, in respect of those which are not yet required:

(i) each such Permit is of a type that is routinely granted on application and compliance with the conditions for issuance; and

(ii) there are no facts or circumstances which indicate that any such Permit will not be obtainable without undue expense or delay prior to the time it is required.

7. **Insurance**

(a) Certified true copies of all Insurance policies in relation to the City of Dreams Project and all other Insurance policies subject to or expressed to be subject to the Transaction Security relating to the relevant Charged Property.

(b) Evidence that all Insurances in relation to the City of Dreams Project (and any Reinsurances in respect thereof required under the Finance Documents) are in full force and effect, all premia due and payable have been paid, each policy has been endorsed as required by Schedule 8 (*Insurances*) and (in the case of the Direct Insurances) the Finance Parties named as a co-insureds.

(c) Insurance Brokers' Letters of Undertaking and Reinsurance Brokers' Letters of Undertaking in respect of such Insurances and Reinsurances.

8. **Accounts**

Evidence that each of the Accounts required in respect of the City of Dreams Project has been established.

9. **Reports and Advisers**

(a) The Technical Report relating to the City of Dreams Project (as updated or supplemented by the Technical Adviser).

(b) The Insurance Report relating to the City of Dreams Project.

10. **Legal opinions**

The following legal opinions (in each case, in substantially the form circulated to the Lenders prior to initial Utilisation of the City of Dreams Tranche):

(a) A legal opinion or opinions of Manuela António Advogados & Notários, legal advisers to the Obligors, or such other Macau Counsel appointed by the Agent as to Macanese law;

(b) A legal opinion of Henrique Saldanha Advogados & Notários, legal advisers to the Agent, the Security Agent and the Arrangers, as to Macanese law including, without limitation, with respect to issuance of all necessary approvals in respect thereof; and

(c) A legal opinion of Clifford Chance, legal advisers to the Agent, the Security Agent and the Arrangers, as to English law;

11. **Representations and Warranties**

A directors' certificate of each COD Obligor (or such other evidence) confirming:

(a) that the representations and warranties expressed to be made by each COD Obligor in any Transaction Document are true and correct in all material respects;

(b) that no other event or circumstance is outstanding which constitutes (or with the expiry of a grace period, the giving of notice, the making of any determination or the satisfaction of any other applicable condition will constitute) a default or termination event (howsoever described) under any Transaction Document;

(c) that there is no action, suit, proceedings or investigation of any kind pending or threatened, including actions or proceedings of or before any Governmental Authority, to which any COD Obligor or any of its assets or the Project is party or subject which, in each case, might reasonably be expected to have a Material Adverse Effect; and

(d) that no Material Adverse Effect has occurred and is continuing nor might reasonably be expected to occur as a result of Utilisation of the City of Dreams Tranche.

12. **Other documents and evidence**

(a) Evidence that the fees, costs and expenses then due from and invoiced to the Company pursuant to Clause 13 (*Fees*) or Section 6 (*Additional Payment Obligations*) have been paid or will be paid by the date of Utilisation of the City of Dreams Tranche under Facility A.

(b) A copy of any other authorisation, Permit or document, opinion or assurance which the Agent notifies the Company in writing is necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document in accordance with its terms.

Part C

Conditions Precedent to all Utilisations (other than Crown Macau Tranche)

1. **No Forecast Funding Shortfall; Project Schedule**

Evidence that none of the Group Budget (or any update thereof), the Project Schedule (or any update thereof), the Projections (or any update thereof) or any other report, certificate or other document required to be delivered to the Agent pursuant to Part B or this Part C of this Schedule 2 indicate:

(a) a Forecast Funding Shortfall has occurred and is continuing or could reasonably be expected to result from such Utilisation; or

(b) that Practical Completion and the satisfaction of the Opening Conditions in relation to City of Dreams Phase I will not be achieved on or before 31 March 2009;

(c) that Practical Completion and the satisfaction of the Opening Conditions in relation to the City of Dreams Project will not be achieved on or before 30 September 2009; or

(d) that Final Completion of the City of Dreams Project will not be achieved on or before 30 September 2010.

2. **Utilisation Request**

All information, attachments, certifications and other supporting documents required by the Utilisation Request, all appropriately completed and duly executed by an authorised signatory of the Borrower or the Company, including:

(a) in the case of the initial Project Utilisation under the City of Dreams Tranche, a statement of all payments made in respect of Project Costs for the City of Dreams Project prior to the date of the Utilisation Request broken down by Line Item and supported, in the case of any payment exceeding a Base Currency Amount of USD1,500,000 to the reasonable satisfaction of the Agent, by invoices, receipts and other documentary evidence attached to the Utilisation Request;

(b) a statement of the specific purposes to which each Utilisation will be applied, including:

(i) whether payment (or, in the case of the initial Utilisation under the City of Dreams Tranche, refinancing of payment) for Project Costs and, where for refinancing of payment, the original source of funds for such payment; and

(ii) a break down by Line Item of each such category of Project Costs supported in the case of any payment exceeding a Base Currency Amount of USD1,500,000 or its equivalent, to the reasonable satisfaction of the Agent, by invoices, receipts and other documentary evidence attached to the Utilisation Request;

(c) insofar as any previous Utilisation was requested for the purpose of payments which, at the time of its Utilisation Date, were not yet payable, a statement of such payments made since the last Utilisation Request supported, in the case of any payment exceeding a Base Currency Amount of USD1,500,000 or its equivalent, to the reasonable satisfaction of the Agent, by invoices, receipts and other documentary evidence attached to the Utilisation Request;

(d) certification that each Utilisation is required for the purpose specified and that, where such purpose comprises payment (or refinancing of payment) for Project Costs for the relevant Project:

(i) the relevant Project Costs have been incurred and paid or are due and payable or will be incurred and be due and payable prior to the date falling 30 days after the Utilisation Date; and

(ii) there are no amounts standing to the credit of (or required to be deposited to) any of the Accounts or any amount of Revenues expected to be available to meet such Project Costs (or such refinancing);

(e) certification that the amount of the Utilisation requested under Facility A does not exceed the aggregate amount of all Project Costs incurred and paid or due and payable or which will be incurred and be due and payable prior to the date falling 30 days after the Utilisation Date;

(f) certification that:

(i) there is no reason to believe that any of the current Group Budget, the current Projections or the current Project Schedule are not accurate; and

(ii) none of the current Group Budget, the current Projections or the current Project Schedule indicate:

(1) a Forecast Funding Shortfall has occurred and is continuing or could reasonably be expected to result from such Utilisation;

(2) that Practical Completion and the satisfaction of the Opening Conditions in relation to City of Dreams Phase I will not be achieved on or before 31 March 2009;

(3) that Practical Completion and the satisfaction of the Opening Conditions in relation to the City of Dreams Project will not be achieved on or before 30 September 2009; or

(4) that Final Completion of the City of Dreams Project will not be achieved on or before 30 September 2010,

and any update thereof; and

(g) certification that:

(i) since the date of the initial Utilisation Request, no Material Adverse Effect has occurred and is continuing nor could reasonably be expected to occur;

(ii) no Default has occurred which is continuing or will result from the Utilisation; and

(iii) in relation to the initial Utilisation, all the representations and warranties in Schedule 5 (*Representations and Warranties*) or, in relation to any other Utilisation, the Repeating Representations, are true.

3. **Technical Adviser's Certificate**

A certificate from the Technical Adviser certifying that:

(a) the Technical Adviser has no reason to believe that:

(i) the current Group Budget is not accurate in all material respects or that it does not fairly represent the Remaining Costs; or

(ii) the current Project Schedule is not accurate in all material respects or that:

(1) Practical Completion and the satisfaction of the Opening Conditions in relation to City of Dreams Phase I will not be achieved on or before 31 March 2009;

(2) Practical Completion and the satisfaction of the Opening Conditions in relation to the City of Dreams Project will not be achieved on or before 30 September 2009; or

(3) Final Completion of the City of Dreams Project will not be achieved on or before 30 September 2010; and

(b) to the best of its knowledge and belief:

(i) save in the case of the initial Utilisation under this Agreement, the Utilisations requested by the Company under the Project Facilities are required prior to the date falling 30 days after the Utilisation Date to make payments in accordance with the Group Budget or to refinance such payments previously made; and

(ii) certifications and statements made in the Utilisation Request or as otherwise required by paragraph 2 of this Part D, and all information, attachments and other supporting documents thereto are correct in all material respects.

4. **Reports, Financial Statements and Other Information**

(a) Each of the reports, financial statements and other information for the relevant Project due, pursuant to paragraph 1 of Schedule 6 (*Covenants*), on or before the date of the Utilisation Request.

(b) Receipt of the Technical Adviser's Monthly Report for the relevant Project due on or before the date of the Utilisation Request.

5. **Project Documents and Subcontracts**

(a) A copy of:

(i) each Major Project Document; and

(ii) any Project Document requested by the Technical Adviser pursuant to paragraph 3.13 of Schedule 6 (*Covenants*).

(b) A certificate of an authorised signatory of the Company certifying that:

(i) each copy is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Utilisation Request; and

(ii) each major Project Document and each such Project Document is consistent with the Group Budgets, Projections, the Project Schedule and Plans and Specifications.

(c) A certificate of the Technical Adviser that each such Project Document is consistent in all material respects with the Group Budgets, the Projections, the Project Schedule and Plans and Specifications.

6. **Other documents and evidence**

(a) Evidence that the fees, costs and expenses then due from the Company pursuant to Clause 13 (*Fees*) or Section 6 (*Additional Payment Obligations*) have been paid or will be paid by the Utilisation Date.

(b) A certificate of an authorised signatory of each Relevant Obligor certifying that each document, copy document and any other evidence relating to it (and, in the case of the Company, each other document, copy document or other evidence) specified in this Part D is correct, complete and in full force and effect, and has not been amended or superseded, as at a date no earlier than the date of the Utilisation Request.

(c) A copy of any other Permit or other document, opinion or assurance which the Agent notifies the Company is necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Transaction Document for the relevant Project or for the validity and enforceability of any Transaction Document in accordance with its terms.

Part D

Conditions Precedent Required to be

Delivered by an Additional Obligor

1. An Accession Letter executed by the Additional Obligor and the Company.
2. A copy of the Constitutional Documents of the Additional Obligor.
3. A copy of a resolution of the board of directors of the Additional Obligor:
   (a) approving the terms of, and the transactions contemplated by, the Accession Letter and the Transaction Documents to which it is a party and resolving that it execute, deliver and perform the Accession Letter and any other Transaction Documents to which it is a party;
   (b) authorising a specified person or persons to execute the Accession Letter and other Finance Documents on its behalf;
   (c) authorising the Company to act as its agent in connection with the Finance Documents.
4. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
5. A copy of a resolution signed by all the holders of the issued shares in each Additional Obligor, approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party.
6. A certificate of the Additional Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments or the entry into or performance under any of the Transaction documents to which it is a party would not cause any borrowing, guarantee, security or similar limit or any other Legal Requirement binding on it to be exceeded.
7. A certificate of an authorised signatory of the Additional Obligor certifying that each document, copy document and other evidence listed in this Part E is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Accession Letter.
8. The following legal opinions:
   (a) A legal opinion of the legal advisers to the Agent and the Security Agent, as to English law.
   (b) If the Additional Obligor is incorporated in a jurisdiction other than England and Wales or is executing a Finance Document which is governed by a law other than English law, a legal opinion of the legal advisers to the Agent and the Security Agent in each of those jurisdictions.
9. Evidence that the agent for service of process specified in Clause 37.2 (*Service of process*) has accepted its appointment in relation to the proposed Additional Obligor.

10. Any Transaction Security Documents which are required by the Agent to be executed by the proposed Additional Obligor.

11. Any notices, requests for undertakings or other documents required to be given or executed under the terms of those Transaction Security Documents, together with, where relevant, their due acknowledgement and agreement by the addressee or any other person expressed to be a party thereto.

12. An undertaking, in such form as may be required by the Deed of Appointment or as may otherwise be reasonably required by the Agent or the Security Agent providing for the accession of the Additional Obligor to the Deed of Appointment executed by the Additional Obligor.

SCHEDULE 3

REQUESTS

Part A

Utilisation Request

Facility A (Crown Macau Tranche)/Revolving Credit Facility

(General Working Capital Purposes)

From: [*Company*]

To: [*Agent*]

Date:

Dear Sirs

Melco PBL Gaming Limited and Others – USD[•] Senior Facilities Agreement

dated [•] (the "Senior Facilities Agreement")

[Facility A Utilisation Request (Crown Macau Tranche)] [Revolving Credit Facility

(General Working Capital Purposes)]

1. We refer to the Senior Facilities Agreement. This is a Utilisation Request. Terms defined in the Senior Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms:

   (b) Borrower: [*Company*]

   (c) Proposed Utilisation Date: [•] (or, if that is not a Business Day, the next Business Day)

   (d) Facility to be utilised: [Facility A] [Revolving Credit Facility]

   (e) Currency of Loan: [•]

   (f) Amount: [•] or, if less, the Available Facility

   (g) Interest Period: [•]

   (h) Purpose: [•][1]

3. We confirm that:

   (a) the purpose specified above complies with the permitted use of [Facility A] [Revolving Credit Facility] under the Senior Facilities Agreement and no part of the Loan will be applied otherwise than in accordance with such purpose;

[1] Insert relevant purpose for Facility A ([Crown Macau Tranche]) or the Revolving Credit Facility ([general working capital purposes])

(b) the Loan is required for the purpose specified;

(c) each condition relevant to the Utilisation specified or referred to in Clause 4 (*Conditions Of Utilisation*) or Section 3 (*Utilisation*) of the Senior Facilities Agreement is satisfied on the date of this Utilisation Request;

(d) no Default is continuing or will result from the proposed Utilisation;

(e) all of the representations and warranties in Schedule 5 (*Representations and Warranties*) of the Senior Facilities Agreement are true; and

(f) [the full amount of Base Equity has been paid or advanced to the Company][2].

4. We attach a signed but undated receipt for the Loan and authorise the Agent to date the receipt on the date the Loan is made.

5. The proceeds of this Loan should be credited to [*account*].

6. This Utilisation Request is irrevocable.

Yours faithfully

_____

Name:
authorised signatory for and on behalf of
[*Company*]

[2] Not required for Utilisations subsequent to Initial Utilisation.

Part B

Utilisation Request
Facility A (City of Dreams Tranche)/Revolving Credit Facility (City of Dreams Project Cost Overruns and Contingencies)

From: *[Borrower or Company]*

To: [*Agent*]

Date:

Dear Sirs

Melco PBL Gaming Limited and Others – USD[•] Senior Facilities Agreement dated [•] (the "Senior Facilities Agreement")
Facility A (City of Dreams Tranche)/Revolving Credit Facility (City of Dreams Project Cost Overruns and Contingencies) Utilisation Request No [•]

1. We refer to the Senior Facilities Agreement. This is a Utilisation Request. Terms defined in the Senior Facilities Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan under [Facility A] [Revolving Credit Facility][3] on the following terms:

   (a) Borrower: [•]

   (b) Proposed Utilisation Date: [•] (or, if that is not a Business Day, the next Business Day)

   (c) Project being funded: [City of Dreams Project]

   (d) Currency of Loan: [•]

   (e) Amount: [•] or, if less, the Available Facility

   (f) Interest Period: [•]

   (g) Purpose: [•][4]

3. We confirm, in relation to each proposed Utilisation above, that:

   (a) the purpose specified above in respect of that Utilisation complies with the permitted use under the Facilities Agreement of the Facility under which it is proposed to be made and no part of the Loan will be applied otherwise than in accordance with such purpose;

---

3 Delete as required and repeat sub-paragraph for Utilisations under other Facilities.
4 Specify purpose and break down application according to Line Items of Project Costs proposed to be financed and/or (in the case of the initial Utilisation of the City of Dreams Tranche) refinanced.

(b) the Loan is required for the purpose specified, the Project Costs to be paid from the proceeds of the Loan have been incurred and are due and payable, or will be incurred and be due and payable, prior to the date falling 30 days after the proposed Utilisation Date and there are no amounts standing to the credit of (or required to be deposited to) any of the Accounts or any amount of Revenue otherwise expected to be available to meet such Project Costs;

(c) proceeds of the above Loans requested under [Facility A] [Revolving Credit Facility] shall be applied in the amounts specified towards [refinancing][5] Project Costs;

(d) the amount of the above Loans requested under [Facility A] [Revolving Credit Facility][6], when aggregated with the amounts of all other Loans under either Facility A or the Revolving Credit Facility, is no greater than the aggregate amount of all Project Costs incurred and paid or which will be incurred and be due and payable by the relevant Project Company on or before the date falling 30 days after the proposed Utilisation Date;

(e) each condition relevant to the above Utilisations specified or referred to in Clause 4 (*Conditions Of Utilisation*) or Section 3 (*Utilisation*) of the Senior Facilities Agreement is satisfied on the date of this Utilisation Request;

(f) no Forecast Funding Shortfall has occurred and is continuing or could reasonably be expected to result from the making of the above Loans;

(g) we have no reason to believe that the Group Budget is not accurate or that the Project Schedule is not accurate;

(h) neither the Group Budget nor the Project Schedule indicate:

  (a) a Forecast Funding Shortfall; or

  (b) that Practical Completion and the satisfaction of the Opening Conditions for City of Dreams Phase I will not be achieved on or before 31 March 2009; or

  (c) that Practical Completion and the satisfaction of the Opening Conditions for the City of Dreams Project will not be achieved on or before 30 September 2009;

(i) since the date of the initial Utilisation Request, no Material Adverse Effect has occurred and is continuing nor could reasonably be expected to occur;

(j) no Default has occurred which is continuing or will result from the above Utilisations;

---

5 Delete as required and repeat sub-paragraph for Utilisations under other Facility.
6 Delete as appropriate.

(k) all [the representations and warranties in Schedule [5 (*Representations and Warranties*) of the Facilities Agreement][7]/[the Repeating Representations][8] are true;

(l) [the following payments have been made in respect of Project Costs: [*break down according to Line Item and attach supporting documents*]];[9]

(m) since the last Utilisation Request, the following amounts have been paid in respect of payments for which a Loan has previously been requested but which were not yet payable at the time of its Utilisation Date:

Utilisation Request No.	Payment Description	Amount

(n) [the full amount of [Base Equity] has been paid or advanced to the Company][10].

4. We attach, as required by [paragraph 2 of Part C] of Schedule 2 (*Conditions Precedent*) of the Senior Facilities Agreement, documents substantiating the Project Costs and payments referred to in paragraph 2 and sub-paragraph [3(l)]/[3(m)] above.

5. [We attach an updated [Group Budget] [and] [Project Schedule.][11]

6. We attach signed but undated receipts for the Loans requested above and authorise the Agent to date such receipts on the date such Loans are made.

7. The [proceeds/specified amounts] of the above Advances should be credited to, respectively, the following Accounts:

[*specify relevant Disbursement Account and amount*]

Yours faithfully

_____

Name:
authorised signatory for and on behalf of
[*Company*]

Attachments: [*list*]

7 Insert in case of Initial Project Utilisation Utilisation.
8 Insert in case of subsequent Project Utilisation Utilisations.
9 Not required for Utilisations subsequent to initial Project Utilisation Utilisation.
10 Not required for Utilisations subsequent to initial Utilisation.
11 As required.

Part C

Selection Notice

From: [*Company*]
To: [*Agent*]
Date:
Dear Sirs

Melco PBL Gaming Limited and Others – USD[•] Senior Facilities Agreement
dated [•] (the "Senior Facilities Agreement")
Section Notice No [•]

1. We refer to the Senior Facilities Agreement. This is a Selection Notice. Terms defined in the Senior Facilities Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.

2. We refer to the following Facility A Loan[s] with an Interest Period ending on [•].[12]

3. We request that the next Interest Period for the above Facility A Loan[s] is [•].[13]

4. This Selection Notice is irrevocable.

Yours faithfully

_____

Name:
authorised signatory for and on behalf of
[*Borrower*]/[*Company*]

[12] Repeat and insert details of all Loans for the relevant Facility which have an Interest Period ending on the same date.
[13] Delete as required and repeat sub-paragraph for Loans under other Facilities.

SCHEDULE 4

MANDATORY PREPAYMENT

1. Definitions

For the purposes of this Schedule 4:

"**Claim Proceeds**" means the proceeds of a claim or the settlement thereof (including Liquidated Damages and, if not in cash, the monetary value thereof) (a "**Recovery Claim**") against a counterparty to a Project Document receivable by any Relevant Obligor except for Excluded Claim Proceeds and after deducting:

(a) any reasonable expenses which are incurred by any Relevant Obligor to persons who are not Obligors; and

(b) any Tax incurred and required to be paid by a Relevant Obligor (as reasonably determined by the Relevant Obligor on the basis of existing rates and taking into account any available credit, deduction or allowance),

in each case in relation to that Recovery Claim.

"**Debt Issuance**" means any, or any agreement for or grant of any right (whether actual or contingent) to require, the allotment, grant, incurrence or issuance of bonds, debentures, loan stock or any similar instrument by any Relevant Obligor.

"**Debt Issuance Proceeds**" means the amount of the proceeds of any Debt Issuance receivable by any Relevant Obligor (including, if not in cash, the monetary value thereof other than from another Obligor) except for Excluded Debt Issuance Proceeds and after deducting:

(a) any reasonable expenses which are incurred by any Relevant Obligor with respect to that Debt Issuance to persons who are not Relevant Obligors; and

(b) any Tax incurred and required to be paid by any Relevant Obligor (as reasonably determined by the Relevant Obligor, on the basis of existing rates and taking account of any available credit, deduction or allowance).

"**Disposal**" means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

"**Disposal Proceeds**" means the consideration receivable by any Relevant Obligor (including, if not in cash, the monetary value thereof other than from another Obligor) for any Disposal made by any Relevant Obligor except for Excluded Disposal Proceeds and after deducting:

(a) any reasonable expenses which are incurred by any Relevant Obligor with respect to that Disposal to persons who are not Obligors; and

(b) any Tax incurred and required to be paid by any Relevant Obligor in connection with that Disposal (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance).

"**Eminent Domain Proceeds**" means all amounts and proceeds (including monetary instruments) received in respect of any Event of Eminent Domain relating to any member of the Group or any of its assets, including any Project, less any costs or expenses incurred by any member of the Group or its agents in collecting such amounts and proceeds.

"**Equity Issuance**" means any, or any agreement for or grant of any right (whether actual or contingent) to require, the allotment, grant, incurrence or issuance of any Capital Stock by any Obligor or any interest therein of any kind or any instrument or other right and interest convertible into any such Capital Stock or interest.

"**Equity Issuance Proceeds**" means the amount of the proceeds of any Equity Issuance receivable by any Relevant Obligor (including, if not in cash, the monetary value thereof) except for Excluded Equity Issuance Proceeds and after deducting:

(a) any reasonable expenses which are incurred by any Relevant Obligor with respect to that Equity Issuance to persons who are not Relevant Obligors; and

(b) any Tax incurred and required to be paid by the Obligor (as reasonably determined by any Relevant Obligor, on the basis of existing rates and taking account of any available credit, deduction or allowance).

"**Event of Eminent Domain**" means, with respect to any asset:

(a) any compulsory transfer or taking by condemnation, seizure, eminent domain or exercise of a similar power, or transfer under threat of such compulsory transfer or taking or confiscation of such asset or the requisition of the use of such asset, by any agency, department, authority, commission, board, instrumentality or political subdivision of any Governmental Authority having jurisdiction; or

(b) any settlement in lieu of paragraph (a) above.

"**Excluded Claim Proceeds**" means:

(a) any Insurance Proceeds;

(b) any proceeds of a Recovery Claim which the Company notifies the Agent are, or are to be, applied:

(i) to satisfy (or reimburse a member of the Group which has discharged) any liability, charge or claim upon a member of the Group by a person which is not a member of the Group; or

(ii) in the replacement, reinstatement and/or repair of assets of members of the Group which have been lost, destroyed or damaged,

in each case as a result of the events or circumstances giving rise to that Recovery Claim, if those proceeds:

(iii) do not exceed an Optional Currency Amount of HKD100,000,000; and

(iv) are so applied as soon as possible (but in any event within 90 days, or such longer period as the Majority Lenders may agree) after receipt.

"**Excluded Debt Issuance Proceeds**" means proceeds of any Permitted Financial Indebtedness.

"**Excluded Disposal Proceeds**" means the proceeds of any Permitted Disposal save to the extent that the Company notifies the Agent that such proceeds are to be applied in reinvestment in either of the Projects or the Mocha Slot Business and provided such proceeds do not exceed a Base Currency Amount of USD2,000,000 and are so applied within 90 days.

"**Excluded Equity Issuance Proceeds**" means the proceeds of:

(a) Base Equity or any other Equity required to be paid up or advanced under this Agreement to fund any Project Costs or any Excluded Project or any other Permitted Business; or

(b) any Permitted Share Issue made to another member of the Group.

"**Excluded Insurance Proceeds**" means any proceeds of an insurance claim or settlement thereof receivable by any Relevant Obligor (including, if not in cash, the monetary value thereof) which:

(a) in the case of any claim or settlement under the City of Dreams Project Construction All Risks Insurance policy, together with the proceeds of any claim or settlement receivable in respect of any related loss, whether or not suffered by the same person, do not exceed an Optional Currency Amount of HKD100,000,000 or its equivalent and are applied as soon as possible (but in any event within 90 days) after receipt to the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant claim was made;

(b) in the case of any claim or settlement under any other Direct Insurance, together with the proceeds of any claim or settlement receivable in respect of any related loss, whether or not suffered by the same person, do not exceed an Optional Currency Amount of HKD100,000,000 or its equivalent and are applied as soon as possible (but in any event within 90 days) after receipt to the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant claim was made;

(c) the Company notifies the Agent are, or are to be, applied to meet a third party claim in respect of which the claim or settlement was made and which are so applied as soon as possible (but in any event within 90 days after receipt);

(d) the Company notifies the Agent are, or are to be, applied to cover operating losses in respect of which the relevant claim was made provided that where such proceeds, together with the proceeds of any claim or settlement receivable in respect of any related loss, whether or not suffered by the same person:

(i) do not exceed a Base Currency Amount of USD12,000,000, such proceeds shall first be applied to ensure that the amount standing to the credit of the Debt Service Reserve Account is not less than that required under Schedule 7 (*Accounts*), then to prepayment, in order of maturity, of Utilisations outstanding under the Revolving Credit Facility which were or are made to fund such losses (or to finance one or more rollovers of such Utilisations) and then any remainder thereof shall be Excluded Insurance Proceeds for the purposes hereof; or

(ii) exceed a Base Currency Amount of USD12,000,000, such proceeds shall first be applied to ensure that the amount standing to the credit of the Debt Service Reserve Account and the Debt Service Accrual Accounts is not less than that required under Schedule 7 (*Accounts*), then to prepayment, in order of maturity, of Utilisations outstanding under the Revolving Credit Facility which were or are made to fund such losses (or to finance one or more rollovers of such Utilisations) and then any remainder thereof shall, provided the events or circumstances which gave rise to the relevant claim are no longer continuing nor, in the reasonable opinion of the Agent, in any way adversely affecting the business, operations, property, condition (financial or otherwise) or prospects of the Group (and pending such, that remainder shall be paid to and held in a Holding Account), be Excluded Insurance Proceeds for the purposes hereof; or

(e) the Company notifies the Agent are, or are to be, applied to the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made **provided that**, where such loss or related losses exceeds a Base Currency Amount of USD12,000,000:

(i) the damage or destruction does not constitute the destruction of all or substantially all of a Project;

(ii) a Default has not occurred and is continuing (other than a Default resulting solely from such damage or destruction) and, after giving effect to any proposed repair and restoration, no Default will result from such damage or destruction or proposed repair and restoration;

(iii) the Company certifies, and the Agent determines in its reasonable judgment, that repair or restoration of the Project or the affected assets to a condition substantially similar to their condition immediately prior to the event or events to which the relevant insurance claims relate, is technically and economically feasible within 12 months of receipt of the proceeds and that a sufficient amount of funds is or will be available to the Project Company or other relevant Obligor to make such repairs and restorations (subject at all times to paragraph 2.2 of Schedule 6 (*Covenants*));

(iv) the Company delivers to the Agent a plan (the "**Repair Plan**") within 3 months of receipt of the proceeds describing in reasonable detail the nature of the repairs or restoration to be effected and the anticipated costs and schedule associated therewith, in form and substance reasonably satisfactory to the Agent;

(v) the Company certifies, and the Agent determines in its reasonable judgment, that a sufficient amount of funds is or will be available to the Group to make all payments on Financial Indebtedness which will become due during and following the repair period and, in any event, to maintain compliance with the covenants set forth in paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*) during such repair period and no Forecast Funding Shortfall has occurred and is continuing or could reasonably be expected to occur during or following the repair period;

(vi) no Permit is necessary to proceed with the repair and restoration of the Project or the affected assets and no material amendment to the Project Documents, or, except with the consent of the Finance Parties, any of the Finance Documents, and no other instrument is necessary for the purpose of effecting the repairs or restoration of the Project or the affected assets or subjecting the repairs or restoration to the Security of the applicable Transaction Security Documents and maintaining the priority of such Security or, if any of the above is necessary, the Project Company or relevant Obligor will be able to obtain the same as and when required; and

(vii) the Agent shall promptly receive such certificates, opinions or other matters as it may reasonably request as necessary or appropriate in connection with such repairs or restoration of the Project or the affected assets or to preserve or protect the Finance Parties' interests under the Finance Documents and in the Charged Property.

"**Excluded Termination Proceeds**" means the Company notifies the Agent that such proceeds are to be applied in the Projects or the Mocha Slot Business provided such amounts do not exceed a Base Currency Amount of USD2,000,000 and are applied within 90 days.

"**Insurance Proceeds**" means the proceeds of any insurance claim receivable by any Obligor except for Excluded Insurance Proceeds and after deducting any reasonable expenses Taxes and costs in relation to that claim which are incurred by any Group member to persons who are not Obligors.

"**Termination Proceeds**" means compensation or other proceeds receivable by any Relevant Obligor (including, if not in cash, the monetary value thereof) in relation to the termination, redemption or rescission of:

(a) the Subconcession or any Land Concession from the Macau SAR;

(b) any Lease Agreement from any counterparty thereto;

(c) any Hotel Management Agreement from any counterparty thereto;

(d) any Construction Contract (including proceeds from any Contractor's Performance Bond);

(e) the New Cotai Agreement;

(f) any other Major Project Document; or

(g) any Hedging Agreement,

except for Excluded Termination Proceeds and after deducting any reasonable expenses Taxes and costs which are incurred by any Group Member with respect to the collection of such proceeds to persons who are not Obligors.

2. **Mandatory Prepayment**

(a) The Company shall ensure that the Borrowers prepay Utilisations in the following amounts at the times and (where relevant) in the order of application contemplated by paragraph 3 (*Application of mandatory prepayments*):

(i) the amount of Claim Proceeds;

(ii) the amount of Disposal Proceeds;

(iii) the amount of Eminent Domain Proceeds;

(iv) the amount equal to 50% of Equity Issuance Proceeds;

(v) the amount of Debt Issuance Proceeds;

(vi) the amount of Insurance Proceeds;

(vii) the amount of Termination Proceeds; and

(viii) amounts equal to the following amounts of Excess Cashflow:

(1) where the conditions set out in Part B of Schedule 2 (*Conditions Precedent*) have not been satisfied or waived on or prior to the Relevant Date, 100% of Excess Cashflow for each quarter commencing with the quarter in which the Relevant Date occurs; or

(2) for each quarter commencing on the first Quarter Date falling not less than one full Financial Quarter after the date on which Practical Completion and satisfaction of Opening Conditions in relation to the City of Dreams Project occurs, the percentage of Excess Cashflow set out opposite the range within which Leverage as at each Quarter Date falls:

Leverage	Excess Cashflow Percentage
Equal to or less than 2.50:1	25%
Equal to or less than 4.00:1 but greater than 2.50:1	50%
Greater than 4.00:1	75%

(b) If the conditions set out in Part B of Schedule 2 (*Conditions Precedent*) have not been satisfied or waived on or prior to 31 December 2009, the Facilities will be cancelled and all outstanding Utilisations, together with accrued interest and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

(c) If all or substantially all of the City of Dreams Project or the Crown Macau Project is lost, damaged or destroyed or determined by any relevant Insurer to be a constructive total loss, the Facilities will be cancelled and all outstanding Utilisations, together with accrued interest and all other amounts accrued under the Finance Document, shall become immediately due and payable upon the earlier of:

(i) receipt of Insurance Proceeds in respect of such loss, damage or destruction; and

(ii) the date falling 10 Business Days after the date on which such loss, damage or destruction occurs.

(d) If all or substantially all of the business and assets of the Group or all the Relevant Obligors and/or comprised in any of the Crown Macau Project or the City of Dreams Project are sold or otherwise disposed of, the Facilities will be cancelled and all outstanding Utilisations, together with accrued interest and all other amounts accrued under the Finance Document, shall become immediately due and payable.

(e) If a Change of Control occurs, the Facilities will be cancelled and all outstanding Utilisations, together with accrued interest and all other amounts accrued under the Finance Document, shall become immediately due and payable within two Business Days of such Change of Control.

3. **Application of mandatory prepayments**

(a) Unless the Company makes an election under paragraph (d) below, the Borrowers shall make prepayments under paragraph 2(a) at the following times:

(i) in the case of any prepayment relating to an amount of Excess Cashflow, within 14 days of delivery pursuant to paragraph 1.2 (*Financial statements*) of Schedule 6 (*Covenants*) of the quarterly consolidated financial statements of the Company for the relevant quarter; and

(ii) in the case of any other prepayment under paragraph 2(a), promptly upon receipt of the relevant proceeds.

(b) A prepayment under paragraph 2 shall be applied in the following order:

(i) **firstly**, in prepayment *pro rata* of the Utilisations outstanding under the Term Loan Facility

(ii) **secondly**, in cancellation *pro rata* of the Available Commitments under the Term Loan Facility (and the Available Commitments of the Lenders under the Term Loan Facility will be cancelled rateably);

(iii) **thirdly**, in cancellation *pro rata* of the Available Commitments under the Revolving Credit Facility; and

(iv) **fourthly** in prepayment *pro rata* of Utilisations outstanding under the Revolving Credit Facility (and any Available Commitments of the Lenders under the Revolving Credit Facility associated therewith shall be automatically cancelled),

(c) Any amount to be applied in cancellation of Available Commitments under the Term Loan Facility shall be:

(i) applied pro rata in respect of the Available Commitments under the Term Loan Facility; and

(ii) deposited into the Disbursement Account for the Term Loan Facility from which such amounts may be disbursed as if such amounts formed part of the Term Loan Facility upon satisfaction of applicable conditions precedent and notice requirements.

(d) Subject to paragraph (e) below, the Company may, by giving the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice, elect that any prepayment under paragraph 2(a) (other than any such prepayment in respect of Eminent Domain Proceeds or Termination Proceeds) be applied in prepayment of a Loan on the last day of the Interest Period relating to that Loan. If the Company makes such an election, then a proportion of the Loan equal to the amount of the relevant prepayment will be due and payable on the last day of its Interest Period.

(e) If the Company has made an election under paragraph (d) above but a Default has occurred and is continuing, that election shall no longer apply and a proportion of the Loan in respect of which the election was made equal to the amount of the relevant prepayment shall be immediately due and payable (unless the Majority Lenders otherwise agree).

4. **Mandatory Prepayment Accounts and Holding Accounts**

(a) The Company shall ensure that:

(i) an amount equal to any Excess Cashflow in respect of which the Company has made an election under paragraph 3(d) is paid into a Mandatory Prepayment Account promptly after such election;

(ii) any other amounts in respect of which the Company has made an election under paragraph 3(d) are paid into a Mandatory Prepayment Account as soon as reasonably practicable after receipt by an Obligor; and

(iii) any Excluded Claim Proceeds, Excluded Disposal Proceeds, Excluded Eminent Domain Proceeds, Excluded Insurance Proceeds or Excluded Termination Proceeds to be applied, in accordance with the definition thereof, in replacement, reinstatement or repair of assets or to satisfy (or make reimbursement in respect of) liabilities, charges or claims, or are otherwise to be held pending application for any other purpose are promptly paid into a Holding Account after receipt by an Obligor.

(b) The Obligors irrevocably authorise the Agent to apply:

(i) amounts credited to the Mandatory Prepayment Account; and

(ii) amounts credited to the Holding Account which have not been applied as contemplated by sub-paragraph (a)(iii) within 90 days of receipt of the relevant proceeds (or such longer time period as may be contemplated by the provisions of the definitions referred to therein or as the Agent may otherwise agree),

to pay amounts due and payable under paragraph 3 and otherwise under the Finance Documents. The Obligors further irrevocably authorise the Agent to so apply amounts credited to the Holding Account whether or not 90 days or such other time period have elapsed since receipt of those proceeds if a Default has occurred and is continuing. The Obligors also irrevocably authorise the Agent to transfer any amounts credited to the Holding Account to the Mandatory Prepayment Account pending payment of amounts due and payable under the Finance Documents (but if all such amounts have been paid any such amounts remaining credited to the Mandatory Prepayment Account may (unless a Default has occurred) be transferred back to the Holding Account).

(c) The Security Agent or Agent with which a Mandatory Prepayment Account or Holding Account is held acknowledges and agrees that (i) interest shall accrue at normal commercial rates on amounts credited to those accounts and that the account holder shall be entitled to receive such interest (which shall be paid in accordance with the mandate relating to such account) unless a Default is continuing and (ii) each such account is subject to the Transaction Security.

5. **Excluded proceeds**

Where Excluded Claim Proceeds, Excluded Disposal Proceeds, Excluded Eminent Domain Proceeds, Excluded Insurance Proceeds and Excluded Termination Proceeds include amounts which are intended to be used for a specific purpose and/or within a specified period (as set out in the relevant definitions thereof), the Company shall ensure that those amounts are used for that purpose and, if requested to do so by the Agent, shall promptly deliver a certificate to the Agent at the time of such application and at the end of such period confirming the amount (if any) which has been so applied within the requisite time periods provided for in the relevant definition.

6. **Restrictions**

(a) Any authorisation or other election given or notified by any Party under paragraph 3(d) or paragraph 4 shall (subject to the terms of those provisions) be irrevocable.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to Break Costs, without premium or penalty.

(c) No Borrower may reborrow any part of a Term Loan Facility which is prepaid.

(d) No Borrower shall repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) If the Agent receives an election under paragraph 3(d), it shall promptly forward a copy to the affected Lenders.

(f) If the Agent receives a notice under Clause 7 (*Illegality, Voluntary Prepayment And Cancellation*) or an election under paragraph 3(d), it shall promptly forward a copy of that notice or election to either the Company or the affected Lender, as appropriate.

(g) The Agent shall notify the Lenders as soon as possible of any proposed prepayment under paragraph 2(a).

SCHEDULE 5
REPRESENTATIONS AND WARRANTIES

Status, authorisations and governing law

1. **Status**

   (a) Each Relevant Obligor and each Subsidiary of a Relevant Obligor is a limited liability corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.

   (b) Each of the Relevant Obligors has the power to own its assets and carry on its business as it is being conducted and the power to own the assets it is contemplated will be owned by it and conduct its business as it is contemplated it will be conducted in connection with or as a result of its participation in the Projects and other Permitted Businesses.

2. **Binding obligations**

   Subject to the Legal Reservations:

   (a) the obligations expressed to be assumed by each Obligor in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations; and

   (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

3. **Pari Passu**

   The payment obligations under the Finance Documents of each of the Relevant Obligors rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations, except for obligations mandatorily preferred by law applying to companies.

4. **Non-conflict with other obligations**

   The entry into and performance by each Obligor of, and the transactions contemplated by, the Transaction Documents and the granting of the Transaction Security do not and will not conflict with:

   (a) any law or regulation applicable to such Obligor;

   (b) its constitutional documents; or

   (c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

5. **Power and authority**

(a) Each Obligor has the power to enter into, perform and deliver, and if that Obligor is a corporation has taken all necessary corporate action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.

(b) No limit on any Obligor's powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities or the entry into or performance of the transactions, contemplated by the Transaction Documents to which such Obligor is a party.

6. **Validity and admissibility in evidence**

(a) All Permits required or desirable:

(i) to enable each Obligor lawfully to enter into, exercise its rights and comply with its obligations under the Transaction Documents to which it is a party; and

(ii) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect.

(b) All Permits necessary for the conduct of the business, trade and ordinary activities of each Relevant Obligor (including any activities conducted in connection with or as a result of its participation in the Reorganisation, the Mocha Slot Business, the Projects or any other Permitted Business) are, to the extent they are material, listed in Schedule 16 (*Permits*), have been obtained or effected and are in full force and effect except any Permits specified in Part B, Part C (which Permits will have been obtained and effected by, and be in full force and effect from and prior to, the date of the first Utilisation Request under the City of Dreams Tranche) or Part D of Schedule 16 (*Permits*), which Permits are not, at the time of making this representation and warranty, required by any Legal Requirement to be obtained or effected at or by such time (or, in the case of the Permits listed in Part C of Schedule 16 (*Permits*), any such time prior to the date of the first Utilisation Request under the City of Dreams Tranche) and which no Obligor has any reason to believe will not be obtained or effected when required.

7. **Governing law and enforcement**

(a) The choice of governing law of the Finance Documents will be recognised and enforced in each Obligor's Relevant Jurisdictions.

(b) Any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

No insolvency, default or tax liability

8. **Insolvency**

(a) No:

(i) corporate action, legal proceeding or other procedure or step described in paragraph 7 (*Insolvency proceedings*) of Schedule 9 (*Events of Default*); or

(ii) creditors' process described in paragraph 8 (*Creditors' process*) of Schedule 9 (*Events of Default*),

has been taken or to the best of its knowledge and belief (having made due and careful enquiry) threatened in relation to any Relevant Obligor (or, to its knowledge, any other Major Project Participant) and none of the circumstances described in paragraph 6 (*Insolvency*) of Schedule 9 (*Events of Default*) applies to any Relevant Obligor (or, to its knowledge, any other Major Project Participant).

(b) The Managing Director has not commenced nor has there been commenced against the Managing Director any case, proceeding or other action relating to his bankruptcy or any analogous proceedings in any jurisdiction.

9. **Solvency**

Each Obligor is, and after giving effect to:

(a) the incurrence of all Financial Indebtedness;

(b) the use of the proceeds of such Financial Indebtedness (including, in the case of the Company, the use of proceeds of Advances made under the Senior Finance Documents); and

(c) obligations being incurred in connection with the Transaction Documents,

will be and will continue to be Solvent.

10. **No filing or stamp taxes**

Subject to the Legal Reservations, under the laws of each Obligor's Relevant Jurisdictions it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, which will be made and paid promptly after the date of the relevant Finance Document.

11. **Deduction of Tax**

No Obligor is required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

12. **No default**

(a) No Event of Default (or Default in the case of representations made on the date of this Agreement and on the date of the first Utilisation Request and the first Utilisation Date hereunder) is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.

(b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under:

(i) any Transaction Document; or

(ii) any other agreement or instrument which is binding on any Obligor or to which its assets are subject which has or is reasonably likely to have a Material Adverse Effect.

13. **Taxation**

(a) No Relevant Obligor is materially overdue in the filing of any Tax returns nor overdue in the payment of any amount in respect of Tax of a Base Currency Amount of USD5,000,000 or more.

(b) No claims or investigations are being, or to the best of its knowledge and belief (having made due and careful enquiry) are reasonably likely to be, made or conducted against any Relevant Obligor with respect to Taxes.

(c) Each Relevant Obligor is resident for Tax purposes only in the jurisdiction of its incorporation or, in the case of any Relevant Obligor incorporated in the Cayman Islands, Hong Kong SAR.

Provision of information - general

14. **No misleading information**

Save as disclosed in writing to the Agent and the Arrangers prior to the date of this Agreement (or, in relation to an Information Memorandum, prior to the date of such Information Memorandum):

(a) Any factual information contained in any Information Memorandum, provided by or on behalf of an Obligor for the preparation of the Information Package or Plans and Specification was true and accurate in all material respects as at the date of the relevant report or document containing the information or (as the case may be) as at the date the information is expressed to be given.

(b) The financial projections contained in the Financial Model were prepared on the basis of recent historical information at the time and were based on reasonable assumptions.

(c) Any financial projection or forecast contained in an Information Memorandum was prepared on the basis of recent historical information and on the basis of reasonable assumptions (as at the date of the relevant report or document containing the projection or forecast or any specified date stated therein) and arrived at after careful consideration.

(d) The expressions of opinion or intention provided by or on behalf of an Obligor for the purposes of any Information Memorandum or Financial Model were made after careful consideration and (as at the date of the relevant report or document containing the expression of opinion or intention) based on reasonable grounds.

(e) To the best of its knowledge and belief (having made due and careful enquiry) no event or circumstance has occurred or arisen and no information has been omitted from any Information Memorandum and no information has been given or withheld that results in the factual information contained in such Information Memorandum being untrue or misleading in any material respect.

(f) All material factual information provided to a Finance Party by or on behalf of the Sponsors, any Sponsor Group Shareholder, the Company or any other Obligor in connection with the Permitted Businesses, each Project, the Sponsor Group Shareholders, the Obligors and/or their Subsidiaries on or before:

(i) the date of this Agreement; and

(ii) the Syndication Date,

and, in each case, not superseded before that date (whether or not contained in any Information Package) was true, complete and accurate and not misleading in any material respect as at such date and all projections contained in the Financial Model or in the Information Memorandum on or before such date have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied.

(g) All other material written factual information provided by any such person referred to in paragraph (f) above (including its advisers) to a Finance Party or the provider of any Report was true, complete and accurate as at the date it was provided and did not contain any untrue statement of fact or omit to state a material fact necessary to make such information in light of the circumstances it was provided, not misleading in any material respect.

(h) The Plans and Specifications relating to a Project:

(i) have been prepared in good faith and with due care and on the basis of assumptions which were reasonable as at the date they were prepared and supplied;

(ii) are consistent with the Transaction Documents relating to that Project; and

(iii) are otherwise accurate in all material respects.

15. **Financial Statements**

(a) The Original Financial Statements of MPBL Entertainment were prepared in accordance with GAAP consistently applied.

(b) There has been no material adverse change in the assets, business or financial condition of any member of the Group since the date of the Original Financial Statements of MPBL Entertainment.

(c) The Original Financial Statements of MPBL Entertainment fairly represent its consolidated financial condition and results of operations (in the case of its unaudited quarterly Original Financial Statements) and give a true and fair view of its consolidated financial condition and results of operations (in the case of its annual audited Original Financial Statements), as if prepared on this basis.

(d) The most recent consolidated financial statements of MPBL Entertainment and the Parent delivered pursuant to paragraph 1.2 (*Financial Statements*) of Schedule 6 (*Covenants*):

(i) have been prepared in accordance with GAAP; and

(ii) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.

(e) The most recent consolidating statements for the Group (based on the consolidated financial statements of the Parent after deduction of any contribution from any Excluded Project, Excluded Subsidiary or any other entity outside the Group (save for any amounts the Company is entitled to retain as its share of gaming revenues, including fees and expenses, under any Lease Agreement)) fairly present the financial condition of the Group as at the end of, and combined results of operation for, the period to which they relate.

(f) The Group Budgets supplied under this Agreement:

(i) were arrived at after careful consideration and have been prepared in good faith and with due care on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied;

(ii) are consistent with the provisions of the Transaction Documents (including paragraph 1.7 (*Information: miscellaneous*) and paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*)) and the financial statements, Projections and Project Schedules supplied under this Agreement;

(iii) set forth for each Line Item, the total costs anticipated to be incurred to achieve Final Completion for each Project, projected Capital Expenditure and, in each case, the Available Funding therefor.

(g) The Projections supplied under this Agreement:

(i) were arrived at after careful consideration and have been prepared in good faith and with due care on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied;

(ii) are consistent with the provisions of the Transaction Documents (including paragraph 1.7 (*Information: miscellaneous*) and paragraph 2 (*Financial Covenants*) of Schedule 6 (*Covenants*)) and the financial statements, Group Budgets and Project Schedules supplied under this Agreement;

(iii) generally set forth all material costs and expenses expected to be incurred during the period to which the Projections relate and the Available Funding (or, after Final Completion of each of the Projects, other proposed amounts and sources of funding) therefor and represent the incurrence of all such costs, expenses and funding in accordance with the Transaction Documents; and

(iv) demonstrate no Forecast Funding Shortfall (determined without taking account of any amount of Contingent Equity or the sum of USD50,000,000 available under the Revolving Credit Facility).

(h) The Project Schedules supplied under this Agreement:

(i) accurately specify in summary form the work proposed to be completed in each calendar quarter in respect of the relevant Project through to Final Completion, all of which the Relevant Obligors expect to be achieved;

(ii) were arrived at after careful consideration and have been prepared in good faith and with due care on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied;

(iii) are consistent with the provisions of the Transaction Documents and the Group Budgets and Projections supplied under this Agreement; and

(iv) demonstrate that (1) Practical Completion and satisfaction of the Opening Conditions in respect of City of Dreams Phase I and the City of Dreams Project and (2) Final Completion in respect of the City of Dreams Project will be achieved on or before the dates specified below:

City of Dreams Phase I Practical Completion and Opening	City of Dreams Project Practical Completion and Opening	City of Dreams Project Final Completion
31 March 2009	30 September 2009	30 September 2010

(i) No Forecast Funding Shortfall (determined without taking account of any amount of Contingent Equity or the sum of USD50,000,000 available under the Revolving Credit Facility) has occurred and is continuing or could reasonably be expected to result from any proposed Utilisation.

(j) Since the date of the most recent financial statements delivered pursuant to paragraph 1.2 *(Financial Statements)* of Schedule 6 (*Covenants*) there has been no material adverse change in the business, assets or financial condition of the Group.

16. **Financial Year**

The Financial Year of each Relevant Obligor ends on 31 December.

No proceedings or breach of laws

17. **No proceedings pending or threatened**

No litigation, arbitration, administrative proceedings or investigations of, or before, any court, arbitral body or other Governmental Authority which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have been started or (to the best of its knowledge and belief, having made due and careful enquiry) threatened against any Obligor.

18. **No breach of laws**

(a) No Obligor has breached any material Legal Requirement nor been notified (which notification has not been withdrawn) that it has done so.

(b) No labour dispute nor any fire, explosion, drought, storm, earthquake, embargo, act of God or of the public enemy or other casualty or event of force majeure is current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any Obligor or (as at the date of this Agreement and first Utilisation) any other Major Project Participant which has or could reasonably be expected to have a Material Adverse Effect.

19. **Environmental laws**

(a) Each Obligor is in compliance with paragraph 3.3 (*Environmental compliance*) of Schedule 6 (*Covenants*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or could reasonably be expected to have a Material Adverse Effect.

(b) No Environmental Claim has been commenced or (to the best of its knowledge and belief, having made due and careful enquiry) is threatened against any Obligor where that claim has or could reasonably be expected, if determined against that Obligor, to have a Material Adverse Effect.

(c) The cost to the Obligors of compliance with Environmental Laws (including Environmental Permits) is (to the best of its knowledge and belief, having made due and careful enquiry) adequately provided for in the Financial Model, the Group Budgets and the Projections.

(d) To the best of its knowledge and belief (having made due and careful enquiry), the Sites does not contain any hazardous substances or antiquities or other obstructions whose presence could reasonably be expected to affect any Obligor or the carrying out of any of the Projects in any material and adverse manner.

Security and ownership of assets

20. **Security and Financial Indebtedness**

(a) No Security or Quasi-Security exists over all or any of the present or future assets of any Relevant Obligor other than as permitted by this Agreement.

(b) No Relevant Obligor has any Financial Indebtedness outstanding other than as permitted by this Agreement.

21. **Ranking**

Subject to the Legal Reservations, the Transaction Security has or (when granted) will have first ranking priority and it is not subject to any prior ranking or *pari passu* ranking Security.

22. **Business**

No Relevant Obligor has conducted any business other than a Permitted Business.

23. **Good title to assets**

Each Relevant Obligor has good, valid and marketable title to, or valid leases or licences of or is otherwise permitted to use the assets necessary for:

(a) the Mocha Slot Business taken as a whole;

(b) the Crown Macau Project;

(c) other than (at any time prior to the initial Utilisation under the City of Dreams Tranche) in respect of the Land Concession Agreement for the City of Dreams Project, the City of Dreams Project;

and, generally, to carry on its business as presently conducted.

24. **Legal and beneficial ownership**

(a) Each of the Obligors is or will be (as the case may be) the sole legal and beneficial owner of the respective assets over which it purports to grant Security in each case free from any claims, third party rights or competing interests other than Permitted Security permitted under paragraph 3.15 (*Negative Pledge*) of Schedule 6 (*Covenants*).

(b) The Subconcession is legally and beneficially owned by the Company.

25. **Site**

(a) Each Site, all material site easements and the current use thereof comply in all material respects with all applicable Legal Requirements and Insurance Requirements.

(b) No taking or other conveyance, or any proceedings therefor, have been commenced or, to the best of its knowledge and belief (having made due and careful enquiry) is contemplated with respect to any portion of a Site, any Site Easement or any interest therein or for the relocation of roadways providing access thereto except as could not reasonably be expected to have a Material Adverse Effect.

(c) There are no current, pending or, to the best of its knowledge and belief (having made due and careful enquiry), proposed special or other assessments for public improvements or otherwise affecting a Site or the Site Easements, nor are there any contemplated improvements thereto that might result in such special or other assessments, in any case that might reasonably be expected to have a Material Adverse Effect.

(d) There are no outstanding options to purchase or rights of first refusal or restrictions on transferability affecting a Site or the Site Easements (other than those arising under the relevant Land Concession, or the Finance Documents or arising by mandatory operation of law).

(e) Except as could not reasonably be expected to have a Material Adverse Effect, no Project building or structure or any appurtenance thereto or equipment thereon, or the use, operation or maintenance thereof, violates any restrictive covenant or other Legal Requirement or encroaches on any easement or on any property owned by others.

26. **Shares**

The shares of any Relevant Obligor which are or will be subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights. Neither the Constitutional Documents of companies whose shares are subject to the Transaction Security nor any other Legal Requirement (save for, in respect of the Company and, in relation to any transfer, in respect of any direct or indirect shareholder therein, relevant Legal Requirements under the Subconcession and in relation to any transfer of shares in Melco PBL (COD) Developments Limited, Melco PBL (Crown Macau) Developments Limited and Melco PBL (COD) Hotels Limited, the relevant restrictions set out in the Reorganisation Permits), can or do restrict or inhibit any transfer or other disposal of those shares on creation or enforcement of the Transaction Security. There are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of any Relevant Obligor or any Subsidiary thereof (including any option or right of pre-emption or conversion).

27. **Intellectual Property**

(a) Each Relevant Obligor:

(i) is the sole legal and beneficial owner of or has licensed to it or is otherwise Permitted to use all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted and as it is contemplated it will be conducted in connection with or as a result of its participation in each Project;

(ii) does nor will not, in carrying on such businesses, infringe any Intellectual Property of any third party in any respect which has or could reasonably be expected to have a Material Adverse Effect; and

(iii) has taken or will take all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

(b) To the best of its knowledge and belief (having made due and careful enquiry), there are no adverse circumstances relating to the validity, subsistence or use of any Relevant Obligor's Intellectual Property which could reasonably be expected to have a Material Adverse Effect.

28. **Insurance**

(a) Each Relevant Obligor is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses and in the jurisdiction in which it is or proposed to be engaged and in any event in accordance with Schedule 8 (*Insurance*).

(b) No event or circumstance has occurred (including any omission to disclose any fact) which could validly entitle the relevant Insurers in respect of any such Insurance to terminate, rescind or otherwise avoid or reduce its liability under such Insurance.

(c) No Relevant Obligor has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a cost that could not reasonably be expected to have a Material Adverse Effect (other than as a result of general market conditions).

Provision of information - Group

29. **Corporate Structure Chart**

(a) The Corporate Structure Chart delivered to the Agent pursuant to Part A of Schedule 2 (*Conditions Precedent*) is true, complete and accurate in all material respects and shows each existing Relevant Obligor, each person in which it holds or is proposed to hold, directly or indirectly, any Capital Stock and each

person holding or which it is proposed will hold, directly or indirectly, any Capital Stock in any of the foregoing (other than as a consequence of such person holding, directly or indirectly, any shares in a Sponsor or issued as part of the IPO), including current name and company registration number, its jurisdiction of incorporation and indicating whether it is not a company with limited liability. As of the date of the initial Facility A Utilisation Request:

(i) the Company legally and beneficially owns the percentage of the Capital Stock of the Project Operating Companies, Melco PBL (Mocha) Limited and Golden Future (Management Services) Limited as stated in the Corporate Structure Chart, each a limited liability company incorporated in the Macau SAR and which has no Subsidiaries nor holds, directly or indirectly, Capital Stock of any other person;

(ii) Melco PBL (Crown Macau) Developments Limited owns the Crown Macau Project;

(iii) Melco PBL (COD) Developments Limited owns the City of Dreams Project;

(iv) each Project Company:

(1) has developed or will be developing its Project; and

(2) has no Subsidiaries nor holds, directly or indirectly, Capital Stock of any other person; and

(3) has not traded or incurred any liabilities or commitments (actual or contingent, present or future) other than, in the case of Melco PBL (Crown Macau) Developments Limited, the Crown Macau Project or, in the case of Melco PBL (COD) Developments Limited, the City of Dreams Project;

(v) the Company:

(1) owns the Mocha Slot Business; and

(2) except as set above, has no Subsidiaries nor holds, directly or indirectly, Capital Stock of any other person;

(vi) the Managing Director legally and beneficially owns 1,000,000 Class A Shares (as defined in the Constitutional Documents of the Company as at the date of this Agreement) of MOP 100 each, representing 10% of the Capital Stock and 10% of the Voting Stock of the Company;

(vii) the Managing Director is Mr Lawrence Ho, a married resident of the Macau SAR and of legal capacity;

(viii) MPBL Investments legally and beneficially owns 1,799,999 Class A Shares of MOP 100 each and 7,200,000 Class B Shares of MOP 100 each, representing 89.99% of the Capital Stock and 89.99% of the Voting Stock of the Company;

(ix) MPBL Investments:

(1) is a limited liability company incorporated in the Cayman Islands;

(2) is indirectly wholly owned by MPBL Entertainment;

(3) except as set out Corporate Structure Chart, has no Subsidiaries nor holds, directly or indirectly, Capital Stock of any other person; and

(4) except as may arise under any intra-Group loans as permitted by paragraph 3.18 (*Loans or Credit*) of Schedule 6 and the Finance Documents, has not traded or incurred any liabilities or commitments (actual or contingent, present or future);

(x) Each of Melco PBL Nominee One Limited, Melco PBL Nominee Two Limited and Melco PBL Nominee Three Limited:

(1) is a limited liability company incorporated in the Cayman Islands;

(2) is indirectly wholly owned by MPBL Entertainment;

(3) except as set out above, has no Subsidiaries nor holds, directly or indirectly, Capital Stock of any other person; and

(4) except as may arise under the Finance Documents, is a holding company and has not traded or incurred any liabilities or commitments (actual or contingent, present or future);

(xi) save as provided by the Finance Documents, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments made or granted by or to any person of any kind relating to any Capital Stock of the Company or any other Relevant Obligor.

30. **Relevant Obligors**

Each of the Company and its Subsidiaries (other than any Excluded Subsidiaries) and each of their respective immediate shareholders (other than the Managing Director) and the immediate shareholders of such shareholders is a Relevant Obligor.

Miscellaneous

31. **Project Documents**

(a) The Agent has received a true, complete and correct copy of each of the Major Project Documents in effect or required to be in effect as of the date this representation is made (including all exhibits, schedules, disclosure letters, modifications and amendments referred to therein or delivered or made pursuant thereto, if any).

(b) Each Major Project Document is in full force and effect and enforceable against the persons Relevant Obligors thereto in accordance with its terms, subject only to Legal Reservations.

(c) All conditions precedent to the obligations of the Relevant Obligors under the Project Documents have been satisfied or waived, except for such conditions precedent which by their terms cannot be met until a later stage in the construction or operation of the Project, and it has no reason to believe that any such condition precedent cannot be satisfied on or prior to the appropriate stage in the development, construction or operation of the Projects.

(d) No representation or warranty given by any Obligor party to a Project Document or, to the beset of its knowledge and belief, any other person party thereto, is untrue or misleading in any material respect.

(e) Each Obligor has been and is in compliance with all its obligations under the Project Documents (including the Subconcession and Land Concessions), which are in full force and effect.

(f) The Transaction Documents are the only agreements under which any of the Relevant Obligors have any material rights, obligations or liabilities.

(g) No Relevant Obligor has agreed to or made any amendment, supplement, variation, cancellation, suspension of, to or under, and has not granted any waiver of the performance of or compliance with any term of any Project Document other than as permitted hereunder or those which could not reasonably be expected to have any Material Adverse Effect.

32. **No adverse consequences**

(a) It is not necessary under the laws of any Obligor's Relevant Jurisdictions:

(i) in order to enable any Finance Party to enforce its rights under any Finance Document; or

(ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions; and

(b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in its Relevant Jurisdictions by reason only of the execution, performance and/or enforcement of any Finance Document.

33. **Labour Disputes and Acts of God**

33.1 Neither the business nor the Properties of any Relevant Obligor nor, to the best of its knowledge and belief (having made all due and proper enquiry) of each Obligor, any other Major Project Participant is affected by any fire, explosion, accident, drought, storm, hail, earthquake, embargo, act of God or of the public enemy, or other casualty or other event of force majeure, that could reasonably be expected to have a Material Adverse Effect.

33.2 There are no strikes, lockouts, stoppages, slowdowns or other labour disputes against any Relevant Obligor pending [or, to the best of the knowledge and belief (having made all due and proper enquiry) of each Obligor, threatened that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of each Obligor have not been in violation of any applicable Legal Requirement dealing with such matters that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. All payments due from each Obligor on account of employee health and welfare insurance that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect if not paid have been paid or accrued as a liability on the books of such Obligor.

34. **Affiliate Agreements**

(a) The Shareholders Agreement, the Constitutional Documents of each Relevant Obligor and any Affiliate Agreement permitted to be entered into hereunder contain all the terms of all the arrangements between the Sponsor Group Shareholders (including any Affiliates thereof outside the Group) and the Relevant Obligors.

(b) Each Affiliate Agreement in effect as of the date this representation is made or deemed to be made has been entered into on arm's length terms and for full market value, and each of the Shareholders Agreement, the Constitutional Documents of each Obligor and each such Affiliate Agreement has been entered into in accordance with the Subconcession and all other applicable Legal Requirements and otherwise in compliance with the terms hereof.

35. **Investment**

As and from 31 December 2007, the Company and the relevant Project Company for each of the Crown Macau Project and the City of Dreams Project have together expended at least MOP4,000,000,000 in accordance with the investment obligations under the Subconcession.

SCHEDULE 6

COVENANTS

1. **INFORMATION UNDERTAKINGS**

1.1 **Definitions**

In this Agreement:

"**Annual Financial Statements**" means the financial statements for a Financial Year delivered pursuant to paragraph 1.2(a) (*Financial statements*).

"**Quarterly Financial Statements**" means the financial statements delivered pursuant to paragraph 1.2(b) (*Financial statements*).

1.2 **Financial statements**

The Company shall supply to the Agent in sufficient copies for all the Lenders:

(a) As soon as they are available, but in any event within 120 days after the end of each of its Financial Years:

(i) the audited consolidated financial statements for that Financial Year of MPBL Entertainment and the Parent reported on without any "going concern" or like qualification or exception, or any other qualification arising out of the scope of each audit, by the Auditors; and

(ii) the consolidating financial statements for the Group (upon which the Auditors will perform certain agreed-upon procedures to verify their correctness).

(b) As soon as they are available, but in any event within 45 days after the end of each Financial Quarter of each of its Financial Years the unaudited consolidated financial statements for that Financial Quarter of MPBL Entertainment and the Parent (together with consolidating financial statements), prepared in the case of the Parent, without taking into account any contribution from any Excluded Project, Excluded Subsidiary or any other entity outside the Group (save for any amounts that the Company is entitled to retain as its share of gaming revenues, including fees and expenses under the New Cotai Agreement or any other Lease Agreement).

1.3 **Provision and contents of Compliance Certificate**

(a) The Parent shall supply a Compliance Certificate to the Agent with each set of Annual Financial Statements and Quarterly Financial Statements of the Parent.

(b) Each Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations of Leverage and when the financial covenants in paragraphs 2.2(a) and 2.2(b) (*Financial condition*) apply, Cash Cover and Interest Cover for each Relevant Period, and as soon as the financial covenants therein become applicable computations as to compliance

with paragraph 2.2 (*Financial condition*) and, from the full quarter immediately after the Practical Completion and satisfaction of Opening Conditions in relation to the City of Dreams Project, prepayments if any to be made from Excess Cash Flow under paragraph 2 of Schedule 4 (*Mandatory Prepayment*) and the Margin computations set out in the definition of "Margin" as at the date as at which those financial statements were drawn up.

(c) Each Compliance Certificate shall be signed by the Chief Financial Officer of MPBL Entertainment and a director of the Company.

1.4 **Requirements as to financial statements**

(a) The Parent shall procure that each set of Annual Financial Statements and Quarterly Financial Statements which provides for a consolidation of all members of the Parent includes a balance sheet, profit and loss account and cashflow statement. In addition the Parent shall procure that:

(i) each set of Annual Financial Statements of MPBL Entertainment and the Parent shall be audited by the Auditors;

(ii) each set of Quarterly Financial Statements includes equivalent figures for the Financial Year to date and each set of Annual Financial Statements and Quarterly Financial Statements also sets forth in comparative form figures for the previous year;

(iii) each set of Quarterly Financial Statements is accompanied by a statement, in form and substance reasonably acceptable to the Agent, by the Chief Financial Officer of MPBL Entertainment and a director of the Company commenting on the performance of the Parent for the period to which the financial statements relate and the Financial Year to date, comparing such performance with that forecast by the Group Budgets and the Projections and any material developments or proposals affecting the Group or its business; and

(iv) the first set of Annual Financial Statements of the Parent shall show that the Group has expended at least MOP4,000,000,000 pursuant to its investment obligations under the Subconcession.

(b) Each set of financial statements delivered pursuant to paragraph 1.2 (*Financial statements*):

(i) shall be certified by the Chief Financial Officer of MPEL Entertainment and a director of the Company as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up, and:

(A) in the case of its audited Original Financial Statements, fairly representing (as at the time such financial statements are delivered) its consolidated financial condition and results of operations and give a true and fair view of its consolidated financial condition and results of operations; and

(B) in the case of the Annual Financial Statements of MPBL Entertainment and the Parent, shall be accompanied by any letter addressed to its management by the Auditors and accompanying those Annual Financial Statements;

(ii) in the case of the consolidating statements for the Group, shall be accompanied by a statement by the Chief Financial Officer of MPBL Entertainment comparing actual performance for the period to which the consolidating statements relate to:

(A) the projected performance for that period set out in the Group Budgets and the Projections; and

(B) the actual performance for the corresponding period in the preceding Financial Year; and

(iii) shall be prepared using GAAP, accounting practices and financial reference periods substantially consistent with those applied in the preparation of the Financial Model, the Original Financial Statements (and where relevant, for prior Financial Years and Financial Quarters), the Group Budgets and the Projections unless the Company notifies the Agent that there has been a change in GAAP, or the accounting practices and its Auditors (or, if appropriate, the Auditors of the Relevant Obligor) in relation to any set of financial statements, in which case, it shall deliver to the Agent:

(1) a description of any change necessary for those financial statements to reflect GAAP, or accounting practices upon which the Financial Model, the Group Budgets, the Projections or, as the case may be, any Original Financial Statements or subsequent financial statements were prepared;

(2) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine whether comparable computations to those referred to in paragraph 1.3(b) above have been made, to determine whether paragraph 2 (*Financial covenants*) has been complied with, to determine the Margin as set out in the definition of "Margin", to determine the amount of any prepayments to be made from excess cashflow under paragraph 2 of Schedule 4 (*Mandatory Prepayment*) and to make an accurate comparison between the financial position indicated in those financial statements and the Financial Model, the Group Budgets, the Projections, the Original Financial Statements or, as the case may be, any subsequent financial statements;

(c) If the Company notifies the Agent of any change in accordance with paragraph (b)(iii) above, the Company and Agent shall enter into negotiations in good faith with a view to agreeing:

(i) whether or not the change might result in any material alteration in the commercial effect of any of the terms of this Agreement; and

(ii) if so, any amendments to this Agreement which may be necessary to ensure that the change does not result in any material alteration in the commercial effect of those terms,

and, if any amendments are agreed they shall take effect and be binding on each of the Parties in accordance with their terms. If no such agreement is reached within 30 days of that notification of change, the Agent shall (if so requested by the Majority Lenders) instruct the Auditors or independent accountants (approved by the Company or, in the absence of such approval within 5 days of request by the Agent of such approval, a firm with recognised expertise) to determine any amendments to paragraph 2 (*Financial Covenants*), the Margin computations set out in the definition of "Margin", the amount of any prepayments to be made from Excess Cash Flow under paragraph 2 of Schedule 4 (*Mandatory Prepayment*) and any other terms of this Agreement which the Auditors or, as the case may be, accountants (acting as experts and not arbitrators) consider appropriate to ensure the change does not result in any material alteration in the commercial effect of the terms of this Agreement. Those amendments shall take effect when so determined by the Auditors, or as the case may be, accountants. The cost and expense of the Auditors or accountants shall be for the account of the Company.

(d) If the Agent wishes to discuss the financial position of any member of the Group with the Auditors, the Agent may notify the Company, stating the questions or issues which the Agent wishes to discuss with the Auditors. Subject to such request being deemed to be reasonable, the Company must ensure that the Auditors are authorised (at the expense of the Company):

(i) to discuss the financial position of each such member of the Group with the Agent on request from the Agent; and

(ii) to disclose to the Agent for the Finance Parties any information which the Agent may reasonably request.

1.5 **Group Budgets and Projections**

(a) The Company shall supply to the Agent in sufficient copies for all the Lenders and the Technical Adviser, as soon as the same become available but in any event within 30 days before the start of each of its Financial Years, the Projections of the Parent for that Financial Year together with any update thereof.

(b) The Company shall ensure that each set of Projections of the Group:

(i) is in a form reasonably acceptable to the Agent and includes a projected consolidated profit and loss, balance sheet and cashflow statement for the Group, projected disposals and projected capital expenditure for the Group, projected financial covenant calculations and descriptions of the proposed activities of the Group for the Financial Year to which the Projection relates. The projections shall relate to the 12 month period comprising, and each month in, that Financial Year;

(ii) is prepared in accordance with the GAAP and the accounting practices and financial reference periods applied to financial statements under paragraph 1.2 (*Financial statements*);

(iii) has been approved by the Chief Financial Officer of MPBL Entertainment and a director of the Company; and

(iv) is accompanied by a statement by the Chief Financial Officer of MPBL Entertainment and a director of the Company comparing the information and projections in the Projections with the information and projections for the same period in the Financial Model and the Group Budgets.

(c) If the Parent updates or changes the Projections, it shall promptly and, in any event, within not more than 10 days of the update or change being made, deliver to the Agent, in sufficient copies for each of the Lenders, such updated or changed Projections together with a written explanation of the main changes in those Projections.

(d) The Company shall supply to the Agent in sufficient copies for all the Lenders and the Technical Adviser, as soon as the same becomes available and in any event within 21 days before the start of each Financial Quarter, the Group Budget, including budgeted items for each Project.

(e) Each Group Budget shall be in substantially the form of Schedule 17 and set out:

(i) projections of value and amount of all Project Costs, by Line Item, expected to be paid during that Financial Quarter in respect of any Project, together with Crown Macau expansion capex, Mocha Slot Business Expansion capex and Maintenance capex;

(ii) projections of value and amount of Available Funding expected to be available for the purpose of meeting such Project Costs and other items;

(iii) projections of all Remaining Costs;

(iv) projections of all Available Funding;

(v) computation (in reasonable detail) of any Forecast Funding Shortfall;

(vi) is prepared in accordance with GAAP and the accounting practices and financial reference periods applied to financial statements under paragraph 1.2 (*Financial statements*);

(vii) has been approved by the Chief Financial Officer of MPBL Entertainment and a director of the Company; and

(viii) (in respect of a Group Budget to be delivered quarterly under paragraph 1.5(d) only) is accompanied by a statement by the Chief Financial Officer of MPBL Entertainment comparing the information and projections in the Projections with the information and projections for the same period in the Financial Model.

1.6 **Year-end**

The Company shall not change its Accounting Reference Date and shall procure that each Financial Year-end of each member of the Group and each other Relevant Obligor falls on 31 December.

1.7 **Information: miscellaneous**

The Company shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) each month, in the case of a member of the Group, a list of each of its accounts and a copy of the bank statements for each such account for the preceding month;

(b) concurrently with the delivery of the financial statements referred to in paragraph 1.4 (*Requirements as to financial statements*):

(i) a certificate of an authorised signatory of the Company setting out the amount(s) and details of any Equity or other Subordinated Debt (including, in each case, all terms and conditions thereof) made available to the Group during that preceding Financial Quarter; and

(ii) a copy of any "management letter" or other similar communication received from the Auditors in relation to the Group's financial, accounting and other systems, management or accounts;

(c) for each calendar month during the period from the date hereof up to and including the month in which the Final Completion Date in respect of the City of Dreams Project occurs, deliver to the Agent and the Technical Adviser, within 10 Business Days following the end of the relevant calendar month, a status report (the "**Monthly Construction Period Report**") in form and substance reasonably acceptable to the Agent and including information on each of the items set out in Schedule 20 (*Monthly Construction Period Report*) and such other information which the Agent may reasonably request, including information and reports reasonably requested by the Technical Adviser and attaching:

(i) an updated Group Budget;

(ii) an updated Project Schedule; and

(iii) all progress reports provided by the Construction Contractor pursuant to the relevant Construction Contract (including each Monthly Construction Progress Report, if any) since (in the case of the second and subsequent Monthly Construction Period Reports) the last Monthly Construction Period Report,

in respect of the City of Dreams Project;

(d) promptly, and in any event within ten Business Days after any Major Project Document is terminated (save upon expiration in accordance with its terms) or amended or any new Major Project Document is entered into, or upon receiving any notice or otherwise becoming aware of any material default by any person or the occurrence of any event under a Major Project Document (or any default in the case of the Subconcession or any Land Agreement) which would or, with the expiry of any grace period, the giving of notice or the making of any determination provided thereunder, or any combination of the foregoing, would give rise to a right to terminate, a written statement describing such event with copies of such amendments or new Major Project Document (including a certificate from an authorised signatory of the Company confirming the transactions contemplated therein comply with the requirements of this Schedule 6) and, with respect to any such terminations or material defaults, an explanation of any actions being taken by the Company or other relevant Obligor with respect thereto;

(e) promptly, unless already notified pursuant to the foregoing, any notice of termination (save upon expiration in accordance with its terms), default which (save in the case of the Subconcession or a Land Concession) is material or any other of the events referred to in the preceding sub-paragraph which may give rise to a right to terminate under a Major Project Document or Hedging Agreement;

(f) promptly, details of any material changes in the insurance cover in respect of the Group and, upon request by the Agent, copies of insurance policies or certificates of insurance in respect of the Group or such other evidence of the existence of those policies as may be reasonably acceptable to the Agent and, within 30 days of the end of each Fiscal Year, deliver to the Agent a certificate from an authorised signatory of the Company certifying that the insurance requirements of Schedule 8 (*Insurance*) have been implemented and are being complied with;

(g) a copy of each written notice which is given under, pursuant to or in connection with the Subconcession, any of the Reorganisation Permits or Land Concession promptly upon receipt of such notice;

(h) promptly after the giving of any written notice under, pursuant to or in connection with the Subconcession, the Reorganisation Permits or any Land Concession by any Obligor to the Macau SAR, a copy of such notice;

(i) at the same time as they are dispatched, copies of all documents dispatched by a Relevant Obligor to its shareholders generally (or any class of them) or dispatched by a Relevant Obligor to its creditors generally (or any class of them);

(j) promptly upon becoming aware of them, the details of any litigation, arbitration or investigation by a Governmental Authority or other administrative proceedings which are current, threatened or pending against any Obligor copies of all environmental reports and investigations carried out in relation to any Relevant Obligor or the Group and details of any environmental incidents thereto, and each of which, if adversely determined, might reasonably be expected to have a Material Adverse Effect or which would, in any event, involve a liability, or a potential or alleged liability, exceeding a Base Currency Amount of USD5,000,000 or which seek to enjoin or otherwise prevent the consummation of the transactions contemplated by the Transaction Documents, or any material development in any such proceedings, in each case together with such other information concerning such proceedings as the Agent may reasonably require;

(k) promptly, notice of any proposed material change in (i) the nature or scope of any Project or (ii) the business or operations of any Relevant Obligor;

(l) promptly, notice of any material schedule delay delivered under any Major Construction Contract and any suspension of Project Works exceeding a period of 10 days and all remedial plans by the relevant Contractor and updates thereof;

(m) promptly, any "Notice to Proceed", "Practical Completion" or "Final Completion" certificates or equivalent notices thereof delivered under any Major Construction Contract (including any Certificate of Practical Completion or any notice of Final Completion);

(n) promptly, notice of any event, occurrence or circumstance which might reasonably be expected to give rise to a Forecast Funding Shortfall or render:

(i) (1) City of Dreams Phase I or the City of Dreams Project incapable of, or prevent it from achieving Practical Completion and satisfying the Opening Conditions in respect thereof or (2) City of Dreams incapable of, or prevent it from achieving Final Completion on or before the dates specified below:

City of Dreams Phase I Practical Completion and Opening	City of Dreams Project Practical Completion and Opening	City of Dreams Project Final Completion
31 March 2009	30 September 2009	30 September 2010

(ii) any Relevant Obligor incapable of meeting any material obligation under any Major Project Document as and when required thereunder.

(o) promptly upon becoming aware of them, the details of any claim, disposal or other facts and circumstances which may require a prepayment under paragraph 2(a) (other than under sub-paragraph 2(a)(viii)) of Schedule 4 (*Mandatory Prepayment*);

(p) promptly upon becoming aware of them, the details of any Environmental Claim which is current, threatened or pending against any Relevant Obligor which is referred to in paragraph 3.4 (*Environmental claims*) or which, if adversely determined, would involve a potential liability or expenditure exceeding an Optional Currency Amount of HKD5,000,000 or any Environmental Claim current, threatened or pending against any Relevant Obligor or in respect of any Project which might, in any event, reasonably be expected to have a Material Adverse Effect;

(q) promptly, details of an issue or allocation of or, promptly upon becoming aware of the same, a transfer of the legal or beneficial ownership of or change of control of, any share of any Relevant Obligor;

(r) promptly, such information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Transaction Security Documents;

(s) promptly, upon becoming aware that the City of Dreams Land Concession is not likely to be granted on or before the Relevant Date; and

(t) promptly on request, such further information regarding the financial condition, assets and operations of any Relevant Obligor as any Finance Party through the Agent may reasonably request.

1.8 **Notification of default**

(a) Each Relevant Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) (including, without limitation, any failure to pay Tax when due) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

(b) Promptly upon a request by the Agent, the Company shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

1.9 **"Know your customer" checks**

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(c) The Company shall, by not less than 10 Business Days' prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Obligor pursuant to Clause 24 (*Changes To The Obligors*).

(d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Obligor obliges the Agent or any Lender to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the

Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Obligor.

2. FINANCIAL COVENANTS

2.1 Financial definitions

In this Agreement:

"**Borrowings**" means, at any time, the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease (and for the avoidance of doubt, any deposit paid to and retained by a member of the Group in connection with any lease of real property shall not fall within this paragraph (d));

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution (excluding (i) any given in respect of trade credit arising in the ordinary course of business and otherwise comprising Permitted Guarantees under paragraphs (a) or (b) of the definition thereof; (ii) any documentary credit which is or is to the extent of being, cash collateralised and (iii) any contingent liability of the Company under the Subconcession Bank Guarantee Facility);

(g) any amount raised by the issue of redeemable shares which are redeemable before the Final Repayment Date;

(h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;

(i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and

(j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"**Capital Expenditure**" means any expenditure or obligation in respect of expenditure which in accordance with the GAAP is treated as capital expenditure and including the capital element of any expenditure or obligation incurred in connection with a finance or capital lease.

"**Cash**" means, at any time, cash at bank (including for the avoidance of doubt, Bank of China and Banco Nacional Ultramarino, S.A.) denominated in US Dollars, HK Dollars or Australian Dollars, Macau Patacas and Taiwan Dollars and credited to an account in the name of an Obligor with an Acceptable Bank and to which an Obligor is alone beneficially entitled and for so long as:

(a) that cash is repayable on demand;

(b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any Group member or of any other person whatsoever or on the satisfaction of any other condition;

(c) there is no Security over that cash except Transaction Security; and

(d) such cash is freely and immediately available to be applied in repayment or prepayment of the Facilities.

"**Cash Cover**" means the ratio of Cashflow to Net Debt Service in respect of any Relevant Period.

"**Cashflow**" means, in respect of any Relevant Period, Consolidated EBITDA for that Relevant Period after:

adding back:

(a) any decrease in the amount of Working Capital;

(b) any cash receipt in respect of any exceptional or extraordinary item;

(c) any cash receipt in respect of any tax rebate;

(d) any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) taken into account in establishing Consolidated EBITDA; and

(e) any decrease in the long term assets excluding fixed assets and land use rights and any increase in the other non-interest bearing long term liabilities;

and deducting:

(i) any amount of Capital Expenditure actually made by any member of the Group;

(ii) any increase in the amount of Working Capital;

(iii) any cash payment in respect of any exceptional or extraordinary item;

(iv) any amount actually paid or due and payable in respect of taxes on the profits of any member of the Group;

(v) any decrease in provisions and other non-cash credits (which are not Current Assets or Current Liabilities) taken into account in establishing Consolidated EBITDA; and

(vi) any increase in the long term assets excluding fixed assets and land use rights and any decrease in the other non-interest bearing long term liabilities,

and so that no amount shall be included more than once.

"**Consolidated EBITDA**" means the consolidated profits of the Group from ordinary activities before taxation:

(a) **before deducting** any income Tax expense (whether or not paid during that period) other than Tax on gross gaming revenue;

(b) **before deducting** any Consolidated Net Finance Charges;

(c) before taking into account any accrued interest owing to any member of the Group;

(d) **before deducting** any amount attributable to the amortisation of goodwill or other of intangible assets or the depreciation of tangible assets;

(e) **before taking into account** any items treated as exceptional or extraordinary items;

(f) **after deducting** the amount of any profit of any member of the Group which is attributable to any Excluded Projects (other than as derived from the New Cotai Agreement or any arrangements similar to the New Cotai Agreement);

(g) **after deducting** the amount of any profit of any investment or entity (which is not itself a member of the Group) in which any member of the Group has an ownership interest to the extent that the amount of such profit included in the financial statements of the Group exceeds the amount (net of applicable withholding tax) received in cash by members of the Group through distributions by such investment or entity;

(h) **before taking into account** any realised and unrealised exchange gains and losses including those arising on translation of currency debt; and

(i) **before taking into account** any gain or loss arising from an upward or downward revaluation of any asset,

in each case, without double counting to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Group from ordinary activities before taxation.

"**Consolidated Net Finance Charges**" means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Borrowings whether paid, payable or capitalised by any member of the Group in respect of that Relevant Period:

(a) **excluding** any such obligations owed to any other member of the Group;

(b) **including** the interest element of leasing and hire purchase payments;

(c) **including** any accrued commission, fees, discounts and other finance payments payable by any member of the Group to counterparties under any interest rate hedging arrangement;

(d) **deducting** any accrued commission, fees, discounts and other finance payments owing to any member of the Group under any interest rate hedging instrument;

(e) **deducting** any accrued interest owing to any member of the Group on any deposit or bank account;

(f) **excluding** any interest or other finance payments (capitalised or otherwise) in respect of any Sponsor Group Loans

"**Consolidated Total Debt**" means, at any time, the aggregate amount of all obligations of the Group for or in respect of Borrowings but:

(a) **excluding** any such obligations to any other member of the Group;

(b) **excluding** any such obligations in respect of any Sponsor Group Loans;

(c) **including**, in the case of finance leases, only the capitalised value therefor,

and so that no amount shall be included or excluded more than once.

"**Current Assets**" means the aggregate of inventory, trade and other receivables of each member of the Group including sundry debtors (but excluding cash at bank and Cash Equivalent Investments) maturing within twelve months from the date of computation and any other assets of each member of the Group which would, in accordance with GAAP be considered as current assets.

"**Current Liabilities**" means the aggregate of all liabilities (including trade creditors, accruals, provisions and prepayments of each member of the Group) falling due within twelve months from the date of computation but **excluding** short term debts (due within 12 months).

"**Excess Cashflow**" means, for any period for which it is being calculated, Cashflow for that period less:

(a) Net Debt Service;

(b) Cashflow from that period which, in accordance with the Projections and the Group Budget, is to be applied towards Remaining Project Costs; and

(c) the net change (if any) in the balance maintained in each of the Debt Service Accrual Accounts and the Debt Service Reserve Account (which net change shall be subtracted if negative and added if positive).

"**Financial Quarter**" means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

"**Financial Year**" means the annual accounting period of the Group ending on or about 31 December in each year.

"**First Test Date**" means the first Quarter Date if the Financial Quarter to which that first Quarter Date relates is a full Financial Quarter falling not less than 12 months after Practical Completion and the satisfaction of Opening Conditions in respect of City of Dreams Phase I.

"**Interest Cover**" means the ratio of Consolidated EBITDA to Consolidated Net Finance Charges in respect of any Relevant Period;

"**Leverage**" means the ratio of Consolidated Total Debt on a specified date to Consolidated EBITDA in respect of any Relevant Period ending on such date.

"**Net Debt Service**" means, in respect of any Relevant Period, the aggregate of:

(a) Consolidated Net Finance Charges;

(b) the aggregate of all scheduled and mandatory payments of any Borrowings falling due and any made (but excluding:

  (i) any mandatory prepayment of excess cash flow made pursuant to paragraph 2(a) of Schedule 4 (*Mandatory Prepayment*); and

  (ii) any such obligations owed to any member of the Group or any person which is a creditor of a Sponsor Group Loan owed by a member of the Group); and

(c) the amount of the capital element of any payments in respect of that Relevant Period payable under any finance lease or capital lease entered into by any member of the Group,

and so that no amount shall be included more than once.

"**Quarter Date**" means each of 31 March, 30 June, 30 September and 31 December.

"**Relevant Period**" means each period of twelve months ending on the last day of each Financial Quarter of the Company's financial year.

"**Test Date**" means the First Test Date and each Quarter Date thereafter.

"**Working Capital**" means on any date Current Assets less Current Liabilities.

2.2 **Financial condition**

The Company shall ensure that:

(a) *Cash Cover*: Cash Cover in respect of any Relevant Period expiring on the Test Date specified in column 1 below shall be or shall exceed the ratio set out in column 2 below opposite that Test Date.

Column 1 Relevant Period	Column 2 Ratio
First Test Date until the Final Repayment Date	1.10:1

(b) *Interest Cover*: Interest Cover in respect of any Relevant Period expiring on the Test Date specified in column 1 below shall be or shall exceed the ratio set out in column 2 below opposite that Test Date.

Column 1 Relevant Period	Column 2 Ratio
First, Second or Third Test Date	2.5:1
Each Test Date thereafter	3.0:1

(c) *Leverage*: Leverage in respect of any Relevant Period expiring on the Test Date specified in column 1 below shall not exceed the ratio set out in column 2 below opposite that Test Date.

Column 1 Relevant Period	Column 2 Ratio
First, Second, Third or Fourth Test Date	4.5:1
Fifth, Sixth or Seventh Test Date	4.0:1
Each Test Date thereafter	3.75:1

(d) *Capital Expenditure*: Prior to the City of Dreams Phase I Construction Completion Date, no member of the Group shall make, commit to make or incur Capital Expenditure except for the purposes of the City of Dreams Project and in each case as contemplated by the Group Budget therefor. Thereafter, during the period until the City of Dreams Project Construction Completion Date, this limit may be exceeded by, in aggregate, a Base Currency Amount of USD50,000,000.

Notwithstanding the foregoing, no member of the Group shall, in any event, make, commit to make or incur any Capital Expenditure where a Forecast Funding Shortfall has occurred and is continuing or would result therefrom.

2.3 **Financial testing**

The financial covenants set out in paragraph 2.2 (*Financial condition*) shall be calculated and tested by reference to each of the financial statements and/or each Compliance Certificate delivered pursuant to paragraph 1.3 (*Provision and contents of Compliance Certificate*).

3. GENERAL UNDERTAKINGS

Authorisations and compliance with laws

3.1 **Permits**

Each Relevant Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent of,

any Permit (including any amendments, supplements or other modifications thereto) required under any law or regulation of a Relevant Jurisdiction to:

(i) enable it to perform its obligations under the Transaction Documents;

(ii) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and

(iii) enable it to own its assets and to carry on its business (including any assets owned and business conducted or proposed to be owned or conducted in connection with or as a result of its participation in the Mocha Slot Business, the Project and any other Permitted Businesses) where failure to obtain or comply with those Permits might reasonably be expected to have a Material Adverse Effect, including any Permit specified in Schedule 16 (*Permits*), and shall promptly deliver to the Agent:

(A) any notice that any Governmental Authority may condition approval of, or any application for, any Permit held by it on terms and conditions that are materially burdensome to the Relevant Obligor, or to the operation of any of its businesses or any assets owned by it, in each case in a manner not previously contemplated; and

(B) such other documents and information as from time to time may reasonably be requested by the Agent in relation to any of the matters referred to in this paragraph 3.1.

3.2 **Compliance with laws**

Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will) comply in all material respects with all material Legal Requirements and its Constitutional Documents.

3.3 **Environmental compliance**

Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will):

(a) comply in all material respects with all Environmental Laws applicable to it;

(b) obtain, maintain and ensure compliance in all material respects with all requisite Environmental Permits;

(c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or might reasonably be expected to have a Material Adverse Effect.

3.4 **Environmental claims**

Each Relevant Obligor shall (through the Company), promptly upon becoming aware of the same, inform the Agent in writing of:

(a) any Environmental Claim against any member of the Group which is current, pending or to the best of its knowledge and belief (having made all due and proper enquiry) threatened (including copies of any notices from any Governmental Authority of non-compliance with any material Environmental Law or Environmental Permit and any other notices of Environmental Claims); and

(b) any facts or circumstances which might reasonably be expected to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group or that Relevant Obligor, has or might reasonably be expected to have a Material Adverse Effect and shall promptly deliver to the Agent such other documents and information as from time to time may reasonably be requested by the Agent in relation to any of the matters referred to in this paragraph 3.4.

3.5 **Taxation**

(a) Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will) duly and punctually pay and discharge all Taxes required to be paid by it when due within the time period allowed without incurring penalties unless and only to the extent that:

(i) such payment is being contested in good faith;

(ii) adequate reserves are being maintained for those Taxes or other obligations and the costs required to contest them which have been disclosed in its latest financial statements and Projections delivered to the Agent under paragraph 1.2 (*Financial statements*) and paragraph 1.5 (*Group Budgets and Projections*); and

(iii) such payment can be lawfully withheld and failure to pay those Taxes or other obligations does not have or could not reasonably be expected to have a Material Adverse Effect.

(b) No member of the Group or any other Relevant Obligor may change its residence for Tax purposes.

Restrictions on business focus

3.6 **Merger**

No Relevant Obligor shall (and the Company shall ensure that no member of the Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction.

3.7 **Conduct of business and maintenance of status**

Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will):

(a) preserve, renew and keep in full force and effect its corporate or limited liability company status and remain a Subsidiary of the Parent and MPBL Entertainment;

(b) take all reasonable action to obtain and maintain all rights, privileges, franchises, Permits necessary in the conduct of its business (including the Mocha Slot Business taken as a whole), except (save in the case of the Permits specified in Schedule 16) to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(c) engage only in businesses which are Permitted Businesses and, in the case of:

(i) Melco PBL Hotel (Crown Macau) Limited and Melco PBL (Crown Macau) Developments Limited, engage only in carrying out the Crown Macau Project;

(ii) Melco PBL (COD) Hotels Limited and Melco PBL (COD) Developments Limited, engage only in carrying out the City of Dreams Project;

(iii) Melco PBL (Mocha) Limited, engage only in carrying out the Mocha Slot Business; and

(iv) ensure that the Company's ownership of shares in its Subsidiaries, the Mocha Slot Business, the lease, management, and operation of the casinos and gaming areas comprised in Crown Macau Project, City of Dreams Project and other Permitted Businesses are conducted in accordance with the Subconcession, the Lease Agreements and relevant Permits.

(d) not establish any representative office or other place of business in a jurisdiction outside its jurisdiction of incorporation or in the case of any Relevant Obligor incorporated in the Cayman Islands, Hong Kong SAR.

3.8 **Acquisitions**

(a) Except as permitted under paragraph (b) below, no Relevant Obligor shall (and the Company shall ensure that no member of the Group will):

(i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or

(ii) incorporate a company.

(b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is:

(i) a Permitted Acquisition; or

(ii) a Permitted Transaction.

3.9 **Joint ventures**

No Relevant Obligor shall (and the Company shall ensure that no member of the Group will):

(i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture except for the transactions contemplated in paragraph (d) of the definition of "Permitted Transaction"; or

(ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing) unless such transaction is a Permitted Acquisition, a Permitted Disposal or a Permitted Loan.

3.10 **Holding Companies**

None of MPBL Investments, Melco PBL Nominee One Limited, Melco PBL Nominee Two Limited and Melco PBL Nominee Three Limited shall trade, carry on any business or own any assets or incur any liabilities except for:

(a) ownership of shares of another Obligor;

(b) making of intra-Group loans permitted by paragraph 3.18 (*Loans or credit*);

(c) provisions of administrative services to the other Relevant Obligors; or

(d) any liabilities under the Transaction Documents to which it is a party.

Restrictions on dealing with assets and Security

3.11 **Preservation of assets and Security**

Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will):

(a) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business;

(b) maintain all material rights of way, easements, grants, privileges, licenses, certificates, and Permits necessary for the intended use of each Site, the Site Easements and any other Properties, except any such item the loss of which, individually or in the aggregate, could not reasonably be expected to materially and adversely affect or interfere with the Mocha Slot Business, the Projects or any other of the Permitted Businesses, the Site, the Site Easements or any other Properties;

(c) comply with the terms of each lease or other grant of rights in respect of property, including easement grants, so as to not permit any material uncured default on its part to exist thereunder, except, in each case, where non-compliance therewith could not reasonably be expected to materially and adversely affect or interfere with the Mocha Slot Business, the Projects or any other of the Permitted Businesses, the Site, the Site Easements or any other Properties;

(d) preserve and protect the Security expressed to be created pursuant to the Transaction Security Documents and, if any Security (other than Permitted Security) is asserted against any of the Charged Property, promptly give the Agent written notice with reasonable detail of such Security and pay the underlying claim in full or take such other action so as to cause it to be released or bonded over in a manner reasonably satisfactory to the Agent;

(e) undertake all actions which are necessary or appropriate in the reasonable judgment of the Agent to:

(i) maintain the Finance Parties' respective security interests under the Transaction Security Documents in the Charged Property in full force and effect at all times (including the priority thereof); and

(ii) preserve and protect the Charged Property and protect and enforce the Relevant Obligor's rights and title and the respective rights of the Finance Parties to the Charged Property,

including the making and delivery of all filings and registrations, the payments of fees and other charges imposed by any Governmental Authority, the issuance of supplemental documentation, the discharge of all claims or other Security other than Permitted Security adversely affecting the respective rights of the Finance Parties to and under the Transaction Security and the publication or other delivery of notice to, and procuring the receipt of agreements or acknowledgements from, third parties.

3.12 **Pari passu ranking**

Each Relevant Obligor (and the Company shall ensure that each member of the Group) shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

3.13 **Project and Transaction Documents**

Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will):

(a) comply, duly and promptly, in all material respects with its material obligations and preserve and enforce all of its material rights under all Project Documents and pursue any claims and remedies arising thereunder;

(b) take or cause to be taken all action, make or cause to be made all contracts and do or cause to be done all things necessary to construct each Project diligently in accordance with the Construction Contract, the Plans and Specifications, the Project Schedule, the Group Budget and the other Transaction Documents relating to that Project;

(c) withhold from each Contractor party to a Project Document such retainage from any payment to be made to such Contractor as is permitted by such Project Document;

(d) ensure that the Company and each Project Company:

(i) provide to the Technical Adviser copies of, and maintain at the Project Site, a complete set of the Plans and Specifications for each Project conducted by that Project Company;

(ii) cooperate and cause each Contractor to cooperate with the Technical Adviser in the performance of the Technical Adviser's duties. Without limiting the generality of the foregoing, the Company and the Project Company shall and shall cause the Contractor to:

(1) communicate with and promptly provide all invoices, documents, plans and other information reasonably requested by the Technical Adviser relating to the Project Works;

(2) following the end of each Financial Quarter, upon the request of the Agent, consult with any person regarding any adverse event or condition identified in any report prepared by the Technical Adviser that the Agent (acting reasonably) considers to be material;

(3) provide the Technical Adviser with access to the Site and, subject to required safety precautions and reasonable site management restrictions, the construction areas; and

(4) provide the Technical Adviser with reasonable working space and access to telephone, copying and telecopying equipment at the Site (or such other location in reasonable proximity to the Site as the Project nears completion),

and take all reasonable measures to otherwise facilitate the Technical Adviser's review of the construction of the Project and preparation of the certificates and reports required hereunder;

(iii) maintain in Hong Kong or Macau a complete set and, promptly upon written request, provide the Technical Adviser with reasonable access to and copies of, each Construction Contract entered into by any Contractor with a contract price (or expected aggregate amount to be paid in the case of "cost plus" contracts) in excess of a Base Currency Amount of USD1,500,000; and

(iv) deliver to the Agent and the Technical Adviser copies of all material reports required to be filed with any Governmental Authority in connection with the construction of the Project; and

(e) save as permitted by paragraph 3.29, not (without the Agent's prior approval) enter into further Major Project Documents other than, in the case of the Company, any Lease Agreement.

3.14 **Subconcession**

The Company shall:

(a) carry out definitive registration with the Macau Real Estate Registry of the horizontal property comprised in any area of each Project classified as a casino in accordance with article 42 of the Subconcession so that the casino area is registered as one unit separate and independent from the horizontal property contained in all the remaining areas of the Project upon obtaining all Permits required from the Macau SAR for such registration to be made and which Permits the Company shall ensure will be obtained as soon as possible upon Practical Completion of the Project;

(b) obtain classification as a casino or gaming zone by the Macau SAR of any part of any Project or any premises leased to or occupied by it in connection with the Mocha Slot Business or any other Permitted Business in which any operation of casino games of chance or other forms of gaming is proposed to be carried out and of any other premises in which any such operation is proposed to be carried out by it in accordance with article 9 of the Subconcession;

(c) carry out definitive registration with the Macau Real Estate Registry in respect of the land referred to in each Project Land Concession as soon as practicable upon Practical Completion of that Project thereof;

(d) notify the Agent promptly upon receiving:

(i) notice of any consultations with the Macau SAR (as contemplated by the Subconcession Direct Agreement or otherwise) in relation to any termination of the Subconcession;

(ii) notice of any consultations with the Macau SAR (as contemplated by the Land Concession Direct Agreement or otherwise) in relation to any termination or rescission of the Land Concession;

(iii) notice of any negotiations with the Macau SAR pursuant to article 83 of the Subconcession;

(iv) any notice from the Macau SAR pursuant to clause 3 of article 80 of the Subconcession; or

(v) any notice from the Macau SAR pursuant to clause 4 of article 80 of the Subconcession,

and keep the Agent fully appraised thereof;

(e) not designate or cause to be designated any area (other than the horizontal property identified as comprising the casino in the Plans and Specifications delivered to the Agent under Part B of Schedule 2 (*Conditions Precedent*)) as a casino or gaming zone unless such designation would not cause the aggregate area which is classified as casino or gaming zones by the Macau SAR to exceed 650,000 square feet in respect of the City of Dreams Project and 200,000 square feet in respect of the Crown Macau Project and the Agent has received evidence that, in the event of the reversion of such area to the Macau SAR upon termination of the Subconcession, such reversion would not materially affect the City of Dreams Project or the ongoing operation thereof;

(f) not enter into or permit to subsist any arrangement with any gaming junket-tour promoters, directors or cooperators unless such persons and any such arrangement are in compliance with the requirements of the Subconcession and all other applicable Legal Requirements and the Company shall monitor the activities of such persons in regard to such arrangements and shall take all necessary or appropriate reasonable measures to ensure such compliance;

(g) not include in any inventory or any update thereof required pursuant to article 44 of the Subconcession in respect of any of the Projects or the Mocha Slot Business any item which is not specified in Schedule 19 (*Subconcession Inventory of Properties*) or reasonably incidental to the categories of items referred to therein or otherwise reasonably approved by the Agent; and

(h) not grant any further subconcession under the Subconcession as long as it is prohibited by the laws of Macau SAR.

3.15 **Negative pledge**

In this paragraph 3.15, "**Quasi-Security**" means a transaction described in paragraph (b) below.

Except as permitted under paragraph (c) below:

(a) No Relevant Obligor shall (and the Company shall ensure that no member of the Group will) create or permit to subsist any Security over any of its assets.

(b) No Relevant Obligor shall (and the Company shall ensure that no member of the Group will):

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Relevant Obligor or any other member of the Group;

(ii) sell, transfer factor or otherwise dispose of any of its receivables on recourse terms;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:

(i) Permitted Security; or

(ii) a Permitted Transaction.

3.16 **Disposals**

(a) Except as permitted under paragraph (b) below, no Relevant Obligor shall (and the Company shall ensure that no member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

(b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal which is:

(i) a Permitted Disposal; or

(ii) a Permitted Transaction.

3.17 **Arm's length basis**

(a) Except as permitted by paragraph (b) below, no Relevant Obligor shall (and the Company shall ensure no member of the Group will) enter into any transaction with any person except on arm's length terms and for fair market value.

(b) The following transactions shall not be a breach of paragraph (a):

(i) Sponsor Group Loans;

(ii) intra-Group loans permitted under paragraph 3.18 (*Loans or credit*);

(iii) fees, costs and expenses and any other payments payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Agent under Clause 4 (*Conditions Of Utilisation*) or agreed by the Agent; and

(iv) any Permitted Transactions.

Restrictions on movement of cash - cash out

3.18 **Loans or credit**

(a) Except as permitted under paragraph (b) below, no Relevant Obligor shall (and the Company shall ensure that no member of the Group will) be a creditor in respect of any Financial Indebtedness.

(b) Paragraph (a) above does not apply to:

(i) a Permitted Loan; or

(ii) a Permitted Transaction.

3.19 **No Guarantees or indemnities**

(a) Except as permitted under paragraph (b) below, no Relevant Obligor shall (and the Company shall ensure that no member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.

(b) Paragraph (a) does not apply to a guarantee which is:

(i) a Permitted Guarantee; or

(ii) a Permitted Transaction.

3.20 **Dividends and share redemption**

(a) Except as permitted under paragraph (b) below, no Relevant Obligor shall (and the Company will ensure that no other member of the Group will):

(i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);

(ii) repay or distribute any share premium reserve;

(iii) pay any management, advisory or other fee to or to the order of any Sponsor Group Shareholder or any Affiliate thereof which is not a member of the Group; or

(iv) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.

(b) Paragraph (a) above does not apply to:

(i) a Permitted Distribution; or

(ii) a Permitted Transaction.

3.21 **Subconcession Bank Guarantee and Subordinated Debt**

(a) Except as permitted under paragraph (b) below, no Relevant Obligor shall (and the Company shall ensure that no member of the Group will):

(i) repay or prepay any principal amount (or capitalised interest) outstanding under the Subconcession Bank Guarantee Facility, any Sponsor Group Loans or any other Subordinated Debt;

(ii) pay any interest, fees or other amounts payable in connection with the Subconcession Bank Guarantee Facility, any Sponsor Group Loans or any other Subordinated Debt; or

(iii) purchase, redeem, defease or discharge, exchange or enter into any sub-participation arrangements in respect of any amount outstanding with respect to the Subconcession Bank Guarantee Facility, any Sponsor Group Loans or any other Subordinated Debt.

(b) Paragraph (a) does not apply to a payment, repayment, prepayment, purchase, redemption, defeasance or discharge which is:

(i) a Permitted Payment; or

(ii) a Permitted Transaction.

Restrictions on movement of cash - cash in

3.22 **Financial Indebtedness**

(a) Except as permitted under paragraph (b) below, no Relevant Obligor shall (and the Company shall ensure that no member of the Group will) incur or allow to remain outstanding any Financial Indebtedness.

(b) Paragraph (a) above does not apply to Financial Indebtedness which is:

(i) Permitted Financial Indebtedness; or

(ii) a Permitted Transaction.

3.23 **Share capital**

No Relevant Obligor shall (and the Company shall ensure no member of the Group will) issue any shares except pursuant to:

(a) a Permitted Share Issue; or

(b) a Permitted Transaction.

Miscellaneous

3.24 **Insurance**

(a) Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will) at all times ensure that:

(i) the insurance and reinsurance policies listed in Schedule 8 (*Insurances*); and

(ii) insurances and reinsurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business,

are maintained in full force and effect and that it otherwise complies with Schedule 8 (*Insurances*).

(b) All insurances and reinsurances must be with reputable independent insurance companies or underwriters.

(c) Where insurances, reinsurances and risks have been identified in the Insurance Report, the Relevant Obligors shall (and the Company shall ensure that such member of the Group will subject to Schedule 8 (*Insurances*)) ensure the insurances and reinsurances maintained are at least in respect of the business and assets and against the risks and to the extent recommended in the Insurance Report.

3.25 **Access**

Each Relevant Obligor shall, and the Company shall ensure that each member of the Group will:

(a) keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all Legal Requirements are made;

(b) subject to prior reasonable request and notice (but notice only where a Default is continuing), procure that the Agent, the Security Agent and/or the Technical Adviser, accountants or other professional advisers or contractors of the Agent or the Security Agent be allowed reasonable rights of inspection and access

during normal business hours to Site Facilities, the Projects and any other premises or assets of any member of the Group, to the Auditors and other senior officers of any member of the Group and to the books, accounts and records, and any other documents relating to the Mocha Slot Business, the Projects or any Relevant Obligor or other member of the Group as they may reasonably require, and so as not unreasonably to interfere with their operations or those of any Major Project Participant, and to take copies of any documents inspected; and

(c) for all expenditures with respect to which Utilisations under the Project Facilities are made, retain, for at least 7 years all records and other documents evidencing such expenditures as are required hereunder to be attached to a Term Loan Utilisation Request.

3.26 **Management**

Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will) ensure that there is in place in respect of each Relevant Obligor and member of the Group qualified management with appropriate skills.

3.27 **Intellectual Property**

Each Relevant Obligor shall (and the Company shall ensure that each Group member will):

(a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the Relevant Obligor or Group member;

(b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;

(c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property necessary for its business in full force and effect and record its interest in that Intellectual Property;

(d) not use or permit the Intellectual Property necessary for its business to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any Relevant Obligor or member of the Group to use such property; and

(e) not discontinue the use of the Intellectual Property necessary for its business,

where failure to do so, in the case of paragraphs (a) and (b) above, or, in the case of paragraphs (d) and (e) above, such use, permission to use, omission or discontinuation, might reasonably be expected to have a Material Adverse Effect.

3.28 **Use of proceeds and Revenues**

Each Relevant Obligor shall (and the Company shall ensure that each member of the Group will):

(a) use the proceeds of each of the Facilities only for the purposes specified or allowed in this Agreement; and

(b) ensure that all of its funds, Revenues and all other amounts received by it are utilised, and all of its accounts are established and funded (and any other accounts maintained by it are closed), in accordance with the provisions of Schedule 7 (*Accounts*) and as otherwise provided by this Agreement and that it otherwise complies with Schedule 7 (*Accounts*).

3.29 **Amendments**

No Relevant Obligor shall (and the Company shall ensure that no member of the Group will):

(a) amend or modify, or permit the amendment or modification of its Constitutional Documents in any manner adverse to the interest of any of the Finance Parties under the Finance Documents;

(b) Except for:

(i) an amendment to the Land Concession for the City of Dreams Site which results in an increase of the gross floor area of the City of Dreams Project in accordance with Macau legal requirements; and

(ii) an amendment to the Land Concession for the Crown Macau Site in order to permit registration of strata title in respect of a casino in the Crown Macau Project which will be transferred to the Company,

agree to any amendment, modification or supplement to or any novation or termination of, or assign, transfer, cancel or waive any of its rights under the Subconcession or any Land Concession without obtaining the prior written consent of the Agent;

(c) without obtaining the prior written consent of the Agent (which consent shall not unreasonably be withheld or delayed), directly or indirectly enter into (save in the case of the City of Dreams Construction Management Contract or any Lease Agreement), amend, modify, novate, terminate, cancel, supplement or waive any right under, permit or consent to the amendment, modification, novation, termination (except expiration in accordance with its terms), cancellation, supplement or waiver of any of the provisions of, or give any consent or exercise any other discretion under:

(i) any Permit, the effect of which could (save in the case of any Permit referred to in Schedule 16 (*Permits*) reasonably be expected to have a Material Adverse Effect;

(ii) any Contractor's Completion Guarantee or Contractor's Performance Bond;

(iii) any other Major Project Document **provided that** a Relevant Obligor may:

(A) save in respect of any such action which the Agent notifies to the Company as requiring its prior written consent, agree to immaterial amendments or modifications thereto or grant immaterial consents, waive timely performance or observance of an immaterial obligation, exercise an immaterial discretion or remedy, make an immaterial election or compromise or settle an immaterial claim thereunder, so long as, in each case, such action is in the ordinary course of business and consistent with customary commercial practices and could not reasonably be expected to:

(1) impair or otherwise adversely affect any of the rights, benefits or interests of any Group member or any Finance Party under or in respect of any Transaction Document or, in the case of any Finance Party, any of the Transaction Security; or

(2) give rise to a Material Adverse Effect; or

(B) take, or permit or consent to the taking of, any such action under or in respect of any variation to any Project Works or Plans and Specifications or any other variation to, any Construction Contract, where any and all such actions and variations could not reasonably be expected to cause:

(1) the total amount of Project Costs shown in the Group Budget in respect of that Project to be exceeded; or

(2) a material qualitative change in such Project Works; or

(iv) any other Project Document or other contract unless it could not reasonably be expected to:

(A) impair or otherwise adversely affect any of the rights, benefits or interests of any Group member or any Finance Party under or in respect of any Transaction Document or, in the case of any Finance Party, any of the Transaction Security; or

(B) give rise to a Material Adverse Effect.

Notwithstanding any of the foregoing, the Relevant Obligors may only take (and the Company shall ensure that the members of the Group may only take) or, as the case may be, permit or consent to the taking of, any such action under or in respect of, or otherwise agree to any variation to any Project Works or Plans and Specifications or any other variation to, any Project Construction Contract without the prior written consent of the Agent where:

(1) (in the case of the City of Dreams Project) the actions or variations could not reasonably be expected to result in the delay of Practical Completion and satisfaction of the Opening Conditions and Final

Completion for City of Dreams Phase I or the City of Dreams Project beyond the dates specified:

City of Dreams Phase I Practical Completion and Opening	City of Dreams Project Practical Completion and Opening	City of Dreams Project Final Completion
31 March 2009	30 September 2009	30 September 2010

(2) no Forecast Funding Shortfall (without taking into account any amount of the Contingent Equity or the sum of USD50,000,000 of the Revolving Credit Facility) has occurred and is continuing or would result therefrom;

(3) no Material Adverse Effect could reasonably be expected to result therefrom; and

(4) the Agent has received a certificate signed by an authorised signatory of the Company certifying that the conditions set out in this sub-paragraph (c) have been satisfied and, in respect of each such action or variation involving costs in excess of a Base Currency Amount of USD2,000,000,

(A) the Technical Adviser has certified to the Agent that the actions or variations could not (in the case of the City of Dreams Project) reasonably be expected to result in the delay of Practical Completion and satisfaction of the Opening Conditions and Final Completion for City of Dreams Phase I or the City of Dreams Project beyond the dates specified in sub-paragraph (iv) above or have any material adverse impact on the construction or operation of the Projects or the performance of the obligations of the Contractors under the Construction Contracts in respect of the Projects; and

(B) the Insurance Adviser has certified to the Agent that the actions or variations could not reasonably be expected to result in a material adverse modification, cancellation or termination of any Insurances or otherwise have any material adverse impact on the rights or benefits of any Finance Party in respect thereto;

(d) accept, agree or determine the achievement of or waive any requirement in respect of (or be deemed to have done any of the foregoing) or issue, accept, or be deemed to have confirmed any Notice to Proceed or certificate or notice of Practical Completion, Final Completion or their equivalent in respect of all or any part of any Project under any Construction Contract without the written approval of the Agent (such approval not to be unreasonably withheld or, without prejudice to any other provision of this Agreement, delayed);

(e) enter into any contract for or otherwise commence or permit the commencement of any works on the City of Dreams Site other than the City of Dreams Project (including, for the avoidance of doubt, any apartment or apartment hotel tower);

(f) reduce the level of Retainage Amounts withheld pursuant to paragraph 3.13(c);

(g) fail to withhold at Practical Completion in respect of any Project a sum equal to 100% of the costs reasonably estimated by the Company (and confirmed by the Technical Adviser) as necessary to complete Project Punchlist Items;

(h) accept any non-conforming Project Works of a material nature unless the requirements of sub-paragraph (c) above have been complied with; or

(i) enter into any agreement (other than the Finance Documents) restricting its ability to amend any of the Transaction Documents.

The Relevant Obligors shall ensure that all Major Construction Contracts in respect of the City of Dreams Project are entered into by the City of Dreams Project Company.

3.30 **Hedging and Treasury Transactions**

(a) The Relevant Obligors shall ensure that all currency and interest rate hedging arrangements contemplated by the Hedging Letter and Schedule 15 (*Hedging Arrangements*) are implemented in accordance with the terms thereof and that such arrangements are not terminated, varied or cancelled without the consent of the Agent (acting on the instructions of the Majority Lenders), save as permitted thereunder.

(b) No Relevant Obligor shall (and the Company will procure that no members of the Group will) enter into any Treasury Transaction, other than:

(i) the hedging transactions contemplated by the Hedging Letter and Schedule 15 (*Hedging Arrangements*) and documented by the Hedging Agreements;

(ii) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and

(iii) any Treasury Transaction entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the Group for a period of not more than 12 months and not for speculative purposes,

provided that, in the case of sub-paragraphs (ii) and (iii), the counterparties thereto have no Security nor any right to share in any Security over any of the Charged Property.

3.31 **No other powers of attorney**

No Relevant Obligor shall (and the Company shall ensure no member of the Group will) execute or deliver any agreement creating any powers of attorney (other than powers of attorney for signatories of documents permitted or contemplated by the Transaction Documents), or similar documents, instruments or agreements, except to the extent such documents, instruments or agreements comprise part of the Transaction Security Documents.

3.32 **Further assurance**

(a) Each Relevant Obligor shall (and the Company shall procure that each member of the Group and each other person whom it is intended should provide such Security will) promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):

(i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a first ranking mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security, including any assets acquired by any of the Relevant Obligors (other than, save to the extent they may comprise shares in the Company, the Managing Director) after the date of this Agreement) or for the exercise of any rights powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law;

(ii) to confer on the Security Agent and the Finance Parties Security over any property and assets of that Relevant Obligor or other person located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security after the Transaction Security has become enforceable under the terms hereof.

(b) Each Relevant Obligor shall (and the Company shall procure that each member of the Group and such other persons shall) from time to time execute and deliver, or cause to be executed and delivered, such additional instruments, certificates or documents, and take all such other actions, as any of the Agent or the Security Agent may reasonably request, for the purposes of implementing or effectuating the provisions of the Finance Documents, or of more fully perfecting or renewing the rights of the Finance Parties with respect to the Transaction Security (or with respect to any additions thereto or replacements or proceeds or products thereof or with respect to any other assets acquired after the date of this Agreement by any Relevant Obligor, Group member or other person which may be deemed to be part of the Transaction Security) pursuant to the Finance Documents. Upon the exercise by the Agent, the Security Agent or any other Finance Party of any power,

right, privilege or remedy pursuant to any of the Finance Documents which requires any consent, approval, notification, registration or Authorisation of any Governmental Authority, the Company shall execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that the Agent, the Security Agent or such Finance Party may reasonably be required to obtain from any Obligor or other Group member for such consent, approval, notification, registration or Authorisation.

3.33 **Syndication**

The Relevant Obligors shall each provide reasonable assistance to the Arrangers in the preparation of any Information Memorandums and any supplements thereto and in connection with the general syndication of the Facilities (including, without limitation, by making senior management available for the purpose of making presentations to, or meeting, potential lending institutions) and will comply with all reasonable requests for information from potential lenders prior to completion of syndication.

3.34 **Sponsor Support**

(a) The Company shall ensure that each Sponsor Group Shareholder which, directly or indirectly, other than through holding a listed company's shares that are traded on a stock market as contemplated by article 16 of the Subconcession, holds 5% or more of the Capital Stock of the Company, provides and maintains in favour of the Finance Parties a Sponsor Group Shareholder's Undertaking in substantially the agreed form and, notwithstanding the foregoing, otherwise in form and substance reasonably acceptable to the Agent, together with such other Sponsor Support Documents as may be required thereunder.

(b) The Company shall ensure that each Sponsor (other than MPBL Entertainment) maintains, in favour of the Finance Parties and in accordance with the Sponsor Group Shareholder's Undertaking to which it is a party, until the Sponsor Support Release Date (as defined in the Sponsor Group Shareholder's Undertaking to which it is a party), a Sponsor's Letter of Credit, provided that, to the extent that a Sponsor's Letter of Credit is cash covered from the proceeds of additional Equity subscribed or advanced to the Company and not otherwise required to be applied hereunder, then that Sponsor's Letter of Credit (and its associated obligation ensure the provision of Contingent Equity under a Sponsor Group Shareholder's Undertaking) shall be released and need not be reinstated to the extent of such cash cover. For the purposes of this provision, "**cash cover**" means paying an amount in the currency of the Sponsor's Letter of Credit into a Holding Account on terms that it may not be withdrawn save at the request of the Agent for application in substitution for Contingent Equity (and the terms of this Agreement and the other Finance Documents shall apply as if such amount comprised available Contingent Equity accordingly).

(c) The Company shall ensure that, until such time as the Deed of Priority has been executed and delivered by all persons expressed to be party thereto and any conditions precedent set out in Part A of Schedule 2 (*Conditions Precedent*) in any way related thereto have been satisfied or waived in accordance with the terms hereof, the PBL Assurance is maintained in full force and effect in accordance with its terms.

SCHEDULE 7

ACCOUNTS

1. **Accounts**

1.1 ***Establishment of Accounts - Pre-Initial Utilisation***

The Company shall, prior to the submission of a Utilisation Request for the initial Utilisation, ensure the establishment and, thereafter, ensure the maintenance, by the Relevant Obligor and with the banks and in the jurisdictions specified, on the terms and conditions set out in this Schedule 7 and the other Finance Documents, of the following bank accounts:

Account Designation	Relevant Obligor	Bank and Jurisdiction	Currency and Type	Account Number
Gaming Receipts Accounts				
Crown Division				
Gaming receipts	Melco PBL Gaming (Macau) Limited	BNU (Macau)	MOP Current	9005317187
			MOP Current	9005317238
			HKD Current	9005317204
			USD Current	9005317221
			AUD Current	9005319465
VIP Patron Deposits	Melco PBL Gaming (Macau) Limited	BNU (Macau)	MOP Current	9005316626
			HKD Current	9005316643
			USD Current	9005316660
			AUD Current	9005319431
Cage Banking	Melco PBL Gaming (Macau) Limited	BNU (Macau)	MOP Current	9005317102
			HKD Current	9005317136
			USD Current	9005317153
			AUD Current	9005319448
Credit Card	Melco PBL Gaming (Macau) Limited	BNU (Macau)	MOP Current	9005317170
			HKD Current	9006036610
Mocha Division				
Gaming Receipts	Melco PBL Gaming (Macau) Limited	BNU (Macau)	MOP Current	9006427270
			HKD Current	9006427287
Cage Banking	Melco PBL Gaming (Macau) Limited	BNU (Macau)	MOP Current	9006427304
			HKD Current	9006427321
Company Operating Accounts				
General	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	MOP Savings	61358819
			MOP Current	61358797
			HKD Savings	61358711
			HKD Current	61358703
			USD Current	61358738

Account Designation	Relevant Obligor	Bank and Jurisdiction	Currency and Type	Account Number
Corporate Division	Melco PBL Gaming (Macau) Limited	BNU (Macau)	MOP Current	9005471139
			HKD Current	9005471173
			USD Current	9005471190
			AUD Current	9005471207
Project Operating Company Project Operating Accounts				
Crown Macau	Melco PBL Hotel (Crown Macau) Limited	BNU (Macau)	MOP Current	9005415294
			MOP Current	9005415328
			MOP Current	9005415345
			MOP Current	9005415413
			HKD Current	9005415379
			USD Current	9005415396
			AUD Current	9005416416
	Melco PBL Hotel (Crown Macau) Limited	Citibank (Macau)	MOP Current	61358975
			MOP Savings	61358983
			HKD Current	61358924
			HKD Savings	61358932
			USD Current	61358959
			USD Savings	61358967
	Melco PBL (Crown Macau) Developments Limited	BOC (Macau)	Currency Savings	018810070840
			MOP Savings	010110134771
			MOP Current	010120804836
			HKD Savings	011110289138
			HKD Savings	011110289146
			HKD Current	011123863294
			Fixed Deposit	018830096993
	Melco PBL (Crown Macau) Developments Limited	BNU (Macau)	MOP Savings	9005391324
			MOP Current	9005391290
			HKD Savings	9005391358
			HKD Current	9005391307
City of Dreams	Melco PBL (Crown Macau) Developments Limited	Citibank (Macau)	MOP Savings	61358916
			MOP Current	61358878
			HKD Savings	61358835
			HKD Current	61358827
			USD Savings	61358851
			USD Current	61358843
	Melco PBL (COD) Developments Limited	BOC (Macau)	Currency Savings	018810071634
			MOP Savings	010110136935
			MOP Current	010120805476
			HKD Savings	011110292245
			HKD Current	011123863919
			Fixed Deposit	018830098393

Account Designation	Relevant Obligor	Bank and Jurisdiction	Currency and Type	Account Number
	Melco PBL (COD) Developments Limited	BNU (Macau)	MOP Savings	9005391018
			MOP Current	9005390882
			HKD Savings	9005391086
			HKD Current	9005391001
	Melco PBL (COD) Developments Limited	Citibank (Macau)	MOP Savings	61359084
			MOP Current	61359076
			HKD Savings	61359033
			HKD Current	61359025
			USD Savings	61359068
			USD Current	61359041
Mocha	Melco PBL (Mocha) Limited	BNU (Macau)	MOP Current	9006426420
			MOP Current	9006426471
			HKD Current	9006426454
			HKD Current	9006426522
Services Operating Account	Golden Future (Management Services) Limited	BNU (Macau)	HKD Current	9006304989
Disbursement Account	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	HKD Savings	61375837
			USD Savings	61358746
Debt Service Accrual Account	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	HKD Savings	61375799
Debt Service Reserve Account	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	HKD Savings	61375802
Mandatory Prepayment Account	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	HKD Savings	61375829

1.2 ***Establishment of Accounts - Post Initial Utilisation***

The Company shall, within 30 days of the date of this Agreement, ensure the establishment and, thereafter, ensure the maintenance, by the Relevant Obligors and with the banks and in the jurisdiction specified, on the terms and conditions set out in this Schedule 7 and the other Finance Documents, of the following bank accounts:

Account Designation	Relevant Obligor	Bank and Jurisdiction	Currency and Type
Capital Contributions Account	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	USD Savings
Mandatory Prepayment Account	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	USD Savings
Debt Service Accrual Account	Melco PBL Gaming (Macau) Limited	Citibank (Macau)	USD Savings

If any Relevant Obligor were to receive amounts that it would be obliged under the terms of this Schedule 7, this Agreement or any other Finance Document to pay into any of the Accounts referred to above prior to those Accounts being established, the Relevant Obligors shall procure that such amounts be paid into the Mandatory Prepayment Account referred to in paragraph 1.1 above or a sub-account thereto (and such amounts may be withdrawn and applied therefrom as if, for these purposes, the Mandatory Prepayment Account was such Account). Amounts deposited into the Mandatory Prepayment Account in accordance with this paragraph 1.2 shall be promptly withdrawn and paid into the relevant Account as soon as it has been established.

1.3 ***Maintenance of Accounts***

The Accounts shall, save as otherwise provided by the Transaction Security Documents or herein, be maintained by the Relevant Obligors with the relevant Account Bank in accordance with the Account Bank's usual practice and may from time to time be sub-divided into such sub-accounts as any Relevant Obligors may reasonably request.

1.4 ***Restrictions***

The Relevant Obligors shall maintain each Account as a separate account or sub-accounts with the relevant Account Bank and:

(a) none of the restrictions contained in this Schedule on the withdrawal of funds from Accounts shall affect the obligations of the Obligors to make any payments of any nature required to be made to the Finance Parties on the due date for payment thereof in accordance with any of the Finance Documents; and

(b) no withdrawal shall be made from any Account if it would cause such account to become overdrawn.

1.5 ***Credits to Accounts***

Save as otherwise provided in any of the Transaction Security Documents after enforcement thereof, the Relevant Obligors shall credit, and shall procure that there is credited, to the Accounts all such amounts as are provided for in this Agreement and ensure that such other credits are made thereto as are required to be made pursuant to any other provision of any other Finance Document.

1.6 ***Interest***

Each amount from time to time standing to the credit of each Account (for the avoidance of doubt excluding amounts for the time being applied in acquiring Permitted Investments) shall bear interest at such rate as may from time to time be agreed

between each Relevant Obligor and the relevant Account Bank, and the Relevant Obligors shall ensure that such interest is credited to such account at such time or times as may be agreed from time to time with the Account Bank or, failing agreement, in arrears on 31 December.

1.7 ***Payments***

Save as otherwise provided in this Agreement or pursuant to any Transaction Security Document, no party shall be entitled to require any Account Bank to make any payment out of the amount standing to the credit of any Account maintained with it.

1.8 ***Other Accounts***

No Relevant Obligor shall (and the Company shall ensure that no other Group member will) except with the prior approval of the Agent open or maintain any accounts other than the Accounts or the Accounts to be opened pursuant to paragraph 1.2 above and which, in each of the foregoing cases, shall at all times be subject to Security in favour of, and in form and substance reasonably satisfactory to, the Security Agent.

2. **Disbursement Accounts**

2.1 ***Deposits***

The Relevant Obligors shall ensure (and, where relevant, shall specify in the relevant Utilisation Request that) all proceeds of all Facility A and Revolving Credit Facility Utilisations are paid to the relevant Disbursement Accounts.

2.2 ***Withdrawals***

The Relevant Obligors shall withdraw amounts from the relevant Disbursement Accounts and transfer such amounts to the Company Operating Account at such time as may be required to meet Project Costs which are due and payable or for application towards such other purpose as may be permitted by this Agreement.

3. **Capital Contributions Account**

3.1 ***Deposits***

The Relevant Obligors shall procure that all Equity or Shareholder Group Loans are paid into the Capital Contributions Account.

3.2 ***Withdrawals***

The Company shall withdraw amounts from the relevant Capital Contributions Account and transfer such amounts to the Company Operating Account at such time as may be required to meet Project Costs which are due and payable.

4. **Gaming Receipts Account**

4.1 ***Deposits***

The Company shall ensure that all Revenues derived from gaming operations are paid into its Gaming Receipts Accounts (**provided that**, in the case of an Excluded Project, such Revenues need only include such amounts as the Excluded Project Lessor is obliged to pay the Company (or which the Company is entitled to retain) under the terms of the Lease Agreement relating to that Excluded Project).

4.2 ***Withdrawals***

The Company shall, on any day, only be entitled to withdraw amounts from the Gaming Receipts Accounts for the following purposes and in the following order of priority:

(a) an amount equal to the required gaming tax, contributions and premia then payable under the Subconcession in respect of gaming Revenues; and

(b) (subject to this Agreement and the other Finance Documents) an amount equal to the operating costs and expenses then due and payable in respect of the Company's gaming operations,

and (save, in the case of any of the VIP Patron Deposit, Cage Banking or Credit Card Accounts, to the extent any additional amounts are required to be retained in such accounts) shall thereafter transfer the balance remaining on each Gaming Receipts Account (including any sub-accounts thereof) to the Company Operating Accounts.

5. **Non-Gaming Receipts**

Each Relevant Obligor shall ensure that all other Revenues are deposited into its Project Operating Company Project Operating Account. On each day, following the deduction from its Project Operating Company Project Operating Account and payment (subject to this Agreement and the other Finance Documents) of an amount equal to:

(a) any Taxes then due and payable by that Relevant Obligor in respect of such non-gaming Revenues; and

(b) the operating costs and expenses then due and payable by that Relevant Obligor in respect of its non-gaming operations,

and the balance of such Revenues shall thereafter be transferred to the Company Operating Account.

6. **Operating Accounts**

6.1 ***Deposits***

The Company, each Project Operating Company and each other Relevant Obligor shall ensure that all amounts transferred pursuant to paragraphs 2 (*Disbursement Accounts*), 3 (*Capital Contributions Account*), 4 (*Gaming Receipts Account*) and 5 (*Non-Gaming Receipts*) are paid directly into the Company Operating Account.

6.2 ***Withdrawals***

Subject to this Agreement and the other Finance Documents, the Company shall be entitled to withdraw amounts from the Company's Operating Account for the following purposes, at the specified times and in the following order of priority:

(a) transfers to the Debt Service Accrual Accounts required pursuant to paragraph 7.1 (*Debt Service Accrual Accounts*);

(b) transfers to the Debt Service Reserve Account required pursuant to paragraph 8.1 (*Debt Service Reserve Account*);

(c) to the extent not paid out of the Debt Service Accrual Accounts pursuant to paragraph 7.2 (*Debt Service Accrual Accounts*), payment of any amounts due to any of the Finance Parties;

(d) for payment (subject to this Agreement and the other Finance Documents) of Remaining Costs and permitted Capital Expenditure then due and payable;

(e) to the extent not already paid pursuant to paragraphs 4.2(a), 4.2(b) or 5 above, for payment of the unpaid amount of Taxes, contributions, other premia and operating costs and expenses then due and payable by a Relevant Obligor (including, in respect of payroll expenses, by way of transfer to the Services Operating Account);

(f) for payment of any amounts which are then due and payable (and are permitted to be made under the Finance Documents) to the Subconcession Bank Guarantor under the Subconcession Bank Guarantee Facility;

(g) for payment (subject to this Agreement and the other Finance Documents) of corporate and administrative costs and expenses then due and payable by the Company;

(h) transfers to the Mandatory Prepayment Account required pursuant to paragraph 9 (*Mandatory Prepayment Accounts and Holding Accounts*) of any amount required to be prepaid in respect of Excess Cashflow pursuant to paragraph 2(a) of Schedule 4 (*Mandatory Prepayment*);

(i) pre-payment of any amounts under Clause 7.3 (*Voluntary prepayment*); and

(j) thereafter (subject to this Agreement and the other Finance Documents) towards Permitted Distributions and Permitted Payments.

6.3 ***Services Operating Account***

Subject to this Agreement and the other Finance Documents, Golden Future (Management Services) Limited may withdraw amounts from the Services Operating Account for payment of payroll expenses and transfer to the Company Operating Account.

7. **Debt Service Accrual Accounts**

7.1 ***Deposits***

(a) Notwithstanding any other provision of this Schedule 7, the Relevant Obligors shall ensure that the aggregate amount standing to the credit of the Debt Service Accrual Accounts:

(i) from two months prior to the next Repayment Date is not less than one-third of the aggregate amount of Net Debt Service due by way of principal repayment under the Facilities on such Repayment Date;

(ii) from one month prior to such Repayment Date is not less than two-thirds of such amount; and

(iii) as at such Repayment Date is equal to such amount.

(b) Notwithstanding any other provision of this Schedule 7, in the case of any Interest Payment Date which falls at the end of:

(i) a three month Interest Period (or, in the case of any six month Interest Period, the Interest Payment Date falling at the end of that period and the date upon which payment is required to be made within that period pursuant to Clause 10.2 (*Payment of interest*)), the Relevant Obligors shall ensure that, in addition to any other amount required to be credited to such Account pursuant to this paragraph 7.1, the aggregate amount standing to the credit of the Debt Service Accrual Accounts:

(1) from two months prior to such Interest Payment Date (and such other payment date) is not less than one-third of the aggregate amount of Net Debt Service estimated to be due by way of interest under the Facilities on such Interest Payment Date (or such other payment date);

(2) from one month prior to such Interest Payment Date (and such other payment date) is not less than two-thirds of such amount; and

(3) as at such Interest Payment Date (and such other payment date) is equal to such amount;

(ii) an Interest Period which is more than one month but less than three months, the Relevant Obligors shall ensure that, in addition to any other amount required to be credited to such Account pursuant to this paragraph 7.1, the aggregate amount standing to the credit of the Debt Service Accrual Accounts:

(1) from one month prior to such Interest Payment Date is not less than half the aggregate amount of Net Debt Service estimated to be due by way of Consolidated Net Finance Charges under the Facilities on such Interest Payment Date; and

(2) as at such Interest Payment Date is equal to such amount; or

(iii) an Interest Period which is one month or less, the Relevant Obligors shall ensure that, in addition to any other amount required to be credited to such Account pursuant to this paragraph 7.1, the aggregate amount standing to the credit of the Debt Service Accrual Accounts as at such Interest Payment Date is equal to the aggregate amount of Net Debt Service due by way of Consolidated Net Finance Charges under the Facilities on such Interest Payment Date.

7.2 ***Withdrawals***

On each Repayment Date and Interest Payment Date, the Relevant Obligors shall make payment of the amounts of Net Debt Service due on such date under the Facilities from the Debt Service Accounts.

8. **Debt Service Reserve Account**

8.1 ***Deposit***

Notwithstanding any other provision of this Schedule 7:

(a) the Relevant Obligors shall, on and from the date falling six months prior to the first Repayment Date until the earlier of the date falling twelve months after Practical Completion and the satisfaction of the Opening Conditions in relation to City of Dreams Phase I and the date of delivery of a Compliance Certificate pursuant to paragraph 1.3 of Schedule 6 (*Covenants*) which certifies that Leverage is 3.0:1 or less (the "**Partial Release Date**"), ensure at all times that the amount standing to the credit of the Debt Service Reserve Account is not less than the sum of the aggregate amounts of Net Debt Service due under the Facilities (including, and after adjustment for, any such amounts due under the Hedging Agreements) over the next six months; and

(b) on and from the Partial Release Date, the Relevant Obligors shall ensure at all times that the amount standing to the credit of the Debt Service Reserve Account is not less than the sum of the aggregate amounts of Net Debt Service due under the Facilities (including, and after adjustment for, any such amounts due under the Hedging Agreements) over the next three months.

Where an Interest Period in respect of a Loan comes to an end during such period (a **"relevant period"**), this amount shall, for the purposes of determination on any date prior to the setting of the applicable rate of interest in accordance with this Agreement for the next Interest Period in respect of that Loan, be determined on the assumption that further interest continues to accrue in respect of the Loan (and, where such Loan is a Loan under the Revolving Credit Facility, on the further assumption that the amount of the Loan is reborrowed and remains outstanding under the Revolving Credit Facility throughout the relevant period) at the same rate as that applicable during such Interest Period and on the assumption that such accrued interest shall be due on the last day of the relevant period.

8.2 ***Withdrawals***

(a) The Agent may (and is irrevocably authorised by the Relevant Obligors), to the extent that they have evidenced to the satisfaction of the Agent, that amounts standing to the credit of the Debt Service Accrual Accounts or otherwise available to them are insufficient to make the relevant payment, withdraw from the balance standing to the credit of the Debt Service Reserve Account any amount of Net Debt Service due and payable under the Facilities which has not been paid.

(b) The Agent may (and is irrevocably authorised by the Relevant Obligors), to the extent that it is satisfied that the amount standing to the credit of the Debt Service Reserve Account exceeds the balance required by this paragraph withdraw and transfer the amount of the excess to the Company Operating Account.

9. **Mandatory Prepayment Accounts and Holding Accounts**

The Company shall ensure that each Mandatory Prepayment Account and each Holding Account is established, maintained and operated in accordance with Schedule 4 (*Mandatory Prepayments*), deposits to each such Account are made in accordance with the provisions thereof and withdrawals therefrom are made solely as permitted thereby.

10. **Permitted Investments**

10.1 ***Definition***

In this paragraph 10:

"**Investment Income**" means any interest, dividends or other income arising from or in respect of a Permitted Investment.

"**Investment Proceeds**" means any net proceeds received upon any disposal, realisation or redemption of a Permitted Investment, but excluding any Investment Income.

"**Permitted Investments**" means the following:

(a) securities issued, or directly and fully guaranteed or insured, by the United States government or any agency or instrumentality of the United States government (as long as the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than nine months from the date of acquisition;

(b) securities issued, or directly and fully guaranteed or insured, by the government of the Hong Kong SAR or any agency or instrumentality of the government of the Hong Kong SAR (as long as the full faith and credit of the Hong Kong SAR is pledged in support of those securities) having maturities of not more than nine months from the date of acquisition;

(c) interest-bearing demand or time deposits (which may be represented by certificates of deposit) issued by banks having general obligations rated (on the date of acquisition thereof) at least "A" or the equivalent by S&P or Moody's or, if not so

rated, secured at all times, in the manner and to the extent provided by law, by collateral security in paragraph (a) or (b) above, of a market value of no less than the amount of monies so invested;

(d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in paragraphs (a), (b) and (c) above entered into with any financial institution meeting the qualifications specified in paragraph (c) above; and

(e) commercial paper having a rating of A-1 or P-1 from S&P or Moody's respectively and in each case maturing within nine months after the date of acquisition.

10.2 ***Power of Investment***

The Company may require, subject as provided in this Agreement, that such part of the amounts outstanding to the credit of any Account as it considers prudent shall be invested from time to time in Permitted Investments in accordance with this paragraph 10.2 (*Power of Investment*).

10.3 ***Procedure for Investment***

(a) Unless held for the account of the Relevant Obligor and secured by first ranking fixed charge in favour of the Security Agent pursuant to a Transaction Security Document, the Relevant Obligors shall ensure that all Permitted Investments are made in the name of the Relevant Obligor and secured by a first ranking fixed lien in favour of the Security Agent in such form and on such terms as the Agent may reasonably require.

(b) The Relevant Obligors will at all times seek to match the maturities of the Permitted Investments made out of moneys standing to the credit of an Account having regard to the availability of Permitted Investments which are readily marketable, and shall liquidate (or procure that there are liquidated) Permitted Investments to the extent necessary for the purposes of payment of any amount due under the Finance Documents.

(c) The Relevant Obligors shall ensure that all documents of title or other documentary evidence of ownership with respect to Permitted Investments made out of any Account are held in the possession of the Security Agent and, if any such document or other evidence comes into the possession or control of a Relevant Obligor, it shall procure that the same is delivered immediately to the Security Agent.

10.4 ***Realisation***

(a) The Relevant Obligors shall ensure that, whenever any Investment Proceeds or Investment Income is received in respect of a Permitted Investment made from amounts standing to the credit of an Account the Investment Proceeds and the Investment Income are either:

(i) reinvested in further Permitted Investments; or

(ii) paid into the relevant Account from which the Permitted Investment derives.

(b) Each Relevant Obligor shall give directions to the relevant Account Bank and otherwise exercise its rights hereunder in such manner as will ensure compliance with the applicable provisions of the Finance Documents with respect to Accounts, Permitted Investments, Investment Proceeds and Investment Income.

10.5 ***Non-qualifying criteria***

If any Permitted Investment ceases to be a Permitted Investment, the Relevant Obligors will, upon any one of them becoming aware thereof, procure that the relevant investment is replaced by a Permitted Investment or by cash.

10.6 ***Accounts include Permitted Investments***

(a) Subject to sub-paragraph (b) below, any reference herein to the balance standing to the credit of an Account will be deemed to include a reference to the Permitted Investments in which all or part of such balance is for the time being invested. In the event of any dispute as to the value of the credit of an Account pursuant to this paragraph 10.6, that value shall be determined in good faith by the Agent. If the Company so requests, the Agent will give the Company details of the basis and method of that determination.

(b) If the amount standing to the credit of any Account (excluding for this purpose any amount deemed to be included pursuant to sub-paragraph (a) above) is insufficient to make a payment under the Finance Documents when due out of such Account, the Security Agent is authorised, in its discretion and without any liability for loss or damage thereby incurred by the Relevant Obligors, to require the relevant Account Bank or, as the case may be, the Relevant Obligors to sell or otherwise realise, or to enter into any exchange transaction with respect to, any Permitted Investment concerned with that Account to the extent that the same is, in the opinion of the Agent, necessary for the payment of any amount due under the Finance Documents which could not otherwise be paid out of the cash balance standing to the credit of the relevant Account.

10.7 ***Information***

Commencing with the quarter in which a Permitted Investment is first made on behalf of a Relevant Obligor, the Company shall, together with any other statement to be provided under this Schedule, deliver to the Security Agent a schedule of the investments made, realised or liquidated during the quarter in respect of each Account, in such detail as the Agent may reasonably require.

10.8 ***No Responsibility***

No Finance Party will be responsible for any loss, cost or expense suffered by any Relevant Obligor in respect of any of its actions or those of any Account Bank in relation to the acquisition, disposal, deposit or delivery of Permitted Investments pursuant to this Agreement save for any such loss, cost or expense directly caused by its gross negligence or wilful misconduct. The Account Banks shall be acting solely for and on behalf of the Relevant Obligors in acquiring, holding or disposing of any Permitted Investment.

11. **General Account Provisions**

11.1 ***Transfers/Withdrawals***

Save as otherwise agreed in writing with the Agent, where this Schedule expressly provides for the making of payments to, or withdrawals or transfers from any Account or sub-account, no other payments to, or, as the case may be, other withdrawals or transfers from, such Account or sub-account shall be made except as expressly permitted under this Schedule or under the Finance Documents.

11.2 ***Application of Amounts***

All amounts withdrawn or transferred from any Account or sub-account by the Relevant Obligors for application in or towards making a specific payment or meeting a specific liability shall be applied in or towards making that payment or meeting that liability, and for no other purpose.

11.3 ***Default***

(a) Notwithstanding any other provisions of this Schedule, at any time following an Event of Default which is continuing, the Agent may request the Security Agent to give notice to any Account Bank and the Company instructing the Account Bank not to act on the instructions or requests of the Relevant Obligors in relation to any sums at any such time standing to the credit of any of the Accounts and the Relevant Obligors shall ensure that the Account Bank shall, in accordance with the Transaction Security Documents, not so act and none of the Relevant Obligors shall be entitled to give or make any further such instructions or requests.

(b) Notwithstanding the other provisions of this Agreement, at any time following an Event of Default which is continuing, the Agent may request the Security Agent to:

(i) give written notice to any Account Bank (with a copy to the Company) that the Security Agent shall be the sole signatory in relation to the Accounts;

(ii) apply the credit balances in the Accounts or sub-accounts in or towards repayment of the Facilities and such other liabilities of the Obligors as the Agent may elect; and

(iii) generally use amounts standing to the credit of the Accounts or sub-accounts at its discretion in order to discharge the Obligors' obligations under the Transaction Documents,

and the Relevant Obligors shall ensure that the Account Bank so acts and makes such payments accordingly.

11.4 ***Review of Accounts***

The Relevant Obligors irrevocably grant (solely for the purposes of its role as agent of the Finance Parties hereunder) the Security Agent or any of its appointed representatives access to review the books and records of the Accounts (and shall irrevocably authorise each Account Bank to disclose the same to the Security Agent and its appointed representatives) and irrevocably waives any right of confidentiality which may exist in respect of such books and records solely to the extent necessary to allow disclosure of such books and records to any Finance Party and its advisers.

11.5 ***Statements***

The Relevant Obligors shall arrange for each Account Bank to provide to the Agent, at the latter's request:

(a) a list of all Accounts and sub-accounts maintained with it;

(b) monthly, in respect of each calendar month, a statement of the balance of and each payment into and from each of the Accounts and sub-accounts and the amount of interest earned on each such Account and sub-accounts during the preceding three month period or, if less, since the opening of the relevant Agent Account; and

(c) such other information concerning the Accounts or sub-accounts as the Agent or the Security Agent may require (including, if available, on-line access to Account information for the Agent not the Security Agent).

11.6 ***Waiver of Rights***

(a) ***Waiver of rights by the Relevant Obligors***

Save as provided in this Agreement, each Relevant Obligor agrees not to exercise any right which it may have under any applicable law to direct the transfer of any amount standing to the credit of an Account or sub-account to the Relevant Obligor or its order or to direct the transfer of any Permitted Investment to the Relevant Obligor or to its order.

(b) ***Waiver of rights by Account Banks***

The Relevant Obligors shall ensure that each Account Bank acknowledges and agrees that each Account and sub-account and Permitted Investment is the subject of a Transaction Security in favour of the Finance Parties collectively and acknowledges and agrees that it is not entitled to, and shall undertake not to, claim or exercise any lien, right of set-off,

combination of accounts or other right, remedy or security with respect to:

(i) moneys standing to the credit of such Account and sub-account or in the course of being credited to it or any earnings; or

(ii) any Permitted Investment.

SCHEDULE 8
INSURANCE

References in this Schedule 8 to Clauses and Appendices refer to the Clauses and Appendices of this Schedule 8, unless the context otherwise requires.

1. INSURANCES TO BE EFFECTED

1.1 Direct Insurances

The Company, each Project Company, each Project Operating Company and, where relevant, each other Relevant Obligor (together, for the purposes of this Schedule 8, the "**Group Insured**") shall effect and maintain:

1.1.1 in relation to the Crown Macau Project, Operation Period Insurances as set out in Appendix 1 (*Operation Period Insurances*) from at least the date hereof and shall maintain such Direct Insurances thereafter;

1.1.2 in relation to the City of Dreams Project:

(a) Construction Period Insurances as set out in Appendix 2 (*Construction Period Insurances*) from at least the date hereof until the date upon which Practical Completion of the Project has been achieved (or such later date as may be specified in Appendix 1 (*Construction Period Insurances*); and

(b) Operation Period Insurances at least in respect of the business and assets and against the risks and to the extent recommended by the Insurance Adviser, set out (save as to extent) in Appendix 1 (*Operation Period Insurances*) and otherwise satisfactory to the Agent (following consultation with the Insurance Adviser), on or before the expiry of such Construction Period Insurances and the Practical Completion or (if earlier) physical acceptance, use or occupancy of any part of the Project and shall maintain such Direct Insurances thereafter; and

1.1.3 all other Direct Insurances that may be required to be effected from time to time under this Agreement, by any applicable law or under any contract to which it is a party,

in each case, in a form reasonably satisfactory to the Agent (after consultation with the Insurance Adviser) and including (if so required hereunder or in the Agent's reasonable determination) the Finance Parties as insureds or indemnities in their favour, together with waivers of subrogation against each of them.

1.2 Reinsurance

The Company and each Group Insured shall, if required under Clause 2.1.1 (*Policies*), ensure that facultative reinsurance of each Direct Insurance is purchased and maintained in full force and effect throughout the period that such Direct Insurance is required by this Schedule 8 to be maintained.

1.3 **Additional Insurances**

1.3.1 The Agent may at any time, having consulted with the Insurance Adviser and acting reasonably and taking into account the availability in the international market place of the following relevant items on reasonable commercial terms, require the Company or any other Relevant Obligor to:

(a) procure the amendment of any or all Insurances to cover increased risks and/or liabilities; and/or

(b) effect additional Insurances to cover risks and/or liabilities other than those specified in the scope of the Construction Period Insurances, the Operation Period Insurances and the other Direct Insurances as would from time to time be insured in accordance with standard industry practice by an owner and operator of a "five-star" first class Las Vegas - style luxury resort and casino carrying on the Permitted Businesses which does not self-insure (except in respect of deductibles required by insurers generally) and which is financed on a limited recourse basis,

in such amounts and, in the case of additional Insurances, with such deductibles, in each case as the Agent may reasonably require, taking into account, among other things, the basis on which each Project and the Group's other Permitted Businesses are financed and the interests of the Finance Parties under the Finance Documents.

1.3.2 In the event that the Company or any other Relevant Obligor fails to effect any Insurance required to be effected pursuant to Clause 1.3.1 above, the Agent may effect such Insurance and the Company shall, within five Business Days of demand, indemnify the Agent for the direct costs and expenses incurred by it as a result of effecting such Insurance.

1.3.3 The Company and each Group Insured may effect additional Insurances other than those required by Clause 1.1 (*Direct Insurances*), Clause 1.2 (*Reinsurance*) or the other sub-clauses of this Clause 1.3 *provided* that such Insurances do not prejudice its interests or those of any of the Finance Parties under or in respect of any Insurance effected pursuant to such clauses.

2. **INSURANCE UNDERTAKINGS**

2.1 **Policies**

The Company and each Group Insured shall ensure that:

2.1.1 each of the Direct Insurances is placed and maintained with one or more insurers authorised to operate in the Macau SAR to the extent that locally admitted policies are, for any purpose, required as a result of any Legal Requirements;

2.1.2 not less than 95% of the coverage in respect of each Direct Insurance is provided by insurers rated at least A- by S&P or at least A by AM Best for their long term unsecured and unsubordinated debt or reinsured by insurers rated at least A- by S&P or at least A by AM Best for their long term unsecured and unsubordinated debt;

2.1.3 none of the Direct Insurers (exclusive of facultative Reinsurance) or facultative Reinsurers shall take more than a 33.33% share on any one insurance placement in respect of each of paragraphs 1, 2, 4 and 5 in Appendix 1 (*Operation Period Insurances*) and paragraph 1 in Appendix 2 (*Construction Period Insurances*), unless otherwise agreed by the Agent;

2.1.4 each of the Insurances is in a form and on terms acceptable to the Agent (including, without limitation, the level or period of any deductibles) and consistent with the obligations of the Company and the Group Insureds under this Schedule 8;

2.1.5 each Direct Insurance has endorsements in substantially the form set out in Appendix 3 (*Form of Endorsements for Direct Insurances*) and, notwithstanding the foregoing, as otherwise may reasonably be required by the Agent or in such other form as the Agent reasonably approves in writing (in each case, after consultation with the Insurance Adviser); and

2.1.6 each Reinsurance of each Direct Insurance has endorsements in substantially the form set out in Appendix 4 (*Form of Endorsements for Reinsurances*) and, notwithstanding the foregoing, as otherwise may reasonably be required by the Agent or in such other form as the Agent reasonably approves in writing (in each case, after consultation with the Insurance Adviser).

2.2 **General Undertakings**

The Company and each Group Insured shall:

2.2.1 pay or procure the payment of all premiums payable under each of the Insurances promptly as required under the Insurances and, if requested by the Agent, promptly produce to the Agent copies of receipts or other evidence of payment satisfactory to the Agent;

2.2.2 indemnify, within five Business Days of demand, the Agent and any other Finance Party against any premium or premiums paid by that other Finance Party for any of the Insurances;

2.2.3 promptly on receipt by the Company or other Group Insured, deliver an original cover note and an original policy for each of the Insurances to the Agent;

2.2.4 at least fifteen days prior to the earlier of the Practical Completion or physical acceptance, use or occupancy by the Company or any other Group Insured of any part of the City of Dreams Project or the expiry of the Construction Period Insurances therefor, provide evidence reasonably satisfactory to the Agent (after consultation with the Insurance Adviser) that the Operation Period Insurances thereafter shall be in effect on and from the expiry of the Construction Period Insurances;

2.2.5 at least ten days prior to the expiry of any Insurance (and provided such Insurance is being renewed), provide to the Agent a certificate from the Company or relevant Group Insured's insurance brokers (or, if the Company or such Group Insured has no broker, Insurers) confirming the renewal of the policy relating to such Insurance, the renewal period, the amounts insured and any changes in terms or conditions;

2.2.6 take all action within its power to procure that nothing is at any time done or suffered to be done whereby any Insurance may be rendered void or voidable or may be suspended, impaired or defeated or any claim becomes uncollectable in full or in part, including, without limitation:

(a) complying with all of the requirements imposed on it under the Insurances;

(b) taking all action within its power to procure that at all times all parties to the Insurances (other than the Company, such Group Insured or the Finance Parties) comply with all of the requirements under the Insurances; and

(c) taking all action necessary to maintain the Insurances as valid and up-to-date insurances;

2.2.7 not make any misrepresentation of any material facts or fail to disclose any material facts in respect of the Insurances which may have an adverse impact on the Insurances;

2.2.8 comply with each Direct Insurer's, and, where reinsurance is placed by its insurance brokers, Reinsurer's, risk management requirements set out in the policy documents for each Insurance;

2.2.9 promptly make and diligently pursue claims under the Insurances;

2.2.10 notify the Agent promptly upon becoming aware of any claim made under any of the Insurances where the actual or estimated totality of the amount of that claim together with any other claims in respect of any related loss exceeds HKD 100 million or its equivalent and of any occurrence which the Company or such Group Insured considers could reasonably be expected to entitle it or any other insured thereunder to submit claims under any of the Insurances where the actual or estimated totality of the amount of those claims exceeds such amount;

2.2.11 in the event of any claim made under any of the Insurances where the actual or estimated totality of the amount of that claim together with any other claims in respect of any related loss exceeds HKD 100 million or its equivalent (not taking into account any relevant deductible for this purpose), provide a report to the Agent (and, if possible, procure a report from the Company or the Group Insured's insurance broker to the Agent) which shall include a description of the loss;

2.2.12 notify the Agent immediately upon receipt of any proceeds in relation to any claims arising in respect of any single or related losses which exceed, in aggregate, HKD 100 million or its equivalent under the Direct Insurances;

2.2.13 ensure so far as reasonably possible that no Insurance can be terminated by the Direct Insurer, and, where reinsurance is placed by its insurance brokers, Reinsurer for any reason (including failure to pay the premium or any other amount) unless the Agent and the Company or Group Insured receive at least thirty days' written notice (or such lesser period, if any, as may be specified from time to time by Direct Insurers, and, where reinsurance is placed by its insurance brokers, Reinsurers;

2.2.14 without prejudice to sub-clause 2.2.13 above, notify the Agent if any Direct Insurer, and, where reinsurance is placed by its insurance brokers, Reinsurer cancels or gives notice of cancellation of any of the Insurances promptly on receipt of such notice;

2.2.15 notify the Agent of any act or omission or of any event which would reasonably be foreseen as invalidating or rendering unenforceable in whole or in part any of the Insurances;

2.2.16 notify the Agent promptly on becoming aware of any written proposal to make any material variation to any terms of any of the Insurances by any party to it;

2.2.17 not rescind, terminate or cancel any of the Insurances (unless replaced by a policy with the same coverage and otherwise meeting the requirements of this Schedule 8) nor agree to any variation to any of the material terms of the Insurances unless it obtains the prior written agreement of the Agent, which permission shall not be unreasonably withheld;

2.2.18 give the Agent and the Insurance Adviser such information about the Insurances (or as to any matter relevant to the Insurances) as the Agent reasonably requests from time to time;

2.2.19 procure the delivery to the Agent by each of the insurance brokers (acceptable to the Agent (after consultation with the Insurance Adviser)) through whom (if any) at any time any of the (i) Direct Insurances are effected of an Insurance Broker's Letter of Undertaking and (ii) Reinsurances are effected of a Reinsurance Broker's Letter of Undertaking;

2.2.20 ensure that, whether as a result of any claim made by any other insured party or otherwise, should the amount of any available limit fall below that specified in Appendix 1 (in the case of Crown Macau Project Operation Period Insurances), fall below that specified in Appendix 2 (in the case of City of Dreams Project Construction Period Insurances) or fall below that recommended by the Insurance Adviser and otherwise satisfactory to the Agent (in the case of City of Dreams Project Operation Period Insurances), such limit is promptly reinstated; and

2.2.21 use its best endeavours to ensure that each endorsement referred to in paragraphs 2.1.5 and 2.1.6 is amended (including by way of additional terms) in such manner as the Agent (after consultation with the Insurance Adviser) may reasonably require from time to time.

2.3 **Assignment of Insurances**

2.3.1 The Company and each Group Insured shall, in accordance with the Assignment of Onshore Contracts or, in the case of any Direct Insurance placed with a Direct Insurer outside the Macau SAR, the Debenture to which it is or may be party, grant assignments in favour of the Security Agent on behalf of the Finance Parties over its rights, title and interest in the Direct Insurances (other than any public liability, third party liability, workers compensation or legal liability insurance or any other insurances the proceeds of which are payable to employees of the Company or Group Insured) held by it from time to time.

2.3.2 The Company and each Group Insured shall give notice to and procure acknowledgement from each of the Direct Insurers (other than with respect to any public liability, third party liability, workers compensation, legal liability or any other insurances the proceeds of which are payable to employees of the Company or the Group Insured) in such forms as may be required under the Assignment of Onshore Contracts or Debenture or such other form reasonably acceptable to the Security Agent.

2.4 **Assignment of Reinsurances**

2.4.1 The Company and each Group Insured shall ensure that each of the Direct Insurers grants an assignment in favour of the Security Agent on behalf of the Finance Parties, over all of its rights, title and interest in any Reinsurance held from time to time under Clause 1.2 (*Reinsurance*) and/or the Reinsurance proceeds (other than relating to any public liability, third party liability or legal liability insurance or any other insurances the proceeds of which are payable to employees of the Company or the Group Insured). Each assignment shall at all times be in the form of the Assignment of Reinsurances unless otherwise agreed by the Security Agent (acting on the instructions of the Agent).

2.4.2 The Company and each Group Insured shall ensure that each such Direct Insurer gives notice to and obtain acknowledgements from each Reinsurer with whom it has effected such Reinsurance in such forms as may be required under the Assignment of Reinsurances or such other form reasonably acceptable to the Security Agent.

3. **FAILURE TO COMPLY WITH PROVISIONS OF INSURANCES**

3.1 **Notice of Non-Compliance**

The Company shall notify the Agent as promptly as practicable if the Company or any other Relevant Obligor has at any time failed to comply with this Schedule 8, explaining in reasonable detail the failure, whether the Company reasonably believes it can be remedied and, if so, how and by when.

3.2 **Annual Compliance Certificate**

The Company shall, at the same time as the delivery of the Parent's annual audited financial statements pursuant to paragraph 1.2 of Schedule 6 (*Covenants*) but, in any event, not less frequently than once every 12 months after the date of this Agreement, deliver to the Agent a certificate confirming compliance with this Schedule 8 or, if there is any non-compliance with this Schedule 8, explaining, in reasonable detail, the non-compliance, whether the Company reasonably believes it can be remedied and, if so, how and by when.

3.3 **Action by Agent**

If at any time and for any reason any Insurance required hereunder is not in full force and effect or if the Company or any other Relevant Obligor fails to comply with any other provision of this Schedule 8, then, without prejudice to the rights of any of the Finance Parties under any Finance Document, the Agent may (after consultation with the Insurance Adviser) thereupon on behalf of itself and the other Finance Parties, or at any time while the same is continuing, procure on behalf of itself and the other Finance Parties that Insurance at the Company or the Relevant Obligor's expense is maintained such that full compliance with this Schedule 8 is restored. If that Insurance cannot be procured by the Agent, the Company and the Relevant Obligor shall (without prejudice to any of their other obligations under this Schedule 8 or any of the Finance Documents) take or procure the taking of all reasonable steps to eliminate or minimise uninsured hazards as required by the Agent in writing (after consultation with the Insurance Adviser).

3.4 **Continuing Obligations**

Any notification by the Company or any other Relevant Obligor of its failure to comply with this Schedule 8 shall not prejudice the rights of the Finance Parties under the Finance Documents.

4. **MARKET AVAILABILITY**

If, at the time any of the Insurances referred to in this Schedule 8 are due to commence or fall due for renewal, insurance on those terms is not available at commercially reasonable rates in the international insurance or reinsurance market, the Company or, as the case may be, other Relevant Obligor may effect Insurance on alternative terms previously agreed in writing with the Agent (after consultation with the Insurance Adviser) provided that the Company or Relevant Obligor shall, at the request of the Agent, approach the insurance market at reasonable intervals (but not less frequently than every six months) to determine whether any of the insurances or terms required by this Agreement have become available at commercially reasonable rates and shall, promptly thereafter, deliver to the Agent and the Insurance Adviser the results of its investigation and the information from which it made its determination.

5. **INSURANCE PROCEEDS**

5.1 **Conduct of Claims - Group Insured**

Subject to Clause 5.3 (*Conduct of Claims - Default*) below, the Company or the relevant Group Insured shall have the sole conduct of all claims under the Insurances arising from any one loss (for which purpose, two or more claims made in respect of the same, or reasonably related, circumstances are taken to relate to one loss) where the actual or estimated totality of that loss is less than or equal to HKD 100 million or its equivalent. For any loss where the actual or estimated totality of claims arising is more than this amount, neither the Company nor any other Relevant Obligor shall negotiate, compromise or settle any claim without the prior consent of the Agent (after consultation with the Insurance Adviser) (not to be unreasonably withheld).

5.2 **Application of Proceeds**

The Company and each Group Insured shall ensure that:

5.2.1 subject to sub-clause 5.2.3 below and prior to the delivery of an Enforcement Notice to the Company, all proceeds of any claim under any Insurance shall be applied in accordance with Schedule 4 (*Mandatory Prepayment*),

5.2.2 subject to sub-clause 5.2.3 below and following the delivery of an Enforcement Notice to the Company, all proceeds of any claim under any Insurance shall be applied as directed by the Security Agent; and

5.2.3 all proceeds of any public liability, third party liability, workers compensation or legal liability insurance, or directors and officers insurance or any other insurances the proceeds of which are payable to employees of the Company or any such Group Insured, shall be applied to its intended purpose.

5.3 **Conduct of Claims - Default**

Notwithstanding any other provisions of this Clause 5, if an Enforcement Notice has been delivered to the Company, then the Security Agent in consultation with the Insurance Adviser shall have sole conduct of all claims under the Insurances.

5.4 **Insolvency of Direct Insurers**

For the purpose of conduct of claims and application of proceeds under any Reinsurance taken out by a Direct Insurer, references to delivery of an Enforcement Notice in this Clause 5 shall include the occurrence of an “Insolvency Event” (as defined in the Assignment of Reinsurances) in respect of that Direct Insurer.

APPENDIX 1

OPERATION PERIOD INSURANCES

1. **Property All Risks Insurance**

1.1 **Insured**

(1) The Company, the Project Company and the Project Operating Company; and

(2) the Finance Parties,

each for their respective rights and interests.

1.2 **Insured Property**

Property and interests of every description used for or in connection with the ownership and/or maintenance and operation of the facilities unless more specifically insured under the Construction All Risks Insurance (Item 1 of Appendix 1) – this shall include mechanical and electrical equipment if applicable.

1.3 **Coverage**

All risks of physical loss or damage which are normally insurable.

1.4 **Sum Insured**

An amount representing the full reinstatement or replacement value of the Insured Property or such lesser amount to be agreed by the Agent.

1.5 **Territorial Limits**

Anywhere in the Macau SAR.

1.6 **Period of Insurance**

From the later of the Practical Completion or commercial operation of any part of the Project until all liabilities under the Finance Documents have been discharged (the "**Release Date**") (or such longer period of insurance as may be agreed by the Agent and the Company).

1.7 **Permitted Exclusions**

To include:

- War, civil war etc.
- Nuclear Risks
- Wear, tear and general deterioration
- Unexplained shortages
- Terrorism

- Consequential financial losses
- Any part of the Insured Property which is in itself defective in design, workmanship and materials but this exclusion shall not apply to other parts of the Insured Property damaged in consequence of such a defect.

1.8 **Required Extensions and Conditions**

- Automatic Increase Clause - 110%
- Clean up of any property of the Insured or for which they are responsible necessarily incurred by the Insured having been affected by the outbreak of any infectious or contagious disease, including but not limited to SARS
- 72 hour clause
- Temporary removal
- Munitions of War Clause
- Strikes, Riot and Civil Commotion
- Minimisation of Loss
- Advance Payment Clause
- Temporary Repairs
- Automatic Reinstatement of Sum Insured
- Including pollution and contamination to the Insured Property arising from an event which itself is not otherwise excluded
- Contract works including works and temporary works erected or in the course of erection including materials and other things for incorporation in the Project Works up to a sum of USD1,000,000
- Capital Additions
- Debris Removal
- Professional Fees
- Local/Public Authorities Clause
- Mechanical or electrical breakdown of the Insured Property
- Recompiling of records
- General Waiver of Subrogation (to include Expansion construction participants)
- Multiple Insureds Clause (LEG form) Senior Secured Creditors Special Conditions (Loss Payee and Notices)

- Primary Insurance Clause
- Assignment of Insurance

1.9 **Maximum Deductible**

Not to exceed USD250,000 (or 10% of loss for Water Damage/Typhoon/Landslip & Subsidence) in respect of each occurrence or such lesser amount as may be agreed between the Company and the Agent if available on commercially reasonably terms.

2. **Business Interruption Insurance**

2.1 **Insured**

(1) The Company, the Project Company and the Project Operating Company; and

(2) the Finance Parties,

each for their respective rights and interests.

2.2 **Interest**

To indemnify the Insured for fixed costs including all Debt Service following loss or damage which is indemnifiable or would be indemnifiable but for the application of the excess under the Property All Risks Insurance.

2.3 **Sum Insured**

A sum sufficient to cover the sums the subject of the Indemnity for the Indemnity Period.

2.4 **Indemnity Period**

The period commencing from the date of the loss or damage and ending when the results of the insured business cease to be affected in consequence of the loss or damage. Not exceeding the Indemnity Period Limit.

The Indemnity Period Limit shall not be less than 12 months.

2.5 **Territorial Limits**

As for the Property All Risks Insurance.

2.6 **Period of Insurance**

As for the Property All Risks Insurance.

2.7 **Permitted Exclusions**

As for the Property All Risks Insurance.

2.8 **Required Extensions**

- Suppliers Extension
- Prevention of Access (not limited to damage)

- Public Utilities
- Payments on Account
- Automatic Reinstatement of Sum Insured
- Professional Accountants Clause
- General Waiver of Subrogation (including the Trusts and to include Expansion construction participants)
- Multiple Insureds Clause (LEG form) Senior Secured Creditors Special Conditions (loss payee and notices)
- Primary Insurance Clause
- Assignment of Insurance
- Interruption or interference arising out of an event insured under the Defects Liability Period covers for the Project under the Construction All Risks Insurance

2.9 **Maximum Excess**

Not to exceed 30 days in the aggregate for each and every loss.

3. **Third Party and Products Liability Insurance**

3.1 **Insured**

(1) The Company, the Project Company and the Project Operating Company; and

(2) the Finance Parties,

each for their respective rights and interests.

3.2 **Interest**

To indemnify the Insured in respect of all sums that it may become legally liable to pay consequent upon death, personal injury and disease to persons, loss or damage to property, obstruction, loss of amenities, stoppage of traffic happening or arising from or in connection with the operation and maintenance of the Project and the services to be provided thereby.

3.3 **Limit of Indemnity**

Not less than USD50,000,000 in respect of any one occurrence, the number of occurrences being unlimited but in the aggregate in respect of sudden and accidental pollution and products liability.

3.4 **Territorial Limits/Jurisdiction**

Jurisdiction - Worldwide. Territorial limits – Hong Kong and Macau

3.5 **Period of Insurance**

As for the Property All Risks Insurance.

3.6 **Permitted Exclusions**

To include:

- Liability for death, illness, disease or bodily injury sustained by employees of the Insured
- Liability for loss or damage to property which is reasonably foreseeable as being inevitable having regard for the nature of work undertaken
- Liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles
- Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the Insured
- Liability in respect of loss or damage to property in the care, custody and control of the Insured but this exclusion not to apply to employees' or visitors' property including vehicles and their contents
- Liability arising out of technical or professional advice other than in respect of death or bodily injury to persons
- Liability arising from the ownership, possession or use of any aircraft or waterborne vessel
- Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence
- War, civil war etc.
- Nuclear risks

3.7 **Required Extension and Conditions**

- Cross Liability Clause
- Contractual Liability
- Costs and Expenses in addition to the Limit of Indemnity (other than North America)
- Advertising Liability (relating to physical damage from billboards, signs, etc.)
- General Waiver of Subrogation for Finance Parties
- Multiple Insureds Clause (LEG form) Senior Secured Creditors Special Conditions (loss payee and notices)
- Primary Insurance Clause
- Assignment of Insurance

3.8 **Maximum Excess**

Not to exceed USD100,000 (or 15% of loss for Water Damage or valet parking) each occurrence or such higher amount as may be agreed by the Agent.

4. **Fidelity Guarantee/Crime Insurance**

4.1 **Insured**

(1) The Company, the Project Company and the Project Operating Company; and

(2) the Finance Parties,

each for their respective rights and interests.

4.2 **Coverage**

Direct pecuniary loss of money, negotiable instruments caused by acts of fraud or dishonesty by any employee or any other person.

4.3 **Limits of Liability**

Not less than USD30,000,000 in respect of any one occurrence or such higher amount as may be required to fully cover the amount of money on site at any one time.

4.4 **Territorial Limits**

Worldwide

4.5 **Period of Insurance**

From occupancy by the Company, the Project Company or the Project Operating Company of any part of the Project until the Release Date (or such longer period of insurance as may be agreed by the Agent and the Company).

4.6 **Maximum Deductible**

Not to exceed USD150,000 (or USD500,000 in respect of gaming activities) in respect of each occurrence or such higher amounts as may be agreed by the Agent.

5. **Money Insurance**

5.1 **Insured**

The Company, each Project Company and the Finance Parties

each for their respective rights and interests.

5.2 **Coverage**

Loss, destruction or damage of money in transit, money at the business premises of the Insured during office hours and money in locked safe/drawer in the business premises of the Insured after office hours.

5.3 **Limits of Liability**

Not less than USD30,000,000 in respect of any one occurrence or such higher amount as may be required to fully cover the amount of money on site at any one time.

5.4 **Territorial Limits**

Worldwide

5.5 **Period of Insurance**

From occupancy by the Company, the Project Company or the Project Operating Company of any part of the Project until the Release Date (or such longer period of insurance as may be agreed by the Agent and the Company).

5.6 **Maximum Deductible**

Not to exceed USD100,000 in respect of each occurrence or such higher amounts as may be agreed by the Agent.

APPENDIX 2

CONSTRUCTION PERIOD INSURANCES

1. **Construction All Risks Insurance**

1.1 **Insured**

(1) the Company, the Project Company and the Project Operating Company as Principal;

(2) Leighton Contractors (Asia) Ltd and China State Construction International Holdings Ltd and John Holland Pty Ltd trading as Leighton China State John Holland Joint Venture and/or Leighton Holdings Ltd and/or Leighton Contractors (Asia) Ltd - Registered Macau Branch as Management Contractor and/or Trade Contractors and/or Specialist Contractors and/or their Subcontractors of any tier and/or all Consultants of any tier (for their work onsite only); and

(3) the Finance Parties,

each for their respective rights and interests.

1.2 **Insured Property**

All permanent and temporary works, temporary buildings, materials, spares, office equipment, tools, and all other property or equipment of whatsoever nature or description (excluding contractors' plant and equipment), the property of the Insured or that for which they are responsible at the site or elsewhere within the Territorial Limits including whilst in transit or temporarily stored at or away from the site all in connection with the Insured Project.

1.3 **Coverage**

All risks of physical loss or damage which are normally insurable.

1.4 **Sum Insured**

An amount not less than the Estimated Construction Value of HK$17,870,000,000 plus any additional sub-limits as may be allowed for within the policy wording.

1.5 **Territorial Limits**

Anywhere within Macau SAR.

1.6 **Period of Insurance**

For the full period of the Project plus the "Defects Liability Period" (as defined in the Construction Contract).

1.7 **Permitted Exclusions**

To include:

- War, Civil War etc.

- Nuclear Risks
- Wear and Tear
- Unexplained shortage
- Consequential financial losses
- Terrorism
- DE3 type defective design, workmanship and materials exclusion
- Mould
- Delay, penalties, etc.
- Normal upkeep
- Cessation of work without reasonable precautions
- Damage to road vehicles, aircraft and waterborne craft exceeding 12 metres
- Money, etc.
- Air or sea transit
- Deliberate acts of the Insured
- Gradual subsidence
- Piling (customary limitations)
- Existing trees or natural vegetation
- Cement, sand, aggregates and similar in transit
- Electronic data

1.8 **Required Extensions and Conditions**

- Professional Fees Clause
- Debris Removal Clause
- 72 Hour Clause
- Free Issue Materials Clause
- Automatic Increase Clause (110 per cent.)
- Extra Charges (15 per cent.)

- Strikes, Riot and Civil Commotion
- Local/Public Authorities and Clause
- Munitions of War Clause
- Extended Maintenance
- Automatic Reinstatement of Sum Insured
- Plans and Documents
- Inland Transit/Offsite Storage
- Advance Payments Clause
- Marine 50/50 Clause
- General Waiver of Subrogation
- Multiple Insureds Clause (LEG form) Senior Secured Creditors Special Conditions (Loss Payee and Notices)
- Primary Insurance Clause
- Assignment of Insurance

1.9 **Maximum Deductible**

Not to exceed:

(i) The first HK$800,000 arising out of typhoon, windstorm, rainstorm, stormwater, earthquake or tsunami; or

(ii) The first HK$1,500,000 arising out of defective design, plan, specification, materials or workmanship; or

(iii) The first HK$800,000 arising out of damage to plants or trees; or

(iv) The first HK$800,000 arising out of fire; or

(v) The first HK$400,000 arising out of theft, collapse, maintenance, testing; or

(vi) The first HK$800,000 or 20% of loss whichever is the greater arising out of internal water damage, other than storm water damage; or

(vii) The first HK$200,000 or 50% of loss whichever is the greater in respect of loss or damage to bamboo scaffolding; or;

(viii) The first HK$200,000 in respect of loss or damage to non-bamboo scaffolding; or

(ix) The first HK$200,000 all other losses.

2. **Third Party Liability Insurance**

2.1 **Insured**

(1) the Company, the Project and the Project Operating Company;

(2) Melco PBL Entertainment (Macau) Ltd and/or Melco PBL (COD) Developments Ltd and/or Melco PBL Gaming (Macau) Ltd and/or their Subsidiary Companies as Principal and/or Leighton Contractors (Asia) Ltd and China State Construction International Holdings Ltd and John Holland Pty Ltd trading as Leighton China State John Holland Joint Venture and/or Leighton Holdings Ltd and/or Leighton Contractors (Asia) Ltd - Registered Macau Branch as Management Contractor and/or Trade Contractors and/or Specialist Contractors and/or their Subcontractors of any tier and/or all Consultants of any tier (for their work onsite only); and

(3) the Finance Parties,

each for their respective rights and interests.

2.2 **Interest**

The Insurers will indemnify the Insured against all sums which the Insured shall be legally liable for, or have assumed liability under contract, for compensation or damages in respect of

(a) death of or injury to or disease contracted or illness sustained by any person

(b) damage to property not insured under 1 above

happening within the Territorial Limits during the Period of Insurance and arising out of the course of or in connection with the carrying out of the Project.

2.3 **Limit of Indemnity**

Not less than HKD400,000,000 in respect of any one occurrence, the number of occurrences being unlimited.

2.4 **Territorial Limits/Jurisdiction**

Worldwide.

2.5 **Period of Insurance**

As per the Construction All Risks Insurance.

2.6 **Permitted Exclusions**

To include:

- Liability for death, illness, disease or bodily injury sustained by employees of the Insured

- Liability for loss or damage to property which is reasonably foreseeable as being inevitable having regard for the nature of work undertaken
- Liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles
- Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the Insured
- Liability in respect of loss or damage to property in the care, custody and control of the Insured or to the permanent or temporary works
- Liability arising from the ownership, possession or use of any aircraft or waterborne vessel
- Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence
- War, civil war etc.
- Nuclear risks
- Terrorism
- The Works and Contractors plant and equipment
- Libel and slander
- Professional advice
- Asbestos
- Electronic data

2.7 **Required Extensions and Conditions**

- Cross Liability Clause
- Contractual Liability
- Underground Services
- Vibration Removal or Weakening of Support
- Munitions of War Clause
- General Waiver of Subrogation
- Costs and Expenses in addition to the Limit of Indemnity (other than North America)
- Worldwide jurisdiction

- Multiple Insureds Clause (LEG form) Senior Secured Creditors Special Conditions (Loss Payee and Notices)
- Primary Insurance Clause

2.8 **Maximum Excess**

Not to exceed:

(i) HK$250,000 or 20% of loss whichever is the greater in respect of loss of or damage to third party property arising out of vibration, removal or weakening of support; or

(ii) HK$400,000 or 20% of loss whichever is the greater of the amount of loss or damage to underground services or Employers' property; or

(iii) HK$400,000 or 40% whichever is the greater of the amount of loss or damage to underground utility services being oil-filled or fibre-optic cables; or

(iv) Third Party Property Damage HK$150,000.

All deductibles stated are in respect of each Event. Following a claim where more than one deductible is triggered in a section, the single greatest deductible applicable to that Event shall apply.

3. **Compulsory Insurance**

Insurances required to comply with all statutory requirements including Workers Compensation and Motor Liability Insurances as applicable. The Compulsory Insurance shall contain an indemnity clause in favour of the Finance Parties.

APPENDIX 3

FORM OF ENDORSEMENTS FOR DIRECT INSURANCES

Part I
General

MULTIPLE INSURED CLAUSE

(i) Cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each insured party provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the sums insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.

(ii) Any payment or payments by insurers to any one or more such insured parties shall reduce to the extent of that payment Insurers liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.

(iii) The Insurers acknowledge that the Finance Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional co-insureds under this Policy and that the premium specified in this Policy provides consideration for their being co-insured parties.

(iv) Neither the Agent, the Security Agent nor the Finance Parties shall be liable for the payment of any premium under this Policy although they may choose to pay the premium. This shall not relieve the Company from its obligations to pay any premium under this Policy.

(v) Save in the case of the Finance Parties, each of the insured parties will at all times preserve and enforce the various contractual agreements entered into by such insured party and the contractual remedies of such party in the event of Damage.

(vi) The insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any of the insured parties in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of this policy committed by that insured party each referred to in this agreement as a Vitiating Act.

(vii) However (save as provided in this Multiple Insured's Clause) a vitiating Act committed by one insured party shall not prejudice the right of indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.

(viii) Insurers waive all rights of subrogation or action which they may have or acquire against any insured party except (save in the case of any Finance Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the Vitiating Party as an Insured.

LOSS PAYEE CLAUSE

Claims payments under this Policy shall be agreed with and payable to the Agent or as it directs. Notwithstanding any of the foregoing, any amounts of any kind payable to any of the Group Insured shall be paid into the Insurance Proceeds Account or as the Agent may otherwise direct.

INTEREST OF OTHER PARTIES

The interest of the Finance Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the Insured is required to include such interest. All sums paid as claims under this Policy shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under this Policy, other Policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by this Policy effected jointly or severally by any of the Insured parties, this Policy shall be primary to, and receive no contribution from, such other insurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Insurer, the insured shall as soon as reasonably practicable give notice of such change with full particulars hereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by the insured to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, the insurer shall not exercise any rights to avoid this insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and provided the same shall be advised to the Insurer as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Insurers acknowledge to the Finance Parties alone that (i) they have received adequate information in order to evaluate the risk of insuring the Company in respect of the risks hereby insured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Insurers in respect of their decision to co-insure the Finance Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Policy, they have not relied upon or taken into account any information supplied to them by any Finance Party. The acknowledgements provided by the Insurers in this clause shall have no effect on any rights that the Insurers might have had under or in relation to the Policy against any party (including the Company) other than the Finance Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by the Insured or anyone acting on its/their behalf to obtain any benefit under this Policy or if any loss or damage shall be occasioned with the support of the Insured, the benefit under this Policy shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this Policy.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

"Affiliate" has the meaning given in the Senior Facilities Agreement.

"Agent" means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

"Company" means Melco PBL Gaming (Macau) Limited.

"Finance Parties" has the meaning given in the Senior Facilities Agreement.

"Group Insured" means any Insured Party comprising the Company or its Affiliates.

"Insurance Proceeds Account" has the meaning given in the Senior Facilities Agreement.

"Security Agent" means DB Trustees (Hong Kong) Limited in its capacity as trustee and/or security agent for the Finance Parties and includes its successors in that capacity.

"Senior Facilities Agreement" means the agreement so entitled dated [ ] between, amongst others, the Company, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

MULTIPLE INSURED CLAUSE

(i) Cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each insured party provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the sums insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.

(ii) Any payment or payments by insurers to any one or more such insured parties shall reduce to the extent of that payment Insurers liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.

(iii) The Insurers acknowledge that the Finance Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional co-insureds under this Policy and that the premium specified in this Policy provides consideration for their being co-insured parties.

(iv) Neither the Agent, the Security Agent nor the Finance Parties shall be liable for the payment of any premium under this Policy although they may choose to pay the premium. This shall not relieve the Company from its obligations to pay any premium under this Policy.

(v) Save in the case of the Finance Parties, each of the insured parties will at all times preserve and enforce the various contractual agreements entered into by such insured party and the contractual remedies of such party in the event of Damage.

(vi) The insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any of the insured parties in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of this policy committed by that insured party each referred to in this agreement as a Vitiating Act.

(vii) However (save as provided in this Multiple Insured's Clause) a vitiating Act committed by one insured party shall not prejudice the right of indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.

(viii) Insurers waive all rights of subrogation or action which they may have or acquire against any insured party except (save in the case of any Finance Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the Vitiating Party as an Insured.

LOSS PAYEE CLAUSE

Subject to the terms, definitions, warranties, exclusions, provisions and conditions contained or endorsed or otherwise expressed in the Reinsurance cover, claims payments shall be made as follows:

(a) Claims payments under section 1 for losses (together with any other related loss, whether or not suffered by the same Insured) equal or below HKD 100 million or its equivalent shall be agreed and payable to the Insured, unless the Agent has notified the Insurer that an Enforcement Notice has been delivered to the company shall be agreed and payable to the Agent or as it directs.

(b) Claims payments under section 1 for losses (together with any other related loss, whether or not suffered by the same Insured) exceeding HKD 100 million or its equivalent shall be agreed and payable to the Agent or as it directs, unless otherwise instructed.

(c) Claims payments under Section 2 shall be made directly to the third party entitled to payment there under.

(d) Notwithstanding any of the foregoing, any amounts of any kind payable to any of the Melco PBL Group Insured shall be paid into the Insurance Proceeds Account or as the Agent may otherwise direct.

(e) By giving the payment instruction, the Company confirms and assumes full liability that a payment as described above will not violate currency or exchange or any other laws or regulations.

It is fully understood and agreed by the ceding company that it is condition precedent to this policy that any payments made directly to the assured shall absolve the Reinsurer from making any payments to the company or its receiver, assignee, trustee or successor and shall constitute a full discharge and release of the Reinsurer from any and all further liabilities in connection therewith.

INTEREST OF OTHER PARTIES

The interest of the Finance Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the Insured is required to include such interest. All sums paid as claims under this Policy shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under this Policy, other Policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by this Policy effected jointly or severally by any of the Insured parties, this Policy shall be primary to, and receive no contribution from, such other insurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Insurer, the insured shall as soon as reasonably practicable give notice of such change with full particulars hereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by the insured to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, the insurer shall not exercise any rights to avoid this insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and

provided the same shall be advised to the Insurer as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Insurers acknowledge to the Finance Parties alone that (i) they have received adequate information in order to evaluate the risk of insuring the Company in respect of the risks hereby insured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Insurers in respect of their decision to co-insure the Finance Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Policy, they have not relied upon or taken into account any information supplied to them by any Finance Party. The acknowledgements provided by the Insurers in this clause shall have no effect on any rights that the Insurers might have had under or in relation to the Policy against any party (including the Company) other than the Finance Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by the Insured or anyone acting on its/their behalf to obtain any benefit under this Policy or if any loss or damage shall be occasioned with the support of the Insured, the benefit under this Policy shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this Policy.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

"Affiliate" has the meaning given in the Senior Facilities Agreement.

"Agent" means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

"Company" means Melco PBL Gaming (Macau) Limited.

"Finance Parties" has the meaning given in the Senior Facilities Agreement.

"Group Insured" means any Insured Party comprising the Company or its Affiliates.

"Insurance Proceeds Account" has the meaning given in the Senior Facilities Agreement.

"Security Agent" means DB Trustees (Hong Kong) Limited in its capacity as trustee and/or security agent for the Finance Parties and includes its successors in that capacity.

"Senior Facilities Agreement" means the agreement so entitled dated [ ] between, amongst others, the Company, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

APPENDIX 4

FORM OF ENDORSEMENTS FOR REINSURANCES

Part I
General

MULTIPLE INSURED CLAUSE

(i) Cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each insured party provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the sums insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.

(ii) Any payment or payments by insurers to any one or more such insured parties shall reduce to the extent of that payment Insurers liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.

(iii) The Insurers acknowledge that the Finance Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional co-insureds under this Policy and that the premium specified in this Policy provides consideration for their being co-insured parties.

(iv) Neither the Agent, the Security Agent nor the Finance Parties shall be liable for the payment of any premium under this Policy although they may choose to pay the premium. This shall not relieve the Company from its obligations to pay any premium under this Policy.

(v) Save in the case of the Finance Parties, each of the insured parties will at all times preserve and enforce the various contractual agreements entered into by such insured party and the contractual remedies of such party in the event of Damage.

(vi) The insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any of the insured parties in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of this policy committed by that insured party each referred to in this agreement as a Vitiating Act.

(vii) However (save as provided in this Multiple Insured's Clause) a vitiating Act committed by one insured party shall not prejudice the right of indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.

(viii) Insurers waive all rights of subrogation or action which they may have or acquire against any insured party except (save in the case of any Finance Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the Vitiating Party as an Insured.

LOSS PAYEE CLAUSE

Claims payments under this Policy shall be agreed with and payable to the Agent or as it directs. Notwithstanding any of the foregoing, any amounts of any kind payable to any of the Group Insured shall be paid into the Insurance Proceeds Account or as the Agent may otherwise direct.

INTEREST OF OTHER PARTIES

The interest of the Finance Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the Insured is required to include such interest. All sums paid as claims under this Policy shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under this Policy, other Policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by this Policy effected jointly or severally by any of the Insured parties, this Policy shall be primary to, and receive no contribution from, such other insurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Insurer, the insured shall as soon as reasonably practicable give notice of such change with full particulars hereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by the insured to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, the insurer shall not exercise any rights to avoid this insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and provided the same shall be advised to the Insurer as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Insurers acknowledge to the Finance Parties alone that (i) they have received adequate information in order to evaluate the risk of insuring the Company in respect of the risks hereby insured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Insurers in respect of their decision to co-insure the Finance Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Policy, they have not relied upon or taken into account any information supplied to them by any Finance Party. The acknowledgements provided by the Insurers in this clause shall have no effect on any rights that the Insurers might have had under or in relation to the Policy against any party (including the Company) other than the Finance Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by the Insured or anyone acting on its/their behalf to obtain any benefit under this Policy or if any loss or damage shall be occasioned with the support of the Insured, the benefit under this Policy shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this Policy.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

"Affiliate" has the meaning given in the Senior Facilities Agreement.

"Agent" means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

"Company" means Melco PBL Gaming (Macau) Limited.

"Finance Parties" has the meaning given in the Senior Facilities Agreement.

"Group Insured" means any Insured Party comprising the Company or its Affiliates.

"Insurance Proceeds Account" has the meaning given in the Senior Facilities Agreement.

"Security Agent" means DB Trustees (Hong Kong) Limited in its capacity as trustee and/or security agent for the Finance Parties and includes its successors in that capacity.

"Senior Facilities Agreement" means the agreement so entitled dated [ ] between, amongst others, the Company, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

MULTIPLE INSURED CLAUSE

(i) Cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each insured party provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the sums insured and limits of indemnity including any inner limits set by memorandum or endorsement stated in the policy.

(ii) Any payment or payments by insurers to any one or more such insured parties shall reduce to the extent of that payment Insurers liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.

(iii) The Insurers acknowledge that the Finance Parties and (in respect of third party liabilities) their respective officers, directors, employees, secondees and assigns are each additional co-insureds under this Policy and that the premium specified in this Policy provides consideration for their being co-insured parties.

(iv) Neither the Agent, the Security Agent nor the Finance Parties shall be liable for the payment of any premium under this Policy although they may choose to pay the premium. This shall not relieve the Company from its obligations to pay any premium under this Policy.

(v) Save in the case of the Finance Parties, each of the insured parties will at all times preserve and enforce the various contractual agreements entered into by such insured party and the contractual remedies of such party in the event of Damage.

(vi) The insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any of the insured parties in circumstances of fraud, misrepresentation, non-disclosure or breach of any warranty or condition of this policy committed by that insured party each referred to in this agreement as a Vitiating Act.

(vii) However (save as provided in this Multiple Insured's Clause) a vitiating Act committed by one insured party shall not prejudice the right of indemnity of any other insured party who has an insurable interest and who has not committed a Vitiating Act.

(viii) Insurers waive all rights of subrogation or action which they may have or acquire against any insured party except (save in the case of any Finance Party) where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act in which circumstances Insurers may enforce such rights notwithstanding the continuing or former status of the Vitiating Party as an Insured.

LOSS PAYEE CLAUSE

Subject to the terms, definitions, warranties, exclusions, provisions and conditions contained or endorsed or otherwise expressed in the Reinsurance cover, claims payments shall be made as follows:

(a) Claims payments under section 1 for losses (together with any other related loss, whether or not suffered by the same Insured) equal or below HKD 100 million or its equivalent shall be agreed and payable to the Insured, unless the Agent has notified the Insurer that an Enforcement Notice has been delivered to the company shall be agreed and payable to the Agent or as it directs.

(b) Claims payments under section 1 for losses (together with any other related loss, whether or not suffered by the same Insured) exceeding HKD 100 million or its equivalent shall be agreed and payable to the Agent or as it directs, unless otherwise instructed.

(c) Claims payments under Section 2 shall be made directly to the third party entitled to payment there under.

(d) Notwithstanding any of the foregoing, any amounts of any kind payable to any of the Melco PBL Group Insured shall be paid into the Insurance Proceeds Account or as the Agent may otherwise direct.

(e) By giving the payment instruction, the Company confirms and assumes full liability that a payment as described above will not violate currency or exchange or any other laws or regulations.

It is fully understood and agreed by the ceding company that it is condition precedent to this policy that any payments made directly to the assured shall absolve the Reinsurer from making any payments to the company or its receiver, assignee, trustee or successor and shall constitute a full discharge and release of the Reinsurer from any and all further liabilities in connection therewith.

INTEREST OF OTHER PARTIES

The interest of the Finance Parties and any mortgagee or other party who has financial interest in the Property Insured or to whom legal rights may have been assigned or parties supplying property to the Insured under a hiring leasing or similar agreement is noted but only (in the case of the latter) to the extent that the Insured is required to include such interest. All sums paid as claims under this Policy shall, however, be made in accordance with the Loss Payee Clause.

PRIMARY INSURANCE

If at the time of any loss, damage, occurrence or liability giving rise to a claim under this Policy, other Policy(ies) exist providing insurance against loss, damage, occurrence or liability to the Project as provided by this Policy effected jointly or severally by any of the Insured parties, this Policy shall be primary to, and receive no contribution from, such other insurance.

ALTERATION OF THE MATERIAL FACTS

If any change shall occur materially varying any of the circumstances disclosed to or known to the Insurer, the insured shall as soon as reasonably practicable give notice of such change with full particulars hereof and take any precaution as circumstances may require.

In any situation where it may be alleged that there has been a failure by the insured to advise material alterations or that there has been non-disclosure or misrepresentation of information originally supplied, the insurer shall not exercise any rights to avoid this

insurance if such non disclosure or misrepresentation was unintended and free of any fraudulent conduct or intent to deceive, and provided the same shall be advised to the Insurer as soon as it shall become known. In no event will misrepresentation, non disclosure or failure to advise material facts by one party prejudice other parties who have not so acted.

DISCLOSURE

The Insurers acknowledge to the Finance Parties alone that (i) they have received adequate information in order to evaluate the risk of insuring the Company in respect of the risks hereby insured on the assumption that such information is not materially misleading, (ii) there is no information which has been relied on or is required by the Insurers in respect of their decision to co-insure the Finance Parties or their directors, officers, employees or agents, and (iii) in agreeing to enter into this Policy, they have not relied upon or taken into account any information supplied to them by any Finance Party. The acknowledgements provided by the Insurers in this clause shall have no effect on any rights that the Insurers might have had under or in relation to the Policy against any party (including the Company) other than the Finance Parties in the absence of such acknowledgements.

FRAUDULENT CLAIMS

If any claim be in any respect fraudulent or if any fraudulent means or devices shall be used by the Insured or anyone acting on its/their behalf to obtain any benefit under this Policy or if any loss or damage shall be occasioned with the support of the Insured, the benefit under this Policy shall be forfeited in respect of the fraudulent party only.

MISCELLANEOUS

This endorsement overrides any conflicting provision in this Policy.

DEFINITIONS

For the purpose of this Endorsement, the following definitions will apply:

"Affiliate" has the meaning given in the Senior Facilities Agreement.

"Agent" means Deutsche Bank AG, Hong Kong Branch in its capacity as agent for the Finance Parties and includes its successors in that capacity.

"Company" means Melco PBL Gaming (Macau) Limited.

"Finance Parties" has the meaning given in the Senior Facilities Agreement.

"Group Insured" means any Insured Party comprising the Company or its Affiliates.

"Insurance Proceeds Account" has the meaning given in the Senior Facilities Agreement.

"Security Agent" means DB Trustees (Hong Kong) Limited in its capacity as trustee and/or security agent for the Finance Parties and includes its successors in that capacity.

"Senior Facilities Agreement" means the agreement so entitled dated [ ] between, amongst others, the Company, the Agent and the Security Agent, as amended, consolidated, supplemented, novated or replaced from time to time.

APPENDIX 5

FORM OF INSURANCE BROKER'S LETTER OF UNDERTAKING

To: [ ] as Agent

[*Date*]

Dear Sirs,

1. We refer to Schedule 8 (*Insurance*) (the "**Insurance Schedule**") to the Senior Facilities Agreement dated [•] between, amongst others, Melco PBL Gaming Limited and [*relevant Group Insured*] (the "**Companies**") and the financial institutions referred to therein as Finance Parties, as amended, consolidated, supplemented, novated or replaced from time to time. Terms used herein shall bear the same meaning as in the Insurance Schedule. Any reference herein to a document being in substantially a specified form shall be construed as meaning such document being in the same form as the specified form save for the insertion of information left in blank or typographical errors.

2. We, in our capacity as insurance brokers to the Companies, confirm that each Direct Insurance as required pursuant to Clause 1.1 of the Insurance Schedule is in full force and effect as of the date of this letter on and in respect of the risks set out in the Direct Insurances evidenced in the policy cover notes attached hereto as Annex A and that all premiums which are required to have been paid at the date hereof in respect of such Direct Insurances have been paid in full.

3. We confirm that each Direct Insurance referred to in paragraph 2 above contains endorsements in substantially the form set out in Appendix 3 (*Form of Endorsements for Direct Insurances*) to the Insurance Schedule.

4. Pursuant to instructions received from the Companies, we confirm in respect of the Direct Insurances referred to in the attached cover notes:

   (a) in the case of any such Direct Insurance, as and when the same is renewed, extended or replaced, and subject to market conditions current at the time of application for such renewal, extension or replacement, to use our best efforts to ensure that it complies with the requirements of the Insurance Schedule or such other requirements as you may reasonably approve in writing and that it contains endorsements in substantially the form set out in Appendix 3 (*Form of Endorsements for Direct Insurances*) to the Insurance Schedule or in such other form as you may approve in writing;

   (b) to pay to the accounts specified in the relevant loss payable clauses in the relevant policy documents without any set-off or deduction of any kind for any reason any and all proceeds from or other payments made pursuant to the Direct Insurances (including refunds of premiums) received by us from the insurers except as might otherwise be permitted in the relevant policy endorsement provisions or required by law or court order or as you may otherwise agree in writing;

(c) to advise you:

(i) as soon as practical upon our becoming aware of any actual or proposed:

(A) cancellation or suspension of cover under any Direct Insurance;

(B) reduction in limits or coverage or any increase in deductibles; and

(C) termination prior to the original expiry date of any Direct Insurance;

(ii) as soon as practical of any default in the payment of any premium for any of the Direct Insurances;

(iii) at least 45 days prior to the expiry of any Direct Insurance if we have not received instructions to negotiate the renewal thereof from the Companies and/or any jointly insured parties or the agents of any such party and at least 5 Business Days prior to the expiry thereof if such Direct Insurance has not been renewed;

(iv) if we receive instructions to negotiate the renewal of any Direct Insurance, the details of such instructions and, upon the renewal of such Direct Insurance, the terms of such renewal; and

(v) of any act or omission of any event of which we have actual knowledge and which might invalidate or render unenforceable in whole or in part any of the Direct Insurances promptly upon our becoming aware of the same;

(d) to disclose to you any fact, change of circumstance or occurrence material to the risks insured against under the Direct Insurances or which would result in any reduction in limits or alteration in coverage or increase in deductions or exclusions promptly upon our becoming aware of the same;

(e) to notify you promptly following our becoming aware that we shall cease to act as insurance broker to the Companies; and

(f) on your reasonable request and at your expense and subject to any legal, contractual or regulatory restrictions, to make those documents contained within our placing and claims files to which the Companies would be entitled to have access available to you or your Insurance Adviser at reasonable times and places, and to provide you with copies of any such documents.

5. The above undertakings are given subject to our continuing appointment as insurance brokers to the Companies and in relation to the Direct Insurances and the handling of claims in relation to them.

6. The contents of this letter may not be disclosed to any other party other than to any person:

   (a) to (or through) whom a Finance Party assigns or transfers (or may potentially assign or transfer) all or any of its rights, benefits and/or obligations under the Finance Documents;

   (b) to (or through) whom a Secured Party enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, any of the Finance Documents or any Obligor; or

   (c) to whom all or any contents of this letter may be required to be disclosed by any applicable law or pursuant to any regulatory or stock exchange requirement

   (a "**Third Party**") and, in the event that it is disclosed to a Third Party, any and all liability howsoever arising to such Third Party is hereby expressly excluded. No person except the Finance Parties has any rights arising out of this letter under the Contracts (Rights of Third Parties) Act 1999.

7. Our aggregate liability to you for any and all matters arising from this letter and the contents thereof shall in any and all events be limited to the sum of USD1,000,000 and confined to direct losses in contract. Any and all other liability including but not limited to liability in tort and liability for consequential losses is hereby expressly excluded. Notwithstanding the foregoing, nothing in this letter shall serve to limit our liability for death or personal injury caused by our negligence.

8. This letter shall be governed and construed in accordance with the laws of England and any disputes arising in connection with this letter shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules. The arbitration shall take place in Hong Kong and shall be conducted in English. The arbitration award shall be binding upon both parties.

9. We hereby acknowledge that you and the other Finance Parties may have a direct or indirect interest in the Direct Insurances but we hereby declare that we owe you no duty of care except as set out in this letter and by countersigning this letter you and the other Finance Parties agree to this declaration.

10. The Company has agreed to our giving you this letter, and it has signed below to signify this.

11. Please countersign and return a copy of this letter to indicate that you accept its terms, failing which neither you nor the other Finance Parties should rely upon the contents of this letter.

12. By signing you also warrant that you have authority to and do so bind yourself and the other Finance Parties for whom you are Agent to the terms of this letter.

13. Save as provided in this letter, it is to be understood by you and the other Finance Parties that they may not rely on any advice which we have given to the Company, and, save as set out herein, we do not represent that the Direct Insurances are suitable or sufficient to meet the needs of the Finance Parties, who must take such additional steps and advice of their own as they consider necessary in order to protect their own position.

Yours faithfully,

name of insurance broker

Company
Melco PBL Gaming (Macau) Limited

By:
Name:
Date:

Agent
Deutche Bank AG, Hong Kong Branch

By:
Name:
Date:

APPENDIX 6

FORM OF REINSURANCE BROKER'S LETTER OF UNDERTAKING

To: [ ] as Agent

[*Date*]

Dear Sirs,

1. We refer to Schedule 8 (*Insurance*) (the "**Insurance Schedule**") to the Senior Facilities Agreement dated [•] between, amongst others, Melco PBL Gaming (Macau) Limited and [*relevant Group Insured*] (the "**Companies**") and the financial institutions referred to therein as Finance Parties, as amended, consolidated, supplemented, novated or replaced from time to time. Terms used herein shall bear the same meaning as in the Insurance Schedule. Any reference herein to a document being in substantially a specified form shall be construed as meaning such document being in the same form as the specified form save for the insertion of information left in blank or typographical errors.

2. We, in our capacity as reinsurance brokers to [ ] (the "**Direct Insurer**"), confirm that facultative reinsurance of each Direct Insurance (other than those indicated by you) as required pursuant to Clause 1.2 of the Insurance Schedule are in full force and effect as of the date of this letter on and in respect of the risks set out in the Reinsurances evidenced in the policy cover notes attached hereto as Annex A and that all premiums which are required to have been paid at the date hereof in respect of such Reinsurances have been paid in full and such Reinsurances are placed with reinsurers and underwriters whose identities we have disclosed to you and whom we in good faith believe to be reputable and financially sound.

3. We confirm that each Reinsurance referred to in paragraph 2 above contains endorsements in substantially the form set out in Appendix 4 (*Form of Endorsements for Reinsurances*) to the Insurance Schedule.

4. Pursuant to instructions received from the Direct Insurer, we confirm in respect of the Reinsurances referred to in the attached cover notes:

   (a) in the case of any such Reinsurance, as and when the same is renewed, extended or replaced, and subject to market conditions current at the time of application for such renewal, extension or replacement, to use our best efforts to ensure that it complies with the requirements of the Insurance Schedule or such other requirements as you may reasonably approve in writing and that it contains endorsements in substantially the form set out in Appendix 4 (*Form of Endorsements for Reinsurances*) to the Insurance Schedule or in such other form as you may approve in writing;

   (b) to pay to the accounts specified in the relevant loss payable clauses in the relevant policy documents without any set-off or deduction of any kind for any reason any and all proceeds from or other payments made pursuant to the Reinsurances (including refunds of premiums) received by us from the reinsurers except as might otherwise be permitted in the relevant policy endorsement provisions or required by law or court order or as you may otherwise agree in writing;

(c) to advise you:

(i) as soon as practical upon our becoming aware of any actual or proposed:

(A) cancellation or suspension of cover under any Reinsurance;

(B) reduction in limits or coverage or any increase in deductibles; and

(C) termination prior to the original expiry date of any Reinsurance;

(ii) as soon as practical of any default in the payment of any premium for any of the Reinsurances;

(iii) at least 45 days prior to the expiry of any Reinsurance if we have not received instructions to negotiate the renewal thereof from the Direct Insurer and/or any jointly insured parties or the agents of any such party and at least 5 Business Days prior to the expiry thereof if such Reinsurance has not been renewed;

(iv) if we receive instructions to negotiate the renewal of any Reinsurance, the details of such instructions and, upon the renewal of such Reinsurance, the terms of such renewal; and

(v) of any act or omission or any event of which we have knowledge and which might invalidate or render unenforceable in whole or in part any of the Reinsurances promptly upon our becoming aware of the same;

(d) to disclose to you any fact, change of circumstance or occurrence material to the risks insured against under the Reinsurances or which would result in any reduction in limits or alteration in coverage or increase in deductions or exclusions promptly upon our becoming aware of the same;

(e) to notify you promptly following our becoming aware that we shall cease to act as reinsurance broker to the Direct Insurer; and

(f) on your reasonable request and at your expense and subject to any legal, contractual or regulatory restrictions, to make those documents contained within our placing and claims files to which the Direct Insurer would be entitled to have access available to you or your Insurance Adviser at reasonable times and places, and to provide you with copies of any such documents.

5. The above undertakings are given subject to our continuing appointment as reinsurance brokers to the Direct Insurer and in relation to the Reinsurances and the handling of claims in relation to them.

6. The contents of this letter may not be disclosed to any other party other than to any person:

   (a) to (or through) whom a Finance Party assigns or transfers (or may potentially assign or transfer) all or any of its rights, benefits and/or obligations under the Finance Documents;

   (b) to (or through) whom a Finance Party enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, the Finance Documents or any Obligor; or

   (c) to whom all or any contents of this letter may be required to be disclosed by any applicable law or pursuant to any regulatory or stock exchange requirement

   (a "**Third Party**") and, in the event that it is disclosed to a Third Party, any and all liability howsoever arising to such Third Party is hereby expressly excluded. No person except the Finance Parties has any rights arising out of this letter under the Contracts (Rights of Third Parties) Act 1999.

7. Our aggregate liability to you for any and all matters arising from this letter and the contents thereof shall in any and all events be limited to the sum of USD1,000,000 and confined to direct losses in contract. Any and all other liability including but not limited to liability in tort and liability for consequential losses is hereby expressly excluded. Notwithstanding the foregoing, nothing in this letter shall serve to limit our liability for death or personal injury caused by our negligence.

8. This letter shall be governed and construed in accordance with the laws of England and any disputes arising in connection with this letter shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules. The arbitration shall take place in Hong Kong and shall be conducted in English. The arbitration award shall be binding upon both parties.

9. We hereby acknowledge that you and the other Finance Parties may have a direct or indirect interest in the Reinsurances but we hereby declare that we owe you no duty of care except as set out in this letter and by countersigning this letter you and the other Finance Parties agree to this declaration.

10. The Company has agreed to our giving you this letter, and it has signed below to signify this.

11. Please countersign and return a copy of this letter to indicate that you accept its terms, failing which neither you nor the other Finance Parties should rely upon the contents of this letter.

12. By signing you also warrant that you have authority to and do so bind yourself and the other Finance Parties for whom you are Agent to the terms of this letter.

13. Save as provided in this letter, it is to be understood by you and the other Finance Parties that they may not rely on any advice which we have given to the Company, and,

save as set out herein, we do not represent that the Reinsurances are suitable or sufficient to meet the needs of the Finance Parties, who must take such additional steps and advice of their own as they consider necessary in order to protect their position.

Yours faithfully,

name of reinsurance broker

Company
Melco PBL Gaming (Macau) Limited

By:
Name:
Date:

Agent
Deutche Bank AG, Hong Kong Branch

By:
Name:
Date:

SCHEDULE 9

EVENTS OF DEFAULT

1. **Non-payment**

A Relevant Obligor does not pay on the due date any amount payable pursuant to a Finance Document to which it is a party at the place at and in the currency in which it is expressed to be payable unless its failure to pay is caused by administrative or technical error or a Disruption Event and payment is made within two Business Days of its due date.

2. **Financial covenants and other obligations**

(a) Any requirement of paragraph 2 (*Financial covenants*) of Schedule 6 (*Covenants*) is not satisfied or an Obligor does not comply with the provisions of sub-paragraphs 1.8 and 1.9 of paragraphs 1 (*Information Undertakings*), 3.34 (*Sponsor Support*) and 3.30 (*Hedging and Treasury Transactions*) of Schedule 6 (*Covenants*) and paragraphs (b) and (c) of Clause 24.3 (*Additional Guarantors*).

(b) An Obligor or Grantor does not comply with any provision of any Transaction Security Document provided that no Event of Default under this paragraph will occur in relation to a failure to comply by the Australian Sponsor or Melco under the Sponsor Group Shareholder's Undertaking to which it is party if the failure to comply by it is capable of remedy and is remedied within 10 Business Days.

(c) The long term unsecured and unsubordinated foreign currency debt rating of the issuer of any Sponsor's Letter of Credit falls below A by S&P (or equivalent by Moody's) and is not replaced (and the Sponsor's Letter of Credit replaced with a Sponsor's Letter of Credit issued by such replacement issuer) within 10 Business Days of such downgrade by a bank with a long term unsecured and unsubordinated foreign currency debt rating of at least A by S&P (or equivalent by Moody's).

3. **Other obligations**

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in paragraph 1 (*Non-payment*) and paragraph 2 (*Financial covenants and other obligations*)) above.

(b) No Event of Default under paragraph (a) above will occur in respect of a failure to comply with any provisions of paragraph 1 (*Information Undertakings*) of Schedule 6 (*Covenants*) (other than those referred to in paragraph 2 above) if the failure to comply is capable of remedy and is remedied within 15 days of such failure.

(c) Save as provided in paragraph (b) above, no Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 30 days of the Agent giving notice to the Company or relevant Obligor or the Company or an Obligor becoming aware of the failure to comply.

(d) MPBL Entertainment fails to maintain its listed status on NASDAQ or its shares are suspended from trading in excess of a period of 30 days.

4. **Misrepresentation**

Any representation or statement made or deemed to be made by an Obligor or Grantor in the Finance Documents to which it is a party or any other document delivered by or on behalf of any Obligor or Grantor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.

5. **Cross default**

(a) Any Financial Indebtedness of any Relevant Obligor or other member of the Group is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any Relevant Obligor or other member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any Relevant Obligor or other member of the Group is cancelled or suspended by a creditor of any Obligor or other member of the Group as a result of an event of default (however described).

(d) Any creditor of any Relevant Obligor or other member of the Group becomes entitled to declare any Financial Indebtedness of any Relevant Obligor or other member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under this paragraph 5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than a Base Currency Amount of USD10,000,000.

6. **Insolvency**

(a) A Grantor, Relevant Obligor or other member of the Group is unable or admits inability to pay its debts as they fall due or is deemed or declared to be unable to pay its debts under applicable law or by reason of actual or anticipated financial difficulties, either suspends or threatens to suspend making payments on any of its debts or commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(b) The value of the assets of any Relevant Obligor, Grantor or other member of the Group is less than its liabilities (taking into account contingent and prospective liabilities).

(c) A moratorium is declared in respect of any indebtedness of any Grantor, Relevant Obligor or other member of the Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

(d) The Managing Director commences or there is commenced against the Managing Director any case, proceeding or other action relating to his bankruptcy.

(e) Paragraphs (a) to (c) above shall not apply in respect of the Subconcession Bank Guarantor or a Direct Insurer if the conditions set out in paragraph 23 (*Replacement Grantor*) are satisfied and the Subconcession Bank Guarantor or Direct Issuer is replaced by, in accordance with that paragraph, by a Replacement Grantor.

7. **Insolvency proceedings**

(a) Any corporate action, legal proceedings or other procedure or formal step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Grantor, Relevant Obligor or other member of the Group;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Grantor, Relevant Obligor or other member of the Group;

(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Grantor, Relevant Obligor or other member of the Group or any of its assets; or

(iv) enforcement of any Security over any assets of any Grantor (other than any Sponsor or Direct Insurer), Relevant Obligor or other member of the Group,

or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) shall not apply:

(i) to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement or, if earlier, the date on which it is advertised; or

(ii) in respect of the Subconcession Bank Guarantor or a Direct Insurer if the conditions set out in paragraph 23 (*Replacement Grantor*) are satisfied and the Subconcession Bank Guarantor or Direct Issuer is replaced by, in accordance with that paragraph, by a Replacement Grantor.

8. **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Relevant Obligor or other member of the Group having an aggregate value of at least a Base Currency Amount of USD5,000,000 and is not discharged within 30 days.

9. **Unlawfulness and invalidity**

(a) It is or becomes unlawful for a Grantor, Obligor or any other member of the Group to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective or any subordination created under the Subordination Deed or the Deed of Priority is or becomes unlawful.

(b) Any obligation or obligations of any Grantor, Obligor or any other member of the Group under any of the Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable.

(c) Any Finance Document ceases to be in full force and effect or any Transaction Security or any subordination created or expressed to be created under the Subordination Deed or the Deed of Priority (including the subordination of any Sponsor Group Loans and other Subordinated Debt and the Subconcession Bank Guarantee Facility) is not or ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

10. **Project Documents**

(a) The Subconcession Bank Guarantor, a Relevant Obligor or any other Group member does not comply with or otherwise breaches any material provision of a Major Project Document and (if it is capable of remedy) such failure to comply or such breach is not remedied within 30 Business Days of the Agent giving notice to the Company or Relevant Obligor or other Group member or the Company or any Relevant Obligor or other Group member becoming aware of the failure to comply or the breach.

(b) Any Major Project Participant thereto does not comply with or otherwise breaches any material provision of a Major Project Document and (if it is capable of remedy) such failure to comply or such breach is not remedied within 30 Business Days of the Agent giving notice to the Company or Relevant Obligor or other Group member or the Company or any Obligor or other Group member becoming aware of the failure to comply or the breach.

(c) Any Major Project Document ceases to be in full force and effect, it is or becomes unlawful for Major Project Participant to perform any of its material obligations thereunder or any such obligations cease to be legal, valid, binding, enforceable or effective or are alleged by any such party to be ineffective.

(d) In the case of the Subconcession Bank Guarantee, if the occurrence is not the result of the breach or default by an Obligor in any material respect of any material term, condition, provision, covenant, representation or warranty, then no Event of Default shall be deemed to have occurred as a result thereof under this paragraph 10 if the Company provides written notice to the Agent immediately upon (but in no event more than 3 Business Days after) the Company or such other Obligor becoming aware of such occurrence that it intends to replace such Subconcession Bank Guarantee and:

(i) the Company obtains a replacement for Subconcession Bank Guarantor (the "**Replacement Subconcession Bank Guarantor**");

(ii) the Company enters into arrangements for the replacement of the Subconcession Bank Guarantee on terms no less favourable to the Company and the Finance Parties in any material respect than those which applied in respect of the replaced Subconcession Bank Guarantee within 30 days of such occurrence; and

(iii) in the reasonable opinion of the Agent, such occurrence, after considering any Replacement Subconcession Bank Guarantor, the replacement Subconcession Bank Guarantee, the terms upon which it is proposed to be provided and the time required to implement such replacement, has not had and could not reasonably be expected to have a Material Adverse Effect.

11. **Subconcession and Land Concession**

(a) Any call or drawing is made by the Macau SAR under the Subconcession Bank Guarantee unless the Subconcession Bank Guarantee is fully reinstated within 30 days thereof in accordance with the Subconcession and no other Event of Default has occurred or will result from such reinstatement.

(b) Any temporary administrative intervention is made by the Macau SAR pursuant to article 79 of the Subconcession.

(c) The Macau SAR takes any formal measure seeking the unilateral dissolution of the Subconcession pursuant to article 80 thereof or the Macau SAR gives notice pursuant to article 80(3) of the Subconcession and the Company fails to comply with the terms thereof within the grace period specified therein.

(d) The Agent considers the subject matter of any negotiations required to be notified to it pursuant to paragraph 3.14(d)(iii) of Schedule 6 (*Covenants*) is such as could reasonably give rise to an entitlement of the Macau SAR to unilaterally dissolve the Subconcession pursuant to article 80 thereof.

(e) Any consultations are commenced by the Macau SAR with the Company under the Subconcession and/or the Subconcession Direct Agreement and the Agent considers the subject matter of such consultations is reasonably likely to give rise to (i) the taking of any action to terminate the Subconcession or (ii) an agreement to terminate the Subconcession.

(f) Any Land Concession is terminated or rescinded or the Macau SAR takes any formal measure seeking any termination of a Land Concession.

(g) The Macau SAR gives any notice of its intention to terminate, suspend or rescind any Land Concession Consent Agreement or take any formal step in connection therewith.

12. **Permits**

Any Obligor or other Group member fails to observe, satisfy or perform, or there is a violation or breach of, any of the terms, provisions, agreements, covenants or conditions attaching to or under the issuance to such person of any Permit or any such Permit or any provision thereof is suspended, revoked, cancelled, terminated or materially and adversely modified or fails to be in full force and effect or any Governmental Authority challenges or seeks to revoke any such Permit if (other than in the case of any Permit referred to in Schedule 16) such failure to perform, violation, breach, suspension, revocation, cancellation, termination or modification might reasonably be expected to have a Material Adverse Effect.

13. **Project completion**

(a) A Forecast Funding Shortfall (determined, solely for the purposes of this provision, by including in Available Funding the available amount of the Revolving Credit Facility in full and any available amount of Contingent Equity) occurs and continues for five Business Days without being cured.

(b) Practical Completion and the satisfaction of the Opening Conditions for City of Dreams Phase I is not achieved by 30 June 2009.

(c) Practical Completion and the satisfaction of the Opening Conditions for the City of Dreams Project is not achieved by 31 December 2009.

(d) Final Completion of the City of Dreams Project is not achieved by 30 September 2010.

(e) The Technical Adviser reasonably determines (based on its experience, familiarity with and review of the Crown Macau Project, City of Dreams Project and the information and schedule provided by the relevant Project Company and the relevant Contractors and having regard to any measures for expediting or accelerating the progress of the City of Dreams Project Works, that Practical Completion and the satisfaction of the Opening Conditions for City of Dreams Phase I is likely to occur no earlier than 30 June 2009, that Practical Completion and the satisfaction of the Opening Conditions for the City of Dreams Project is likely to occur no earlier than 31 December 2009 or Final Completion of the City of Dreams Project is likely to occur no earlier than 30 September 2010.

(f) The relevant Project Company abandons all or a material part of the Crown Macau Project or the City of Dreams Project.

14. **Insurance**

Any insurance or reinsurance policy required by Schedule 8 (*Insurances*) or any other provision of this Agreement is not maintained in full force and effect in accordance therewith.

15. **Cessation of business**

Any Relevant Obligor or other member of the Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business such as (other than in the case of the Company, Melco PBL Hotel (Crown Macau) Limited, Melco PBL (Crown Macau) Developments Limited, Melco PBL (COD) Hotels Limited and Melco PBL (COD) Developments Limited) might reasonably be expected to have a Material Adverse Effect.

16. **Ownerships**

The entire issued share capital of:

(a) any Project Company, Project Operating Company, Melco PBL (Mocha) Limited or Melco PBL Services (Macau) Limited is not or ceases to be legally and beneficially owned and controlled by the Company;

(b) the Company is not or ceases to be legally and beneficially owned and controlled by MPBL Investments and the Managing Director;

(c) any Holdco (other than Melco PBL Nominee One Limited) or MPBL Investments is not or ceases to be legally and beneficially owned and controlled by the Parent; or

(d) the Parent is not or ceases to be controlled and directly or indirectly legally and beneficially wholly owned by MPBL Entertainment.

17. **Audit qualification**

The Auditors of the Parent qualify the audited annual consolidated financial statements of the Parent with a "going concern" or like qualification or exception or any other qualification arising out of the scope of their audit or any qualification which the Agent reasonably considers to be material.

18. **Expropriation**

The authority or ability of any Relevant Obligor or other member of the Group to conduct its business, pursue any Project or enjoy the use of all or any material part of its assets is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action (including as a result of any change in (or in the interpretation, administration or application of), or the introduction of, any Legal Requirement) by or on behalf of any Governmental Authority or other person in relation to any member of the Group or any of its assets.

19. **Repudiation and rescission of agreements**

(a) A Grantor, Obligor or other member of the Group (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

(b) Any party to any of the other Transaction Documents rescinds or purports to rescind or repudiates or purports to repudiate any of those Transaction Documents in whole or in part where (other than in the case of a Major Project Document) to do so has or could, in the reasonable opinion of the Majority Lenders, likely have a Material Adverse Effect on the interests of the Finance Parties under the Finance Documents.

20. **Judgments and litigation**

(a) One or more judgments or decrees are entered against any Relevant Obligor or other member of the Group involving, in aggregate, a liability in a Base Currency Amount of USD5,000,000 or more, all of which have not been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof.

(b) Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings are commenced or threatened in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against any Relevant Obligor or other member of the Group or its assets which has or could reasonably be expected to have a Material Adverse Effect.

21. **Material adverse change**

(a) Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

(b) The carrying out of any Project Works, any of the Projects, the Property of any Obligor and/or the obligations of any other Major Project Participant under a Major Project Document, is materially affected as result of fire, explosion, accident, drought, storm, hail, earthquake, embargo, act of God or of the public enemy, or other casualty or other event of force majeure, that could reasonably be expected to have a Material Adverse Effect.

22. **Change of Law**

Any Governmental Authority takes any action or there is a change in (or in the interpretation, administration or application of) or the introduction of any Legal Requirement:

(a) which deprives the Company or any other Relevant Obligor of the use of all or any material part of its assets (including nationalisation, expropriation, modification, suspension or extinguishment of any material rights benefiting or the imposition of any restrictions materially and adversely affecting any Project or business by such Governmental Authority);

(b) which prevents the Company or any other Relevant Obligor from conducting its business or operations, or a material part thereof, in a similar manner as contemplated as at the date of this Agreement ; or

(c) which, in the reasonable opinion of the Agent, otherwise could reasonably be expected to have a Material Adverse Effect,

and, in each case, such action, change or introduction or the effects thereof, are not removed or stayed within 30 days of the occurrence of such action, change or introduction.

23. **Replacement Grantor**

No Event of Default shall be deemed to have occurred under paragraphs 6 (*Insolvency*) or 7 (*Insolvency proceedings*) as a result of any action, event of condition by, against or concerning the Subconcession Bank Guarantor or a Direct Insurer (each a "**Defaulting Grantor**") if:

(a) immediately upon (and, in any event, no more than three Business Days after) becoming aware or receiving notice thereof, the Company gives notice to the Agent of its intention to replace the Defaulting Grantor; and

(b) within 30 days (or in the case of the Subconcession Bank Guarantor such shorter period as the Agent may determine is required pursuant to the Subconcession) after such action, event or condition has occurred:

(i) the Defaulting Grantor has been replaced by a Person (the "**Replacement Grantor**") acceptable to the Agent;

(ii) the Replacement Grantor has provided a replacement Subconcession Bank Guarantee or, as the case may be, Insurance and equivalent replacement Security and, in the case of the Replacement Grantor for the Subconcession Bank Guarantor, acceded to the terms of the Deed of Appointment, in each case on terms acceptable to the Agent; and

(iii) the Agent is satisfied that no breach of the Subconcession or any applicable Legal Requirement has occurred or will result from such replacement, and that the replacement complies, and has, where relevant, been authorised by the Macau SAR in accordance with the Subconcession and all other applicable Legal Requirements.

SCHEDULE 10

FORM OF TRANSFER CERTIFICATE AND LENDER ACCESSION UNDERTAKING[14]

To: [•] as Agent and [•] as Security Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated:

Melco PBL Gaming Limited and Others – [•] Senior Facilities Agreement dated [•] (the "Senior Facilities Agreement")

1. We refer to the Senior Facilities Agreement and to the Deed of Appointment and the Deed of Priority (as defined in the Senior Facilities Agreement). This agreement (the "**Agreement**") shall take effect as a Transfer Certificate for the purpose of the Senior Facilities Agreement and as a Lender Accession Undertaking for the purposes of the [[Deed of Appointment] and [the Deed of Priority]][15] (and as defined therein). Terms defined in the Senior Facilities Agreement have the same meaning in this Agreement unless given a different meaning in this Agreement.

2. We refer to Clause 23.5 (*Procedure for transfer*) of the Senior Facilities Agreement:

   (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Commitment, rights and obligations referred to in the Schedule in accordance with Clause 23.5 (*Procedure for transfer*).

   (b) The Existing Lender transfers by novation to the New Lender all the rights of the Existing Lender under the Onshore Security Documents and in respect of the Transaction Security created or expressed to be created thereunder which correspond to that portion of the Existing Lender's Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.

   (c) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.

   (d) The proposed Transfer Date is [•].

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14 Transfer certificate and accession provisions will be also adapted to provide for Hedge Counterparties and any Security Agent or Agents.
15 Delete as appropriate.

(e) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 30.2 (*Addresses*) are set out in the Schedule.

3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 23.4 (*Limitation of responsibility of Existing Lenders*).

4. We refer to the [[Deed of Appointment] and the [Deed of Priority]]:

   (a) In consideration of the New Lender being accepted as a Lender for the purposes of the [[Deed of Appointment] and [the Deed of Priority]] (and as defined therein), the New Lender confirms that, as from the proposed Transfer Date, it intends to be party to the [[Deed of Appointment] and [the Deed of Priority]] as a Lender, and undertakes to perform all the obligations expressed in the [[Deed of Appointment] and [the Deed of Priority]] to be assumed by a Lender and agrees that it shall be bound by all the provisions of the [[Deed of Appointment] and [the Deed of Priority]], as if it had been an original party to the [[Deed of Appointment] and [the Deed of Priority]].

   (b) The undertakings contained in this Agreement have been entered into on the date stated above.

5. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

6. This Agreement is governed by and construed in accordance with English law.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[*insert relevant details*]
[*Facility Office address, fax number and attention details for notices and account details for payments*,]

[Existing Lender] [New Lender]

By: By:

This Agreement is accepted as a Transfer Certificate and Lender Accession Undertaking for the purposes of the Senior Facilities Agreement by the Agent, and as a Lender Accession Undertaking for the purposes of the Deed of Appointment by the Agent and the Security Agent, and the Transfer Date is confirmed as [•].

[Agent]

By:

[Security Agent]

By:

SCHEDULE 11

FORM OF ASSIGNMENT AGREEMENT AND LENDER ACCESSION UNDERTAKING

To: [•] as Agent and [•] as Security Agent

From: [*the Existing Lender*] (the "**Existing Lender**") and [*the New Lender*] (the "**New Lender**")

Dated:

Melco PBL Gaming Limited and Others - USD[•] Senior Facilities Agreement dated [•] (the "Senior Facilities Agreement")

1. We refer to the Senior Facilities Agreement and to the Deed of Appointment (as defined in the Facilities Agreement). This is an Assignment Agreement and Lender Accession Undertaking. This agreement (the "**Agreement**") shall take effect as an Assignment Agreement and Lender Accession Undertaking for the purpose of the Senior Facilities Agreement and as a Lender Accession Undertaking for the purposes of the [[Deed of Appointment] and [the Deed of Priority]][16] (and as defined therein).

2.

   (a) We refer to Clause 23.6 (*Procedure for assignment*) of the Senior Facilities Agreement.

   (b) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Onshore Security Documents and in respect of the Transaction Security created or expressed to be created thereunder which correspond to that portion of the Existing Lender's Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.

   (c) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitment, rights and obligations referred to (if any) under the Onshore Security Documents in the Schedule.

3. The proposed Transfer Date is [•].

4. On the Transfer Date the New Lender becomes:

   (a) Party to the Finance Documents as a Lender; and

   (b) Party to the [[Deed of Appointment] and [the Deed of Priority]] as a Lender [*other relevant agreements in other relevant capacity*].

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16 Delete as appropriate.

5. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 23.4 (*Limitation of responsibility of Existing Lenders*).

6. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 30.2 (*Addresses*) are set out in the Schedule.

7. We refer to the [[Deed of Appointment] and [the Deed of Priority]]:

   (a) In consideration of the New Lender being accepted as a Lender for the purposes of the [[Deed of Appointment] and [the Deed of Priority]] (and as defined therein), the New Lender confirms that, as from [date], it intends to be party to the [[Deed of Appointment] and [the Deed of Priority]] as a Lender, and undertakes to perform all the obligations expressed in the [[Deed of Appointment] and [the Deed of Priority]] to be assumed by a Lender and agrees that it shall be bound by all the provisions of the [[Deed of Appointment] and [the Deed of Priority]], as if it had been an original party to the [[Deed of Appointment] and [the Deed of Priority]].

   (b) The undertakings contained in this Agreement have been entered into on the date stated above.

8. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

9. This Agreement is governed by and construed in accordance with English law.

10. This Agreement has been [executed and delivered as a deed] [entered into] on the date stated at the beginning of this Agreement.

[Please note that the following steps should be taken in order for the New Lender to obtain the benefit of the Transaction Security: [•]]

THE SCHEDULE

Commitment/rights and obligations to be transferred by assignment, release and accession

[*insert relevant details*]

[*Facility office address, fax number and attention details for notices and account details for payments*]

[Existing Lender] [New Lender]

By: By:

This Agreement is accepted as an Assignment Agreement and Lender Accession Undertaking for the purposes of the Senior Facilities Agreement by the Agent, and as a Lender Accession Undertaking for the purposes of the [[Deed of Appointment] and [the Deed of Priority]] by the Agent and the Security Agent, and the Transfer Date is confirmed as [•].

[Signature of this Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.]

[Agent]

By:

[Security Agent]

By:

SCHEDULE 12

FORM OF ACCESSION LETTER

To: [•] as Agent

From: [*Subsidiary*] and [*Company*]

Dated:

Dear Sirs

Melco PBL Gaming Limited and Others – USD[•] Senior Facilities Agreement dated [•] (the "Senior Facilities Agreement")

1. We refer to the Senior Facilities Agreement. This is an Accession Letter. Terms defined in the Senior Facilities Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.

2. [*Subsidiary*] agrees to become an Additional [Borrower]/[Guarantor] and to be bound by the terms of the Senior Facilities Agreement, the Deed of Appointment and the other Finance Documents as an Additional [Borrower]/[Guarantor] pursuant to Clause [24.2 (*Additional Borrowers*)]/[Clause 24.3 (*Additional Guarantors*)] of the Senior Facilities Agreement [and as an [Obligor] pursuant to the Deed of Appointment]. [*Subsidiary*] is a company duly incorporated under the laws of [*name of relevant jurisdiction*] and is a limited liability company with registered number [•].

3. [*Subsidiary's*] administrative details are as follows:

   Address:

   Fax No.:

   Attention:

4. This Accession Letter is governed by English law.

   [This Guarantor Accession Letter is entered into by deed.]**

   [Company] [Subsidiary]

NOTES:

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* Insert if Accession Letter is for an Additional Borrower.

** If the Facilities are fully drawn there may be an issue in relation to past consideration for a proposed Additional Guarantor. This can be overcome by acceding by way of deed.

SCHEDULE 13

FORM OF COMPLIANCE CERTIFICATE[17]

From: [*Company*]

To: [*Agent*]

Dated:

Dear Sirs

Melco PBL Gaming Limited and Others - USD[•] Senior Facilities Agreement dated [•] (the "Senior Facilities Agreement")

1. We refer to the Senior Facilities Agreement. This is a Compliance Certificate. Terms defined in the Senior Facilities Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2. [We confirm that:

   (a) in respect of the Relevant Period ending on [•] Cashflow for the Relevant Period was [•] and Net Debt Service for the Relevant Period was [•]. Therefore Cashflow for such Relevant Period was [•] times Net Debt Service for such Relevant Period [and the covenant contained in paragraph 2 (*Financial Covenants*) of Schedule 6 [has/has not] been complied with];

   (b) in respect of the Relevant Period ending on [•] Consolidated EBITDA for such Relevant Period was [•] and Consolidated [Net] Finance Charges for such Relevant Period were [•]. Therefore Consolidated EBITDA for such Relevant Period was [•] times Consolidated [Net] Finance Charges for such Relevant Period [and the covenant contained in paragraph 2 (*Financial Covenants*) of Schedule 6 [has/has not] been complied with];

   (c) on the last day of the Relevant Period ending on [•] Consolidated Total [Net] Debt was [•] and Consolidated EBITDA for such Relevant Period was [•]. Therefore Consolidated Total [Net] Debt at such time [did/did not] exceed [•] times Consolidated EBITDA for such Relevant Period [and the covenant contained in paragraph 2 (*Financial Covenants*) of Schedule 6 [has/has not] been complied with];

   (d) [Capital Expenditure for the period from [•] ending on [•] was [•]. Therefore Capital Expenditure during that period [was/was not] in excess of [•] (being the maximum expenditure permitted in that period) [and the covenant contained in paragraph 2 (*Financial covenants*) of Schedule 6 [has/has not] been complied with];]

---

17 To be conformed to Financial Covenants (once agreed).

(e) Leverage is [•]:1 and that, therefore, the A Facility Margin should be [•]% p.a. and the Revolving Credit Facility Margin should be [•]% p.a.; and

(f) Excess Cashflow for the Financial Quarter of the Group ending [•] was [•] and therefore the Excess Cashflow to be applied in prepayment pursuant to paragraph 2 of Schedule 4 (*Mandatory Prepayment*) will be [•]].

3. [We confirm that no Default is continuing.]*

Signed

Director of [*Company*]

Director Of [*Company*]

NOTES:

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

SCHEDULE 14

[NOT USED]

SCHEDULE 15

HEDGING ARRANGEMENTS

Part A
Hedging Arrangements

1. The Company shall, prior to the making of any Utilisation Request under a Facility, enter into agreements to the extent necessary to ensure that at least 50% of the aggregate amount drawn under the Facilities (and, within 30 days of the date of the Utilisation Request, the amount of the proposed Utilisation) is subject, through swap transactions, caps, collars or other derivative products agreed with the Agent, to either a fixed interest rate or interest rate protection and to either a fixed exchange rate or exchange rate protection for such period as reflects the repayment schedule for such Facility and with a final termination date of not less than 3 years from the effective date or such transactions was agreed.

2. The purchase price of any such products may be paid for out of the amount provided in the "Interest" Line Item (**provided that** the sum of the purchase prices, interest and any other amounts payable by the Company in respect of all such products does not exceed such amount).

3. A Lender or an Affiliate of a Lender may act as a Hedge Counterparty in respect of the arrangements required by paragraph 1 above.

4. The Hedging Agreements are to be on the terms of either the 1992 (Multicurrency-Cross Border) ISDA Master Agreement or the 2002 ISDA Master Agreement (each, an "**ISDA Master Agreement**") Schedule thereto, in such form as acceptable to the Agent. All Hedging Agreements for swap transactions will provide for full two way payments (in the case of interest rate swaps, with the Borrowers Paying Fixed Amounts (as defined in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (the "**2006 Definitions**")) and the Hedge Counterparty Paying Floating Amounts (as defined in the 2006 Definitions)) and the payment measure and payment method for such swap transactions in the event of early termination, whether upon a "Termination Event" or an "Event of Default", shall be "Second Method" and "Market Quotation" respectively where parties have executed a 1992 (Multicurrency-Cross Border) ISDA Master Agreement. Terms in quotations in this paragraph 4 shall have the meaning ascribed in the 1992 ISDA Master Agreement.

5. The Hedge Counterparties shall have equal Security over the Charged Properties with the other Finance Parties in accordance with the terms of this Agreement and the Deed of Appointment.

6. Any amounts due from the Company under the Hedging Agreements, including any Realised Hedge Loss plus any accrued default interest in accordance with paragraph 10 below, shall be a permitted Project Cost.

   In this paragraph and paragraphs 7 and 10 below, "**Realised Hedge Loss**" means, in relation to a Hedge Counterparty at any time, the amount (if any) payable (but unpaid) by the Company to such Hedge Counterparty under the Hedging Agreement to

which such Hedge Counterparty is a party (but excluding any default interest) upon an early termination of any transaction or transactions thereunder which has been terminated in accordance with paragraph 9 below. The amount is to be calculated on a net basis across the transactions terminated under such Hedging Agreement in accordance with the terms of the applicable Hedging Agreement.

7. Payments due from the Company under the Hedging Agreements, including any Realised Hedge Loss plus any accrued default interest in accordance with paragraph 10 below, shall be included in Consolidated Net Finance Charges.

8. Except with the prior consent of the Agent, no amendments may be made to a Hedging Agreement to an extent that might reasonably be expected to result in:

   (a) any payment under the Hedging Agreement being required to be made by the Company on any date other than the dates originally provided for in the Hedging Agreement;

   (b) the Company becoming liable to make an additional payment under any Hedging Agreement which liability does not arise from the original provisions of the Hedging Agreement; or

   (c) the Company becoming liable to make any payment under the Hedging Agreement in any currency other than in the currencies provided for under the original provisions of the Hedging Agreement.

9. (a) The Company may terminate a transaction under a Hedging Agreement prior to its stated termination date only in circumstances provided for in such Hedging Agreement and with the approval of the Agent **provided that** the approval of the Agent shall not be required in the case of any termination by reason of illegality when the requirements of paragraph 1 above are met following such termination.

   (b) A Hedge Counterparty may terminate a transaction under a Hedging Agreement prior to its termination date maturity only in the circumstances provided for in such Hedging Agreement.

   (c) Unless a Hedge Counterparty has already exercised such rights in accordance with sub-paragraph (b) above, the Agent may require a Hedge Counterparty to terminate the swap transactions under a Hedging Agreement where a declaration has been made by the Agent pursuant to Clause 22.1 (*Acceleration*) and the provisions permit the termination of the swap transactions.

   (d) If a voluntary or mandatory prepayment is to be made in accordance with Clause 7 (*Illegality, Voluntary Prepayment and Cancellation*) or Clause 8 (*Mandatory Prepayment*) and following such prepayment the aggregate amount of the "**Notional Amounts**" and/or "**Currency Amounts**" (as each are defined in the 2006 Definitions) of all Hedging Agreements at such time would be greater than 100% of the principal amounts outstanding under the Facilities, the Company shall notify the Hedge Counterparties and unwind, *pro rata* as between the Hedge Counterparties (unless otherwise agreed by the Agent),

sufficient transactions under the Hedging Agreements (and pay associated termination costs) on the first Payment Date (as defined in the 2006 Definitions) (or, where such prepayment falls within 5 Business Days (as defined in the relevant Hedging Agreement) prior to such first Payment Date, the second Payment Date) in respect of such swap transaction immediately succeeding such prepayment such that the Agent is satisfied that, following such terminations, the aggregate Notional Amounts and/or Currency Amount of all swap transactions under all Hedging Agreements is not less than 50% and not more than 100% of the principal amounts outstanding under the Facilities.

10. In the event that a Hedging Agreement is terminated and the Company fails to pay any Realised Hedge Loss, such Realised Hedge Loss shall comprise an Unpaid Sum and interest shall accrue in respect thereof accordingly.

11. Should the current peg for the HK dollar to the US dollar be abandoned or revised, the Company will, in addition to interest rate hedging, also undertake a programme, reasonably satisfactory to the Majority Lenders, to hedge Group exposures to currency fluctuations under the Facilities.

Part B
Form Of Hedging Counterparty Deed of Accession

THIS DEED dated [ ] is supplemental to (i) a senior facilities agreement (the "**Agreement**") dated [•] 2007 between Melco PBL Gaming (Macau) Limited as the Company, the financial institutions named therein as Original Lenders, Deutsche Bank AG, Hong Kong Branch as facility agent and DB Trustees (Hong Kong) Limited as security agent and (ii) each of the Transaction Security Documents to which the Secured Parties are expressed to be party (the "**Security Documents**").

Words and expressions defined in the Agreement have the same meaning when used in this Deed and the principles of construction and rules of interpretation set out therein shall also apply.

[*name of new Hedging Counterparty*] (the "**New Hedging Counterparty**") of [*address*] hereby agrees with each other person who is or who becomes a party to the Agreement that with effect on and from the date of this Deed it shall be bound by the Agreement and be entitled to exercise rights and be subject to obligations thereunder as a Hedging Counterparty.

The New Hedging Counterparty hereto agrees with each other person who is or who becomes a party to the Security Documents that with effect on and from the date of this Deed it shall be bound by each of the Security Documents and be entitled to exercise rights and be subject to obligations thereunder as a Senior Secured Creditor.

The initial telephone number, fax number, address and person designated by the New Hedging Counterparty for the purposes of clause 30 (*Notices*) of the Agreement are:

Address: [ ]
Fax: [ ]
Telephone: [ ]
Attention: [ ]

This Deed is governed by and shall be construed in accordance with English law.

Executed as a deed by)
[insert name of New Hedging)
Counterparty and execution)
clause appropriate thereto)
and to manner of execution])

Accepted by the Agent:

_____

for and on behalf of

[*Insert name of Agent*]

Date:

SCHEDULE 16

PERMITS

Part A

Permits required before initial Utilisation of Crown Macau Tranche

1. Agreement by the Gambling Inspection and Coordination Bureau ("**DICJ**") and the Financial Bureau of the Macau SAR as to the identity of the external Auditor in accordance with article 57 of the Subconcession.
2. To the extent applicable, disclosure to the Macau SAR of any serious alteration to the economic or financial conditions of the Company, the Company's shareholders or certain of the Company's Affiliates pursuant to article 23 of the Subconcession.
3. Publication of the Crown Macau Project Land Concession in the Official Bulletin.
4. Provisional registration of the rights of the Crown Macau Project Company to the land which is the subject of the Land Concession (for the purposes of this Schedule, the "**Crown Macau Land**").
5. Macau SAR authorisation:
   (a) pursuant to article 16(1) of the Subconcession to pledge the Company's shares;
   (b) pursuant to article 16(5) of the Subconcession to charge the shares of MPBL Investments' shareholders;
   (c) pursuant to article 21(3) of the Subconcession to execute a power of attorney in relation to the Crown Macau Land;
   (d) pursuant to article 42(1) of the Subconcession to mortgage the casino or gaming area of the Crown Macau Land;
   (e) pursuant to article 42(1) of the Subconcession to pledge the gaming equipment and utensils of the Company;
   (f) comprised in the letter from an authorised representative of the Government of the Macau SAR confirming that there is no requirement for Government approval for the execution of any Pledge over Enterprise comprised in the Transaction Security Documents by the Relevant Obligor party thereto.
6. Crown Macau Project Occupation Permit as follows:

Submitted To	No.	Date	Content in Chinese	Content in English
DSSOPT 工務局	33/2007	09/05/07	使用准照	Occupation Permit

7. Crown Macau Project Operating Licenses as follows:

Date	From	Ref.	Content
10.05.2007	DST (旅遊局)	Licenca No.: 0445/2007	Business Licence for (Bar) FLOW – Level 1
10.05.2007	DST (旅遊局)	Licenca No.: 0446/2007	Business Licence for (Bar) MEZZ – Level 1
10.05.2007	DST (旅遊局)	Licenca No.: 0447/2007	Business Licence for (Bar) SPRAY – Level 2
10.05.2007	DST (旅遊局)	Licenca No.: 0448/2007	Business Licence for (Bar) LAGO – Level 3
10.05.2007	DST (旅遊局)	Licenca No.: 0449/2007	Business Licence for (Restaurant) MONSOON – Level 3
10.05.2007	DST (旅遊局)	Licenca No.: 0450/2007	Business Licence for (Restaurant) BUFFET – Level 3M
10.05.2007	DST (旅遊局)	Licenca No.: 0451/2007	Business Licence for (Bar) LUMINA – Level 5
11.05.2007	DST (旅遊局)	Licenca No.: 0444/2007	Business Licence for 5 Stars Hotel – Crown Towers Taipa
11.05.2007	DST (旅遊局)	Licenca No.: 0452/2007	Business Licence for (Restaurant) KIRA – Level 10
11.05.2007	DST (旅遊局)	Licenca No.: 0453/2007	Business Licence for (Restaurant) AURORA – Level 10
11.05.2007	DST (旅遊局)	Licenca No.: 0454/2007	Business Licence for (Restaurant) YING – Level 11
11.05.2007	DST (旅遊局)	Licenca No.: 0456/2007	Business Licence for (Bar) Crystal Club – Level 38
15.08.2007	DST (旅遊局)	Licenca No.: 0469/2007	Business Licence for (Restaurant) Tenmasa – Level 11
30.06.2007	DST (旅遊局)	Licenca No.: 68/HC/2007	The Spa at Crown
10.05.2007	Macau Monetary Authority	Licenca No.: E019/2007	Casino Foreign Exchange Licence
11.09.2007	DICJ	Licenca No.: 298/CONF/2007	Gaming area authorisations

8. Company Transfer of Investment Obligations related to the Crown Macau Project :

   (a) DICJ Approval Letter dated 19 July 2007 bearing reference number 476/CONF/2007

   (b) DICJ Confirmation Letter dated 13 August 2007 bearing reference number 534/CONF/2007

9. Operations of Mocha Slots Business:

   The following DICJ approval letters dated :

   (a) 28 November 2006 for the operation of Marina Plaza location

   (b) 20 September 2006 bearing reference number 440/CONF/2006 related to the operations of Hotel Sintra, Hotel Taipa, Hotel Taipa Square, Hotel Royal and Hotel Kingsway locations

10. Macau SAR approval for Group reorganisation granted by the Secretary for the Economic and Finance dated 8 August 2007.

11. Macau SAR authorisation of New Cotai Agreement granted by the Chief Executive of the Macau SAR on 23 April 2007 and confirmed by letter from the DICJ dated 25 April 2007.

Part B

Permits required after initial Utilisation of Crown Macau Tranche

1. Macau SAR approval of the location of the casino unit comprised in the Crown Macau Project.
2. Definitive registration of the rights of the Crown Macau Project Company to the Crown Macau Land and definitive registration of the horizontal property comprised in the Crown Macau Project.
3. Macau SAR confirmation that the scope of insurances for the Mocha Slot business and the Crown Macau Project filed with the Macau SAR Government set out under article 40 of the Subconcession cover the scope of insurances set out in Schedule 8 (*Insurance*).
4. Permits required under article 84 of the Subconcession.

Part C

Permits required before initial Utilisation of City of Dreams Tranche

1. Publication of the Land Concession for the City of Dreams Project in the Official Bulletin.
2. Macau SAR approval of the location of the casino unit in the City of Dreams Project.
3. Provisional registration of the rights of the City of Dreams Project Company to the land which is the subject of the City of Dreams Land Concession (for the purposes of this Schedule, the "**COD Land**").
4. Macau SAR authorisation:
   (a) pursuant to article 21(3) of the Subconcession to execute a power of attorney in relation to the COD Land;
   (b) pursuant to article 42(1) of the Subconcession to mortgage the casino or gaming area of the COD Land and assign leases and other rights to use casino and gaming areas in the City of Dreams Project (if required) and elsewhere;
5. City of Dreams Project Construction licences as follows:
   (a) Permit No. 181/2007 dated 29/03/2007 for the superstructure construction;
   (b) Permit No. 306/2007 dated 14/06/2007 for the site hoarding and temporary site office;
   (c) Permit No. 308/2007 dated 14/06/2007 for the foundation works.
6. Company Transfer of Investment Obligations related to the City of Dreams Project :
   (a) DICJ Approval Letter dated 5 July 2007 bearing reference number 345/CONF/2007; and
   (b) DICJ Confirmation Letter dated 24 July 2007 bearing reference number 483/CONF/2007.

Part D

Permits required after initial Utilisation of City of Dreams Tranche

1. City of Dreams Project Construction licenses as follows :
   (a) DSSOPT Consent for mechanical and electrical services.
2. City of Dreams Project Certificates of Occupancy.
3. Definitive registration of the rights of the City of Dreams Project Company to the COD Land and definitive registration of the horizontal property comprised in the City of Dreams Project.
4. Macau SAR confirmation that the scope of insurances with respect to the City of Dreams Project filed with the Macau SAR Government set out under article 40 of the Subconcession cover the scope of insurances set out in Schedule 8 (*Insurance*).
5. Licenses for the operation of the City of Dreams Project by City of Dreams Project Operating Company :
   (a) Hotel Licenses;
   (b) Hotel Facility Licenses:
      – Bars
      – Restaurants
      – Spa (if any)
6. Foreign Exchange License extension to cover the City of Dreams gaming areas (if applicable).
7. DICJ gaming areas authorization for City of Dreams Project.
8. Permits required under article 84 of the Subconcession.

SCHEDULE 17

FORM OF GROUP BUDGET

Date: [ ]

I. PROJECTED DRAWDOWN SCHEDULE FOR ADVANCES UNDER THE FACILITIES

Month	Year	Projected Amount (USD equivalent)
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]

II. SOURCES AND USES OF FUNDS

A. SOURCES OF FUNDS

	(USD equivalent)	W Drawn	X Available	Y = W+X Total
1	Facility A			
	HKD tranche			
	USD tranche			
2	Revolving Credit Facility (as defined in paragraph (a) of definition of Available Funding)			
	HKD tranche			
	USD tranche			
3	Available Funding from Cashflow			
4	**Total Base Funding =** **A.1+A.2+A.3**			
5	The amount standing to the credit of the Accounts to the extent such balances are available to meet Remaining Costs[18]	N.A.		

[18] Including, until applied for this purpose, up to USD50 million cash reserved for settlement of claims under Crown Macau Construction Contract.

6	Proceeds of any liquidated damages meeting the requirements of paragraph (e) of the definition of Available Funding	N.A.
7	Other committed funds meeting the requirements of paragraphs (b) and (f) of the definition of Available Funding	
8	**Total Sources of Funds = A.4+sum of A.5 to A.7**	
9	Contingent Equity	
10	**Grand Total Sources of Funds = A.8+A.9**	

B. USES OF FUNDS[19]

	(USD equivalent)	V Group Budget as at date of Senior Facilities Agreement	W Variance[20]	X = V+W Current Group Budget[21]	Y Used	Z = X - Y Remaining Costs
1	Base construction					
2	Preliminaries					
3	Insurance					
4	Contingency					
5	Inflation					
6	Contractor's Fee					
7	**Total Construction Cost = sum of B.1 to B.6**					

19 Broken down, where relevant, for each Project by Line Item.
20 From Group Budget as at the signing date
21 Up to City of Dreams Phase II Construction Completion Date as projected by Project Schedule

8	ELV
9	Bubble and Special Effects
10	FF&E and mock-ups
11	Consultants' Fees
12	**Total Project Cost = sum of B.7 and B.8 to B.11**
13	Land Cost
14	Pre-Opening Expenses
15	Sponsor and Developer Costs
16	**Grand Total Project Cost = sum of B.12 and B.13 to B.15**
17	Crown Macau capex[22]
18	Mocha expansion capex
19	Maintenance capex
20	**Total Uses of Funds = sum of B.16 + B.17 + B.18 + B.19**

III. Forecast Funding Shortfall Calculation

A. Remaining Costs

	(USD equivalent)
1	= Remaining Costs in Column Z of II.B.20

[22] Including, until settled, final claims under Crown Macau Construction Contract (projected as at the date of the Senior Facilities Agreement as being no more than USD50 million).

B. Available Funding

	(USD equivalent)
1	= The sum in Column X of A.10

C. Forecast Funding Shortfall

The Available Funding as shown in III.B.1 [exceeds the Remaining Costs as shown in III.A.1 and the Company confirms that as such no Forecast Funding Shortfall exists *OR* is less than the Remaining Costs as shown in III.A.1 and the Company confirms that as such a Forecast Funding Shortfall exists].

IV. Project Costs

A. The amount of Project Costs and other Capital Expenditure expended to the date of this Group Budget is USD[ ] equivalent.

B. The amount drawn under the Facilities to the date of this Group Budget is USD[ ] equivalent.

V. Exchange Rate

The HKD/USD exchange rate used in calculating the USD equivalent amounts set out in this Group Budget is [ ].

Name:
Responsible Officer for and on behalf of
[Company]

SCHEDULE 18

[NOT USED]

SCHEDULE 19

SUBCONCESSION INVENTORY OF PROPERTIES

Tables

Common Area:

- Bean Baccarat
- Midi Baccarat
- Blackjack
- Roulette
- YHH (double sided)
- YHH (single sided)
- Sic-Bo (double sided)
- Sic-Bo (single)
- Fan-Tan
- 3 Card Poker
- 3 Card Baccarat
- Caribbean Stud
- Money wheel

VIP Area:

- Big Baccarat
- Bean Baccarat
- Blackjack
- Roulette

Chairs:

- Dealers
- Pit Clerks

Shuffle Machines:

- MD-1
- King
- Ace
- Deck Mates
- MD-2

Layouts:

- Big Baccarat
- Bean Baccarat
- Midi Baccarat
- Blackjack
- Roulette
- 3 Card Baccarat
- 3 Card Poker
- Caribbean Stud
- YHH (single sided)
- YHH (double sided)
- Sic-Bo (double sided)
- Sic-Bo (single)
- Unprinted Layout

Cards:

- Standard

Table Items:

- Roulette Wheels
- Sic-Bo spare shakers
- Dealing shoes
- Drop boxes and sleeves
- Stacker Boxes
- Note pushers
- Brass slot covers
- Tip boxes
- Discard holders plastic
- Discard holders in table
- 15 tube hideaway float trays
- Float trays VIP
- Float trays MF
- Security card vaults
- Card seals
- Locks
- Cutting cards
- Table signs
- Sic-Bo dice
- Roulette dollies
- Roulette balls
- Roulette float covers
- Roulette wheel covers
- Roulette wheel guards
- Fan-Tan sticks and buttons
- Big Baccarat table covers
- Bean Bacarrat table covers
- Blackjack table covers
- Roulette Buttons
- Marker Buttons

Game Displays:

- Roulette
- Sic-Bo/YHH
- Baccarat

Card Destruction Machine

Furniture:

- Pit Stands
- Pit card storage

Shuffle Room:

- Work stations
- Supervisors table
- Storage cabinetry

Miscellaneous:

- Crowd control Stands
- Crowd control Ropes
- Pit trash
- Scorecard holders
- Red-Blue pens
- Players scorecards
- Chip carry cases

Chips:

Total order

Slot Operations

Machines

Signage

Additional:

Tokens
Cups
Bases
Stools
Chairs
Jackpot controllers
Attendant Stations
Locks
Workshop Equipment

SCHEDULE 20

MONTHLY CONSTRUCTION PERIOD REPORT

List of Minimum Information to be Included

A. **Summary**

B. **Project Schedule**

1. Describe (in respect of both work under the Construction Contracts and Project Company scope including FF&E and pre-opening activities):

   1.1 Overall progress of work broken down by major area

   1.2 Major activities that have taken place in the period since the last report

   1.3 Major activities scheduled to take place in the period until the next report

   1.4 The Project Company's estimate of:

   (a) The date of Practical Completion for [[City of Dreams Phase I] and [the Project]][23]

   (b) The Opening Date (and satisfaction of the Opening Conditions) for [[City of Dreams Phase I] and [the Project]]

   (c) The date of Construction Completion for [[City of Dreams Phase I] and [the Project]]

   (d) The Final Completion Date for [[City of Dreams Phase I] and [the Project]]

2. With reference to the attached Project Schedule:

   2.1 Highlight changes in the Project Schedule from the last report

   2.2 Highlight major milestones achieved in the period since the last report

   2.3 Describe remedial activities being taken to accelerate the works (if any)

C. **Group Budget**

With reference to the attached Group Budget:

(a) Highlight changes in the Group Budget from the last report

(b) Highlight Forecast Funding Shortfall (if any)

[23] Delete as appropriate.

D. **Manpower**

1. Indicate current staffing level vs. projected for the Project Company and the Construction Contractors
2. Indicate any fatalities or injuries associated with the Project incurred by the Project Company, the Construction Contractors, any Subcontractor or any other person in the period since the previous report with detail as to the nature of injuries incurred and cumulative figures since the issuance of the Notice to Proceed
3. Highlight any major executive positions filled or vacated in the period since the last report

E. **Other**

1. List material Permits issued or made by or with a Governmental Authority in the period since the last report
2. List any requests for change orders or variations under the Construction Contracts received, requested, agreed or approved in the period since the last report
3. Hedging arrangements entered into in the period since the last report

F. **Lease and Subconcession Agreements**

1. List total space leased vs. vacant for each of the following categories:
   - 1.1 Restaurants
   - 1.2 Retail
   - 1.3 Other facilities
2. List tenants secured and target date of opening for each space indicated as leased

G. **Schedules**

Photographs

H. **Attachments**

1. Project Schedule
2. Group Budget
3. Actual vs. projected expenditure “S” curve
4. Monthly Construction Progress Report

SCHEDULE 21

FORMS OF OPENING CONDITIONS CERTIFICATES

Part A

Form of Project Company's Opening Conditions Certificate

From: [*Project Company*]

To: [Agent]

Date:

Dear Sirs

Melco PBL Gaming (Macau) Limited and Others - USD[•] Senior Facilities Agreement dated [•] (the "Senior Facilities Agreement")

1. We refer to the Senior Facilities Agreement. Terms defined in the Senior Facilities Agreement shall have the same meaning herein unless given a different meaning in this certificate.
2. This certificate is provided for the purposes of the definition of "Opening Conditions" in Clause 1.1 (*Definitions*) of the Facilities Agreement in respect of the [[•] Project/phase][24].
3. We hereby certify, as at the date of this certificate, that:
   (a) furnishings, fixtures and equipment necessary to use and occupy the various portions of each [Project/phase] for their intended uses have been installed and shall be operational;
   (b) the Project Certificates of Occupancy have been issued, each area of the [Project/phase] in which any operation of casino games of chance or other forms of gaming will be carried out has been classified as a casino or gaming zone in accordance with article 9 of the Subconcession and (other than any Permit made or issued by or with a Governmental Authority the failure of which to obtain could not reasonably be expected to affect the operations of the [Project/phase], in any material respect) each other Permit made or issued by or with a Governmental Authority required under applicable Legal Requirements to be obtained prior to the Opening Date shall have been obtained;
   (c) the [Project/phase] is fully open for business to the general public and at least, notwithstanding the foregoing, at least [80/100]%[25] of the floor space comprised in the [phase] [and 80% of the floor space comprised in the [Project/phase] shall have been occupied (save for facilities which by their nature are not open to the general public in the ordinary course of business but are operating);

[24] Identify as appropriate e.g., "City of Dreams Phase I" or "City of Dreams Project".

[25] 100% if certificate delivered in connection with Project as a whole.

(d) any remaining work shall be such that it will not materially affect the operation of the [Project/phase];

(e) the failure to complete the remaining work will not materially affect the operation of the [Project/phase]; and

(f) the Project Company shall have available a fully trained staff to operate the [Project/phase].

Yours faithfully

_____

Name:
authorised signatory for and on behalf of
[*Project Company*]

Part B

Form of Technical Adviser's Opening Conditions Certificate

From: [*Technical Adviser*]

To: [Agent]

Date:

Dear Sirs

Melco PBL Gaming (Macau) Limited and Others - USD[•] Senior Facilities Agreement dated [•] (the "Senior Facilities Agreement")

1. We refer to the Senior Facilities Agreement. Terms defined in the Senior Facilities Agreement shall have the same meaning herein unless given a different meaning in this certificate.
2. This certificate is provided for the purposes of the definition of "Opening Conditions" in Clause 1.1 (*Definitions*) of the Facilities Agreement in respect of the [[•] Project/phase] [26].
3. We hereby certify, as at the date of this certificate, that:
   (a) furnishings, fixtures and equipment necessary to use and occupy the various portions of each [Project/phase] for their intended uses shall have been installed and shall be operational;
   (b) the Project Certificates of Occupancy shall have been issued, each area of the [Project/phase] in which any operation of casino games of chance or other forms of gaming will be carried out shall have been classified as a casino or gaming zone in accordance with article 9 of the Subconcession and (other than any Permit made or issued by or with a Governmental Authority the failure of which to obtain could not reasonably be expected to affect the operations of the [Project/phase] in any material respect) each other Permit made or issued by or with a Governmental Authority required under applicable Legal Requirements to be obtained prior to the Opening Date shall have been obtained;
   (c) the [Project/phase] shall be fully open for business to the general public and at least, notwithstanding the foregoing, [80/100]%[27] of the floor space comprised in the [phase] [and 80% of the floor space comprised in the [Project/phase];
   (d) any remaining work shall be such that it will not materially affect the operation of the [Project/phase];

---

[26] Identify as appropriate e.g., "City of Dreams Phase I" or "City of Dreams Project".

[27] 100% if certificate delivered in connection with Project as a whole.

(e) the failure to complete the remaining work will not materially affect the operation of the [Project/phase]; and

(f) the Project Company shall have available a fully trained staff to operate the [Project/phase].

Yours faithfully,

_____

Name:
authorised signatory for and on behalf of
[*Technical Adviser*]

SIGNATURES

THE COMPANY

MELCO PBL GAMING (MACAU) LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

THE ORIGINAL GUARANTORS

MELCO PBL NOMINEE ONE LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL NOMINEE TWO LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL NOMINEE THREE LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL INVESTMENTS LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL HOTEL (CROWN MACAU) LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL (CROWN MACAU) DEVELOPMENTS LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL (COD) HOTELS LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL (COD) DEVELOPMENTS LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

MELCO PBL (MOCHA) LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

GOLDEN FUTURE (MANAGEMENT SERVICES) LIMITED

By: /s/ DEWHURST Simon Edward Thomas
DEWHURST Simon Edward Thomas

Address: 36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Attention: Chief Financial Officer

Telephone: +852 2598 3600

Fax: +852 2537 3618

THE ARRANGERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By: /s/ Seth Munday
Seth Munday
Associate Director, PG'SF Asia.

Address:

Attention:

Telephone:

Fax:

BANC OF AMERICA SECURITIES ASIA LIMITED

By: /s/ Joyce NG
Joyce NG

Address:

Attention:

Telephone:

Fax:

BARCLAYS CAPITAL,
the investment banking division of **BARCLAYS BANK PLC**

By: /s/ Robin S Gibbons
Robin S Gibbons

Address:

Attention:

Telephone:

Fax:

DEUTSCHE BANK AG, HONG KONG BRANCH

By: /s/ Kyoko Murai
Kyoko Murai
Director

/s/ Peggy Lau
Peggy Lau
Director

Address:

Attention:

Telephone:

Fax:

UBS AG HONG KONG BRANCH

By: /s/ Aaron Chow
Aaron Chow

/s/ Sunny Trona
Sunny Trona

Address:

Attention:

Telephone:

Fax:

THE AGENT

DEUTSCHE BANK AG, HONG KONG BRANCH

By: /s/ Janet Choi
Janet Choi
Director

/s/ Peggy Lau
Peggy Lau
Director

Address: 55/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

Attention: Trust and Securities Services

Telephone:

Fax: +852 2203 7320 / 2203 7323

THE SECURITY AGENT

DB TRUSTEES (HONG KONG) LIMITED

By: /s/ Aric Kay-Russell
Aric Kay-Russell
Director

/s/ Janet Choi
Janet Choi
Director

Address: 55/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

Attention: Managing Director

Telephone:

Fax: +852 2203 7320 / 2203 7323

THE ORIGINAL LENDERS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By: /s/ Seth Munday
Seth Munday
Associate Director, PG'SF Asia

Address:

Attention:

Telephone:

Fax:

BANK OF AMERICA, N.A.

By: /s/ Jam Pascarella
Jam Pascarella

Address:

Attention:

Telephone:

Fax:

BARCLAYS BANK PLC

By: /s/ Robin S Gibbons
Robin S Gibbons

Address:

Attention:

Telephone:

Fax:

DEUTSCHE BANK AG, HONG KONG BRANCH

By: /s/ Kyoko Murai
Kyoko Murai
Director

/s/ Peggy Lau
Peggy Lau
Director

Address:

Attention:

Telephone:

Fax:

UBS AG, SINGAPORE BRANCH

By: /s/ Aaron Chow
Aaron Chow

/s/ Sunny Trona
Sunny Trona

Address:

Attention:

Telephone:

Fax:

Exhibit 10.33

CONSTRUCTION MANAGEMENT AGREEMENT

FOR THE

CONSTRUCTION AND COMMISSIONING

OF

CITY OF DREAMS, MACAU

FOR

MELCO PBL (COD) DEVELOPMENTS LIMITED

Articles of Agreement

THIS AGREEMENT is made on the date specified in Annexure A to these Articles of Agreement

BETWEEN

(1) **Melco PBL (COD) Developments Limited** (formerly known as Melco Hotel and Resorts (Macau) Limited) a company incorporated under the laws of Macau whose registered office is at Avenida Xian Xing Hai, No. 105, Zhu Kuan Building, 19th floor, A-C e K-N, Macau (in these Articles of Agreement and in the several Annexures hereto called the **"Employer"**); of the one part

(2) The **Leighton China State John Holland Joint Venture** comprising:

(i) **Leighton Contractors (Asia) Limited** a company incorporated in Hong Kong whose registered office is at 39/F, Sun Hung Kai Centre, Hong Kong (**"LC"**); and

(ii) **China State Construction International Holdings Ltd** a company incorporated in Hong Kong whose registered office is at 29/F, China Overseas Building, 139 Hennessy Road, Hong Kong (**"CS"**); and

(iii) **John Holland Pty Limited** a company incorporated in Australia and having its principal place of business in Hong Kong at Level 28, Three Pacific Place, 1 Queens Road East, Hong Kong (**"JH"**);

(hereinafter LC, CS and JH are in these Articles of Agreement and in the several Annexures hereto jointly and severally collectively called the **"Contractor"**) of the other part.

The Employer and Contractor are hereinafter individually referred to as a "Party" and collectively referred to as the "Parties"

WHEREAS

Employer's Commitment and Objectives

A. The Employer is committed to establishing the Project known as the City of Dreams, as Macau's pre-eminent entertainment and leisure destination. The City of Dreams Project will be a fully integrated, world-class resort, designed and built at the highest international standards. Quality and guest experience will ultimately be the distinguishing features that separate the City of Dreams Project from the competition.

Common Commitments

B. The Parties have agreed to combine their talent, ability and resources in the best interests of completing the City of Dreams Project in an efficient, cost effective and timely manner to produce a world class hotel and casino complex.

C. The management at the highest level of both Parties have further agreed to complete the Project in a non adversarial manner with each Party striving to attain the best result for the common goal as stated above by cooperation and by adopting the highest standards of professional acumen.

D. The Parties agree that the agreement between them is to be structured as a cost reimbursement contract on the basis of trust that the Parties will at all times respond to the requirements of the Project with the highest level of intent to uphold the principles and the objectives stated above. Each Party will treat with the other Party in an honest, fair and professional manner to achieve the stated goals.

Contractor's Commitment and Objectives

E. To work closely with the Employer in a spirit of partnership in pursuit of a common goal, being the timely and efficient delivery of a high quality entertainment and leisure complex known as the City of Dreams in Macau, in return for the Fee.

F. To provide a highly motivated and performance driven project team whilst maintaining a safe and healthy environment for all project staff and the workforce.

G. To establish a long term relationship with the Employer based on success and the achievement of the Parties, objectives and become the contractor of choice for future projects in the region.

H. The Contractor's joint venture team will be fully integrated with Leighton Contractors (Asia) Ltd as the leader.

I. The Contractor commits to the establishment and participation in a Supervisory Board with the Employer and if requested by the Supervisory Board, other invitees may attend to assist and advise the Board, such invitees may include the architects and/or other professionals. This group will include senior management representatives of both Parties and will provide leadership, direction and overview the Project's progress to ensure the achievement of the common objectives of the Parties.

AND WHEREAS:

J. The Employer wishes to engage the Contractor and the Contractor wishes to be engaged on the terms set out in the Agreement.

IT IS HEREBY AGREED as follows:

1. This Articles of Agreement and all the Annexures hereto shall together be taken to be the "Agreement" for the carrying out of the Project. In the event of any inconsistency or ambiguity between documents comprising this Agreement, the following order of precedence shall apply:

   (i) these Articles of Agreement;

   (ii) Details of Agreement (Annexure A);

   (iii) Conditions of Engagement (Annexure B) (the **"Conditions"**);

   (iv) Annexures C to H with associated appendices.

2. The Employer hereby engages the Contractor to carry out the Services as detailed in the schedule of Services contained in Annexure D and elsewhere in this Agreement including (inter alia) to manage and co-ordinate activities involved in the construction, commissioning and defects rectification of the Project.

3. In consideration of the payments to be made to the Contractor by the Employer at the times and in the manner set forth in the Agreement, the Contractor will carry out the Services in accordance with the Agreement.

4. Each Party hereto shall perform, fulfil, observe, comply with and submit to the provisions conditions stipulations and requisitions and all matters and things contained expressed or shown in the Agreement and by and on the part of the respective Party to be performed fulfilled observed complied with and submitted to.

5. The Agreement supersedes any prior agreement or representation in respect of the Project, including without limitation the Employer's letter to the Contractor dated 28 August 2006

incorporating the "Principles of Understanding" and the Employer's letter to the Contractor dated 3 November 2006. Any such prior agreement or representation shall be of no effect. Any work or services carried out by the Contractor on the Project before the date of the Agreement shall be treated as if carried out under the Agreement, which shall apply retrospectively to such work or services.

IN WITNESS WHEREOF the Parties hereto have duly executed these Articles of Agreement as a Deed the day and year first above written.

Signed, Sealed and Delivered as a Deed	)Authorised signatory _____ L.S.	
for and on behalf of Melco PBL (COD)	)Full name _____	
Developments Limited, acting by its	)	
authorised signatories:-	)	
	)	
in the presence of:	)	
_____		
Signature of Witness		
_____		
Name:		
Sealed with the Common Seal of	)	
Leighton Contractors (Asia) Limited	)	L.S.
	)	
in the presence of:	)	
	)	
_____		
(Signature of Witness)		

Sealed with the Common Seal of)
China State Construction International)
Holdings Ltd) L.S.
)
in the presence of:)
)

_____

Signed, Sealed and Delivered as a Deed)Authorised signatory _____ L.S.
for and on behalf of John Holland Pty)
acting by its authorised signatories:-)Full name _____
)
) Authorised Signatory _____ L.S.
in the presence of:) Full name _____

_____
Signature of Witness

_____
Name:

ANNEXURE "A"

DETAILS OF AGREEMENT

Date of Agreement	:	22 August 2007
Employer	:	Melco PBL (COD) Developments Limited
Employer's Correspondence Address	:	C/o 36/F, The Centrium, 60 Wyndham Street, Central
Contractor	:	Leighton Contractors (Asia) Limited; China State Construction International Holdings Ltd.; John Holland Pty Limited in joint venture named the "Leighton China State John Holland Joint Venture"
Contractor's Address	:	39/F, Sun Hung Kai Centre, Hong Kong
Date for Commencement	:	28 August 2006
(Article 1 of Annexure B)		
Milestones:		
(Annexure C)		
Stage 1	:	Casino, Crown Tower (partial) and Hard Rock Hotel
Stage 2	:	Dragone Theatre
Stage 3	:	Crown Tower
Stage 4	:	Grand Hyatt and Hyatt Regency Hotels
Stage 5	:	Apartment hotel and all works other than in Stages 1, 2, 3 and 4

Milestone Dates:

	(This column to be deleted when the Stage descriptions are updated)	Target Stage Completion	Committed Stage Completion
Stage 1	Casino, Hotel A (Hard Rock) & Part Crown Tower (100 Rooms)	31 December 2008	31 March 2009
Stage 2	Dragone Theatre	15 January 2009	31 March 2009
Stage 3	Hotel C (Crown Tower)	31 March 2009	31 March 2009
Stage 4	Hotels B1 and B2 (Grand Hyatt)	30 August 2009	30 September 2009
Stage 5	Apartment Hotel	1 December 2009	31 December 2009

Project (Article 1 of Annexure B) : The City of Dreams

Site (Article 1 of Annexure B) : The plot of land with an overall area of 113,325 m^2, located in Taipa, near Istmo Street, in the reclaimed area between Taipa and Coloane, marked with letters "A" and "B" in the map no.: Processo 6328/2005 and No. Cadastro 61102003, of February 6 April 2005. The parcel marked with letter "A" in the said map, with an area of 73,528 m^2, is registered with the Real Estate Registry ("Registry") under no. 23 053 and the parcel marked with letter "B" in the same map, with an area of 39,797 m^2, is not registered with the Registry.

Insurance: (Article 13 of Annexure B) : Provided by the Employer

Fee (Article 14.1 of Annexure B) : HK$600,000,000

Project Budget (Article 1.1 of Annexure B) : HK$12,825,092,610

Defects Period (Article 16.8 of Annexure B) : for a Stage, 12 months from the Stage Completion Date

Employer – Notice Address	:	36/F, The Centrium, 60 Wyndham Street, Central Attention: General Counsel
Facsimile	:	+852 2537 3618
Contractor - Notice Address	:	39/F, Sun Hung Kai Centre, Hong Kong Attention: Managing Director
Facsimile	:	+852 2528 9030
Governing Law (Articles 19.4 and 19.6 of Annexure B)	:	The laws of the Hong Kong Special Administrative Region of the People's Republic of China

ANNEXURE B
CONDITIONS OF ENGAGEMENT

CONTENTS

Article 1 - Interpretation

Article 2 - Prosecution of Works

Article 3 - Project Plan

Article 4 - Access to Site and Time for Completion

Article 5 - Responsibilities of the Contractor

Article 6 - Lenders

Article 7 - Representatives

Article 8 - Assignment

Article 9 - Responsibilities of the Employer

Article 10 - Not Used

Article 11 - Trade Contractors

Article 12 - Changes

Article 13 - Insurance

Article 14 - Fee, Incentive Bonus and Payment

Article 15 - Defects

Article 16 - Employer's Access, Stage Completion and Final Completion

Article 17 - Confidentiality

Article 18 - Suspension and Determination

Article 19 - General

- Publicity
- Notices
- Parent Company Guarantees
- Dispute Settlement
- Governing Law and Jurisdiction
- Registration of Contractor's Business in Macau

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Annexure C – Details and Scope of the Project

- Appendix C1 - Drawing Schedules
- Appendix C2 - Benchmarks
- Appendix C3 - Project Budget Scope and Matrix
- Appendix C4 - Exclusions
- Appendix C5 - Project Design Milestones
- Appendix C6 – Registered Site Layout
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Annexure D – The Services

Annexure E – Project Costs

Annexure F – Supervisory Board

Annexure G – Project Budget

Annexure H – Forms of Parent Company Guarantees

ANNEXURE B

CONDITIONS OF ENGAGEMENT

ARTICLE 1

INTERPRETATION

1.1 In the Agreement (as hereinafter defined) the following words and expressions shall have the meaning assigned to them except where the context otherwise requires:

"Agreement" means the concluded agreement (including all the Annexures hereto) made between the Contractor and the Employer as set forth in clause 1 of the Articles of Agreement;

"Annexures" means the annexures (and each of them) to the Agreement—namely this Annexure B and Annexures A and C to H;

"Article" means an article in these Conditions of Engagement;

"Associated Company" means any company which is the holding company or a subsidiary company of, or any company whose holding company is the holding company of, the Employer (holding company and subsidiary company have the meanings given to them in the Companies Ordinance (Cap 32)).

"Authority" means any government department, body, instrumentality or other public authority which in any way affect, are applicable to or have jurisdiction in respect of the performance of the Works or of the Project;

"Authority Approval" means any consent, approval, certification, review, permit, licence, permission or other instrument issued by a relevant Authority, authorising construction of the Works on such conditions (if any) as are contained in the consent, approval, certification, review permit, licence, permission or instrument;

"Certificate of Final Completion" means the certificate referred to as such in Article 16.9;

"Certificate of Stage Completion" means the certificate referred to as such in Article 16.8;

"Change" shall mean a change in or an upward or downward adjustment to (i) the overall construction floor area and/or the volume of the buildings/structures comprising the Works; or (ii) the use or function of an area of the Works (iii) a significant change in the benchmark schedule (attached to Annexure C); or (iv) a significant change in the timing or sequencing of the Works which impacts upon any Stage Completion and/or the Project Budget. Notwithstanding the foregoing, Design Development shall not constitute a Change for the purposes of Fee adjustment, irrespective of whether it is submitted in the form of a Design Change Request, Design Change Notification or pursuant to Article 12.7.

"Committed Stage Completion Date" means for a particular Stage, the relevant Committed Stage Completion date identified in Annexure A as may be extended under the Agreement;

"Completion" shall mean completion of the works as described in Article 16.4;

"Contractor's Representative" means the person appointed in writing from time to time by the Contractor pursuant to Article 7 hereof;

"Consultant" means an architect, engineer, quantity surveyor, or other expert appointed from time to time as a consultant by the Employer to assist the Employer to perform its responsibilities for the Project;

"Date for Commencement" means the actual date of commencement of the Works as specified in Annexure A;

"day" means a calendar day;

"Defects Period" for a Stage means the period specified in Annexure A;

"Design Development" means the process by which a schematic design is progressively developed in detail into construction drawings consistent with the original design intent and such changes shall not be considered as a Change for the purposes of Fee adjustment;

"Drawings" mean the drawings specified in Annexure C but includes and is not limited to such other further or final drawings prepared by the Employer or its Consultants which are approved for use during construction and show the design, location and dimensions of the work and Project including plans, elevations, sections, diagrams and other details as may be necessary or desirable to facilitate the effective, efficient and timely construction and commissioning of the Works;

"Employer's Access" means the date or dates established in the respective programmes corresponding to each Stage and approved by the Employer as more particularly described in Article 16.1 to enable a respective Stage to be opened to the general public upon Stage Completion (with the exception of Stage 2);

"Employer's Representative" means the person appointed in writing from time to time by the Employer pursuant to Article 7 hereof;

"Final Completion" means when the Employer determines that the Works have been properly completed and equipped and all defects remedied and issues the Contractor with a Certificate of Final Completion in accordance with Article 16.9;

"Fee" means the Fee described in Article 14.1 hereof and in Annexure A;

"Lender" means any person providing debt financing to the Employer or any Associated Company;

"month" means calendar month;

"Month End Payment Date" for a month, means the twenty-seventh day of the month;

"Payroll Costs" means the on-costed (or total cost) salaries of the Contractor's directly employed personnel approved by the Employer and recoverable as part of the Project Costs as described in Annexure E;

"Payroll Payment Date" for a month, means the fifteenth day of the month;

"Preliminaries" means that component of the Project Costs identified in Annexure E (excluding Payroll Costs, the cost of Subcontractors (as applicable), Trade Contractors and Specialist Contractors) that are reasonable and properly incurred by the Contractor;

"Project" means the City of Dreams, a fully integrated, world-class resort and casino complex, to be designed and built at the highest international standards comprised of casino and gaming areas, hotels, apartment hotel, restaurants, retail, spa, convention and meeting areas, together with all exterior features;

"Project Budget" means the approved budgeted cost of the Works stated in Annexure A and the details of which are set out in Annexure G to be ascertained in accordance with Annexure E and as may increase or decrease in accordance with the provisions of this Agreement and against which savings participation incentives in accordance with Article 14 shall be measured and calculated;

"Project Costs" means the actual costs of the Works in accordance with Annexure E. For the expenditure of all costs in Annexure E that are to be reimbursed to the Contractor, all such expenditure is to be properly and reasonably incurred by the Contractor in accordance with Annexure E, whether on or off the Site and shall not include the Contractor's head office overheads, profit or any mark up and comply with the control and approval procedures established by the Employer for approving such costs. The Contractor shall provide detailed schedules/lists of the items deemed to be reimbursable Project Costs to the Employer for approval;

"Project Plan" means a series of documents detailing the Contractor's plan for delivery of the Works, provided pursuant to Article 3, as may be revised by the Contractor and agreed by the Employer throughout the duration of the Works;

"Security Agent" means a person nominated by a Lender or Lenders for the purposes of receiving the benefit of an assignment of the Agreement or entering into a direct agreement referred to in Article 6.3;

"Services" means the services to be performed by the Contractor as more particularly detailed in Annexure D and elsewhere in this Agreement;

"Site" means the area(s) of land described in Annexure A and on under in or through which the Works is to be carried out;

"Specifications" means the specifications and other documents (if any) set out, described or referred to in Annexure C which are either provided by or approved by the Employer for use during construction and set forth the written requirements for materials, equipment, construction systems, standards and workmanship for the Works and such other further or final specifications and other documents or as may be necessary or desirable to facilitate the effective, efficient and timely construction and commissioning of the Works;

"Specialist Contract" means any contract entered into or to be entered directly between the Employer and a Specialist Contractor, which the Employer is responsible to manage and pay directly;

"Specialist Contractor" means a party engaged and managed directly by the Employer for the supply and provision of goods and/or things required to undertake the construction and/or commissioning of the Works and that the Contractor is responsible for providing access coordinated with the entire Works.

"Stage" means any of Stage 1, Stage 2, Stage 3, Stage 4 and Stage 5 as identified in Annexure A;

"Stage Completion" for a Stage, has the meaning set out in Article 16.4 with the exception of Stage 2, which shall not be open to the general public but will be available to the show operator for the commencement of pre-performance training;

"Subcontractor" means any person which may be engaged by the Contractor directly to undertake works or services of a minor nature either for temporary or permanent works for the Project;

"Supervisory Board" means the board set up in accordance with Article 2.3 of the Agreement;

"Target Stage Completion Date" means, the targeted early completion date for a particular Stage, as identified in Annexure A for the relevant Stage Completion completed in accordance with Article 16;

"Trade Contract" means any contract entered into or to be entered between the Employer and a Trade Contractor as described in Article 11 herein;

"Trade Contractor" means a party engaged directly by the Employer upon the recommendation of the Contractor to construct, supply goods, provide services and/or perform a portion of the Work and/or other construction related services including commissioning work as described in Article 11 herein;

"Works" means those works for the Project procured and managed by the Contractor but excludes specific Employer controlled works in accordance with the exclusion list contained in Annexure C;

"Work Package" means a package of work to be undertaken by a Trade Contractor or Subcontractor.

1.2 Words denoting the singular number shall include the plural and vice versa. Words importing the masculine gender shall include the feminine gender or the neuter gender as the case may require. Words denoting individuals shall include firms or corporations and vice versa. The headings in the Agreement are for convenience only and shall not affect its interpretation. Subject to Article 8 hereof, reference to the Parties hereto shall, where relevant, be deemed to be references to or to include as appropriate, their respective successors or permitted assigns.

1.3 Except as expressly provided in this Agreement, nothing contained or implied in this Agreement will: (a) constitute or be deemed to constitute a party to be, the partner, agent or legal representative of any other party for any purpose whatsoever or create or be deemed to create any partnership or joint venture; or (b) create or be deemed to create any agency, trust, fiduciary duty or relationship between the Employer and Contractor. For the avoidance of doubt, any references to alliancing and/or alliance refer to the co-operative method of working and do not amend the terms and conditions contained herein.

1.4 If any portion of this Agreement is declared invalid by an arbitrator or by order, decree or judgment of a court of competent jurisdiction, this Agreement must be construed as if the portion had not been inserted, except when such construction would constitute a substantial deviation from the general intent and purpose of the parties as reflected in this Agreement.

ARTICLE 2
PROSECUTION OF THE WORKS

2.1 Subject to Article 2.2 the Contractor shall (except as herein otherwise provided) furnish the necessary professional skills, superintendence, labour, equipment, services and transportation to procure, manage and co-ordinate the prosecution of the construction and commissioning of the Works.

2.2 The Contractor shall diligently prosecute the construction and commissioning of the Works using the standard of skill and care referred to in Article 5.1 to ensure completion of the Works in a thorough and workmanlike manner with all reasonable expedition and at all times in accordance with the provisions of the Agreement.

2.3 The Parties shall establish and maintain a Supervisory Board in accordance with Annexure F. The Supervisory Board shall meet at least once every three months or as agreed between the Parties to review the progress of the Works and shall perform the other functions provided for in the Agreement.

ARTICLE 3

PROJECT PLAN

3.1 The Contractor shall furnish to the Employer a Project Plan within two months or as otherwise agreed to by the Employer after the date of the Agreement. The Project Plan shall be subject to approval by the Employer, and the Contractor shall incorporate such amendments to the Project Plan as the Employer may require. The Project Plan shall be developed and revised as necessary by the Contractor or as directed by the Employer throughout the construction and commissioning of the Works. Any such development or revision shall be subject to approval by the Employer.

3.2 The Project Plan shall include but not be limited to the following documents:

3.2.1 A Management Plan, incorporating the Safety, Quality and Environmental Plans, setting out how the Contractor intends to plan, organise, lead and manage the construction of the Works to the high safety, quality and environmental standards required.

3.2.3 A Procurement Plan setting out the procurement objectives for the Works, the scope of work elements to be procured, the strategies to be implemented to achieve the procurement objectives (incorporating the design deliverable target dates for both permanent and temporary designs sufficient to facilitate procurement), the resources necessary to perform the procurement work and the policies and procedures that will apply.

3.2.4 A Construction Plan setting out the construction objectives for the Works, the scope of construction work to be performed, the strategies to be implemented to achieve the construction objectives, the resources necessary to perform the construction work and the policies and procedures that will apply.

3.2.5 A Project Opening Plan, shall be provided no later than twelve months prior to the respective Stage Completion Date, setting out the objectives for opening the Works to the public, the scope of work required to achieve readiness for commissioning and the opening of each Stage, programmes setting out all the Employer Access dates (as more particularly described in Article 16.1) required for pre-operational activities and which is to be regularly updated and approved by the Employer, the strategies to be implemented to achieve the objectives for opening, the resources necessary to perform the work required to achieve readiness for opening and the policies and procedures that will apply.

3.2.6 A final completion plan for each Stage, shall be provided no later than six weeks after completion of the relevant Stage, setting out the final completion objectives for the Works, the scope of work required to achieve final completion of the Stage, the strategies to be implemented to achieve the final completion objectives, the resources necessary to perform the work required to achieve final completion and the policies and procedures that will apply.

3.2.7 A Controls Plan setting out the cost, time, quality and reporting objectives for the Works, the scope of work involved in controlling cost, time and quality and satisfying the reporting objectives, the strategies to be implemented to achieve the cost, time, quality and reporting objectives, the resources necessary to perform the work of controlling cost, time and quality and satisfying the reporting objectives and the policies and procedures that will apply.

3.3 The Contractor shall not depart from the Project Plan unless there are good reasons for doing so. If the Contractor considers that a departure from the Project Plan is necessary or desirable, he shall notify the Employer, identifying the proposed departure and the reason why the departure is required. The Contractor shall obtain the prior approval of the Employer to any material departure from the Project Plan.

ARTICLE 4

ACCESS TO SITE AND TIME FOR COMPLETION

4.1 The Contractor has been given possession of the Site and shall perform its obligations under the Agreement and use reasonable endeavours to enable each Target Stage Completion Date to be achieved on or before the relevant date specified in Annexure A failing which, to use reasonable endeavours to achieve the Committed Stage Completion Date in respect of any Stage.

4.2 The Employer's Representative and persons authorised by the Employer's Representative and notified to the Contractor shall at all times have access to the Site. The Contractor shall have the right to exclude or remove persons from the Site for reasons relating to safety or the security of the Works, but such right shall not be unreasonably exercised.

4.4 If the construction and/or commissioning of any Stage in the Works is delayed at any time by any cause of delay listed in Article 4.5 provided the same is not due to the Contractor failing to perform its obligations or by any cause beyond the reasonable control of the Contractor and such delay has resulted or is likely to result in a delay in achieving a Committed Stage Completion Date then the Committed Stage Completion Date for the relevant Stage or Stages shall be extended, either prospectively or retrospectively, by such period as in the opinion of the Employer may be reasonably justified.

4.5 The causes of delay referred to in Article 4.4 are (without limitation):

4.5.1 Changes to the Works;

4.5.2 The Contractor not having received in appropriate time the Drawings, Specifications, information and decisions required to be given by the Employer;

4.5.3 Suspension of the Works pursuant to Article 18;

4.5.4 A delay for which the Employer is responsible, including but not limited to any act of prevention or delay by the Employer or the Employer's Representative

4.6 If and whenever it becomes reasonably apparent that a Stage Completion is not likely to be achieved by the Target Stage Completion Date or Committed Stage Completion Date, the Contractor shall, as soon as practicable, inform the Employer in writing, providing a brief explanation as to the reasons why the Contractor believes that the respective Target Stage Completion Date or Committed Stage Completion Date is not likely to be achieved and in addition, shall make recommendations to the Employer for recovery of progress in order to reduce or eliminate the delay. The Employer may give directions to the Contractor to implement steps intended to reduce or eliminate the delay.

4.7 If by reason of any failure of the Contractor to promptly inform the Employer of delay, any opportunity is lost to take steps to avoid or reduce the effects of the delay then notwithstanding the award of any extensions of time to the Trade Contractors, this factor shall be taken into account in the calculation of extension of time under this Agreement and to the adjustments to the Project Budget and programme in assessing the entitlement for incentive payments under Article 14.5 and 14.6. 4.8. The Contractor and Employer acknowledge the fast track nature of the Works and the close co-operation required of the Works participants. The Contractor and the Employer acknowledge that reasonable time and opportunity must be allowed to Works participants to perform their respective roles, including activities coordinating with the Contractor's own. The Contractor shall give reasonable advance and clear notice to the Employer of any inputs required from the Employer and the Consultants.

4.9 Notwithstanding Article 4.4, for the purposes of determining whether or not there is to be a reduction to the Fee under Article 14.7, if the Committed Stage Completion of Stage 1 is delayed at any time provided the same is not due to the Contractor failing to perform its obligations or by any cause beyond the reasonable control of the Contractor, and such delay has resulted or is likely to result in a delay in the Committed Stage Completion for Stage 1, then the Committed Stage Completion Date for Stage 1 shall be extended by such period as in the opinion of the Employer may be reasonably justified. Articles 4.6 and 4.7 shall apply in respect of such delay. Additional costs resulting from such delays shall be added to the Project Cost accordingly.

ARTICLE 5

RESPONSIBILITIES OF CONTRACTOR

5.1 The Contractor, given due consideration to the fast track nature of the Works, shall at all times act in good faith and perform the Services with the degree of skill, care and diligence to be expected of a properly qualified and competent construction manager, experienced in performing such services on projects of a similar size, scope and complexity as the Works.

5.2 The Contractor's engagement of its own staff for the Works and the conditions of employment of its staff (including the compensation packages being offered) shall be subject to prior approval by the Employer. Subject to this, the Contractor shall engage its staff for the Works in accordance with the Contractor's standard employment conditions for work in Macau and in accordance with all applicable laws.

5.3 The Contactor commits to the involvement, as required, of senior management, namely Joe Dujmovic (M.D. of Leighton Asia Limited) and Mark Ashton (G.M of Leighton Contractors (Asia) Limited) for the duration of the Works. Except for reasons beyond the Contractor's control, the Contractor shall not change or replace staff approved by the Employer during the course of the Works without the prior approval or specific direction of the Employer. The approval of the Employer shall not be unreasonably withheld or delayed.

5.4 The Contractor shall ensure that its team for the Works, including any direct labour engaged by the Contractor, is at all times no larger than reasonably necessary and utilised efficiently.

5.5 The Contractor shall use the standard of skill and care referred to in Article 5.1 to ensure that:

5.5.1 all materials and goods shall so far as procurable be of the respective kinds described in the Specifications, or as may be required in any specification in any Trade Contract and any substitutions proposed by either the Contractor or the Trade Contractor must be accepted in writing by the Employer prior to the use or implementation thereof by the Trade Contractor;

5.5.2 all workmanship shall be of the standards described in the Specifications, or as may be required in any specification in any Trade Contract, or, where no such standards are described or required, shall be of a standard not less than, in the reasonable opinion of the Employer, the benchmark schedule in Annexure C or as may otherwise be agreed to by the Employer;

5.5.3 it provides such management, attendance, coordination, administration and planning for the Works so as to ensure full compliance by the Trade Contractors and Subcontractors with all requirements of their respective contracts;

5.5.4 unfixed materials and goods intended for the Works and delivered to, placed on or adjacent to the Site shall not be removed except for use upon the Works unless the Employer has consented in writing to such removal which consent shall not be unreasonably withheld; provided further that the Contractor shall take or cause to be taken all actions necessary to secure, maintain, preserve and protect the materials and goods and keep them in good condition and repair, and to comply with all laws, regulations and ordinances relating to the storage or use of the materials (if any);

5.5.5 the Employer shall at all reasonable times have access to the workshops or other places where work for the Works is being prepared, stored or is otherwise situated;

5.5.6 in respect of Trade Contracts and/or Subcontracts (related to the permanent Works), it notifies the Employer when such Works have, in the opinion of the Contractor, reached practical completion to enable the Employer and/or its Consultants to first inspect the Works before recommending that the Employer approve the practical completion of such Works;

5.5.7 the Contractor shall comply with the Project Plan in accordance with and subject to Article 3.3.

5.6 Where the value of any materials, goods or other work product has been included in an amount paid to the Contractor, such materials, goods or work product shall become the property of the Employer; and the Contractor shall not, except for use upon the Works, remove or cause or permit the same to be moved from the premises where they are, and shall use the standard of skill and care referred to in Article 5.1 to ensure there is no loss or damage to them, and the Contractor shall, when called upon, take all reasonable action necessary to give effect to the Employer's property rights.

5.7 The Contractor shall perform its duties and Services in accordance with the Agreement and subject to the foregoing, the Contractor shall at all time:

5.7.1 maintain supervision and control of its officers, employees and agents;

5.7.2 use the standard of skill and care referred to in Article 5.1 to ensure that each Trade Contractor and Subcontractor complies with all its obligations under and all the requirements of their respective Trade Contracts and Subcontracts;

5.7.3 in the performance of the Services coordinate and liaise with Specialist Contactors and Consultants;

5.7.4 proactively assist the Employer in the process of design management (as provided for in Annexure D) including 'buildability' reviews and recommending to the Employer various value engineering and other cost savings measures during the entire progress of the Works consistent with the fast track nature of the Works;

5.7.5 Use only competent and skilled personnel and shall provide and direct necessary personnel to administer, supervise, inspect, co-ordinate and manage the various Trade Contracts and Subcontracts;

5.7.6 The Contractor shall keep orderly records of all communications with Trade Contractors and Subcontractors, which shall be available at all times to the Employer.

5.8 Where, with the Employer's prior written approval, the Contractor employs design personnel to assist the Employer in carrying out the Employer's responsibilities it is acknowledged that such personnel are provided solely to assist the Employer and that the Contractor shall not have any design responsibility in relation thereto for the Works.

5.9 The Contactor shall ensure that its employees working on the Works comply with all the Employer's corporate governance and conduct policies and procedures as informed and directed by the Employer.

5.10 The Contractor shall indemnify the Employer against any liability, claims, damages, costs or expenses it may incur to any other person whatsoever arising from or shall have been contributed to by any wrongful act or omission of the Contractor's employees, servants and agents.

ARTICLE 6
LENDERS

6.1 The Contractor acknowledges that the Employer is obtaining financing from the Lenders to undertake the construction of the Works and the Project. The Employer may therefore be required to comply with certain financing conditions imposed by the Lenders during the performance of the Works, which the Employer will duly communicate in writing to the Contractor.

6.2 Whenever the Contractor is required by this Agreement to provide information to or allow access to the Site, the Contractor's places of work or the places of work of Subcontractors, Trade Contractors and Specialist Contractors (as applicable), the Contractor shall, if the Employer so requires, provide the information and allow access to the Lenders and to any adviser or third party engaged by the Lenders.

6.3 The Contractor shall within 7 days of a request to do so by the Employer enter into a direct agreement with the Lenders or such person or persons as may be nominated by the Lenders in such form as may be reasonably required by the Lenders (but not materially to change the Contractor's rights and obligations under this Agreement).

6.4 The Employer may assign the whole or part of the benefit of the Agreement to a Lender in accordance with Article 8.1.

6.5 The Contractor acknowledges that there may be a need to resolve any inconsistencies between this Agreement and the arrangements of the Employer and its Associated Companies with the Lenders. In particular, this may affect how the Employer is able to make payments and/or provide the parent company guarantee under the Agreement. However, any adjustments made to accommodate the requirements of the Lenders should not materially detract from the principles contained in the Agreement, in particular the cost reimbursable form of contract and cash neutrality, and they should not materially disadvantage the Contractor against the terms of the Agreement. In the spirit of the Agreement, the Employer will, subject to the Contractor providing a confidentiality undertaking in a form satisfactory to the Lenders or upon providing such undertaking to any third parties, provide the Contractor with all necessary information regarding the arrangements with the Lenders so as to assist the parties to resolve these issues.

6.6 The Lenders, or any third parties appointed by them, shall have and be entitled to all of the same audit and inspection rights, as the Employer has under Article 20.3 of this Agreement.

ARTICLE 7
REPRESENTATIVES

7.1 The Contractor shall appoint and at all times have an agent acceptable to the Employer and able to exercise its powers duties discretions and authorities and such agent shall be known and described as the Contractor's Representative. The Contractor shall not at any time appoint more than one person to exercise a particular power duty discretion or authority vested in it.

Prior to the commencement of the Works or within fourteen days of the Agreement being signed whichever is the earlier, the Contractor shall advise the Employer by notice in writing of the name and address of the Contractor's Representative so appointed and thereafter, any replacement from time to time.

7.2 Upon receipt of such notice the Employer shall recognise and accept the agent named as lawfully appointed and entitled to exercise such powers, duties, discretions and authorities and notices given to the Contractor's Representative shall be deemed to be notices given to the Contractor. The Contractor's Representative shall have the authority to bind the Contractor and each of the joint venture members. The Contractor's Representative is authorized to act on behalf of Contractor with regard to the Works and his decisions will be binding upon Contractor.

7.3 The Employer shall appoint and at all times have an agent able to exercise its powers, duties, discretions and authorities and such agent shall be known and described as the Employer's Representative. The Employer shall not at any time appoint more than one person to exercise a particular power duty, discretion or authority vested in it. Prior to the commencement of the Works or within fourteen days of the Agreement being signed whichever is the earlier, the Employer shall advise the Contractor by notice in writing of the identity of the Employer's Representative so appointed and thereafter, any replacement from time to time.

7.4 Upon receipt of the notice referred to in Article 7.3 the Contractor shall recognise and accept the agent identified as lawfully appointed and entitled to exercise such powers, duties, discretions and authorities and notices given to the Employer's Representative shall be deemed to be notices given to the Employer.

7.5 The Employer's Representative may (but shall not be obliged to), by written authorisation expressly referring to this Article 7.5, delegate to a person identified by the Employer's Representative, or, in the event that the person is employed by the Contractor, by prior written agreement with the Contractor or the Contractor's Representative, certain of the powers, duties, discretions and authorities of the Employer's Representative under the Agreement. The Employer's Representative shall advise the Contractor by notice in writing of the identity of any delegate authorised by the Employer's Representative from time to time and the scope of the authorisation.

7.6 Upon receipt of the notice referred to in Article 7.5 the Contractor shall recognise and accept the delegate identified as lawfully appointed and entitled to exercise such powers, duties, discretions and authorities as the Employer's Representative has delegated.

7.7 If the Employer is dissatisfied with the services rendered by the Contractor's Representative, then upon the Employer's written request, the Contractor shall promptly appoint a substitute person of comparable qualifications to perform the same function, subject to the Employer's approval which shall not be unreasonably withheld or delayed. The Employer shall include in its written request the reasons for requiring such removal and substitution.

ARTICLE 8

ASSIGNMENT

8.1 The Employer may assign the benefit of the Agreement or any part thereof to any Lender (or such party nominated by the Lender) or Security Agent or any Associated Company of the Employer without the consent of the Contractor and to any other person or persons with the prior written consent of the Contractor, consent not to be unreasonably withheld.

8.2 The Contractor may not assign the Agreement without the prior written consent of the Employer.

ARTICLE 9

RESPONSIBILITIES OF THE EMPLOYER

9.1 The Employer shall be responsible for:

9.1.1 procurement and implementation of the permanent design (except to the extent comprised within, or the Employer instructs the Contractor to procure under a Trade Contract);

9.1.2 procurement and timely delivery to the Site of furnishings, fixtures and equipment (**"FF&E"**);

9.1.3 entering into Trade Contracts and Specialist Contracts and the payment of the Trade Contractors in accordance with Article 11 herein.

9.2 The Employer shall use reasonable endeavours to give or cause to be given to the Contractor in sufficient time to facilitate the effective, efficient and timely construction and commissioning of the Works all necessary Specifications and Drawings, access, approvals, facilities, information, decisions and payments required under the Agreement to be given or made by the Employer, subject to the Contractor's obligation under Article 4.8. The Contractor is to render its management expertise and coordination services to assist the Employer to perform its responsibilities.

9.3 Without limiting the generality of Article 9.1, the Employer's responsibilities shall include:

9.3.1 Allowing access to the Site and granting of possession and control of the Site for the construction and commissioning of the Works (subject to Article 4.2);

9.3.2 The appointment and management of Consultants and the provision of all Specifications and Drawings required under the Agreement to be given or made by the Employer in a timely manner;

9.3.4 Payment of the Contractor's Payroll costs, Fee, Preliminaries, Subcontractors, other costs reasonably incurred by the Contractor in accordance with the provisions of this Agreement.

9.3.5 Obtaining any licences, permits and approvals including such Authority Approvals required to be obtained by and in the name of the Employer with assistance to be provided by the Contractor upon the Employer's request.

9.3.6 Ensuring operations and maintenance staff are available and trained in sufficient time to allow each Stage Completion, subject to the Contractor ensuring the Employer's Access is in accordance with the Project Plan.

9.4 Nothing in this Agreement shall be construed as limiting the right of the Employer to employ directly other advisers, experts, consultants and specialists to provide the Employer with independent advice in relation to any part of the Works.

ARTICLE 10 - NOT USED

ARTICLE 11

TRADE CONTRACTORS

11.1 Construction of the Works shall be performed by the Subcontractors and Trade Contractors under the management and coordination of the Contractor.

11.2 As Drawings and Specifications are deemed sufficient to call for tenders for a particular portion of the Works, the Contractor will propose and obtain tenders from a minimum of three tenderers for such portion of the Work and make a recommendation to the Employer as to which should be selected. If however the Contractor is unable to obtain a minimum of three tenders due to the scope of the Works being tendered and/or there is a lack of suitably qualified tenderers, the Contractor shall continue with the tender and inform and obtain the Employer's approval accordingly. The Contractor shall call tenders for the Works as follows:

(a) Tenders for Trade Contracts shall be called by the Contractor from such suitably qualified and experienced persons, firms or companies as it shall select provided that tender lists will be agreed in consultation between the Contractor and the Employer;

(b) The Contractor shall incorporate in the tenders the briefs, relevant Drawings, Specifications and such other conditions proposed to be included;

(c) The Contractor shall always provide the Employer with updated copies of the tender lists and the Employer may participate in any stage of the tendering process at its own discretion, provided it does not substantially impede the Contractor's tendering process;

(d) If in any given call for tenders, the Contractor will nominate the preferred tenderer to the Employer and if such nomination is approved by the Employer, the Employer shall then enter into a Trade Contract with the successful tenderer. If however the price of most tenders submitted exceeds the amount budgeted for that particular works package, the Contractor shall submit a full analysis of tenders to the Employer together with a recommendation with respect to the selection of the successful tenderer which selection shall then be made by the Employer in consultation with the Contractor;

(e) The Contractor shall undertake all post-tender negotiations with the selected tenderer or tenderers and shall report the progress of such negotiations to the Employer or if considered necessary to resolve any substantive issues, request a representative of the Employer to attend;

(f) The Contractor agrees and acknowledges that as a condition to the Employer executing any contract with a successful tenderer, the Contractor's recommendation is required; the Contractor acknowledges that the Employer will execute the contract with the Trade Contractor relying on such recommendation which shall be given by the Contractor using the standard of skill and care referred to in Article 5.1 in relation to the finalisation of such contract.

(g) For any Trade Contracts which involve design obligations, the Employer shall be responsible for approving such designs. The Employer may request the Contractor to recommend an independent checking engineer to assist the Employer in the design approval process.

(h) The Contractor shall only attach the Employer's approved standard form contracts and any corresponding special conditions in any tender packages and thereafter shall not deviate from such standard forms for the purposes of executing the relevant contracts unless any such changes have been approved by the Employer.

11.3 Notwithstanding the foregoing Article 11.2, where the Contractor considers it to be expedient to do so, it may propose to the Employer for the Employer's approval, that the Contractor deviate from the process outlined in Article 11.2 and engage parties in direct negotiations.

11.4 The Contractor shall take all steps reasonably necessary to enable the Employer to inspect and check workmanship, materials and equipment and to ensure that the Works is being undertaken so as to conform with the Drawings and Specifications and to ensure that the Works complies with all applicable laws, statutes, legislation, acts, by-Laws, ordinances, rules and regulations and all lawful orders and instructions of any competent authority.

11.5 The Contractor shall notify the Employer of the nature and amounts of payments due to Trade Contractors by means of certification of invoices and/or claims.

11.6 The Contractor shall provide necessary administration accounting, Site communications, record keeping and related services and the Employer shall have access upon reasonable notice to all such records maintained by the Contractor.

11.7 The Contractor shall submit to the Employer a statement of progress claims from Trade Contractors made during the period of the statement.

11.8 In accordance with the payment provisions in the Trade Contracts, the Contractor shall submit with each statement, advice from the Contractor which shall state what sum of money it recommends the Employer to pay to each Trade Contractor and the dates on which such payments are due to be paid to the said Trade Contractors.

11.9 Based on the Contractor's recommendation, the Employer shall examine the statement and if necessary request the Contractor to explain any items therein. If thereafter the Employer agrees with the Contractor's recommendation, he shall pay each Trade Contractor's progress claim with or without amendment, as the case may be, on or before the due date for such payments. The Contractor shall ensure that it provides the Employer with a reasonable amount of time to review the statements of progress claims in addition to the time required to respond to any queries that the Employer may have in relation to any items, in particular any items that are likely to be disputed either by the Contractor or Trade Contractor.

11.10 If the Contractor recommends that payment be withheld by the Employer of all or part of a Trade Contractor's progress claim, the Contractor shall provide a written explanation setting out the reasons in support of such a recommendation. Notwithstanding, the Employer may, in its discretion, pay the said progress claim or that part thereof notwithstanding the recommendation of the Contractor and, in that event, the Contractor shall be relieved of all responsibility in respect of the consequences of the Employer's actions provided that the Contractor's recommendation to withhold payment was, in the Employer's reasonable opinion, based on bona fide grounds.

11.11 The Contractor shall promptly notify the Employer of all claims under or in connection with any Trade Contracts, whether for additional payment, extension of time for completion or other matters. Where such claims for extension and additional monies, if granted, might affect the Target Stage Completion, Committed Stage Completion or Project Cost, the Contractor shall consider the best methods of regaining time lost and/or minimising the effect of such extensions of time and/or additional cost and shall make a recommendation to the Employer, who may instruct the Contractor to follow such recommendation or take alternative action.

11.12 The Contractor shall make recommendations to the Employer regarding claims, which shall be considered by the Employer. If the Employer approves a claim, he shall issue a certificate/letter to that effect, and the Contractor shall include the amount certified into a payment notification in accordance with the terms of the Trade Contract. The Contractor shall not approve any Trade Contractor's claims without a certificate from the Employer.

11.13 If any defect in the work of any Trade Contractor is identified or if the Employer is otherwise dissatisfied with any Trade Contractor's performance and the Employer so directs, the Contractor shall, where possible, ensure that the defects or other

deficiencies in performance are corrected by the Trade Contractor as soon as reasonably possible or shall otherwise recommend suitable remedial actions.

11.14 In the event that a Trade Contractor serves a Notice of Dispute (as defined in the Trade Contract) upon the Employer, the Contractor shall advise the Employer of the facts and circumstances of the dispute known to the Contractor, and shall endeavour as far as may be reasonably possible to assist the Employer in achieving a prompt settlement or other resolution of that dispute, consult with and pay due regard to the views of the Employer. For the purposes of assisting the Employer in any disputes with Trade Contractors, the Contractor acknowledges that it may be requested to participate in any formal or informal dispute resolution process and agrees to provide such assistance. Subject to having obtained the Employer's prior approval, the Employer agrees to reimburse the Contractor for any costs it may incur in rendering such assistance.

11.15 In respect of any dispute regarding a Trade Contract, the Contractor shall except with the consent of the Employer, not make any concession or admission.

11.16 The Employer shall, at all times, indemnify and keep indemnified the Contractor against all actions, claims, demands, damages, costs and expenses brought made or awarded against or incurred by the Contractor in relation to any breach of any Trade Contract, Specialist Contract or in respect of any act error or omission by the Employer, provided further that the Employer shall not be required to indemnify the Contractor to the extent that any actions, claims, demands, damages, costs and expenses shall arise out of or shall have been contributed to by any wrongful act or omission of the Contractor.

11.17 The Employer acknowledges that in the interests of effective administration of the Trade Contracts it is preferable for the Employer not to communicate directly with Trade Contractors. However, the Employer shall be entitled to do so where the Employer considers it necessary, in which case the Employer shall inform the Contractor of the communication.

11.18 The provisions outlined in this Article 11 will also be applied to Subcontractors as the case may be as if they were Trade Contractors.

ARTICLE 12
CHANGES

12.1 The Employer or the Employer's Representative may instruct a Change to the scope of the Works and/or the Services performed by the Contractor as more particularly detailed in Annexures C and D respectively and elsewhere in the Agreement.

12.2 For any Employer initiated Changes that alter the scope of the Works, the Employer shall submit as soon as practicable a description of the proposed Change in work to be performed and a schedule or programme for its execution (**"Design Change Request"**).The Design Change Request process will comply with any design management plan implemented and agreed to by the Parties.

12.3 If at any time the Employer issues Drawings which include any Changes to the scope of the Works which is not described in an Employer's Change Request, then as soon as is practicable, the Contractor shall advise the Employer accordingly **("Design Change Notification")**. The Design Change Notification shall be administered as described in Articles 12.4 and 12.5. Notwithstanding the foregoing, the Contractor shall proceed with the Works described in the Drawings unless and until the Employer issues instructions to the contrary. The Design Change Notification process will comply with any design management plan implemented and agreed to by the Parties.

12.4 Upon receiving the Design Change Request and in compliance with the processes set out in any design management plan, the Contractor will arrange to meet with and brief the Trade Contractors and/or Specialist Contractors (if any) that will be affected by the Design Change Request in order to ascertain the impact to the programme and the likely increase or decrease in the cost and to review their proposals accordingly. Thereafter, as soon as practicable, the Contractor will set out a proposal in writing to the Employer highlighting:

12.4.1 a brief summary of the scope change;

12.4.2 the anticipated impact (if any) on the programme to a Target Stage Completion or Committed Stage Completion and shall make recommendations to the Employer for the recovery of progress in order to reduce or eliminate any anticipated delay;

12.4.3 a breakdown on the effect on the Project Budget (if any); and

12.4.4 whether in the Contractor's opinion, the adjustments to time and the proposed cost increase are reasonable having regard to the nature of the Change and if not considered to be reasonable, propose an alternative for the Employer's consideration.

12.5 The Employer or the Employer's Representative shall, as soon as practicable after receipt of the Design Change Request, Design Change Notice or a proposal pursuant to Article 12.7 herein below (i) confirm its approval in writing (thereby becoming a **"Change Order"**), (ii) reject the proposal, or (iii) hold further discussions with the Contractor. In the event that the Change Order is approved, the Project Cost shall be adjusted accordingly.

12.6 For proposed Changes to a Trade Contractor's scope of works initiated by a Trade Contractor or the Contractor or pursuant to Article 12.7, the same process set out in Articles 12.4.1 to 12.4.4 and Article 12.5 shall apply.

12.7 The Contractor may, at any time, submit to the Employer or the Employer's Representative a written proposal which in the opinion of the Contractor or a Trade Contractor will reduce the cost of constructing, maintaining, or operating, the Works, or improve the efficiency value to the Employer of the completed Works, or otherwise be of benefit to the Employer. If the Employer agrees with the concept of the proposal, the Contractor will then prepare a written proposal setting out the Changes, costs and programme issues involved. Once the proposal has been confirmed in writing by the Employer, it will be deemed a Change Order.

12.8 There shall be no adjustment to the Fee in respect of Changes, except as provided for in Article 14.

ARTICLE 13
INSURANCE

13.1 On or before the Date for Commencement, the Employer has procured, in the joint names of "The Employer and/or Contractor and/or Trade Contractors and/or Specialist Contractors and/or their subcontractors of any tier ", the following insurance:

13.1.1 Contractor's All Risks insurance and Third Party Liability;

13.1.2 Constructional plant and equipment;

13.1.3 Employees' Compensation Insurance in accordance with the Employees' Compensation Ordinance of the Macau SAR;

13.1.4 Employees' Compensation Insurance in accordance with the Employees' Compensation Ordinance of the Hong Kong SAR in respect of the Employer and the Contractor only.

Under the Contractor's All Risks insurance and Third Party Liability, Consultants are insured for their Site activities only.

13.2 The Contractor has reviewed and accepts the terms of the policies referred to in Article 13.1 as procured by the Employer.

13.3 The Employer shall maintain the insurance referred to in Article 13.1 throughout the duration of the Works until the end of the Defects Period of Stage Completion of the last Stage to be opened to the public.

13.4 The Contractor will take reasonable steps to ensure that, throughout the duration of the Works, Subcontractors and Trade Contractors maintain insurance in the joint names of the Employer in respect of motor vehicle liability, aviation liability, marine liability, offshore manufacture and other such insurances as may be required by law or are agreed between the Employer and Contractor as appropriate and to provide evidence of such insurance upon request.

13.5 Whenever requested in writing by the other Party, a Party liable to effect or maintain insurance shall produce evidence to the satisfaction and approval of the other Party of the insurance effected and maintained and that the relevant premiums have been paid.

13.6 The effecting of insurance shall not limit the liabilities or obligations of a Party under other provisions of the Agreement. All deductibles under insurance policies shall be borne by the Contractor, relevant Subcontractor, Trade Contractor or Specialist Contractor as may be applicable.

13.7 If any loss or damage affecting work executed or any part thereof or any materials at the Site is occasioned by any one or more of the risks covered by the insurance policies referred to in this Article 13 then, upon discovering the said loss or damage, the Contractor shall forthwith give notice in writing to the Employer and the insurers of the extent, nature and location thereof and provide colour photographs.

13.8 After any inspection required by the insurers in respect of a claim under the policy referred to in Article 13.1 has been completed, unless otherwise directed by the Employer, the Contractor shall use the standard of skill and care referred to in Article 5.1 to secure the restoration of work damaged, the replacement or repair of any materials which have been lost or damaged, the removal and disposal of any debris and proceed with securing the carrying out and completion of the Works.

13.9 The Contractor shall for himself, and shall procure that all Subcontractors and Trade Contractors who are recognised as an insured under the policy referred to in Article 13.1.1, shall authorise the insurers to pay all monies from such insurance in respect of any claim where the quantum exceeds HK$100 million to the benefit of the Employer. Thereafter such monies received from the insurers will be accordingly distributed to such Subcontractors and Trade Contractors.

13.10 The Contractor shall comply with all warranties, declarations, terms, conditions and other requirements of the insurance policies maintained by the Employer under Article 13.1, and the Contractor shall not do or omit to do anything which may render voidable, void, unenforceable or otherwise ineffective any such policy or entitle insurers to avoid any liability thereunder. The Contractor shall take all reasonable steps to ensure that the Subcontractors and Trade Contractors comply with the provisions of this Article 13.10.

13.11 The Employer intends to place at its own expense Professional Indemnity Insurance which will be in the name of the Contractor and others as agreed with the Employer. The Professional Indemnity Insurance will be for the sum of not less than US$20,000,000 and subject to a deductible of approximately US$1,000,000. The deductible will be at the expense of the Contractor where the Contractor has been the cause of a claim, or otherwise at the expense of any other Consultant where that Consultant has been the cause of the claim. The Professional Indemnity Insurance will be for a period of not less than 7 years, with an option to extend the period which can be exercised by the Employer. The Professional Indemnity Insurance will not contain any provisions which allow the insurer the right to subrogate against the Contractor or others as agreed with the Employer. Notwithstanding the foregoing, the Contractor may also place an additional professional indemnity insurance policy for its own benefit and the cost of such policy will not be reimbursable as a Project Cost.

ARTICLE 14

FEE, INCENTIVE BONUS AND PAYMENT

14.1 Subject to adjustment in accordance with the Agreement, the Contractor will be entitled to a Fee of HK$600 million. The Fee shall be subject to adjustment in accordance with Articles 14.2 to 14.8 herein.

14.2 For the purposes of calculating Fee adjustment, when the Employer approves a Change and confirms this by a Change Order, the Fee shall be increased or decreased by 5% of the adjustment to the Project Budget. Notwithstanding the foregoing, if in the event that the Change Order is in relation to Design Development that has resulted in abortive works and re-work involving significant additional costs, then the Project Budget shall be adjusted accordingly but there shall be no adjustment to the Fee. The final amount of Fee payable to the Contractor will be determined by having regard to the net adjustment to the Project Budget after Final Completion has been achieved.

14.3 In the event that work is deferred beyond December 2009 by specific instruction of the Employer to defer, the value of the deferred work carried out after that date will attract a further Fee of 5.5% of the cost of the deferred work conducted after the end of December 2009. The decision to defer will be on the basis of an instruction from the Employer to defer part of the Works. Delays occasioned in any other manner will not be subject to this adjustment.

14.4 The Contractor will use the standard of skill and care referred to in Article 5.1, so that, as far as reasonably practicable, the actual Project Costs are within the Project Budget as identified in Annexure A or as may be adjusted in accordance with Article 12.

14.5 Subject to Article 4.7, if upon achieving Final Completion of the Works, the actual Project Costs are below the Project Budget identified in Appendix A or as may be adjusted in accordance with Article 12, then such difference shall be regarded as costs savings to the Project Budget. The first HK$600 million in savings to the Project Budget shall be split on a 50/50 basis between the Employer and the Contractor, with the Contractor's proportion being paid as an adjustment to the Fee. However, the maximum costs savings payable to the Contractor shall not exceed HK$300 million. Thereafter, all savings shall revert to the Employer. The Contractor shall not be liable in the event that the actual approved Project Costs exceed the Project Budget, as identified in Annexure A, or as may be adjusted in accordance with Article 12.

14.6 Subject to Article 4.7, In the event that the Contractor is able to achieve Stage Completion for Stage 1 earlier than the Committed Stage Completion for Stage 1, as may be amended in accordance with the Agreement, then the Contractor shall be paid, by adjustment to the Fee in the month following Stage Completion, an early completion bonus in the amount of HK$25 million per calendar month for each complete calendar month that the Stage Completion for Stage 1 occurs prior to the

Committed Stage Completion for Stage 1, such early completion bonus to be capped at HK$75 million. There will be no pro rata payments made to the Contractor for any partial calendar month being achieved prior to the Committed Stage Completion for Stage 1.

14.7 If Stage Completion for Stage 1 occurs after the Committed Stage Completion for Stage 1, as may be amended in accordance with this Agreement, the Fee shall be reduced by HK$25 million per calendar month for each complete calendar month that the Stage Completion for Stage 1 occurs after the Committed Stage Completion for Stage 1, subject to a maximum deduction of HK$100 million. In such event, the Employer may deduct, withhold and/or set off the whole or any portion of the foregoing amounts from or against any amounts then or thereafter payable or due to Contractor from the Employer, alternatively, the Contractor shall pay to the Employer such amount upon written demand.

14.8 The reductions in the Fee for delay in Stage Completion for Stage 1 beyond Committed Stage Completion are less than a genuine pre-estimate of the anticipated loss in revenue to the Employer by reason of the delay and shall not be construed as a penalty.

14.9 Other than as provided for in Article 14.7, the Contractor will not be liable for liquidated damages or any kind of indirect or consequential loss or damage and for any loss of profit, loss of revenues, loss of any contract or loss of use of all or any portion of the existing property arising under or in connection with this Agreement, in the event of delays and/or disruption to the Works.

14.10 The aforementioned Article 14.9 shall not be construed so as to relieve the Contractor from liability for any other act or omission, or for any breach or default of the Contractor.

14.11 Without prejudice to Article 14.7 or any other provision in the Agreement, the total aggregate liability of the Contractor to the Employer for any breaches of its obligations under this Agreement or otherwise in connection with this Agreement shall not exceed Hong Kong dollars six hundred million dollars (HK$600 million).

14.12 Save as provided for in this Article14, there shall be no adjustment to the Fee.

14.13 The Fee, subject to any adjustments provided for under this Agreement, will be paid to the Contractor on a monthly basis as follows; HK$550 million will be paid in proportion to the Project Budget incurred for the corresponding month and HK$50 million of the Fee shall be retained by the Employer until the issue of the Certificate of Stage Completion in respect of the last Stage comprising the Works.

14.14 The Contractor shall each month at least three working days prior to the Payroll Payment Date for the month give to the Employer a written statement of:

(a) the Payroll Costs to be paid on or before the Payroll Payment Date for the month;

(b) the Preliminaries and any other approved Project Costs due to be paid to the Contractor on or before the Month End Payment Date;

(c) the Fee instalment to be paid to the Contractor on or before the Month End Payment Date.

14.15 The Employer shall procure:

(a) payment of the Payroll Costs for the month to the Contractor on or before the Payroll Payment Date;

(b) payment of the Preliminaries and any other approved Project Costs due and payable on or before the Month End Payment Date;

(c) payment of the Fee instalment for the month to be paid to the Contractor on or before the Month End Payment Date;

(d) payment of the sums due and payable to the Trade Contractors in accordance with the Contractor's statement pursuant to Article 11.

14.16 Where the Contractor with the agreement of the Employer determines it is in the Project's interest to make an ad hoc payment on a date other than the Month End Payment Date, the Contractor shall give the Employer a written statement of the sum to be paid.

14.17 At the end of each month the Contractor shall give to the Employer a written report identifying:

(a) the Contractor's best rolling forecast of the sums falling due for payment in respect of Payroll Costs, Preliminaries, Subcontractors, Trade Contractors and the Fee in each of the following three months, identifying the aggregate amount due to Subcontractors and Trade Contractors by the end of the month;

(b) the amounts paid in respect of Payroll Costs, Preliminaries, Subcontractors Trade Contractors and the Fee in the month, broken down in reasonable detail, and the cumulative amounts paid to date;

14.18 Project Costs are subject to audit and approval by the Employer in accordance with Article 20.3 and Annexure D.

ARTICLE 15

DEFECTS

15.1 The Contractor shall provide to the Employer for its reference, a complete list of defects and/or outstanding items of work in relation to each Trade Contract and Subcontract (that relates to the permanent Works) which has achieved practical completion that are required to be completed during the respective defects liability periods. The Contractor shall ensure that the remedying of defects and/or outstanding items of work are performed in a safe, efficient and timely manner with minimal disturbance to the Employer and/or the general public to the extent that such disturbance can be reasonably minimised or prevented.

15.2 In relation to any costs involved in abortive, remedial and defective work (including defective design work), the Contractor will ensure that the Trade Contractors and/or Sub-Contractors responsible for the defects will carry out the remedial works in a timely manner. The remedial works shall be carried out at no cost to the Works, where possible. However, in the event this is not possible and reasonable costs are incurred as a result of such defects, the Contractor shall inform the Employer and after the Employer's approval these costs will become Project Costs, subject to Annexure E.

ARTICLE 16

EMPLOYER'S ACCESS, STAGE COMPLETION AND FINAL COMPLETION

16.1 The Contractor acknowledges that the Employer's Access is a critical activity necessary for achieving Stage Completion as it allows access to the Employer, Consultants, Specialist Contractors and other of the Employer's employees or agents that must perform certain work and other tasks in connection with each Stage Completion. Activities comprising the Employer's Access for a Stage Completion include but are not limited to the installation and commissioning of certain FF&E, plant and equipment, the training of Employer's operations personnel, trial operation of the facility and so forth.

16.2 The Employer's Access dates will be scheduled in accordance with Article 3.2.5 with first access generally commencing from between six to four months prior to a Stage Completion and thereafter the other access dates for a Stage being phased in.

It is anticipated that during the first Employer's Access for a Stage, Trade Contractors and/or Subcontractors will still be performing their works. Notwithstanding, the Contractor shall programme the Trade Contractors and/or Subcontractors works to reach practical completion no later than six weeks prior to a Stage Completion. In the last six weeks prior to a Stage Completion, the Employer shall have unfettered and full access to the Stage with limited access being granted to Trade Contractors and/or Subcontractors for the purpose of rectifying any defects and minor outstanding work items.

16.3 The ability of the Employer to complete the applicable Employer's pre-operation work for a Stage is dependent in part on the achievement of certain interim milestones as set out in the programmes. If it becomes apparent that Employer's Access for a Stage will not be achieved for reasons beyond the Contractor's control, the Contractor shall submit a proposal to the Employer recommending the best methods of regaining time lost and/or minimising the effect of any such extension of time or additional cost.

16.4 When the Contractor considers that a Stage is substantially complete in accordance with all requirements in the Agreement, the Contractor shall request in writing an inspection for the purposes of Stage Completion. Stage Completion in respect of a Stage may be initiated by either Party. The Employer and/or its Consultants and/or any party nominated by the Lender together with the Contractor shall jointly inspect and document the condition of the Stage and make a list of outstanding items of work (in accordance with Article 16.6) that will not preclude Stage Completion from being achieved but that needs to be completed prior to issue of the Certificate of Final Completion.

16.5 For the purposes of Article 16.4, but subject to Article 16.6, Stage Completion for a Stage shall mean (i) the point when progress of Works for such Stage is sufficiently complete in accordance with the Drawings and Specifications and all applicable approvals obtained (in so far as the Contractor is responsible for such approvals) to enable the Employer to fully occupy and utilize such Stage for all of its intended purposes and can be opened to the general public; (ii) all necessary commissioning tests have been carried out and passed for all systems included in the Works for such Stage (including, but not limited to, all life safety systems) and such systems are operational and functioning and instruction of the Employer's personnel in the operation of the systems included in such Stage has been completed; (iii) all patent defects (in accordance with Article 16.6) have been remedied; and (iv) the Works comprised in such Stage is in accordance with the Drawings and Specifications. Notwithstanding the foregoing, Stage Completion shall not be unreasonably prevented or delayed by the performance of the Employer's Access work, including, but not limited to, the late arrival of FF&E provided by the Employer.

16.6 Any outstanding items of work to be completed after Stage Completion has been certified shall be minor in nature, to enable the Employer to occupy the building(s) and/or structures comprising the Stage and shall not materially interfere with, disrupt or hinder the Employer's use, occupancy or enjoyment of the Stage including the intended normal business operations of such Stage, or detract from the aesthetic appearance of the same.

16.7 If the Employer's Lenders reasonably disagree that Stage Completion has been achieved with respect to a Stage, the Employer shall provide the Contractor with a list of the items which should be completed or corrected for purposes of achieving Stage Completion for such Stage.

16.8 When the Employer determines that Stage Completion of a Stage has been achieved in accordance with Article 16.5, the Employer shall issue a certificate (**"Certificate of Stage Completion"**) to the Contractor identifying the date upon which Stage Completion for a Stage was achieved. The issue of a Certificate of Stage Completion shall not be unreasonably withheld or delayed. If in the opinion of the Employer, all defects and outstanding work items have been rectified or completed following the expiry of the Defects Period, the Employer shall issue the Contractor with a certificate of making good defects and the completion of rectifying all defects and outstanding work shall be deemed to have taken place on the date named in such certificate.

16.9 If in the reasonable opinion of the Employer all the Works have been completed, the Defects Periods for all Stages have expired and all outstanding items of work completed, all as-built drawings and operating, maintenance, servicing and cleaning manuals and instructions, spare parts (if any), maintenance stocks and spare materials provided by the Subcontractors and/or Trade Contractors or others for all services and equipment incorporated into the Works have been documented and/or handed over to the Employer (**"Final Completion"**), the Contractor shall then prepare a final account in respect of the Works. The Parties shall endeavour to agree the final account within 60 days after the occurrence of Final Completion. Upon agreement being reached, the Employer shall issue a certificate (**"Certificate of Final Completion"**) confirming the final account. If agreement cannot be reached within the 60 days, the Employer may issue the Certificate of Final Completion setting out the Employer's determination of the final account and identifying any matters which the Parties have agreed are outstanding, including without limitation any disputes with Subcontractor and/or Trade Contractors over their entitlements.

16.10 The Certificate of Final Completion shall be conclusive as to the final amounts due from the Employer to the Contractor arising out of or in respect of the Agreement except for:

16.10.1 final amounts due in respect of any matters agreed between the Parties as outstanding identified in the Certificate of Final Completion;

16.10.2 any amounts which are the subject of a Notice of Dispute issued under Article 19.4 within 28 days of the date of the Certificate of Final Completion.

16.11 Throughout the Works, the Contractor shall review his staff requirements for the Works. Subject to approval by the Employer:

16.11.1 the Contractor shall from time to time adjust his staff to comply with Article 5.4;

16.11.2 upon completion of parts of the Works, the Contractor shall arrange for demobilisation of his own staff and equipment as appropriate;

16.11.3 upon Final Completion, the Contractor shall arrange for demobilisation of all remaining staff and equipment with all due expedition, subject only to retaining such staff as may reasonably be required for the purposes of finalising the final account. No Payroll Costs shall be due to the Contractor in respect of any period after the date of the Certificate of Final Completion except to the extent agreed between the Parties for matters identified as outstanding in the Certificate of Final Completion.

16.12 Upon Final Completion or earlier as agreed between the Parties the Contractor shall use its reasonable commercial endeavours to assist the Employer as the Employer's agent, to realize the residual value of all plant, equipment, materials and other real or personal property owned by the Employer, by selling the foregoing items at the best market price it can obtain, unless otherwise agreed by the Employer. The Contractor shall be offered the right of first refusal to purchase such plant, equipment, materials or property at the best market price that can be obtained for the same.

16.13 The Contractor shall arrange for direct payment to be made to the Employer of all monies due from the proceeds of sale of all plant, equipment, materials and other real or personal property sold in accordance with the provisions of Article 16.12 and shall cause an account to be prepared showing the net proceeds of sale after deduction of the Contractor's reasonable expenses approved by the Employer in connection with the sale of the foregoing items. The Contractor shall thereafter deliver up to the Employer all unsold materials, plant, equipment or other property owned by the Employer.

16.14 All proceeds from such sales shall be credited against the Project Budget.

ARTICLE 17
CONFIDENTIALITY

17.1 The Contractor acknowledges that during the term of this Agreement it will receive confidential and/or commercially sensitive information owned by the Employer or other member of the Employer's group, or otherwise in the care of the Employer. The Employer considers all information (regardless of form) pertaining to the Works to be confidential and proprietary, including information which is prepared or developed by or through the Contractor, Employer, Consultants, Trade Contractors and Specialist Contractors, unless otherwise stated to the Contractor in writing.

17.2 The Contractor will not at any time, directly nor indirectly, use any confidential and/or commercially sensitive information or disclose it to any other person, corporation or entity, except as required by the normal and proper course of performing its obligations under the Agreement or as instructed by the Employer in writing. The Contractor shall comply with any reasonable policies or guidelines the Employer may issue for the protection of the confidential and/or commercially sensitive information and shall take all necessary precautions to maintain the said information in confidence under all circumstances, including but without limitation, procuring that where the confidential and/or commercially sensitive information is required to be disclosed to its employees, officers, agents and other persons on a need to know basis, the recipient shall be made aware of the confidential nature of the information. The Contractor shall cause its directors, senior staff and other employees and those of its parent and/or ultimate holding company, subsidiaries and affiliated companies who may need to use the confidential and/or commercially sensitive information to comply with the confidentiality and non-use obligations set forth herein and shall vicariously be liable for any breach committed by these parties. In the event that the confidential and/or commercially sensitive information is required to be disclosed by the Contractor to a third party, the Contractor shall procure that the intended recipient of the confidential and/or commercially sensitive information provide a confidentiality undertaking on the same terms as provided for herein this Article 17.

17.3 The Contractor shall use the same degree of care, but no less than a reasonable degree of care, as the Contractor uses with respect to its own similar information to protect the confidential and commercially sensitive nature of such information and to prevent (a) any unauthorized use of confidential and commercially sensitive information, (b) dissemination of confidential and commercially sensitive to any employee of the Contractor without a need to know, (c) communication of confidential and commercially sensitive information to any third party or (d) publication of confidential and commercially sensitive information.

17.4 Notwithstanding the confidentiality provisions in the preceding paragraphs, but without waiving any breaches occurring prior to the existence of an excluding event set out below, the Contractor shall not be prevented hereunder from disclosing any confidential or commercially sensitive information that:

(i) is in the public domain prior to its receipt by the Contractor from the Employer;

(ii) is in the Contractor's lawful possession prior to its receipt from the Employer; or

(iii) becomes part of the public domain by publication or otherwise not due to any unauthorised act or omission of the Contractor;

(iv) for the purpose of receiving legal or accounting advice.

17.5 The restrictions contained in this Article shall remain in force following termination or completion of this Agreement, regardless of the reason for termination.

ARTICLE 18

SUSPENSION AND DETERMINATION

18.1 Suspension by Employer

Where the suspension of the construction and commissioning of the Works or any part thereof becomes necessary in the opinion of the Employer, it may order the Contractor to suspend the progress of the Works or any part thereof for such time as it may think fit and the Contractor shall comply with such suspension order as soon as practicable.

18.2 Not used

18.3 Recommencement of Work

The Employer shall determine when the reasons for any suspension no longer exist and the Contractor shall recommence work on the Works or on the relevant part of the Works as soon as practicable thereafter.

18.4 Cost of Suspension

All reasonable costs and expenses incurred by the Contractor by reason of any suspension that are Preliminaries shall be recoverable as such. The Contractor shall use the standard of skill and care referred to in Article 5.1 to ensure that such costs are kept to the minimum reasonably achievable.

18.5 Contractor default

18.5.1 Should there be a material default by the Contractor in respect of the following obligations or duties under the Agreement:

(a) in providing the overall quality of Contractor's personnel required for the Works and retaining their employment as provided for in the Agreement;

(b) in providing and maintaining the management systems and processes agreed with the Employer;

(c) in demonstrating ongoing awareness and care in consideration of budgeting control issues;

(d) in maintaining proper management control associated with Site preliminaries and staffing levels;

(e) the Contractor repeatedly fails to provide access to all such records as provide for in Article 20.3.2 such shall be deemed a material breach of this Agreement;

and as a result of such default the construction and the commissioning of the Works is materially affected (except in the case of Article 18.5.1(e) above which shall still constitute an event of default independent of the construction and the commissioning of the Works being materially affected), then in such case, the Employer may give the Contractor written notice specifying the default and stating the intention of the Employer to determine the engagement of the Contractor under the Agreement and if the Contractor fails to remedy such default within 30 days after receipt of such notice then the Employer, without prejudice to any other rights or remedies, may determine the engagement of the Contractor under the Agreement by further written notice to the Contractor.

18.5.2 Should the Contractor (or any member thereof) or any person providing a guarantee in respect of the Contractor's obligations under the Agreement have an execution levied against it or a winding up order made or (except for the purpose of reconstruction) pass or attempt to pass a resolution for winding up or be a party to the appointment of or have an official manager appointed or have a receiver of the whole or any part of its property, undertaking or assets appointed or be a party to or attempt to enter into any composition or scheme or arrangement, then the Employer without prejudice to any other rights or remedies may forthwith determine the employment of the Contractor under the Agreement by written notice to the Contractor.

18.5.3 Upon any termination of the Contractor's employment under this Article 18.5.1 or 18.5.2, if so required by the Employer the Contractor shall assign the benefit of any Sub-Contract to the Employer or, if the Employer so requires, enter into a novation agreement with the Employer or its nominee under which the entitlements and obligations of the Contractor under the Sub-Contract shall be transferred to the Employer or its nominee. The Contractor shall facilitate an orderly handover to the Employer of such Sub-Contracts. Provided further, the Contractor shall also hand over to the Employer, the contacts and management process and systems related to the Trade Contractors.

18.6 Termination for Convenience

The Employer may at any time by written notice to the Contractor determine the employment of the Contractor under the Agreement, without giving reasons. Upon any termination under this Article 18.6, the Contractor shall take all reasonable steps to demobilise the Contractor's own staff and equipment. The Contractor shall be entitled to (1) the Project Costs incurred up to the date of the determination of the employment of the Contractor; and (2) the proportion of the Fee due by reference to such Project Budget determined in accordance with Article 14.12; and (3) all subsequent approved Project Costs incurred including reasonable costs of demobilisation; and (4) 25% of the outstanding balance of the Fee. The Employer shall not appoint any replacement contractor to perform the services of the Contractor before six months have elapsed since the date of termination of the Contractor's engagement in the event that the Employer does employ a replacement contractor 50% of the outstanding Fee shall be paid to the Contractor.

18.7 Termination for force majeure

If for any reason beyond the control of the Employer, the Employer is prevented from continuing with the Project or complying with its obligations under the Agreement, the Employer may at any time by written notice to the Contractor determine the employment of the Contractor under the Agreement. Upon any termination under this Article 18.7, the Contractor shall have the same rights and obligations as under Article 18.6.

18.8 Employer Default

Should the Employer fail to make a payment in respect of any undisputed payments due to the Contractor according to the provisions of the Agreement within 28 days of the due date for payment and thereafter fails to remedy the position within 30 days of receipt of a written notice specifying such failure and requiring the remedy of same or should the Employer have an execution levied against it or a winding up order made or (except for the purpose of reconstruction) pass or attempt to pass a resolution for winding up or be a party to the appointment of or have an official manager appointed or have a receiver of the whole or any part of its property or undertaking appointed or be a party to or attempt to enter into any composition or scheme of arrangement then the Contractor, without prejudice to any other rights or remedies, may forthwith determine the employment of the Contractor under the Agreement by further written notice to the Employer. Upon determination of the employment of the Contractor for default of the Employer the Contractor's entitlements shall be the same as upon determination for convenience by the Employer under Article 18.6.

ARTICLE 19

GENERAL

19.1 Publicity

The Contractor shall not issue any news releases and/or any other advertising pertaining to the Works or the Project, including advertising its participation in the Project, without first obtaining the Employer's express written approval. The Contractor hereby agrees not to use the name of the Employer's premises, or any variation thereof, or any logos used by the Employer, in connection with any of the Contractor's business promotion activities or operations without the Employer's express prior written approval. The Contractor shall use its reasonable endeavours to require the Subcontractors and Trade Contractors to comply with the requirements imposed upon Contractor by this Article 19, including obtaining the Employer's prior written consent to the form and content of any promotional or advertising publications or materials which depict or refer to their respective roles in providing work for the Project.

19.2 Notices

Any notice notification demand consent or other communication required to be given or made under or pursuant to the Agreement shall be deemed to have been duly given or made when given in writing and either personally served on an officer of the Party or sent by mail, or sent by facsimile addressed to the addresses set out in Annexure A or to such other addresses as may from time to time be notified by a Party for the purpose of this Article.

Any notice demand consent or other communication hereunder shall be deemed to have been served,

(i) if delivered personally, on the date of receipt;

(ii) if sent by post, three (3) days after posting; and

(iii) if sent by facsimile, upon receipt by the sender of a confirmation facsimile message from the recipient confirming receipt.

19.3 Parent Company Guarantees

The Employer shall procure a guarantee from Melco PBL Entertainment (Macau) Limited in favour of the Contractor in respect of its obligations under the Agreement. The Contractor shall procure a guarantee from Leighton Holdings Limited in favour of the Employer in respect of its obligations under the Agreement. The guarantees shall be substantially in the respective forms set out in Annexure H.

19.4 Dispute Settlement

19.4.1 Any dispute arising out of or in connection with the Agreement shall be resolved in accordance with this Article 19.4, which shall be the sole means of resolving such dispute.

19.4.2 For the purposes of Articles 19.4.3 to 19.4.14, a dispute shall be deemed to arise when one Party serves on the other Party a notice (a "Notice of Dispute") stating the nature of the dispute and initiating the procedure in this Article 19.4.

19.4.3 Within 30 days of service of a Notice of Dispute the Supervisory Board shall meet and give a decision on the dispute in writing. Notwithstanding the foregoing, the Supervisory Board shall not have the authority to determine any disputes involving amounts of more than US$25 million. Such disputes will be referred directly to mediation.

19.4.4 Unless the Agreement has already been terminated or abandoned, or the employment of the Contractor determined, the Parties shall in every case continue to proceed with their respective obligations under the Agreement with all due diligence and expedition and shall forthwith give effect to every decision of the Supervisory Board. Any such decision shall be final and binding except after and to the extent that it shall have been revised by:

(a) agreement between the Employer and the Contractor;

(b) an arbitral award.

19.4.5 Where:

(a) the Employer or the Contractor is dissatisfied with any decision of the Supervisory Board given under Article 19.4.3; or

(b) the Supervisory Board has failed to give a decision or notice under Article 19.4.3 within 60 days of the reference of the dispute to it,

then either Party may within 90 days of the date of receipt of the Supervisory Board's decision or expiry of the 30 day period (as the case may be) by notice in writing to the other Party refer the dispute to the arbitration by one arbitrator to be agreed upon between the Parties or (if the Parties fail to appoint an arbitrator within 30 days of either Party serving on the other Party a written notice to concur in the appointment of an arbitrator) a person to be appointed by the Secretary-General of the Hong Kong International Arbitration Centre. If the Secretary-General is absent from Hong Kong or is otherwise unable or unwilling to appoint an arbitrator, then his function under this clause may be fulfilled by any acting Secretary-General or other officer of the Hong Kong International Arbitration Centre and references to the "Secretary-General" shall be construed accordingly.

19.4.6 No steps shall be taken in any reference to an arbitrator (with the exception of the formal appointment of the arbitrator) unless and until either Party has first referred the dispute to mediation by serving on the other Party a request for mediation ("Request for Mediation") in accordance with Article 19.4.7 and the Party serving the Request for Mediation has made a bona fide attempt to resolve the dispute by mediation. Such a bona fide attempt shall be deemed to have been made provided that the following minimum steps have been taken:

(a) a mediator has been appointed pursuant to the mediation rules of the Hong Kong International Arbitration Centre which came into effect on 1 August 1999 (the "Mediation Rules"); and

(b) the Party serving the Request for Mediation has attended at least one meeting with the mediator (whether with or without the presence of the other Party).

19.4.7 A Request for Mediation may, if both Parties so consent in writing, be served at any time after the expiry of the 90 day period referred to in Article 19.4.5.

19.4.8 Any mediation commenced under Article 19.4.6 shall be conducted in accordance with the Mediation Rules, save that in the event of any inconsistency between the Mediation Rules and these Conditions, these Conditions shall prevail.

19.4.9 Where, in the opinion of either Party, a dispute between them concerns any matter involving that Party and any other person or persons, then neither Party shall object to the participate in any mediation commenced in relation to such dispute of such other person or persons.

19.4.10 The requirement to attempt to resolve disputes by mediation before taking any step in arbitration proceedings shall not prevent either Party from making an application to an arbitrator or to the courts for any interlocutory relief involving the obtaining or preserving of evidence or preventing or requiring the taking of certain actions (whether with regard to the subject matter of the dispute, the assets of the other Party or in any other regard) pending the final resolution of the dispute. Once such application for interlocutory relief has been decided or settled (pending the final resolution of the dispute), and in order to allow mediation to take place or to continue, the Parties shall consent to any application made to extend any time limits fixed by the arbitrator for taking any steps in the arbitration until a reasonable time after the mediation process is complete.

19.4.11 If a dispute is not settled by agreement pursuant to the recommendation of a mediator or otherwise, either Party may within 30 days of the date of termination of mediation pursuant to Rule 11 of the Mediation Rules or with the agreement of the other Party request the arbitrator to continue with the arbitration whereupon the arbitration shall proceed.

19.4.12 In determining whether any proceedings have been commenced within the period after the relevant cause of action arose allowed by the Limitation Ordinance (or any statutory re-enactment or modification thereof) for the commencement of litigation or arbitration proceedings, such proceedings shall be deemed to have commenced when the cause of action was made the subject matter of a Notice of Dispute served under Article 19.4.2.

19.4.13 The reference to arbitration under this Article 19.4 shall be a domestic arbitration for the purposes of Part I of the Arbitration Ordinance (Cap. 341) of the Hong Kong Special Administrative Region or any statutory modification thereof for the time being in force and the reference shall be deemed a submission to arbitration within the meaning of such Ordinance. The arbitration shall be conducted in accordance with the Hong Kong International Arbitration Centre Domestic Arbitration Rules 1993 edition (the "Arbitration Rules"). However, unless otherwise agreed:

(a) the time period allowed for service of the first written statement shall commence running 7 days after either Party has requested the arbitrator to continue with the arbitration under Article 19.4.11;

(b) notwithstanding Article 8.2 and Article 13 of the Arbitration Rules, the place of meetings and hearings in the arbitration shall be Hong Kong.

19.4.14 The arbitrator(s) shall have full power to open up, review and revise any certificate, determination, instruction, opinion or valuation of (or on behalf of) the Employer and the Supervisory Board relevant to the dispute, except to the extent the Conditions provide otherwise.

19.5 Governing Law and Jurisdiction

19.5.1 The Agreement shall be governed and construed in accordance with the law of the territory specified in Annexure A.

19.5.2 Subject to Article 19.4, the Parties submit to the non-exclusive jurisdiction of the Courts in the Hong Kong Special Administrative Region.

19.6 Registration of Contractor's Business in Macau and the Business of Trade Contractors

19.6.1 The Contractor shall register its business as a service provider with the Direcção dos Serviços de Finanças de Macau ("DSF") as soon as reasonably practicable after the date hereof and in any event no later than twenty (20) days following the execution of this Agreement. Notwithstanding anything contrary in this Agreement, the Employer's obligations to pay any sums under the Agreement shall be conditional upon the Contractor delivering to the Employer a certified true copy of the business registration application form filed (M/1 form) with DSF, bearing acknowledgement of receipt by the DSF, evidencing the registration of the Contractor with DSF. For the avoidance of any doubt, in no event shall the Employer be liable for the payment any sums under this Agreement until the certified true copy of the M/1 form mentioned above has been delivered by the Contractor to the Employer.

19.6.2 The Contractor shall comply with all requirements imposed by DSF and all other laws of Macau applicable to the Contractor, its business and its operations and its obligations under this Agreement.

19.6.3 The Contractor shall ensure that each Trade Contract and Subcontract contains a provision in similar terms to this Article 19.6 in respect of registration of the Subcontractor's business.

19.7 Payments by the Employer

19.7.1 All amounts payable by the Employer hereunder shall be net of all taxes, levies, imposts, deductions, charges, withholdings and duties (including stamp and transaction duties), together with any related interest, penalties, fines and other statutory charges (collectively "Taxes") required by law to be deducted in respect of sums payable under this Agreement by the Employer to the Contractor, including for the avoidance of doubt the Fee. The Employer shall have no obligation to gross-up any payment made to the Contractor.

ARTICLE 20

SPECIAL CONDITIONS

20.1 Intellectual Property and documents and records

20.1.1 The Contractor shall ensure that a licence is given to the Contractor under each Subcontract to use all intellectual property rights in the works under the Subcontract for all purposes relating to the Works and that the Contractor has the right to grant a sub-licence to the Employer in respect of such licence. In respect of each such licence, the Contractor grants the Employer a sub-licence in the same terms. The Employer shall own and be entitled to possession of all documents and records (whether in hard copy or electronic) produced by the Contractor, which the Contractor shall give to the Employer forthwith upon request.

20.1.2 The Contractor shall ensure that in each Subcontract an indemnity in respect of infringement of any intellectual property rights arising from the works or the use of the works under a Subcontract is given to the Contractor. The Contractor shall indemnify the Employer against all liabilities and claims in respect of any infringement or alleged infringement of any intellectual property right arising in connection with the Works.

20.2 Joint and Several Liability

Leighton Contractors (Asia) Limited, China State Construction International Holdings Ltd., and John Holland Pty Limited in joint venture shall be jointly and severally liable to the Employer for the fulfilment by Contractor of the terms of this Agreement and shall be fully responsible for the proper performance of the obligations of Contractor under the Agreement. The composition of the joint venture formed by Leighton Contractors (Asia) Limited, China State Construction International Holdings Ltd., and John Holland Pty Limited as well as the terms and conditions of the written joint venture agreement among such parties, shall not be materially altered without the Employer's prior written consent, which consent shall not be unreasonably withheld or delayed including but not limited to any direct or indirect transfers of interests in the joint venture by or among any of such parties shall be subject to the Employer's prior written consent.

20.3 Audit

20.3.1 To facilitate audits by the Employer or the Lenders, the Contractor shall keep full and detailed records of all aspects of the Project Costs and the related approval documents, including for the purposes of financial and technical audit and without limitation records relating to management systems and processes, labour hours and costs, employee compensation, material costs, Trade Contract costs, Sub-Contract costs, rental costs and other charges or expenditure of Project Costs. Such records shall include but not be limited to purchase orders, invoices, delivery notes, cost allocation forms, expenses and petty cash vouchers.

20.3.2 The Contractor shall ensure that all such records are available to the Employer, Lenders or persons nominated by the Employer at all time on an open book basis including for examination, audit, inspection, transcription and copying. Documents containing details of salary and benefits of individuals employed by the Contractor shall not be copied but may be inspected by the Employer's chief operating officer, chief financial officer or internal audit director or their delegates.

20.3.3 The Contractor shall make its personnel available to assist the Employer, Lenders or their respective nominees to conduct an examination, audit or inspection of the records.

20.3.4 The Contractor shall maintain such records and implement such approval mechanisms as the Employer may, from time to time, instruct in writing.

[End of Annexure B]

Exhibit 21.1

List of Subsidiaries

Name of Subsidiary	Jurisdiction of Incorporation
Melco PBL Entertainment (Greater China) Limited	Cayman Islands
Melco PBL International Limited	Cayman Islands
Melco PBL Holdings Limited	Cayman Islands
Melco PBL Investments Limited	Cayman Islands
Always Prosper Investments Limited	British Virgin Islands
Mocha Slot Group Limited	British Virgin Islands
Melco PBL (Macau Peninsula) Limited	British Virgin Islands
Mocha Slot Management Limited	Macau
Mocha Cafe Limited	Macau
Melco PBL (COD) Developments Limited	Macau
Melco PBL Hotel (Crown Macau) Limited	Macau
Melco PBL (Crown Macau) Developments Limited	Macau
Melco PBL Gaming (Macau) Limited	Macau
Melco PBL Services Limited	Hong Kong
Melco PBL Nominee One Limited	Cayman Islands
Melco PBL Nominee Two Limited	Cayman Islands
Melco PBL Nominee Three Limited	Cayman Islands
Melco PBL Services (US) Limited	The United States of America
Melco PBL (Delaware) LLC	The United States of America
Melco PBL (Macau Peninsula) Hotel Limited	Macau
Melco PBL (COD) Hotels Limited	Macau
Melco PBL (Mocha) Limited	Macau
Melco PBL (Macau Peninsula) Developments Limited	Macau
Golden Future (Management Services) Limited	Macau

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in the Registration Statement of Melco PBL Entertainment (Macau) Limited on Form F-1 of our report dated March 30, 2007 (October 17, 2007 as to Note 22) 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.

Deloitte Touche Tohmatsu
Hong Kong
October 17, 2007

Exhibit 23.3

DEBEVOISE & PLIMPTON LLP
American & International Lawyers
德普美國律師事務所 有限責任合夥

13/F Entertainment Building
30 Queen's Road Central
Hong Kong
Tel (852) 2160 9800
Fax (852) 2810 9828
www.debevoise.com

Thomas M. Britt III
Andrew M. Ostrognai
Resident Partners

October 18, 2007

Melco PBL Entertainment (Macau) Limited
The Penthouse, 36th Floor
The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

We hereby consent to the use of our name under the captions "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 October 18, 2007, 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/ Debevoise & Plimpton LLP
Debevoise & Plimpton LLP

Exhibit 23.4

October 18, 2007

Melco PBL Entertainment (Macau) Limited
The Penthouse, 36th Floor
The Centrium, 60 Wyndham Street
Central, Hong Kong

Ladies and Gentlemen:

We hereby consent to the use of our name under the captions "Enforceability of Civil Liabilities," "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 October 18, 2007, 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
Manuela António Law Office