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Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

(Incorporated in Hong Kong with limited liability)

Website: <http://www.melco.hk.cn>

(Stock Code: 200)

CONTINUING CONNECTED TRANSACTION

Financial adviser to Melco International Development Limited



VC CAPITAL LIMITED

滙盈融資有限公司

(A wholly-owned subsidiary of Value Convergence Holdings Limited)

SUMMARY

The Directors are pleased to announce that Mocha Slot, a non wholly-owned subsidiary of Melco within the JV Group, has entered into the Service Arrangement comprising four agreements with identical terms respectively dated 21 March 2005 and 22 March 2005 with SJM for the provision of certain Services in relation to the operation of certain slot halls of SJM in Macau. Details of the Services to be provided by Mocha Slot are set out in the sub-paragraph headed "Services to be provided" in the paragraph headed "The Service Arrangement" contained in this announcement. Pursuant to the Service Arrangement, Mocha Slot will receive a monthly service fee representing 31% of the aggregate gross income of all the electronic gaming machines installed in the relevant slot halls.

The Directors (save for the independent non-executive Directors who would reserve their view until receipt of the letter of advice from the independent financial adviser) consider that the terms of the Service Arrangement are fair and reasonable and that they are arrived at after arm's length negotiations and are upon normal commercial terms, in the ordinary and usual course of business of Melco and in the interest of the Independent Shareholders as a whole.

In view of the fact that Dr. Stanley Ho, who is the Chairman and Executive Director of Melco, has an equity interest in, as well as being a director of STDM, the parent company of SJM, SJM is a connected person of Melco for the purpose of the Listing Rules. Since the transaction under the Service Arrangement involve provision of services which shall be performed on a continuing or recurring basis and is expected to extend over a period of time and by virtue of the fact that some of the relevant percentage ratios (other than the profit ratio) as specified in Rule 14.07 of the Listing Rules on an annual basis are more than 25% and the anticipated Annual Cap(s) of consideration exceeds HK\$10,000,000, the Service Arrangement constitutes a non-exempt continuing connected transaction for Melco under Rule 14A.35 of the Listing Rules and is subject to the requirements of reporting, announcement and approval by the Independent Shareholders (by way of poll) at the EGM as set out in Chapter 14A of the Listing Rules.

Dr. Stanley Ho, who beneficially owns approximately 3.21% shareholding interest in Melco, and his associates, including Madam Lucina Laam King Ying, Mr. Lawrence Ho, Better Joy and Lasting Legend, will abstain from voting on the relevant resolution(s) regarding the Service Arrangement and the relevant Annual Cap(s) at the EGM.

A circular containing, among other things, (i) the principal terms of the Service Arrangement; (ii) the recommendation from the independent board committee of Melco in respect of the Service Arrangement and the transactions contemplated thereunder, including the proposed Annual Cap(s); (iii) a letter of advice from the independent financial adviser to the independent board committee of Melco in respect of the Service Arrangement and the transactions contemplated thereunder; and (iv) a notice of the EGM will be dispatched to the Shareholders within 21 days from the publication date of this announcement.

BACKGROUND

As disclosed in the announcement and circular of Melco respectively dated 1 April 2004 and 23 April 2004, Mocha Slot Group Limited, the immediate holding company of Mocha Slot, (as lessor) has entered into the Equipment Lease Agreements with SJM (as lessee) for a period of ten years from the date of commencement of operation of the relevant electronic gaming machines at the Original Sites. Pursuant to the Equipment Lease Agreements, Mocha Slot Group Limited has agreed to lease such number of electronic gaming machines and other equipments, as may from time to time be deemed necessary and required by SJM, for operation of the Original Sites and to provide the related auxiliary management services for a monthly fee being the aggregate amount of a fixed monthly rent of MOP\$8,000 for each Original Site and 31% of the net win from each electronic gaming machine leased thereunder after deducting the aforesaid fixed monthly rental.

Due to the opening of the Additional Site on 24 March 2005 and for the purpose of regularizing the relationship between Mocha Slot Group Limited and SJM under the Equipment Lease Agreements in accordance with the terms of the Gaming Concession Contract, Mocha Slot has, at the request and with the approval of DICJ, the gaming authority in Macau, entered into the Service Arrangement with SJM, which replaced the Equipment Lease Agreements. The Service Arrangement comprises four service agreements in identical terms entered into between Mocha Slot and SJM in relation to the provision of Services to the Original Sites and the Additional Site (collectively the "Existing Sites"). The principal terms of the Service Arrangement are as follows:

THE SERVICE ARRANGEMENT

Date(s) : 21 March 2005 in respect of the three service agreements regarding the Original Sites; and 22 March 2005 in respect of the remaining service agreement regarding the Additional Site.

Parties : Mocha Slot, as service provider
SJM, as service recipient

Service period : An initial period of five years commencing from the respective dates of the agreements, subject to early termination by either party unilaterally giving to the other not less than one year's notice. Subject to any earlier termination as mentioned in "Termination" below and/ or the approval of the Macau Government, after expiration of the initial five year period, the service period can be extended for equal periods of five years each.

According to Rule 14A.35(1) of the Listing Rules, a continuing connected transaction must not exceed three years unless there are special circumstances for a longer duration and such longer duration is within normal business practice for contracts of similar type. The Service Arrangement replaces the fixed ten year Equipment Lease Agreements, at the request of the gaming authority in Macau and as expressly contemplated by Melco's shareholder circular dated 23 April 2004 relating to the approval of the Equipment Lease Agreements. However, ultimately the Service Arrangement is an unprecedented business arrangement approved and endorsed by the Macau Government and there are no other comparable agreements in the market to which reference can be made regarding whether or not the duration of the Service Arrangement is within normal business practice. As such, the five year period of the Service Arrangement is technically non-compliant with the provisions of Rule 14A.35(1) of the Listing Rules, although the Service Arrangement can be unilaterally terminated by Mocha Slot at any time by not less than one year's notice. The Directors are of the view that the service period of five years each is in the interest of the Shareholders since Mocha Slot has incurred or will incur considerable investment costs in providing the electronic gaming machines to SJM under the Service Arrangement, a longer service period is necessary for Mocha Slot to recoup its investment costs.

Prior to the third anniversary of the date of the Service Arrangement and the expiry of the validity of the Proposed Annual Caps for the three financial years ending 31 December 2007, Melco will put forward annual caps and the Service Arrangement for Independent Shareholders' approval (by way of poll) in respect of the remaining term of the initial five year period and will comply with all relevant requirements as specified in Chapter 14A of the Listing Rules in this regard, including the requirements of reporting, announcement and issue of a circular. If for any reason the Independent Shareholders do not approve, by way of poll, the annual caps or the Service Arrangement for the remaining term, the Directors will take such steps as may be necessary to ensure that Melco remains compliant with the provisions of the Listing Rules in this regard. The independent financial adviser to the independent board committee of Melco will opine on the reason for the five year period of the Service Arrangement in its letter of advice to be included in the circular to be dispatched to the Shareholders.

Services to be provided : The services to be provided by and obligations of Mocha Slot include:

- (i) at the costs of Mocha Slot, to supply, deliver and install such number of electronic gaming machines and other equipments, as may from time to time be deemed necessary and required by SJM, for operation of the Existing Sites;
- (ii) at the costs of Mocha Slot, to maintain and repair the electronic gaming machines and other equipments installed at the Existing Sites and to keep the necessary spare parts of the relevant machines and equipments for performing the maintenance work;
- (iii) to bear the rents of the Existing Sites;

- (iv) to bear all necessary expenses for the interior design, decoration and renovation of the Existing Sites; and
- (v) to bear all necessary operational expenses in relation to the operation of the Existing Sites (including but not limited to utilities expenses, staff costs and marketing expenses).

Consideration : In consideration for the provision of Services, Mocha Slot shall be entitled to receive a monthly service fee from SJM representing 31% of the aggregate gross income of all the electronic gaming machines installed in the Existing Sites in the relevant month. Gross income of each electronic gaming machine is defined as the net win from each such machine before deduction of any tax or levy as prescribed by the relevant legislations or rules in Macau. By taking into account the factors mentioned in the paragraph headed "Proposed Annual Caps" below, the Directors expect that the said 31% of the aggregate gross income of all the electronic gaming machines will translate into a monetary value of about HK\$146.82 million, HK\$238.91 million and HK\$528.49 million respectively for each of the three years ending 31 December 2007

The consideration for the Services, representing 31% of the the aggregate gross income of all the electronic gaming machines installed at the Existing Sites, is determined with reference to the estimated costs of (i) the prices of the relevant electronic gaming machines and other necessary equipments; (ii) the resources to be incurred by Mocha Slot for installation and maintenance of the relevant machines and equipments including but not limited to the estimated costs for the estimated number of spare parts that are required; (iii) the rental payment of the Existing Sites; (iv) the decoration and renovation of the Existing Sites and the frequency required thereof; and (v) all necessary operational expenses in relation to the operation of the Existing Sites (including but not limited to utilities expenses, staff costs and marketing expenses). During the year ended 31 December 2004, the total investment costs incurred by Mocha Slot Group Limited in providing the electronic gaming machines to SJM amounted to approximately HK\$54 million and the aggregate consideration received by Mocha Slot Group Limited from SJM in respect of the services provided under the former Equipment Lease Agreements amounted to approximately HK\$57 million.

It is contemplated that according to the past business practice adopted under the former Equipment Lease Agreements, SJM will settle the relevant payment under the Service Arrangement in cash on or before the 10th day of each calendar month based on the aggregate gross income of all the electronic gaming machines in the Existing Sites generated during the immediate preceding month.

Termination : During the service period, the Service Arrangement will be terminated on the occurrence of the following events whichever is earlier:

- (i) on the expiration of SJM's gambling license under the Gaming Concession Contract on 31 March 2020 or any earlier termination thereof; or
- (ii) winding up or cessation of business of either party.

In addition, the Service Arrangement may be terminated by either party unilaterally giving not less than one year prior notice to the other; or by not less than six months prior notice if the termination is mutually agreed by both parties; or by either party giving immediate notice to the other who is in default of the terms of the Service Arrangement.

Other terms : During the service period, the electronic gaming machines installed at the Existing Sites shall remain the property of Mocha Slot provided that the ownership, title and rights attached to such electronic gaming machines then installed as at the date of the termination of SJM's gambling license shall automatically vest in the Macau Government without compensation to Mocha Slot in accordance with the terms of the Gaming Concession Contract.

PROPOSED ANNUAL CAPS

As at the date of this announcement, there are altogether 647 electronic gaming machines supplied and installed by Mocha Slot at the Existing Sites with the average number of approximately 160 electronic gaming machines in each Existing Site.

By taking into account the following factors:

- (i) the average net win per electronic gaming machine per day (during the period from 12 September 2003, being the date of opening of the first Existing Site, to 31 December 2004) according to the internal record of Mocha Slot Group Limited;
- (ii) the statistics obtained from the quarterly results of Las Vegas Sands, Inc., the operator of the Sands Casino in Macau, as at 30 September 2004 filed with the Securities and Exchange Commission in the United States, namely (a) there were a total of 667 electronic gaming machines installed in the Sands Casino in Macau as at 30 September 2004; and (b) during the three months ended 30 September 2004 (a total of 92 days), the total amount wagered on its electronic gaming machines was US\$110 million (equivalent to approximately HK\$855.80 million);

- (iii) assuming the Sands Casino in Macau has adopted the respective Hold Percentages of 5%, 10%, 15%, 20% and 25% and based on the number of electronic gaming machines installed therein, the said total wagered amount of approximately HK\$855.80 million during the period cited represented a daily net win per machine of HK\$697.31, HK\$1,394.63, HK\$2,091.94, HK\$2,789.26 and HK\$3,486.57 respectively;
- (iv) according to the market practice, the Hold Percentage varies from casino to casino in Macau depending on the relevant casino's internal policy and the types of electronic gaming machines and generally ranges from 5% to 25%;
- (v) as disclosed in various announcements and circular of Melco respectively dated 23 November 2004, 23 December 2004 and 5 January 2005, upon completion of the luxury hotel owned by the JV Group in Taipa, Macau in the fourth quarter of 2006, there would be an additional slot hall to be operated by SJM with Mocha Slot as the service provider (subject to the approvals of the Macau Government authorities). It is currently expected that such new slot hall will house approximately 1,300 electronic gaming machines; and
- (vi) it is the intention of SJM and Mocha Slot to open one New Site housing approximately 160 electronic gaming machines for every three months for the year ending 31 December 2005 and in this respect, as disclosed in the announcement of Melco dated 15 October 2004 regarding the Placing, Melco expected to apply the net proceeds of the Placing of approximately HK\$377 million, as to HK\$94 million for expansion of the business of Mocha Slot, as to HK\$207 million for the development of the hotel on a piece of land in Taipa, Macau and as to the remaining HK\$75 million as working capital for the Group. As at the date of this announcement, Melco has utilized a total sum of approximately HK\$9.9 million for acquisition of hardware and systems for the business of Mocha Slot,

the Directors have assumed a daily net win of HK\$1,500 per electronic gaming machines installed in the Existing Sites and have projected that the aggregate amount payable by SJM to Mocha Slot will not exceed the following proposed Annual Caps for each of the three financial years of Melco ending 31 December 2007:

	Proposed Annual Caps		
	For the year ending 31 December		
	2005	2006	2007
	HK\$ million	HK\$ million	HK\$ million
Aggregate gross income generated by the Existing Sites	354.23	407.36	468.46
Cushion A (Note 1)	53.13	61.10	70.27
Aggregate gross income generated by the New Sites to be opened	66.24 (Note 2)	262.80 (Note 3)	1,013.97 (Note 4)
Cushion B (Note 5)	–	39.42	152.10
Aggregate gross income generated by the Existing Sites and the New Site	473.60	770.68	1,704.80
Proposed Annual Caps representing 31% of the total gross income payable by SJM to Mocha Slot	146.82	238.91	528.49

Notes:

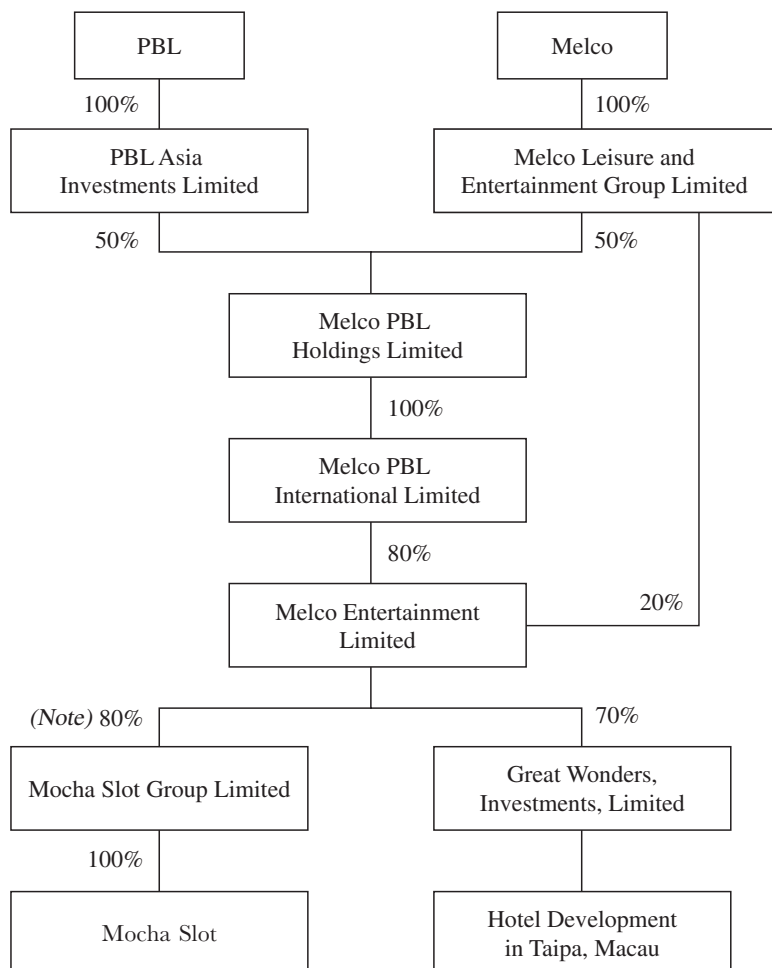
- The cushion A represents a 15% annual increase in the total gross income generated by the Existing Sites by reasons of the expansion of the same whether through installation of more electronic gaming machines as may from time to time deemed necessary by SJM under the Service Arrangement or upward adjustment of the Hold Percentage and continuous growth in the gaming business in Macau. As at the date of this announcement, SJM has not made any request to Mocha Slot in relation to the increase of the number of the electronic gaming machines.
- It is expected that for every three months in the year ending 31 December 2005, one New Site housing approximately 160 electronic gaming machines will be opened thereby bringing the total number of electronic gaming machines in the New Sites to reach 160, 320 and 480 respectively by the respective ends of June, September and December 2005 and hence the estimated aggregate gross income to be generated from the New Sites will be about HK\$22.08 million (with 160 electronic gaming machines in operation) for the three month period ending 30 September 2005 and about HK\$44.16 million (with 320 electronic gaming machines in operation) for the three month period ending 31 December 2005.
- Commencing from 1 January 2006, all the 480 electronic gaming machines in the New Sites will be in operation thereby generating an estimated aggregate gross income of about HK\$262.80 million for the year ending 31 December 2006. In addition it is assumed that an additional New Site housing approximately 1,300 electronic gaming machines will be completed upon the same time as the completion of the development of the hotel held JV Group by the end of 2006 and will not commence business until 1 January 2007.
- Commencing from 1 January 2007, all the 1,780 electronic gaming machines in the New Sites will be in operation (as compared with 480 electronic gaming machines in 2006) thereby generating an estimated aggregate gross income of about HK\$1,013.97 million for the year ending 31 December 2007.
- The cushion B represents a 15% annual increase in the total gross income generated by the New Sites by reason of the expansion of the same whether through installation of more electronic gaming machines as may from time to time deemed necessary by SJM under the Service Arrangement or upward adjustment of the Hold Percentage and continuous growth in the gaming business in Macau.

INFORMATION OF THE GROUP

Currently, the Group's business is broadly divided into four divisions, namely, (i) leisure and entertainment division; (ii) investment banking and financial services division; (iii) technology division; and (iv) property investment division. The leisure and entertainment division of the Group comprises the pursuance of the gaming business and the Hospitality Business through the JV Group and the operation of two floating restaurants, namely, Jumbo and Tai Pak, in Aberdeen, Hong Kong.

Information on Mocha Slot

Mocha Slot and its immediate holding company, Mocha Slot Group Limited, were established in March 2003 and have been engaged in the business of leasing of electronic gaming machines and the provision of related auxiliary services to casino operators in Macau since September 2003. As a result of the Group reorganization and formation of the JV Group as disclosed in various announcements and circulars of Melco respectively dated 23 March 2004, 1 April 2004, 23 April 2004, 23 November 2004, 23 December 2004 and 5 January 2005, Mocha Slot and Mocha Slot Group Limited became the non wholly-owned subsidiaries of Melco within the JV Group. The chart below shows the existing shareholding structure of Mocha Slot:



Note: The remaining 20% equity interests in Mocha Slot Group Limited is currently held by Dr. Stanley Ho personally.

Melco will use its best endeavours to ensure that throughout the holding of its investment in the gaming ventures and business through the JV Group, the operation of the JV Group and Mocha Slot will comply with the applicable laws in the relevant jurisdictions. Shareholders are reminded that, in accordance with the Stock Exchange's guidelines on gambling business, that if the operation of the JV Group and/ or Mocha Slot does not comply with applicable laws in the relevant jurisdictions, the Stock Exchange may, depending on the circumstances of the case, direct Melco to take remedial action, and/ or may suspend dealings in, or may cancel the listing of, Shares under Rule 6.01 of the Listing Rules. As the Group's business includes financial services, information technology and other leisure and entertainment business, if Melco cannot take the requisite remedial action in the circumstance aforementioned, it is Melco's intention to maintain active trading and listing status of Shares by divesting its investment in the JV Group.

INFORMATION ON SJM

SJM is a company incorporated under the laws of Macau and is majority owned by STDM with Dr. Stanley Ho as its managing director. Pursuant to the Gaming Concession Contract, SJM is one of the three concessionaries to engage in casino gaming operations in Macau from 1 April 2002 to 31 March 2020. As at the date of this announcement, all the Existing Sites are operated by SJM.

REASONS FOR ENTERING INTO THE SERVICE ARRANGEMENT

Apart from reinforcing the status of Mocha Slot as a service provider and business partner to SJM, the entering into of the Service Arrangement also has the benefit of extending the services coverage of Mocha Slot from the Original Sites to the Existing Sites thereby enabling the Group to further tap into the continuing growth of the gaming business in Macau.

The Directors (save for the independent non-executive Directors who would reserve their view until receipt of the letter of advice from the independent financial adviser) consider that the terms of the Service Arrangement are fair and reasonable and that they are arrived at after arm's length negotiations and are upon normal commercial terms, in the ordinary and usual course of business of Melco and in the interest of the Independent Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

In view of the fact that Dr. Stanley Ho, who is the Chairman and Executive Director of Melco, has an equity interest in, as well as being a director of, STDM, the parent company of SJM, SJM is a connected person of Melco for the purpose of the Listing Rules. Since the transaction under the Service Arrangement involve provision of services which shall be performed on a continuing or recurring basis and is expected to extend over a period of time and by virtue of the fact that some of the relevant percentage ratios (other than the profit ratio) as specified in Rule 14.07 of the Listing Rules on an annual basis are more than 25% and the anticipated Annual Cap(s) of consideration exceeds HK\$10,000,000, the Service Arrangement constitutes a non-exempt continuing connected transaction for Melco under Rule 14A.35 of the Listing Rules and is subject to the requirements of reporting, announcement and approval by the Independent Shareholders (by way of poll) at the EGM as set out in Chapter 14A of the Listing Rules.

Dr. Stanley Ho, who beneficially owns approximately 3.21% shareholding interest in Melco, and his associates, including Madam Lucina Laam King Ying, Mr. Lawrence Ho, Better Joy and Lasting Legend, will abstain from voting on the relevant resolution(s) regarding the Service Arrangement and the proposed Annual Cap(s) at the EGM.

GENERAL

An independent board committee of Melco comprising its independent non-executive Directors will be appointed to advise the Independent Shareholders on whether or not the terms of the Service Arrangement and the transactions contemplated thereunder, including the proposed Annual Cap(s) are fair and reasonable and in the interests of the Independent Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee thereon.

A circular containing, among other things, (i) the principal terms of the Service Arrangement; (ii) the recommendation from the independent board committee of Melco in respect of the Service Arrangement and the transactions contemplated thereunder, including the proposed Annual Cap(s); (iii) a letter of advice from the independent financial adviser to the independent board committee of Melco in respect of the Service Arrangement and the transactions contemplated thereunder; and (iv) a notice of the EGM will be dispatched to the Shareholders within 21 days from the publication date of this announcement

As at the date of this announcement, the Board comprises three Executive Directors, namely, Dr. Stanley Ho, Mr. Lawrence Ho and Mr. Frank Tsui, two Non-executive Directors, namely, Mr. Ng Ching Wo and Mr. Ho Cheuk Yuet and three Independent Non-executive Directors, namely, Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui.

DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Additional Site”	the new slot hall of SJM located at Hotel Taipa Square in Macau
“Annual Cap(s)”	the relevant cap amount for all transactions contemplated under the Service Arrangement to be received by Mocha Slot from SJM for each of the three financial years of Melco ending 31 December 2007
“associate”	has the same meaning as ascribed to it in the Listing Rules
“Better Joy”	Better Joy Overseas Limited, a company owned as to 77% by Mr. Lawrence Ho and as to 23% by Dr. Stanley Ho
“Board”	the board of Directors
“connected person”	has the same meaning as ascribed to it in the Listing Rules
“DICJ”	Gaming Inspection and Coordination Bureau, the gaming authority within the Macau Government
“Director(s)”	the director(s) of Melco
“Dr. Stanley Ho”	Dr. Ho Hung Sun, Stanley, the Chairman and an Executive Director of Melco
“EGM”	an extraordinary general meeting of Melco to be convened for the purpose of considering and approving, amongst others, the Service Arrangement and the transactions contemplated thereunder including the proposed Annual Caps
“Equipment Lease Agreements”	the three equipment lease agreements entered into between Mocha Slot Group Limited and SJM respectively dated 24 July 2003, 3 March 2004 and 3 March 2004, details of which are disclosed in the announcement and circular of Melco respectively dated 1 April 2004 and 23 April 2004
“Existing Sites”	the Original Sites and the Additional Site
“Gaming Concession Contract”	the license contract of Macau for operation of games of fortune or chance or other casino games dated 28 March 2002 between the Macau Government and SJM, pursuant to which SJM has obtained the license rights to operate casinos in Macau for 18 years from 1 April 2002 to 31 March 2020
“Group”	Melco and its subsidiaries from time to time
“Hold Percentage”	the percentage of money wagered on the relevant electronic gaming machine that is ultimately retained and gained by the casino
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	shareholders of Melco other than Dr. Stanley Ho and his associates, namely Madam Lucina Laam King Ying, Mr. Lawrence Ho, Lasting Legend and Better Joy
“JV Group”	the joint venture group of companies established by Melco and PBL for pursuance of gaming, entertainment and hospitality businesses in the Asia Pacific region (excluding Australia and New Zealand) as well as in Macau, Hong Kong, the People’s Republic of China and Taiwan
“Lasting Legend”	Lasting Legend Limited, a company wholly owned by Mr. Lawrence Ho
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Melco”	Melco International Development Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
“Mr. Lawrence Ho”	Mr. Ho, Lawrence Yau Lung, the Managing Director and Executive Director of Melco and son of Dr. Stanley Ho
“Mocha Slot”	Mocha Slot Management Limited, a non-wholly owned subsidiary of Melco within the JV Group.
“New Site(s)”	any other additional slot hall(s) to be operated by SJM and managed by Mocha Slot in Macau from time to time
“Original Sites”	the three slot halls of SJM respectively located at Hotel Royal, Kingsway Commercial Centre and San Kin Yip Building in Macau
“PBL”	Publishing and Broadcasting Limited, a company incorporated under the laws of Australia, the securities of which are listed on the Australian Stock Exchange or if the context so requires, refers to PBL Asia
“Placing”	the top-up placing of 75,900,000 Shares at a price of HK\$5.20 per Share on 15 October 2004 as disclosed in the announcement of Melco dated 15 October 2004
“Services”	such services or obligations to be provided or borne by Mocha Slot under the Service Arrangement
“Service Arrangement”	the Service Arrangement comprising four agreements entered into between Mocha Slot and SJM regarding the provision of Services by Mocha Slot to the Existing Sites or if the context so requires, also refers to any other service agreement(s) with identical terms as the Service Arrangement to be entered into between Mocha Slot and SJM from time to time in respect of any New Site(s)
“SJM”	Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau and a subsidiary of STD M
“STD M”	Sociedade de Turismo e Diversoes de Macau, S.A.R.L. a company incorporated under the laws of Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	Per cent

For the purpose of this announcement, the amount in US\$ is translated into HK\$ at the following exchange rate: US\$1.00: HK\$7.78

By order of the board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Managing Director

Hong Kong, 11 April 2005

Please also refer to the published version of this announcement in The Standard.