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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)

### ANNOUNCEMENT IN RELATION TO THE GRANT OF THE LAND LOCATED AT BAIXA DA TAIPA, MACAU

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the Company's announcement and circular respectively dated 22 March 2005 and 2 June 2005 in relation to the major and connected transaction regarding acquisition of the remaining interest in the land located at Baixa da Taipa, Macau with an area of approximately 5,230 sq. meters (the "Land") and discloseable transaction regarding injection of interest in the Land into the JV Group. The Directors would like to update the progress of the grant of concession of the Land. On 24 June 2005, the Macau Government offered the grant of the concession of the Land to Great Wonders in a letter setting out detailed specifications of the permitted uses and developable gross floor area of the Land and the applicable land premium payable to take up the grant. On 21 July 2005, Great Wonders has accepted in principle such written offer.

According to the Company's information, the Macau Government is in the final stage of preparing the legally binding contract, which will incorporate the terms of the Offer Letter, regarding the grant of the Land. Accordingly, the grant of the Land has not taken place by 1 September 2005 as mentioned in the Circular. To the best of the Directors' knowledge, belief and information, the Directors are not currently aware of any particular problem relating to grant of the Land to Great Wonders by the Macau Government and the additional time required is only due to administrative procedures. The Directors are confident that the legally binding contract incorporating the terms of the written offer and all other relevant formalities regarding the grant of the Land will be finalized and completed by the Macau Government and Great Wonders very soon and in any case, within the fourth quarter of 2005. The Directors expect that there would not be any material adverse effect on the development schedule of the Land as planned.

A separate announcement will be made once the grant of the concession of the Land has taken place.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the Company's announcement and circular respectively dated 22 March 2005 and 2 June 2005 (the "Circular") in relation to the major and connected transaction regarding acquisition of the remaining interest in the Land and discloseable transaction regarding injection of interest in the Land into the JV Group. Terms used in this announcement shall have the same meaning as those defined in the Circular unless the context requires otherwise.

As mentioned in the Circular, the Company intends to develop a luxury hotel with casino facilities on the Land and the Directors expected that the concession of the Land would be granted to Great Wonders on or before 1 September 2005. On 24 June 2005, the Macau Government offered the grant of the concession of the Land to Great Wonders in a letter setting out detailed specifications of the permitted uses and developable gross floor area of the Land and the applicable land premium payable to take up the grant (the "Offer Letter"). Details of the major terms of the Offer Letter are disclosed in the circular of the Company dated 22 July 2005 and are reproduced herein below:

Developable site area : 95,837 sq. metres, comprising a five-star hotel of 82,704 sq. metres, aggregate car parking of 11,810 sq. metres and outdoor space of 1,323 sq. metres.

Term of lease : 25 years from the date on which permission for the legally binding contract in respect of the lease of the Land is published in the gazette of the Macau Government with the right to renew for further consecutive periods in accordance with the applicable provisions of Macau laws.

Rent : During the construction period, a rent in an aggregate amount of MOP 156,900 (equivalent to approximately HK\$152,330) shall be payable by Great Wonders to the Macau Government every year at the rate of MOP 30 (equivalent to approximately HK\$29.13) per sq. metre of the Land.

Following completion of the construction on the Land, the annual rental payable by Great Wonders in respect of the Land will be adjusted to MOP 1,371,890 (equivalent to approximately HK\$1,331,932) based on the following rates:

a rate of MOP 15 (equivalent to approximately HK\$14.56) per sq. metre of the Land shall be payable in respect of the five star hotel;

a rate of MOP 10 (equivalent to approximately HK\$9.71) per sq. metre of the Land shall be payable in respect of the car park for the hotel; and

a rate of MOP 10 (equivalent to approximately HK\$9.71) per sq. metre of the Land shall be payable in respect of the outdoor areas

The rates of the government rent are determined by the Macau Government according to a number of factors including, amongst others, the usage of the relevant land and the developable area. The rates at which rent is payable shall be adjusted every five years as agreed between the Macau Government and Great Wonders provided that where the Macau Government revises the applicable rental rates under new laws and regulations, such new rates shall apply.

Building Covenant : 36 months from the date on which permission for the legally binding contract in respect of the lease of the Land has been published in the gazette of the Macau Government. If there is any delay on the part of Great Wonders in complying with this, a daily fine of MOP 5,000 (equivalent to approximately HK\$4,854) is payable by Great Wonders for any delay not exceeding 60 days. If the delay exceeds 60 days, a daily fine of MOP 10,000 (equivalent to approximately HK\$9,709) is payable by Great Wonders provided that such delay does not exceed 120 days. Where the delay exceeds 120 days, the relevant land committee of the Macau Government will determine the applicable penalty rate.

- Guarantee Deposit : A guarantee deposit in the amount of MOP 156,900 (equivalent to approximately HK\$152,330), subject to adjustments in accordance with the relevant amount of rent payable during the relevant year shall be payable by Great Wonders to the Macau Government. Such guarantee deposit should be released to Great Wonders upon its application after completion of the construction on the Land.
- Land Premium : A land premium in the aggregate amount of MOP 149,727,854 (equivalent to approximately HK\$145,366,848.54) shall be payable by Great Wonders to the Macau Government and shall be payable as follows:
- i. a sum of MOP 50,000,000 (equivalent to approximately HK\$48,543,689.32) shall be payable upon receipt by the Macau Government of the legally binding contract signed by Great Wonders; and
  - ii. the balance of MOP 99,727,854 (equivalent to approximately HK\$96,823,159.22) together with interest at 5% per annum shall be payable in four instalments in equal amounts, with each instalment payable every six months and the first instalment payable within 6 months from the date on which permission for the legally binding contract in respect of the lease of the Land has been published in the gazette of the Macau Government.
- Assignment : Any assignment of the rights and benefits of Great Wonders of the Land prior to the completion of the construction works thereon shall be approved by the Macau Government in advance.

On 21 July 2005, Great Wonders has accepted in principle the terms of the Offer Letter and according to the information from the Company's architect in Macau, who is responsible for liaising with the Macau Government on the grant of the Land on a regular basis, the Macau Government is in the final stage of preparing the legally binding contract, which will incorporate the terms of the Offer Letter, regarding the grant of the Land. Accordingly, the grant of the concession of the Land has not taken place by 1 September 2005 as anticipated in the Circular. To the best of the Directors' knowledge, belief and information, the Directors are not currently aware of any particular problem relating to grant of the Land to Great Wonders by the Macau Government and the additional time required is only due to administrative procedures to be taken by the Macau Government. The Directors are confident that such legally binding contract and all other relevant formalities (including the publication of the grant in the gazette of the Macau Government) regarding the grant of the Land will be finalized and completed by the Macau Government and Great Wonders very soon and in any case, within the fourth quarter of 2005. Although the grant of the Land has not yet taken place, the Company has obtained the necessary approvals from the Macau Government for carrying out the ground works and construction works prior to the grant and has commenced such works. As such, the Directors expect that there would not be any material adverse effect on the originally planned development schedule of the Land, under which the casino portion of the development is anticipated to be completed by two phases in May and August 2006 and the hotel portion of the development is anticipated to be completed by March 2007.

A separate announcement will be made once the grant of the concession of the Land has taken place.

As at the date of this announcement, the Board comprises three Executive Directors, namely, Dr. Stanley Ho (Chairman), Mr. Lawrence Ho (Managing Director) 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.

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

Hong Kong, 1 September 2005

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