

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

**If you are in any doubt** about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Melco International Development Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



*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)

### **CONNECTED TRANSACTIONS INFORMATION TECHNOLOGY SERVICES FOR SOCIEDADE DE JOGOS DE MACAU, S.A. AND MOCHA SLOT GROUP LIMITED**

**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)

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**Hantec Capital Limited**

---

A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders concerning the Connected Transactions is set out on page 18 of this circular. A letter from Hantec Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 19 to 28 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of the Company to be held at 4:00 p.m. on Wednesday, 22 February 2006 at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, is set out on pages 40 to 41 of this circular. A proxy form is also enclosed. Whether or not you intend to attend and vote at the EGM, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company’s registered office, 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

10 January 2006

---

# CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	5
Introduction .....	5
<b>The Connected Transactions</b> .....	6
Background of the SJM and Mocha Service Arrangements .....	6
Principal terms of the SJM Service Arrangement .....	7
Principal terms of the Mocha Service Arrangement .....	10
Condition precedent of the Connected Transactions .....	13
Information of the Group .....	13
Information on Mocha .....	14
Information on Elixir .....	14
Information on SJM .....	14
Reasons and benefits for entering into the Connected Transactions .....	14
Implications under the Listing Rules .....	15
Extraordinary general meeting .....	16
Recommendation .....	16
General .....	17
<b>Letter from the Independent Board Committee</b> .....	18
<b>Letter from the Independent Financial Adviser</b> .....	19
<b>Appendix – General information</b> .....	29
<b>Notice of extraordinary general meeting</b> .....	40

---

## DEFINITIONS

---

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“associate”	has the same meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Melco International Development Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
“connected person”	has the same meaning as ascribed to it in the Listing Rules
“Connected Transactions”	the SJM Service Arrangement and the Mocha Service Arrangement
“Director(s)”	the director(s) of the Company
“Dr. Stanley Ho”	Dr. Ho Hung Sun, Stanley, the Chairman and an Executive Director of the Company
“EGL”	Elixir Group Limited, a company incorporated in Hong Kong with limited liability on 2 July 2002 and a wholly-owned subsidiary of the Company
“EGM”	an extraordinary general meeting of the Company to be convened on Wednesday, 22 February 2006 for the purpose of considering and approving the Connected Transactions
“Elixir”	Elixir Group (Macau) Limited, a company incorporated in Macau with limited liability on 29 July 2002 and a wholly-owned subsidiary of EGL and an indirect wholly-owned subsidiary of the Company
“Elixir Group”	EGL and Elixir
“Group”	the Company and its subsidiaries

---

## DEFINITIONS

---

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising the Independent Non-executive Directors, namely Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui, set up to advise the Independent Shareholders in respect of the Connected Transactions
“Independent Financial Adviser” or “Hantec”	Hantec Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the Connected Transactions
“Independent Shareholders”	Shareholders other than Dr. Stanley Ho and his associates, namely Madam Lucina Laam King Ying, Mr. Lawrence Ho, Lasting Legend Ltd. and Better Joy Overseas Ltd.
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company and its subsidiaries, the controlling shareholder, directors, chief executive or substantial shareholders of the Company and its subsidiaries, or an associate of any of them under the Listing Rules.
“Latest Practicable Date”	6 January 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Maintenance Services”	after sales services to be provided by Elixir including rectification of any error and provision of spare parts, if necessary, for the relevant hardware systems and equipment provided under the SJM Service Arrangement

---

## DEFINITIONS

---

“Mocha”	Mocha Slot Group Limited, a company incorporated under the laws of British Virgin Islands and the equity interests in which are held as to 80% by Melco PBL Entertainment (Greater China) Limited (formerly “Melco Entertainment Limited”), a subsidiary of the Company, and as to 20% by Dr. Stanley Ho
“Mocha Service Arrangement”	the service arrangement comprising three separate agreements, entered into between Elixir and Mocha, all dated 20 December 2005, regarding the respective provision of: (i) System Integration Services for the digital surveillance camera system; (ii) System Integration Services for the access control system; and (iii) System Integration Services for the electronic gaming machines, by Elixir to Mocha
“Mr. Lawrence Ho”	Mr. Ho, Lawrence Yau Lung, Managing Director of the Company and son of Dr. Stanley Ho
“PRC”	the People’s Republic of China
“Services”	the System Integration Services and (if applicable) the Maintenance Services
“Service Arrangements”	the SJM Service Arrangement and the Mocha Service Arrangement
“Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SJM”	Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau

---

## DEFINITIONS

---

“SJM Service Arrangement”	the service arrangement comprising three separate agreements, entered into between Elixir and SJM, all dated 20 December 2005, regarding the respective provision of: (i) System Integration Services and Maintenance Services for the digital surveillance camera system; (ii) System Integration Services for the access control system; and (iii) System Integration Services for the electronic gaming machines, by Elixir to SJM
“SFO”	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
“STDM”	Sociedade de Turismo e Diversoes de Macau, S.A. a company incorporated under the laws of Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“System Integration Services”	services to be provided by Elixir including the liaison with and procurement of other hardware and software suppliers to develop, provide and install the monitoring security systems and gaming systems as well as the design and provision of information technology expertise to ameliorate the computer facilities and equipment of SJM and Mocha respectively
“%”	per cent.

*For the purposes of this circular, the amount in US\$ and MOP\$ are respectively translated into HK\$ at the following exchange rates:*

<i>US\$1.00</i>	<i>:</i>	<i>HK\$7.78</i>
<i>MOP\$1.03</i>	<i>:</i>	<i>HK\$1.00.</i>

---

## LETTER FROM THE BOARD

---



*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)

*Executive Directors:*

Dr. Stanley Ho (*Chairman*)  
Mr. Lawrence Ho (*Managing Director*)  
Mr. Frank Tsui

*Non-executive Director:*

Mr. Ng Ching Wo

*Independent Non-executive Directors:*

Sir Roger Lobo  
Mr. Robert Kwan  
Dr. Lo Ka Shui

*Registered office, head office and  
principal place of business:*

Penthouse  
38th Floor  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

10 January 2006

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS  
INFORMATION TECHNOLOGY SERVICES FOR  
SOCIEDADE DE JOGOS DE MACAU, S.A.  
AND MOCHA SLOT GROUP LIMITED**

**INTRODUCTION**

By the announcement of the Company dated 20 December 2005, the Board announced that on 20 December 2005, Elixir, an indirect wholly-owned subsidiary of the Company, has entered into the Service Arrangements on a conditional basis with each of SJM and Mocha respectively, pursuant to which Elixir shall provide to each of SJM and Mocha such Services comprising System Integration Services for an aggregate value of about HK\$69.02 million and HK\$142.58 million respectively and Maintenance Services for the aggregate value of about HK\$1.51 million for SJM.

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to set out (i) further information on the SJM Service Arrangement and the Mocha Service Arrangement (which collectively constitute the Connected Transactions); (ii) the recommendation from the Independent Board Committee in respect of the Connected Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Connected Transactions; and (iv) a notice convening the EGM at which relevant resolution(s) will be proposed to the Independent Shareholders to consider and if thought fit, approve (by way of poll) the Connected Transactions.

### THE CONNECTED TRANSACTIONS

#### Background of the SJM and Mocha Service Arrangements

EGL and Elixir are wholly-owned subsidiaries of the Company. Since its inception in July 2002, the Elixir Group has been engaged in the business of system integration and supply and provision of various software systems and hardware equipment as well as information technology services to clients predominately in Macau and the Pearl River Delta Area of the PRC. Its clients include companies and enterprises from a wide range of industries such as gaming, retail, entertainment, hospitality as well as banking and finance. The business relationship between the Elixir Group and SJM commenced in January 2003 and during the years 2003 to 2005, Elixir Group has altogether entered into five separate service arrangements with SJM (excluding the present one) for the provision of information technology related services to SJM and the most recent one was entered into on 13 April 2005 (collectively the “Previous SJM Arrangement”). In addition, pursuant to a separate service arrangement also dated 13 April 2005, Elixir started to provide information technology services to Mocha (the “Previous Mocha Arrangement”). Details of these service arrangements dated 13 April 2005 were disclosed in the announcement and circular of the Company dated 13 April 2005 and 29 April 2005 respectively.

Given that the Elixir Group has demonstrated its quality of works and services provided under the said previous service arrangements and established a good business relationship with SJM, the Directors are pleased to announce that on 20 December 2005, Elixir has entered into another service arrangement, namely, the SJM Service Arrangement, with SJM for the provision of System Integration Services and Maintenance Services for the aggregate values of about HK\$69.02 million and HK\$1.51 million respectively. In addition, the Directors are pleased to announce that on 20 December 2005, Elixir has also entered into another service arrangement, namely the Mocha Service Arrangement, with Mocha for the provision of System Integration Services for the aggregate value of about HK\$142.58 million.



---

## LETTER FROM THE BOARD

---

### Principal terms of the SJM Service Arrangement

On 20 December 2005, Elixir has entered into the SJM Service Arrangement with SJM for the provision of System Integration Services and Maintenance Services for the aggregate values of about HK\$69.02 million and HK\$1.51 million respectively. The principal terms of the SJM Service Arrangement are as follows:

- Date : 20 December 2005
- Parties : Elixir, as service provider  
SJM, as service recipient
- Information technology : The services to be provided by Elixir include:  
related services  
to be provided
- (i) System Integration Services including the liaison with and procurement of other hardware and software suppliers to develop, provide and install the monitoring security systems, such as the digital surveillance camera system and the access control system as well as the gaming systems such as the electronic gaming machines together with the design and provision of information technology expertise to ameliorate the computer facilities and equipments of SJM; and
  - (ii) Maintenance Services including the continuing maintenance and support services, such as rectification of any error and provision of spare parts, if necessary, for a number of hardware systems and equipment provided under the SJM Service Arrangement. The Maintenance Services are for a term of one year commencing from the expiration of the three months' free warranty period provided by Elixir after completion of installation and the acceptance test on the relevant systems and equipment.

---

## LETTER FROM THE BOARD

---

Consideration : The consideration payable by SJM under the SJM Service Arrangement was determined by arm's length negotiations between the parties thereto. Pursuant to the terms of the SJM Service Arrangement, the aggregate service charge for the System Integration Services is about HK\$69.02 million (as to about HK\$52.05 million for digital surveillance camera system, as to about HK\$0.04 million for the access control system and as to about HK\$16.93 million for the electronic gaming machines).

Such aggregate service charge is determined with reference to the market costs of (i) the relevant hardware systems and equipment; and (ii) the estimated manpower to be incurred by Elixir based on the Previous SJM Arrangement. The Previous SJM Arrangement is comparable to the SJM Service Arrangement since the same System Integration Services were provided to SJM with similar systems, facilities and spare parts used. Elixir will ascertain the relevant hardware systems and equipment and manpower required to provide the relevant System Integration Services to SJM upon receiving its orders and arrange to purchase the required hardware systems and equipment from the suppliers. The basis of consideration of the System Integration Services was determined according to the required hardware systems and equipment (with a mark up on the costs charged by the suppliers, the rate of such mark up is comparable with the rate that Elixir normally adopts in dealings with other independent customers), installation charges and other service charges payable. The consideration of the System Integration Services to SJM is no more favourable to SJM than to other independent customers.

As for the Maintenance Services for the digital surveillance camera system, the aggregate service charge is about HK\$1.51 million and was determined with reference to the estimated market costs of (i) the estimated number of spare parts that requires for maintaining the relevant hardware systems and equipment and (ii) the resources to be incurred by Elixir during the relevant agreed service period (such estimation is based on the Previous SJM Arrangement and comparable to the SJM Service Arrangement). The aggregate service charge for the System Integration Services to be provided by Elixir to SJM is comparable to the market rate and charge to other independent customers of Elixir and is no more favourable to SJM than to other independent customers.

---

## LETTER FROM THE BOARD

---

- Payment terms : (i) an initial amount of about HK\$26.025 million representing 50% of the relevant service charge in relation to the System Integration Services for the digital surveillance camera system upon entering into the SJM Service Arrangement. The balance of the relevant service charge will be payable by three installments of amounts equivalent to 30%, 10% and 10% thereof upon (a) the date of delivery of the relevant system, (b) the date of completion of installation and acceptance test on such system and (c) the expiry date of the three month free warranty period after completion of the acceptance test respectively. According to the terms and conditions of the SJM Service Arrangement, these three milestone dates are expected to take place in around late January 2006, early February 2006 and early May 2006 respectively;
- (ii) the full amount of about HK\$0.04 million in respect of the System Integration Services for the access control system upon the date of delivery of the relevant system, which is expected to be around late January 2006;
- (iii) an initial amount of about HK\$8.465 million representing 50% of the relevant service charge in relation to the System Integration Services for the electronic gaming machines upon entering into the SJM Service Arrangement with the remaining 50% thereof to be paid upon the date of delivery, which is expected to be around late January 2006; and
- (iv) the full amount of about HK\$1.51 million for the Maintenance Services upon the expiration of the three month free warranty period, which is expected to be around early May 2006.

---

## LETTER FROM THE BOARD

---

The different payment schedules that apply to the different hardware systems and equipment under the SJM Service Arrangement are consistent with the relevant terms offered by different suppliers to Elixir and are consistent with the payment terms offered by Elixir to its other independent customers. Since the title to the hardware systems and equipment under the SJM Service Arrangement will only pass to SJM upon full payment of the relevant service charges, in the unlikely event that SJM has defaulted in payment, Elixir would be entitled to claim for a return of the relevant hardware systems and equipment and other damages resulting from such default.

Other terms : The performance of the SJM Service Arrangement is conditional on the fulfillment of the condition as set out in the paragraph headed “Condition precedent of the Connected Transactions” below.

### **Principal terms of the Mocha Service Arrangement**

In addition to the SJM Service Arrangement, on 20 December 2005, Elixir has also entered into the Mocha Service Arrangement with Mocha for the provision of System Integration Services for the aggregate value of about HK\$142.58 million. The principal terms of the Mocha Service Arrangement are as follows:

Date : 20 December 2005

Parties : Elixir, as service provider

Mocha, as service recipient

Information Technology : The services to be provided by Elixir include:  
related services  
to be provided

- (i) System Integration Services including the liaison with and procurement of other hardware and software suppliers to develop, provide and install the real-time on-line transmission and monitoring security systems,

---

## LETTER FROM THE BOARD

---

such as the digital surveillance camera system, the finger print access control system as well as the gaming systems such as the electronic gaming machines together with the design and provision of information technology expertise to ameliorate the computer facilities and equipment of Mocha Slot.

Consideration : The consideration payable by Mocha under the Mocha Service Arrangement was determined by arm's length negotiations between the parties thereto. Pursuant to the terms of the Mocha Service Arrangement, the aggregate service charge for the System Integration Services is about HK\$142.58 million (as to about HK\$15.91 million for digital surveillance camera system, as to about HK\$0.14 million for the access control system and as to about HK\$126.53 million for the electronic gaming machines).

Such aggregate service charge was determined with reference to the market costs of (i) the relevant hardware systems and equipment; and (ii) the estimated manpower to be incurred by Elixir based on the Previous Mocha Arrangement. The Previous Mocha Arrangement is comparable to the Mocha Service Arrangement since the same System Integration Services were provided to Mocha with similar systems, facilities, equipments and spare parts used. Elixir will ascertain the relevant hardware systems and equipment and manpower required to provide the relevant System Integration Services to Mocha upon receiving its orders and arrange to purchase the required hardware systems and equipment from the suppliers. The basis of consideration of the System Integration Services was determined according to the required hardware systems and equipment (with a mark up on the costs charged by the suppliers, the rate of such mark up is comparable with the rate that Elixir normally adopts in dealings with other independent customers), installation charges and other service charges payable. The consideration of the System Integration Services to Mocha is no more favourable to Mocha than to other independent customers.

---

## LETTER FROM THE BOARD

---

- Payment terms : (i) an initial amount of about HK\$7.955 million representing 50% of the relevant service charge in relation to the System Integration Services for the digital surveillance camera system upon entering into the Mocha Service Arrangement. The balance of the relevant service charge will be payable by three installments of amounts equivalent to 30%, 10% and 10% thereof upon (a) the date of delivery of the relevant system, (b) the date of completion of installation and acceptance test on such system and (c) the expiry date of the three month free warranty period after completion of the acceptance test respectively. According to the terms and conditions of the Mocha Service Arrangement, these three milestone dates are expected to take place in around late January 2006, early February 2006 and early May 2006 respectively;
- (ii) the full amount of about HK\$0.14 million in respect of the System Integration Services for the access control system upon the date of delivery of the relevant system, which is expected to be around late January 2006; and
- (iii) an initial amount of about HK\$63.265 million representing 50% of the relevant service charge in relation to the System Integration Services for the electronic gaming machines upon entering into the Mocha Service Arrangement with the remaining 50% thereof to be paid upon the date of delivery, which is expected to be around late January 2006.

The different payment schedules that apply to the different hardware systems and equipment under the Mocha Service Arrangement are consistent with the relevant terms offered by different suppliers to Elixir and are consistent with the payment terms offered by Elixir to its other independent customers. Since the title to the hardware systems and equipment under the Mocha Service Arrangement will only

---

## LETTER FROM THE BOARD

---

pass to Mocha upon full payment of the relevant service charges, in the unlikely event that Mocha has defaulted in payment, Elixir would be entitled to claim for a return of the relevant hardware systems and equipment and other damages resulting from such default.

Other terms : The performance of the Mocha Service Arrangement is conditional on the fulfillment of the condition as set out in the paragraph headed “Condition precedent of the Connected Transactions” below.

### **Condition precedent of the Connected Transactions**

Both the SJM Service Arrangement and the Mocha Service Arrangement are conditional upon the approval by the Independent Shareholders (by way of poll) at the EGM in compliance with the Listing Rules including (without limitation to) the requirement that any Shareholder(s) and their associates interested in the Service Arrangements having abstained from voting at the EGM. However, the SJM Service Arrangement and the Mocha Service Arrangement are not interconditional.

Unless the parties thereto otherwise agree (but nevertheless subject to the relevant requirements under the Listing Rules), the above condition cannot be waived by the relevant parties to the Service Arrangements. In the event that the condition cannot be fulfilled on or before 31 March 2006 (or such other date as the parties may subsequently agree), SJM may, by notice to Elixir, terminate the SJM Service Arrangement and Mocha may, by notice to Elixir, terminate the Mocha Service Arrangement. Upon any such termination, Elixir shall return to SJM and/or Mocha (as the case may be) any payment made under the relevant Service Arrangements (without interest) and subject to that none of the parties to the SJM Service Arrangement and/or Mocha Service Arrangement will have any obligations and liabilities save to any antecedent breach of the terms thereof.

### **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 division. The leisure and entertainment division of the Group comprises the pursuance of the gaming business and the hospitality business through the joint venture group formed with Publishing and Broadcasting Limited and the operation of two floating restaurants, namely, Jumbo and Tai Pak, in Aberdeen, Hong Kong.

---

## LETTER FROM THE BOARD

---

### **Information on Mocha**

Mocha was established in March 2003 and has been engaged in the business of leasing of electronic gaming machines and the provision of related auxiliary management services to casino operators in Macau since September 2003. As a result of the Group reorganization and formation of the joint venture gaming group as disclosed in various announcements and circulars of the Company respectively dated 23 March 2004, 1 April 2004, 23 April 2004, 23 November 2004, 23 December 2004 and 5 January 2005, Mocha became the non wholly-owned subsidiary of the Company. Currently, Mocha, through its wholly-owned subsidiary in Macau, Mocha Slot Management Limited, is providing management and related services to five electronic gaming machines lounges operated by SJM in Macau, including the one that recently opened in mid November 2005 at Hotel Sintra, Macau, all under the brandname “Mocha Slot Club”.

### **Information on Elixir**

Elixir, an indirect wholly-owned subsidiary of the Company, belongs to the technology arm of the Group and is principally engaged in the business of system integration and supply and provision of various software systems and hardware equipment as well as information technology services to clients predominately in Macau and the Pearl River Delta Area of the PRC. Its clients include companies and enterprises from a wide range of industries such as gaming, retail, entertainment, hospitality as well as banking and finance.

### **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. SJM has been selected by the Macau Government as one of the five concessionaires/sub-concessionaires to engage in casino gaming operations in Macau from 1 April 2002 to 31 March 2020.

### **REASONS AND BENEFITS FOR ENTERING INTO THE CONNECTED TRANSACTIONS**

The provision of the Services to SJM and Mocha are transactions of a revenue nature in the ordinary and usual course of business of Elixir and generates income for the Group. Besides, by leveraging on the established track record of providing technology systems and services to SJM and Mocha, the Group would be able to further promote its products and services to other potential customers in the gaming and entertainment industries in Macau.

The Board is of the view that the respective terms of the SJM Service Arrangement and Mocha 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 Elixir and the Group and in the interests of the Independent Shareholders as a whole.



---

## LETTER FROM THE BOARD

---

### IMPLICATIONS UNDER THE LISTING RULES

In view of the fact that Dr. Stanley Ho, who is the Chairman and Executive Director of the Company, has an equity interest in, as well as being a director of, STDM, the parent company of SJM, SJM is a connected person of the Company for the purposes of the Listing Rules. Also, by reason of the fact that Dr. Stanley Ho has an equity interest in Mocha, Mocha is considered as a connected person of the Company under the Listing Rules.

In addition, based on the above, each of the SJM Service Arrangement and the Mocha Service Arrangement constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules (by virtue of the fact that the revenue ratio for SJM Service Arrangement is more than 2.5% but less than 25% and the revenue ratio for Mocha Service Arrangement is approximately 35% and the total amount payable by SJM and Mocha (as the case may be) for the Services exceeds HK\$10,000,000) 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 2.67% shareholding interest in the Company, and his associates, namely, Madam Lucina Laam King Ying, Mr. Lawrence Ho (son of Dr. Stanley Ho), Lasting Legend Ltd. (“Lasting Legend”) (a company controlled by Mr. Lawrence Ho) and Better Joy Overseas Ltd. (“Better Joy”) (a company owned as to 65% by Mr. Lawrence Ho, as to 23% by Dr. Stanley Ho and as to 12% by the Sharen Lo Trust, a discretionary family trust founded by Mr. Lawrence Ho) will abstain from voting on the relevant resolution(s) regarding the Service Arrangements and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, the total number of issued shares of the Company were 1,125,838,540 Shares and were held as to approximately 2.67% by Dr. Stanley Ho, approximately 0.04% by Madam Lucina Laam King Ying, approximately 0.48% by Mr. Lawrence Ho personally, approximately 10.26% by Lasting Legend, approximately 25.63% by Better Joy and approximately 6.94% by Shun Tak Shipping Company Limited (a company in which Dr. Stanley Ho holds 27.78% shareholding interest and is a director). Based on the interest of Dr. Stanley Ho in Shun Tak Shipping Company Limited, Shun Tak Shipping Company Limited is not an associate of Dr. Stanley Ho under the definitions of the Listing Rules. Accordingly, Shun Tak Shipping Company Limited is not required to abstain from voting on the relevant resolution(s) regarding the Connected Transactions at the EGM.

---

## LETTER FROM THE BOARD

---

### EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 4:00 p.m. on Wednesday, 22 February 2006 at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong is set out on pages 40 to 41 of this circular at which ordinary resolution(s) will be proposed and, if thought fit, passed by the Independent Shareholders (by way of poll), to approve the Connected Transactions.

The Independent Board Committee comprising the three Independent Non-executive Directors namely, Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui, has been appointed to advise the Independent Shareholders as to whether or not the Connected Transactions are fair and reasonable and in the interests of the Independent Shareholders as a whole. Hantec has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Transactions.

A proxy form for use by the Shareholders at the EGM is enclosed. Whether or not you are available to attend the EGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the registered office of the Company at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 18 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders concerning the Connected Transactions; and (ii) the letter from Hantec to the Independent Board Committee set out on pages 19 to 28 of this circular containing its advice to the Independent Board Committee in this regard.

The Independent Board Committee, having taking into account the advice from Hantec in relation to the Connected Transactions, considers that the Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and that the Connected Transactions are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Connected Transactions.

---

## LETTER FROM THE BOARD

---

### GENERAL

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

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board  
**Melco International Development Limited**  
**Ho, Lawrence Yau Lung**  
*Managing Director*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---



*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)*

Penthouse  
38th Floor  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

10 January 2006

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONNECTED TRANSACTIONS INFORMATION TECHNOLOGY SERVICES FOR SOCIEDADE DE JOGOS DE MACAU, S.A. AND MOCHA SLOT GROUP LIMITED**

We have been appointed as members of the Independent Board Committee to advise you in connection with the Connected Transactions, details of which are set out in the “Letter from the Board” in the circular dated 10 January 2006, of which this letter forms part. Terms used in this letter have the same meanings as defined in the said circular unless the context otherwise requires.

We wish to draw your attention to the letter of advice from Hantec as set out on pages 19 to 28 of this circular, which contains its advice and recommendation to us as to whether or not the Connected Transactions are fair and reasonable and in the interests of the Independent Shareholders as a whole, as well as the principal factors and reasons for its advice and recommendation.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, Hantec as stated in its aforementioned letter of advice, we are of the opinion that the Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and the Connected Transactions are in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Connected Transactions.

Yours faithfully,

For and on behalf of the Independent Board Committee  
**Sir Roger Lobo    Robert Kwan    Dr. Lo Ka Shui**  
*Independent Non-executive Directors*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is the text of a letter from Hantec to the Independent Board Committee and the Independent Shareholders in connection with the Connected Transactions, which has been prepared for the purpose of inclusion in this circular:*



### **Hantec Capital Limited**

45th Floor, COSCO Tower  
183 Queen's Road Central  
Hong Kong

10 January 2006

*To the Independent Board Committee and  
the Independent Shareholders of*  
**Melco International Development Limited**

Dear Sirs,

### **CONNECTED TRANSACTIONS INFORMATION TECHNOLOGY SERVICES FOR SOCIEDADE DE JOGOS DE MACAU, S.A. AND MOCHA SLOT GROUP LIMITED**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Connected Transactions, under which Elixir will provide the System Integration Services and the Maintenance Services to SJM and the System Integration Services to Mocha. Details of the Connected Transactions are set out in the letter from the Board (the "Letter from the Board") contained in the circular of the Company dated 10 January 2006 (the "Circular"), of which this letter forms part. Capitalised terms used herein without definition shall have the same meanings in the Circular unless the context otherwise requires.

SJM, being a subsidiary of STDM, is a connected person of the Company under the Listing Rules since Dr. Stanley Ho, the Chairman and Executive Director of the Company, has an equity interest in and is a director of STDM. Also, Mocha, being a subsidiary of the Company, is a connected person of the Company under the Listing Rules since Dr. Stanley Ho has an equity interest in Mocha. As a result, each of the SJM Service Arrangement and the Mocha Service Arrangement constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5)

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

of the Listing Rules (by virtue of the fact that the revenue ratio for SJM Service Arrangement is more than 2.5% but less than 25% and the total amount payable by SJM for SJM Service Arrangement exceeds HK\$10,000,000, and the revenue ratio for Mocha Service Arrangement is approximately 35% and the total amount payable by Mocha for Mocha Service Arrangement exceeds HK\$10,000,000) 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 2.67% shareholding interest in the Company, and his associates, namely, Madam Lucina Laam King Ying, Mr. Lawrence Ho (son of Dr. Stanley Ho), Lasting Legend Ltd. (a company controlled by Mr. Lawrence Ho) and Better Joy Overseas Ltd. (a company owned as to 65% by Mr. Lawrence Ho, as to 23% by Dr. Stanley Ho and as to 12% by the Sharen Lo Trust, a discretionary family trust founded by Mr. Lawrence Ho) will abstain from voting on the relevant resolution(s) regarding the Service Arrangements and the transactions contemplated there under at the EGM.

The Independent Board Committee, comprising the three independent non-executive Directors, namely Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui, has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms of the Connected Transactions. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of each of the SJM Service Arrangement and the Mocha Service Arrangement is in the interests of the Company and the Shareholders as a whole.

### **BASIS OF OUR OPINION**

In arriving at our opinion, we have relied on the information supplied by the Company including but not limited to the agreements in relation to the Service Arrangements. We have assumed that the information provided and representations made to us by the Company are true, accurate and complete at the time they were made and continue to be so at the date of this letter. We consider that we have been provided sufficient information to reach an informed view, to justify our reliance on the accuracy of the information provided and representations made to us by the Company and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts have been omitted or withheld from the information provided nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. Having made all reasonable enquiries, the Directors have confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, conducted an independent verification of the information provided by the Company nor have we carried out any independent investigation into the business and affairs of the Company or any of its respective subsidiaries or associates.

---

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

## PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In arriving at our opinion in respect of the terms of the Connected Transactions, we have taken the following principal factors and reasons into consideration:

### I. Reasons for entering into the Service Arrangements

#### *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 division.

EGL and Elixir are wholly-owned subsidiaries of the Company. The Elixir Group is principally engaged in the business of system integration and supply and provision of various software systems and hardware equipment as well as information technology services to clients predominately in Macau and the Pearl River Delta Area of the PRC. The clients of the Elixir Group include companies and enterprises from a wide range of industries such as gaming, retail, entertainment, hospitality as well as banking and finance. The business relationship between the Elixir Group and SJM commenced in January 2003 and during the years 2003 to 2005, the Elixir Group has altogether entered into five separate service arrangements with SJM for the provision of information technology related services to SJM for the respective considerations of about US\$570,000 (equivalent to approximately HK\$4,430,000), US\$285,000 (equivalent to approximately HK\$2,220,000), US\$7,140,000 (equivalent to approximately HK\$55,550,000), US\$4,153,000 (equivalent to approximately HK\$32,330,000), and HK\$50,927,000. In addition, pursuant to a separate service arrangement dated 13 April 2005, the Elixir Group started to provide information technology services to Mocha with a total consideration of approximately HK\$23,206,000. The Previous SJM Arrangement and the Previous Mocha Arrangement are similar to the Service Arrangements which include system integration services for digital surveillance camera systems, access control systems and electronic gaming machines and respective maintenance services. The entering into the Previous SJM Arrangement and the Previous Mocha Arrangement as well as the Service Arrangements forms part of the normal business activities of the Elixir Group and generates income for the Group.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Information of SJM*

SJM is a company incorporated under the laws of Macau and has been selected by the Macau Government as one of the five concessionaires/sub-concessionaires to engage in casino gaming operations in Macau from 1 April 2002 to 31 March 2020. In view of the tailor-made information technology related systems and services to be provided by Elixir to SJM under the SJM Service Arrangement which shall include digital surveillance camera systems, access control systems, electronic gaming machines and the information technology expertise to ameliorate the computer facilities and equipments which are all essential for casino gaming operations, the Group will be able to demonstrate its capability in providing similar system integration services as under the Service Arrangements and hence to promote its products and services to other potential customers in the gaming and entertainment industries in Macau.

### *Information of Mocha*

Mocha is a company incorporated under the laws of British Virgin Islands and has been engaged in the business of leasing of electronic gaming machines and the provision of related auxiliary management services to casino operators in Macau since September 2003. As a result of the Group reorganisation and formation of the joint venture gaming group as disclosed in various announcements and circulars of the Company respectively dated 23 March 2004, 1 April 2004, 23 April 2004, 23 November 2004, 23 December 2004, and 5 January 2005, Mocha became a 80% owned subsidiary of the Company with the remaining 20% interest owned by Dr. Stanley Ho. Currently, Mocha through its wholly-owned subsidiary in Macau, Mocha Slot Management Limited, is providing management and related services to five electronic gaming machines lounges operated by SJM in Macau, including the one that recently opened in mid November 2005 at Hotel Sintra, Macau, all under the brandname “Mocha Slot Club”.

### *Benefits of entering into the Service Arrangements*

Pursuant to the SJM Service Arrangement, Elixir will provide to SJM such Services comprising: (i) System Integration Services including the liaison with and procurement of other hardware and software suppliers to develop, provide and install the monitoring security systems, such as the digital surveillance camera system and the access control system as well as the gaming systems such as the electronic gaming machines together with the design and provision of information technology expertise to ameliorate the computer facilities and equipments of SJM; and (ii) Maintenance Services including the continuing maintenance and support services, such as rectification of any error and provision of spare parts, if necessary, for a number of hardware systems and equipment provided under the SJM Service Arrangement. The Maintenance Services are for a term of one year commencing from the expiration of the three months’ free warranty period provided by Elixir after completion of installation and the acceptance test on the relevant systems and equipment.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Pursuant to the Mocha Service Arrangement, Elixir will provide to Mocha such System Integration Services which are identical as those to be provided to SJM under the SJM Service Arrangement above.

As stated in the annual report of the Company for the year ended 31 December 2004, turnover contribution made by the technology segment to the Group was approximately HK\$154,799,000, representing 37.9% of total turnover of the Group in 2004. Based on relevant information provided by the Directors, the Elixir Group provided information technology related services to SJM for an aggregate value of about HK\$76,000,000 in 2004 which was approximately 49.1% of turnover contribution from the technology segment to the Group, or approximately 18.6% of total turnover of the Group in 2004. By entering into the Service Arrangements, the Group will furnish a source of revenue which is essential to the business operation and development of the Group, and will therefore enhance the revenue contribution from the technology segment to the Group. To this point of view, we consider the entering into the Service Arrangements is in the interests of the Company and the Independent Shareholders as a whole.

Given (i) the business nature of Elixir, SJM, and Mocha, and (ii) the fact that the transactions contemplated under the Services Arrangement are similar to that of the Previous SJM Arrangement and the Previous Mocha Arrangement, we are of the view that the entering into of the Service Arrangements is in line with the ordinary course of business for Elixir to provide the System Integration Services and the Maintenance Services to SJM and the System Integration Services to Mocha and will generate income for the Group. Moreover, by leveraging on the experience gained under the Service Arrangements together with established track record of providing technology systems and services to SJM and Mocha including the Previous SJM Arrangement and the Previous Mocha Arrangement, we are of the view that the Group would be able to enhance its capability in providing similar system integration services as under the Service Arrangements and hence to promote its products and services to other potential customers in the gaming and entertainment industries in Macau. In view of the facts that (i) the Service Arrangements are in line with the Group's business and will generate income for the Group; and (ii) the transactions contemplated under the Service Arrangements are similar to that of the Previous SJM Arrangement and the Previous Mocha Arrangement, we are of the view that the Group is able to provide similar system integration services as under the Service Arrangements to other potential customers in the gaming and entertainment industries in Macau and the entering into the Service Arrangements is in the interests of the Company and the Independent Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### II. Consideration and payment schedules

#### A. *SJM Service Arrangement*

The consideration payable by SJM to the Group under the SJM Service Arrangement is determined by arm's length negotiations between both parties. The SJM Service Arrangement includes respective provision of: (i) System Integration Services and Maintenance Services for digital surveillance camera system; (ii) System Integration Services for access control system; and (iii) System Integration Services for electronic gaming machines, by Elixir to SJM.

Pursuant to the terms of the SJM Service Arrangement, the aggregate service charge for the System Integration Services is about HK\$69,020,000 (as to about HK\$52,050,000 for digital surveillance camera system, as to about HK\$40,000 for access control system, and as to about HK\$16,930,000 for electronic gaming machines). Such aggregate service charge is determined with reference to the estimated market costs of (i) the relevant hardware systems and equipment; and (ii) the estimated manpower to be incurred by Elixir based on the Previous SJM Arrangement. As for the Maintenance Services pursuant to the terms of the SJM Service Arrangement, the aggregate service charge of approximately HK\$1,510,000 which is determined with reference to (i) the estimated number of spare parts that requires for maintaining the relevant hardware systems and equipment; and (ii) the resources to be incurred by Elixir during the relevant agreed service period (such estimation is based on the Previous SJM Arrangement and comparable to the SJM Service Arrangement).

Pursuant to the SJM Service Arrangement, SJM will pay (i) an initial amount of approximately HK\$26,025,000, representing 50% of the relevant service charge in relation to the System Integration Services for the digital surveillance camera system upon entering into the SJM Service Arrangement. The balance of the relevant service charge will be payable by three installments of amounts equivalent to 30%, 10% and 10% thereof upon (a) the date of delivery of the relevant system, (b) the date of completion of installation and acceptance test on such system, and (c) the expiry date of the three month free warranty period after completion of the acceptance test respectively. According to the terms and conditions of the SJM Service Arrangement, these three milestone dates are expected to take place in around late January 2006, early February 2006, and early May 2006 respectively; (ii) the full amount of approximately HK\$40,000 in respect of the System Integration Services for access control system upon the date of delivery of the relevant system, which is expected to be around late January 2006; (iii) an initial amount of about HK\$8,465,000 representing 50% of the relevant service charge in relation to the System Integration Services for

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

electronic gaming machines upon entering into the SJM Service Arrangement with the remaining 50% thereof to be paid upon the date of delivery, which is expected to be around late January 2006; and (iv) the full amount of about HK\$1,510,000 for the Maintenance Services upon the expiration of the three month free warranty period, which is expected to be around early May 2006.

### ***B. Mocha Service Arrangement***

The consideration payable by Mocha to the Group under the Mocha Service Arrangement is determined by arm's length negotiations between both parties. The Mocha Service Arrangement includes respective provision of: (i) System Integration Services for digital surveillance camera system; (ii) System Integration Service for access control system; and (iii) System Integration Services for electronic gaming machines, by Elixir to Mocha.

Pursuant to the terms of the Mocha Service Arrangement, the aggregate service charge for the System Integration Services is about HK\$142,580,000 (as to about HK\$15,910,000 for digital surveillance camera system, as to about HK\$140,000 for access control system, and as to about HK\$126,530,000 for electronic gaming machines). Such aggregate service charge is determined with reference to the estimated market costs of (i) the relevant hardware systems and equipment; and (ii) the estimated manpower to be incurred by Elixir based on the Previous Mocha Arrangement.

Pursuant to the Mocha Service Arrangement, Mocha will pay (i) an initial amount of approximately HK\$7,955,000, representing 50% of the relevant service charge in relation to the System Integration Services for the digital surveillance camera system upon entering into the Mocha Service Arrangement. The balance of the relevant service charge will be payable by three installments of amounts equivalent to 30%, 10% and 10% thereof upon (a) the date of delivery of the relevant system, (b) the date of completion of installation and acceptance test on such system, and (c) the expiry date of the three month free warranty period after completion of the acceptance test respectively. According to the terms and conditions of the Mocha Service Arrangement, these three milestone dates are expected to take place in around late January 2006, early February 2006, and early May 2006 respectively; (ii) the full amount of approximately HK\$140,000 in respect of the System Integration Services for access control system upon the date of delivery of the relevant system, which is expected to be around late January 2006; and (iii) an initial amount of about HK\$63,265,000 representing 50% of the relevant service charge in relation to the System Integration Services for electronic gaming machines upon entering into the Mocha Service Arrangement with the remaining 50% thereof to be paid upon the date of delivery, which is expected to be around late January 2006.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *C. Services provided by Elixir which are comparable to the Service Arrangements*

The Board is of the view that the terms of each of the SJM Service Arrangement and Mocha 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 Elixir and the Group and in the interests of the Shareholders as a whole.

Due to the unavailability of public information regarding the price range of the services similar to the Service Arrangements, we reach our conclusion on the fairness and reasonableness of the consideration and the payment schedules under the Service Arrangements based on the information provided by the Group including (i) eight transactions ("Independent Comparable Transactions") under which the Elixir Group provided services similar to the Service Arrangements including system integration services for digital surveillance camera systems, access control systems and electronic gaming machines and respective maintenance services to the companies who are not connected persons (as defined under the Listing Rules) in 2005; (ii) the Previous SJM Arrangement and the Previous Mocha Arrangement (together the "Previous Arrangements"); and (iii) the schedules of each of the SJM Service Arrangement and the Mocha Service Arrangement (including the items and quantities of facilities/equipments/spare parts ordered, pricing, profit margin and unit and total costs payable to suppliers). Save for the Independent Comparable Transactions and the Previous Arrangements, the Directors confirmed that there is no other transaction under which the Group provided comparable services during the period from 1 January 2005 to the Latest Practicable Date. We consider it is reasonable to cover only the comparable services for the period from 1 January 2005 to the Latest Practicable Date as the market condition of system integration industry changes rapidly. As we have reviewed all the available comparisons from 1 January 2005 to the Latest Practicable Date, we consider it is fair and reasonable to base on the Independent Comparable Transactions and the Previous Arrangements to form our view on the fairness and reasonableness for the terms of the Service Arrangements. As we would compare the schedules of all the Independent Comparable Transactions and the Previous Arrangements with the Service Arrangements, we are of the view that the unavailability of public information would not affect our opinion on the fairness and reasonableness of the terms of the Service Arrangements.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The transaction amounts of the Independent Comparable Transactions are ranged from approximately HK\$0.004 million to HK\$35.6 million with an average of approximately HK\$5.2 million while the transaction amounts of the Previous Arrangements are ranged from approximately HK\$2.2 million to HK\$55.6 million with an average of approximately HK\$28.2 million. The transaction amounts of the SJM Service Arrangement and the Mocha Service Arrangement are approximately HK\$70.53 million and HK\$142.58 million respectively. Although the transaction amounts of the Service Arrangements are significantly higher than that of the Independent Comparable Transactions and the Previous Arrangements, the systems used and services provided by the Elixir Group under the Independent Comparable Transactions and the Previous Arrangements are similar to the Service Arrangements which include system integration services for digital surveillance camera systems, access control systems and electronic gaming machines and respective maintenance services. The prices under the Service Arrangements, the Independent Comparable Transactions and the Previous Arrangements are increased in proportion to the quantities ordered and the unit prices of the facilities, equipments and spare parts quoted under the Service Arrangements, the Independent Comparable Transactions and the Previous Arrangements are similar. We understand from the Company that the differences in the transaction amounts between the Service Arrangements, the Independent Comparable Transactions and the Previous Arrangements are attributable to the larger quantities of facilities, equipments and spare parts ordered under the Service Arrangements as the sizes of the venues applied under the Service Arrangements are greater than the Previous Arrangements and the Independent Comparable Transactions while the unit costs of which are similar. We also understand that the quantities of hardware ordered are determined by the respective customers. As such, we are of the opinion that it is fair and reasonable to use the Independent Comparable Transactions and the Previous Arrangements to determine the fairness and reasonableness of the terms of the Service Arrangements.

We have reviewed the terms and the conditions of each of the SJM Service Arrangement and the Mocha Service Arrangement as well as the schedules and the agreements of each of the SJM Service Arrangement and the Mocha Service Arrangement. We note that the prices, items and quantities ordered under the Service Arrangements are fixed and set out in the schedules of the Service Arrangements and the quantities ordered are determined and agreed by SJM and Mocha based on the size of the venues. We have reviewed and compared the schedules (including the items and quantities of facilities/equipments/spare parts ordered, pricing, profit margin and unit and total costs payable to suppliers) of the Service Arrangements with the schedules (including the items and quantities of facilities/equipments/spare parts ordered, pricing, profit margin and unit and total costs payable to suppliers) of the Independent Comparable Transactions and the Previous Arrangements. We have noted that the items of the facilities/equipments/spare parts ordered and the respective unit

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

costs payable to the Group's suppliers under the Service Arrangements are similar to those ordered under the Independent Comparable Transactions and the Previous Arrangements. However, the quantities of the facilities/equipments/spare parts ordered under the Service Arrangements are higher than those under the Independent Comparable Transactions and the Previous Arrangements and the difference was attributable to the sizes of the venues applied under the Service Arrangements which are greater than the Previous Arrangements and the Independent Comparable Transactions. We have noted that the total pricing of the Service Arrangements as well as the Independent Comparable Transactions and the Previous Arrangements is based on the costs payable to the suppliers and other administrative and handling costs incurred by the Group for rendering such services. We have also found the profit margins for the Service Arrangements are comparable with those for the Independent Comparable Transactions and the Previous Arrangements. Based on the aforesaid, we are of the view that the considerations for the Service Arrangements are fair and reasonable so far as the Independent Shareholders are concerned. We consider that the differences in quantities ordered would not affect our opinion as (i) the differences are attributable to the size of the venues where systems would be installed under the Service Arrangements; and (ii) unit costs and items used under the Services Arrangements, the Previous Arrangements and the Independent Comparable Transactions are similar.

In addition, we noted the payment schedules under the Service Arrangements are same to those services under the Independent Comparable Transactions and the Previous Arrangements. Therefore, we consider that the payment schedules under the Service Arrangements are fair and reasonable so far as the Independent Shareholders are concerned.

After comparing the terms of the Service Arrangements with that of the Independent Comparable Transactions and the Previous Arrangements, we are of the opinion that the terms for the Service Arrangements are fair and reasonable so far as the Independent Shareholders are concerned.

### RECOMMENDATION

Taking into consideration of the above principal factors and reasons, we are of the view that terms of the Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Connected Transactions.

Yours faithfully,  
For and on behalf of  
**Hantec Capital Limited**  
**Thomas Lai**  
*Director*

**1. RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

**2. PARTICULARS OF DIRECTORS****Name****Address***Executive Directors*

Dr. Stanley Ho, G.B.S.

No. 1 Repulse Bay Road  
Hong Kong

Mr. Lawrence Ho

35 Black's Link  
Hong Kong

Mr. Frank Tsui

13A, Block 4  
Braemar Hill Mansions  
21 Braemar Hill Road  
Hong Kong*Non-executive Director*

Mr. Ng Ching Wo

13B, Elegant Garden  
11 Conduit Road  
Mid-levels  
Hong Kong*Independent non-executive Directors*

Sir Roger Lobo, C.B.E., LL.D., J.P.

Woodland Heights  
E1, 2 Wongneichung Gap Road  
Happy Valley  
Hong Kong

Mr. Robert Kwan, M.A. (CANTAB),  
F.C.A., F.H.K.S.A., C.P.A., J.P.

Flat 4A, MacDonnell House  
6-8 MacDonnell Road  
Hong Kong

Dr. Lo Ka Shui, G.B.S, J.P.

Unit 2A, Serenity Place  
22 Mount Cameron Road  
The Peak  
Hong Kong

### 3. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

#### (i) *Interests in Shares and underlying Shares*

Name of Director	Nature of interest	Number of issued Shares interested	Number of underlying Shares interested	Approximate percentage of the total number of issued Shares (Note 1)
Dr. Stanley Ho	Corporate	7,298,456 (Note 2)	117,912,694 (Note 4)	11.12%
	Personal	22,749,278	–	2.02%
Mr. Lawrence Ho	Corporate	404,041,630 (Note 3)	117,912,694 (Note 4)	46.36%
	Personal	5,432,612	–	0.48%
Mr. Frank Tsui	Personal	5,400,000	–	0.48%
Dr. Lo Ka Shui	Personal	2,000,000	–	0.18%



Notes:–

1. As at the Latest Practicable Date, the total number of issued shares of the Company were 1,125,838,540 Shares.
2. Dr. Stanley Ho is taken to be interested in 7,298,456 Shares as a result of him being beneficially interested in the entire issued share capital of each of Sharikat Investments Ltd., Dareset Ltd. and Lanceford Company Ltd. which in turn hold an aggregate of approximately 0.65% of the issued share capital of the Company.
3. Mr. Lawrence Ho is taken to be interested in 115,509,024 Shares as a result of him being beneficially interested in the entire issued share capital of Lasting Legend which in turn holds approximately 10.26% of the issued share capital of the Company. Mr. Lawrence Ho is also taken to be interested in 288,532,606 Shares as a result of him being beneficially interested in 65% of issued share capital of Better Joy which in turn holds approximately 25.63% of the issued share capital of the Company.

Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 65% of issued share capital of Better Joy respectively. If their indirect shareholding interests in the Shares through Better Joy are taken into account, Dr. Stanley Ho and Mr. Lawrence Ho were effectively interested in 8.56% and 27.40% respectively of the issued share capital of the Company.

4. Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, Melco PBL Entertainment (Greater China) Limited (formerly “Melco Entertainment Limited”) and the Company, convertible loan notes of the Company in the total principal amount of HK\$1,175,000,000 were issued to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. Upon exercise in full of such convertible loan notes, a total of 117,912,694 shares of the Company will be issued by the Company. Great Respect Limited is 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 Dr. Stanley Ho, Mr. Lawrence Ho and Madam Lucina Laam King Ying.

**(ii) Interests in equity derivatives of the Company**

Name of Director	Date of grant of the share options by the Company	Expiry date of the share options	Exercise price per underlying Share (HK\$)	Number of
				underlying Shares comprised in the share options outstanding
Mr. Lawrence Ho	19 February 2004	7 March 2012	1.2025	1,800,000
Mr. Frank Tsui	8 March 2002	7 March 2012	0.50	32,612
	19 February 2004	7 March 2012	1.2025	1,800,000

*(iii) Interests in shares of Value Convergence Holdings Limited (“Value Convergence”)*

Name of Director	Nature of interest	Number of issued shares of Value Convergence interested	Approximate percentage of the total number of issued shares of Value Convergence (Note 1)
Dr. Stanley Ho	Corporate	7,384,651 (Note 2)	2.96%
Mr. Lawrence Ho	Corporate	4,232,627 (Note 3)	1.70%

Notes:–

- As at the Latest Practicable Date, the total number of issued shares of Value Convergence were 249,641,226.
- Dr. Stanley Ho is taken to be interested in 7,384,651 shares of Value Convergence as a result of him being beneficially interested in 65% of the issued share capital of Bailey Development Limited which in turn holds approximately 2.96% of the issued share capital of Value Convergence.
- Mr. Lawrence Ho is taken to be interested in 4,232,627 shares of Value Convergence as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 1.70% of the issued share capital of Value Convergence.

*(iv) Interests in equity derivatives of Value Convergence*

Name of Director	Nature of interest	Number of underlying shares of Value Convergence interested	Approximate percentage of the total number of issued shares of Value Convergence
Mr. Lawrence Ho	Personal	491,059 (Note)	0.20%

Note:–

The personal interest of Mr. Lawrence Ho represents his derivative interest in Value Convergence comprising the physically settled options which were granted on 9 July 2002 and may be exercised during the period from 9 July 2002 to 8 July 2012 at an exercise price of HK\$1.00 per Value Convergence’s share.

Save as disclosed herein, as at the Latest Practicable Date:

- (i) none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange;
- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2004, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group;
- (iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which was significant in relation to the business of the Group; and
- (iv) none of the Directors had service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

## 4. SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at the Latest Practicable Date, the interests and short positions of substantial shareholders of the Company and other persons in the Shares, underlying Shares and debentures of the Company which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein; or (c) were directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Nature of interest	Number of issued Shares interested	Number of underlying Shares interested	Approximate percentage of the total number of issued Shares (Note 1)
Better Joy (Note 8)	Corporate	288,532,606 (Note 2)	–	25.63%
Lasting Legend (Note 8)	Corporate	115,509,024 (Note 2)	–	10.26%
Great Respect Limited	Corporate	–	117,912,694 (Note 3)	10.47%
Dr. Stanley Ho	Corporate	7,298,456 (Note 4)	117,912,694 (Note 3)	11.12%
	Personal	22,749,278	–	2.02%
Mr. Lawrence Ho	Corporate	404,041,630 (Note 5)	117,912,694 (Note 3)	46.36%
	Personal	7,232,612	–	0.64%
Ms. Sharen Lo	Family	411,274,242 (Note 6)	117,912,694 (Note 3)	47.00%
SG Trust (Asia) Ltd	Corporate	–	117,912,694 (Note 3)	10.47%

Name	Nature of interest	Number of issued Shares interested	Number of underlying Shares interested	Approximate percentage of the total number of issued Shares (Note 1)
STDM (Note 9)	Corporate	–	85,880,758 (Note 7)	7.63%
Shun Tak Shipping Company Limited (Note 9)	Corporate	78,166,294	–	6.94%
Janus Capital Management LLC	Corporate	91,473,000	–	8.12%

## Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company are 1,125,838,540 Shares.
- The Shares held by Better Joy and Lasting Legend also represent the corporate interest of Mr. Lawrence Ho in the Company.
- Pursuant to an agreement dated 11 May 2005 entered into between Great Respect Limited, Melco PBL Entertainment (Greater China) Limited and the Company, convertible loan notes of the Company in the total principal amount of HK\$1,175,000,000 were issued to Great Respect Limited on 5 September 2005 on the terms set out in the agreement. Upon exercise in full of such convertible loan notes, a total of 117,912,694 Shares will be issued by the Company. Great Respect Limited is 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 Dr. Stanley Ho, Mr. Lawrence Ho and Madam Lucina Laam King Ying. SG Trust (Asia) Ltd is the trustee of the aforesaid discretionary family trust.
- Dr. Stanley Ho is taken to be interested in 7,298,456 Shares as a result of him being beneficially interested in the entire issued share capital of each of Sharikat Investments Ltd., Dareset Ltd. and Lanceford Company Ltd. which in turn hold an aggregate of approximately 0.65% of the issued share capital of the Company.
- Mr. Lawrence Ho is taken to be interested in 115,509,024 Shares as a result of him being beneficially interested in the entire issued share capital of Lasting Legend which in turn holds approximately 10.26% of the issued share capital of the Company. Mr. Lawrence Ho is also taken to be interested in 288,532,606 Shares as a result of him being beneficially interested in 65% of issued share capital of Better Joy which in turn holds approximately 25.63% of the issued share capital of the Company.

Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 65% of issued share capital of Better Joy respectively. If their indirect shareholding interests in the Shares through Better Joy are taken into account, Dr. Stanley Ho and Mr. Lawrence Ho were effectively interested in 8.56% and 27.40% respectively of the issued share capital of the Company.

6. Ms Sharen Lo is the spouse of Mr. Lawrence Ho and is deemed to be interested in shares of the Company in which Mr. Lawrence Ho is interested in under the SFO.
7. Two convertible notes respectively for the principal amounts of HK\$100 million and HK\$56 million carrying the respectively rights to subscribe for shares at an initial conversion price of HK\$4.00 and HK\$8.2 respectively were issued by the Company to STDM on 9 November 2004 and 8 February 2005 respectively pursuant to two agreements disclosed in the announcements and the circulars of the Company respectively dated 13 September 2004, 11 October 2004, 23 November 2004 and 5 January 2005. As at 30 June 2005, the total outstanding principal amount of the said convertible notes is HK\$156 million. Due to the share subdivision on 19 May 2005, the said conversion prices of HK\$4.00 and HK\$8.2 have been adjusted to HK\$2.00 and HK\$4.1 respectively. If STDM exercises the conversion rights attached to the said convertible notes in full, a total of 63,658,536 Shares will be issued to STDM. In addition, 22,222,222 Shares (adjusted as a result of share subdivision on 19 May 2005) will be issued to STDM sometime in future (upon grant of the land by the Macau Government for the development project in Taipa, Macau) as part of the consideration for the acquisition of 30% interests in Great Wonders, Investments, Limited.
8. Mr. Lawrence Ho, who is the Managing Director of the Company, is the sole director of Better Joy and Lasting Legend respectively.
9. Dr. Stanley Ho, who is the Chairman and Executive Director of the Company, is a director of STDM and Shun Tak Shipping Company Limited respectively.

Save as disclosed herein, so far as the Directors were aware, as at the Latest Practicable Date, no other persons had interests or short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, nor were there any other persons required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, or directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## **5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2004, being the date to which the latest published audited financial statements of the Group were made up.

**6. QUALIFICATION AND CONSENT OF EXPERT**

- (i) The following is the qualification of the expert who has given opinion or advice which is contained in the circular.

<b>Name</b>	<b>Qualification</b>
Hantec	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

- (ii) As at the Latest Practicable Date, Hantec did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (iii) As at the Latest Practicable Date, Hantec did not have any interest, direct or indirect, in any assets which have been, since 31 December 2004 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (iv) Hantec has given, and has not withdrawn, its written consent to the issue of this circular, with inclusion of their respective documents including the letter of the Independent Financial Adviser set out in the section headed “Letter from the Independent Financial Adviser” in this circular and the references to its name included herein in the form and context in which they respectively appear.

**7. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

Article 74 of the articles of association of the Company provides that at any general meeting a resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or

- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

## **8. COMPETING INTERESTS**

Dr. Stanley Ho, the Chairman and Executive Director of the Company, has an equity interest in, as well as being a director of STDM and SJM. As the businesses of STDM and SJM include gaming and hospitality businesses in Macau, there is a possibility that such businesses of STDM and SJM may compete with the gaming business and hospitality business of the Group. Save as disclosed, as at the date of this circular, none of the Directors and their respective associates had any business or interest in a business which competes or may compete with the business of the Group.

## **9. SERVICE CONTRACTS**

There is no existing or proposed service contracts between any of the directors of the Company and any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

## **10. MISCELLANEOUS**

- (i) The registered office of the Company is 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
- (ii) With effect from 3 January 2006, the address of the Company's Hong Kong share registrars, Standard Registrars Limited, was changed to 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iii) The secretary of the Company is Mr. Samuel Tsang, a solicitor admitted in Hong Kong, England and Wales and Australia.
- (iv) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.



**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, during normal business hours on any weekday, except Saturday, Sunday and public holidays, from the date hereof up to and including 22 February 2006:

- (i) the memorandum and articles of association of the Company;
- (ii) the letter dated 10 January 2006 from the Independent Board Committee, the text of which is set out on page 18 of this circular;
- (iii) the letter of advice dated 10 January 2006 from Hantec to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 28 of this circular;
- (iv) the written consent of Hantec as referred to in the paragraph headed “Qualification and consent of Expert” in this appendix;
- (v) the three separate agreements constituting the SJM Service Arrangement, entered into between Elixir and SJM, all dated 20 December 2005, regarding the respective provision of: (i) System Integration Services and Maintenance Services for the digital surveillance camera system; (ii) System Integration Services for the access control system; and (iii) System Integration Services for the electronic gaming machines, by Elixir to SJM; and
- (vi) the three separate agreements constituting the Mocha Service Arrangement, entered into between Elixir and Mocha, all dated 20 December 2005, regarding the respective provision of: (i) System Integration Services for the digital surveillance camera system; (ii) System Integration Services for the access control system; and (iii) System Integration Services for the electronic gaming machines, by Elixir to Mocha.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---



*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)*

**NOTICE IS HEREBY GIVEN** (the “Notice”) that an extraordinary general meeting (the “Meeting”) of Melco International Development Limited (the “Company”) will be held at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, on Wednesday, 22 February 2006 at 4:00 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following as ordinary resolutions of the Company:–

### **ORDINARY RESOLUTIONS**

1. **“THAT** the SJM Service Arrangement (as defined and more particularly described in the circular dated 10 January 2006 dispatched to the shareholders of the Company) and all transactions contemplated thereunder between the Company’s subsidiary, Elixir Group (Macau) Limited and Sociedade de Jogos de Macau, S.A. be and are hereby approved, ratified and confirmed.”
2. **“THAT** the Mocha Service Arrangement (as defined and more particularly described in the circular dated 10 January 2006 dispatched to the shareholders of the Company) and all transactions contemplated thereunder between the Company’s subsidiary, Elixir Group (Macau) Limited and Mocha Slot Group Limited be and are hereby approved, ratified and confirmed.”

By order of the Board

**Melco International Development Limited**

**Samuel Tsang**

*Company Secretary*

Hong Kong, 10 January 2006

*Registered Office:*

38th Floor

The Centrium

60 Wyndham Street

Central

Hong Kong

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

*Notes:-*

1. Any member of the Company entitled to attend and vote at the Meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share of the Company as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the registered office of the Company at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Whether or not you propose to attend the Meeting in person, you are strongly urged to complete and return the proxy form in accordance with the instructions printed thereon. Completion and return of the proxy form will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the proxy form, it will be deemed to have been revoked.