



*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 PURCHASE BY THE GAMING JOINT VENTURE OF LAND IN MACAU PENINSULA**

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

On 17 May 2006, a wholly owned subsidiary of Melco PBL Holdings, as Purchaser, entered into an agreement to purchase the entire issued share capital of a company holding the rights to a Land Lease Grant in respect of a plot of land with an area of 6,480.00 square meters located at Zona dos Novos Aterros do Porto Exterior (NAPE), in Macau Peninsula.

The aggregate consideration payable by the Purchaser is HK\$1.5 billion and the acquisition is expected to be completed in the first quarter of 2007.

Melco PBL Holdings is the principal joint venture vehicle for the Joint Venture established between the Company and PBL to undertake gaming, entertainment and hospitality business in the Territory. Melco PBL Holdings is a 50:50 joint venture of the Company and PBL. Neither Melco PBL Holdings nor the Purchaser is a subsidiary of the Company for the purposes of the Listing Rules or otherwise.

The Joint Venture intends to make use of the Site for the development of its third hotel and casino project in Macau.

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## **Proposed Acquisition**

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The Joint Venture intends to make use of the Site for the development of its third hotel and casino project in Macau.

The aggregate consideration of HK\$1.5 billion is payable in cash by the Purchaser. An amount of HK\$100 million was paid as a downpayment on signing of the sale and purchase agreement, to be held by the sellers' lawyers under the acquisition agreement as stakeholder. The balance of the aggregate consideration is payable on completion of the acquisition.

Pursuant to the Land Lease Grant, the development of the Site should have been completed by 29 October 2005. The Site has not been developed as contemplated under the Land Lease Grant, which may constitute a breach of the Land Lease Grant and could result in the Site being subject to the reversionary interest of the Macau Government. Accordingly, the parties have agreed to use their best commercial efforts to negotiate with the Macau Government to revise the Land Lease Grant so that the Site will not be reverted to the Macau Government. If the Site is reverted to the Macau Government, the acquisition agreement will terminate and the downpayment will be refunded to the Purchaser.

Completion of the acquisition is effectively subject to the approval of the Macau Government for the revision of the Land Lease Grant so that it does not revert to the Macau Government and a number of other conditions precedent, including the results of the Purchaser's due diligence being satisfactory to the Purchaser. Completion is expected to take place in the first quarter of 2007, following the satisfaction of the conditions precedent to completion, although shareholders should note that there is no assurance that the conditions precedent to completion will be fulfilled or that completion will take place within this timeframe

or at all. If completion does not take place because the conditions precedent are not fulfilled, the acquisition agreement will terminate and the downpayment will be refunded to the Purchaser.

### **Description of Site to be Acquired**

The Site is an area of approximately 6,480.00 square meters located at Zona dos Novos Aterros do Porto Exterior (NAPÉ), in Macau Peninsula. The boundaries of the Site, indicated in the relevant Macau Government documents are:–

- North: Rua de Madrid
- South: Avenida Dr. Sun Yat-Sen
- East: Avenida do Governador Jaime Silverio Marques
- West: Alameda do Dr. Carlos d'Assumpcao

It is intended that the Site will be developed by the Joint Venture as its third hotel and casino project in Macau. In order to permit this development, application will be made to the Macau Government in due course for a variation of the existing developable area and permitted usage under the Land Lease Grant, commensurate with the scale of the project proposed to be developed by the Joint Venture. The scale, nature and composition of the project to be developed by the Joint Venture have yet to be determined.

The development currently contemplated by the Land Lease Grant should have been completed by 29 October 2005 and, accordingly, a revision of the Land Lease Grant will also be requested in this regard, as referred to above.

### **Reasons for the Proposed Acquisition**

Both the Company and its joint venture partner, PBL, consider this to be an excellent opportunity for the Joint Venture to acquire the Site for the purpose of developing the Joint Venture's third hotel and casino project in Macau Peninsula. Currently, the Joint Venture is developing a six star hotel and casino project in Taipa and the "City of Dreams" integrated entertainment resort on the Cotai Strip. It is anticipated that the development of third hotel and casino project by the Joint Venture, located on the Macau Peninsula, will enable the Joint Venture to take advantage of the significant growth seen in the Macau gaming, leisure and entertainment sector and the continuing development of Macau as a world class gaming, entertainment and leisure destination.

The consideration payable under the acquisition agreement has been agreed on the basis of arm's length negotiations between the Joint Venture and the sellers. The Company and PBL consider that the terms of the acquisition are fair and reasonable and that the acquisition is beneficial to the future operation of the Joint Venture's gaming business.

### **General**

The deposit paid on signing of the acquisition agreement has been paid from the internal resources of the Joint Venture. The balance of the consideration payable under the acquisition agreement will be paid by the Joint Venture from a combination of internal resources, equity and/or debt financing, to be determined by the Joint Venture.

As at the date hereof, the Board comprises two Executive Directors, namely, Mr. Ho, Lawrence Yau Lung and Mr. Tsui Che Yin, Frank; one Non-executive Director, namely, Mr. Ng Ching Wo; and two Independent Non-executive Directors, namely, Sir Roger Lobo and Dr. Lo Ka Shui.

### **Definitions**

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

“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
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joint Venture”	the joint venture established between the Company and PBL to undertake gaming, entertainment and hospitality businesses in the Territory

“Land Lease Grant”	the land lease grant in relation to the Site as granted by the Macau Government and subsequently amended
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Government”	the Government of Macau and the relevant governmental and other regulatory bodies in Macau responsible for the regulation, supervision and granting of rights and approvals in relation to properties in Macau
“Melco PBL Holdings”	Melco PBL Holdings Limited, a company incorporated under the laws of the Cayman Islands, being a joint venture company indirectly held as to 50% each by the Company and PBL, which is the principal holding company of the Joint Venture and is currently the holding company of a group of companies engaged in the businesses of gaming, entertainment and hospitality in the Asia Pacific and Greater China Region
“PBL”	Publishing and Broadcasting Limited, a company incorporated under the laws of Australia, the securities of which are listed on the Australian Stock Exchange, and the Company’s joint venture partner in relation to gaming business in the Territory
“Purchaser”	Swift Profit Investments Limited, a company incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of Melco PBL Holdings
“Site”	a plot of land with an area of 6,480.00 square meters identified as Lote 19 (A1/M) in its respective deed of grant located at Zona dos Novos Aterros do Porto Exterior (NAPE), in Macau Peninsula

“Territory”

means Macau, the PRC, Singapore, Thailand, Hong Kong, Vietnam, Japan, Philippines, Indonesia, Malaysia, Taiwan and such other countries as may be agreed from time to time but excluding Australia and New Zealand

By order of the board of  
**Melco International Development  
Limited**  
**Samuel Tsang**  
*Company Secretary*

Hong Kong, 17 May 2006

Please also refer to the published version of this announcement in South China Morning Post - Classified.